

Singleton High School



Year 12 Business Studies 2013

Assessment Task Five

Higher School Certificate Trial Examination

Name: _____

General Instructions:

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black or blue pen
Black pen is preferred
- Draw diagrams using pencil
- Board-approved calculators may be used

Section I Pages 2 – 6

20 marks

Attempt Questions 1 - 20

Allow about 35 minutes for this section

Section II Pages 7 - 13

40 marks

Attempt Questions 21 – 25

Allow about 1 hour 15 minutes for this section

Section III Page 14

20 marks

Attempt Question 26

Allow about 35 minutes for this section

Section IV Page 15

20 marks

Attempt either Question 27 OR Question 28

Allow about 35 minutes for this section

Section I

20 marks

Attempt Questions 1 – 20

Allow about 35 minutes for this section

Use the multiple-choice answer sheet for Questions 1 – 20 (located on the last page of the examination paper)

1. Businesses are becoming increasingly aware that social media advertising can have positive results because it is:
 - a) An effective method to gain exposure that is easy to use and monitor
 - b) Easy to accurately measure the advertisement's reach and frequency
 - c) Inexpensive in comparison to traditional advertising methods
 - d) Only (a) and (c)

2. A business has decided to source its finance externally. The main advantage of this is:
 - a) Less risk for the business owner
 - b) It will be cheaper than other sources of finance
 - c) Tax deductions for interest payments
 - d) Low gearing

3. Which of the following is NOT an example of an international payment method?
 - a) Open account
 - b) Bill of exchange
 - c) Letter of credit
 - d) Clean payment

4. Two strategies for managing working capital include:
 - a) Leasing and factoring
 - b) Factoring and selling
 - c) Leasing and marketing
 - d) Inventory control and marketing

5. Which of the following is considered a liability?

- a) Revenue
- b) Owner's equity
- c) Retained profit
- d) Working capital

6. Two examples of a fixed cost for a business are

- a) Depreciation and utilities
- b) Insurance and stock
- c) Labour and stock
- d) Insurance and lease

7. Which of the following is a strategic financial goal of a business?

- a) High employee morale
- b) Ecological sustainability
- c) Market share
- d) Return on investment

8. Auto Sports Pty Ltd, a manufacturer of after-market body kits for cars, has the following cash flow information.

	January	February	March
Opening balance	\$850	\$?	\$?
Inflows	\$4350	\$3900	
Outflows	\$2100	\$1950	
Closing balance	\$3100	\$?	

What is the business's cash flow position on 1st March?

- a) \$7000
- b) \$3100
- c) \$5000
- d) \$5050

9. An international clothing manufacturer has closed its Australian manufacturing plant and relocated to Indonesia. What are the likely effects of this decision on the business?

- a) Increased wage costs and increased employment in Australia
- b) Decreased wage costs and decreased employment in Australia
- c) Decreased wage costs and increased employment in Australia
- d) Increased wage costs and decreased employment in Australia

10. Use the following information to answer Question 10.

Financial statement for a school canteen

	FEB	MAR	APR	MAY
Cash sales	\$1000	\$1000	\$1000	\$1800
Cash expenses	\$500	\$2500	\$600	\$1000

What is the closing cash balance at the end of May?

- a) -\$1200
- b) -\$600
- c) \$200
- d) \$1000

11. A restaurant has changed its menu because a large number of migrants have moved into the area. Which influence on marketing led to the change?

- a) Economic
- b) Government
- c) Psychological
- d) Sociocultural

12. What does a cash flow statement indicate?

- a) The level of liquidity
- b) The level of profitability
- c) The level of stability
- d) The level of gearing

13. A business is relocated to a new manufacturing plant that recycles all water and reduces energy usage considerably. What are the likely impacts of the relocation for the business?

- a) An increase in both environmental impacts and operating costs
- b) A decrease in both environmental impacts and operating costs
- c) A decrease in environmental impacts and an increase in operating costs
- d) An increase in environmental impacts and a decrease in operating costs

14. Which of the following sets out the legal minimum wages and conditions for employees in a particular industry, and is determined by an industrial court or tribunal?

- a) Agreement
- b) Award
- c) Contract
- d) Statute

15. How could an Australian business expand internationally?

- a) By merging with a business operating overseas
- b) By sending management to an overseas conference
- c) By reducing costs in overseas manufacturing plants
- d) By buying overseas-made products from an Australian importer

16. Staple Stationery Supplies decides to use factoring to improve cash flow. This strategy would involve which of the following?

- a) Selling accounts receivable to a collection agency
- b) Selling goods on credit but with a specified date for payment
- c) Selling the factors of production for cost, plus a small mark-up
- d) Selling unused factory equipment to make up for the short-fall in cash flow

17. Factoring and hedging are part of which of the following business functions?

- a) Marketing
- b) Operations
- c) Finance
- d) Human resources

18. Which of the following is an example of long-term borrowing?

- a) Bank bills
- b) Grants
- c) Mortgage
- d) Overdraft

19. Damien has been asked to operate heavy machinery for which he has not been trained. He refuses to operate the machinery and, as a result, his employment is terminated. What workplace issues are involved in this situation?

- a) Workers compensation and anti-discrimination
- b) Workplace health and safety and unfair dismissal
- c) Workplace health and safety and anti-discrimination
- d) Equal opportunity and working conditions

20. In a situational analysis of ABICS Business Solutions, cost overruns due to increased rent were identified as a factor affecting performance. How would this factor be correctly classified in the SWOT analysis?

- a) Strength
- b) Weakness
- c) Opportunity
- d) Threat

Section II (40 marks)

Attempt Questions 21 – 25

Allow about 1 hour and 15 minutes for this section. Answer the questions in the spaces provided.

Question 21 (8 marks)

The operations function is an intrinsic aspect of business processes and overlaps with, and is interdependent to, all of the other business processes and key business functions.

(a) Identify the strategic role of operations management. (1 mark)

(b) Discuss ONE way a business can measure the effectiveness of its operations process. (3 marks)

(c) Examine TWO global operations strategies a business can use in an attempt to reduce cost of production AND to improve their goods or services. (4 marks)

Question 22 (8 marks)

ENERGO is a new fruit-based drink that contains high levels of caffeine and sugar. The manufacturer would like the drink to be seen as a healthy product. Market research results show that 75% of 8 – 12 year olds would like ENERGO sold at their canteen.

(a) Outline ONE method of primary data collection that could have been used to obtain this market research result. (2 marks)

(b) Analyse how ONE ethical or ONE legal aspect in the marketing of ENERGO might impact the manufacturer. (6 marks)

Question 23 (5 marks)

Millennium Motors has had a very strong history of innovation. Its latest invention is a cheap and effective solar powered car. Millennium Motors manufactures car bodies and engines from recycled steel.

(a) State ONE reason why Millennium's products would be described as 'ecologically sustainable'. (1 mark)

(b) Analyse the effect of Millennium's latest inventions on its shareholders and competitors. (4 marks)

Shareholders: _____

Competitors: _____

Question 24 (10 marks)

The income statement for a business is shown.

SSL Systems Pty Ltd				
Income Statement for the year ended 30 June 2011				
	2010		2011	
	(\$)	(\$)	(\$)	(\$)
Sales		150 000		150 000
Less cost of goods sold				
Opening stock	45 000		48 000	
Plus purchases	<u>85 000</u>		<u>87 000</u>	
	130 000		135 000	
Less closing stock	<u>48 000</u>	<u>82 000</u>	<u>45 000</u>	<u>90 000</u>
Gross profit		68 000		60 000
Less expenses				
Advertising	11 000		11 000	
Wages	34 000		38 500	
Telephone	3 000		3 500	
Rent	<u>5 000</u>	<u>53 000</u>	<u>5 500</u>	<u>58 500</u>
Net profit		15 000		1 500

(a) Calculate the gross profit ratio (gross profit ÷ sales) for SSL Systems Pty Ltd for 2011. Show all working. (2 marks)

WMB

(b) The net profit ratio (net profit÷ sales) decreased from 10% in 2010 to 1% in 2011. State TWO possible reasons for the change in profitability. (2 marks)

(c) Recommend TWO marketing strategies that SSL Systems Pty Ltd could adopt to improve profitability. (6 marks)

Question 25 (9 marks)

Observe the following information.

'Everyday Supplies Pty Ltd'			
As at 30 June 2012			
	\$		\$
Current assets		Current liabilities	
Cash	4 450	Overdraft	13 500
Accounts receivable	8 500	Accounts payable	11 600
Inventory	13 600		
Non-current assets		Non-current liability	
Equipment	37 550	Mortgage	280 000
Property	410 000		
Vehicles	91 000		
		Owner's equity	
		Capital	165 000
		Net profit	95 000
Additional information			
2011 debt to equity ratio - 0.8:1			
2011 return on owner's equity - 5.3%			
2011 net profit - \$323 000			

(a) Calculate the current ratio (current assets ÷ current liabilities) for 'Everyday Supplies Pty Ltd' in 2012. Show all working. (1 mark)

(b) Comment on the change in gearing between 2011 and 2012. (2 marks)

(c) Outline ONE possible reason for the change in return on owner's equity between 2011 and 2012 (2 marks)

(d) Recommend TWO strategies management can use to improve its working capital. (4 marks)

(i) _____

(ii) _____

Section III

20 marks

Attempt Question 26

Allow about 35 minutes for this section

Answer the question in the writing booklet. Extra writing booklets are available.

In your answer, you will be assessed on how well you:

- Demonstrate knowledge and understanding relevant to the question
- Apply the hypothetical business situation
- Communicate using relevant business terminology and concepts
- Present a logical, well-structured response in the form of a business report

Question 26 (20 marks)

Prime Ltd is a leading Australian manufacturer of hearing aids. One of the business's new hearing aids has been successfully launched in Australia and Prime Ltd now plans to expand to Europe and North America.

The senior managers of Prime Ltd are seeking advice on the following aspects of their international expansion:

- Maintaining production quality
- Options for global marketing
- Financial issues to be considered
- Integration of their global and local activities

Assume you have been employed as a consultant to prepare a report for Prime Ltd. In your report, propose and justify effective operational, marketing and financial strategies that Prime Ltd could implement to achieve success in the global market.

Section IV

20 marks

Attempt either Question 27 or Question 28

Allow about 35 minutes for this section

Answer the question in a separate writing booklet. Extra writing booklets are available.

In your answer, you will be assessed on how well you:

- Demonstrate knowledge and understanding relevant to the question
- Apply relevant business case study/studies and contemporary business issues
- Communicate using relevant business terminology and concepts
- Present a logical, well-structured response

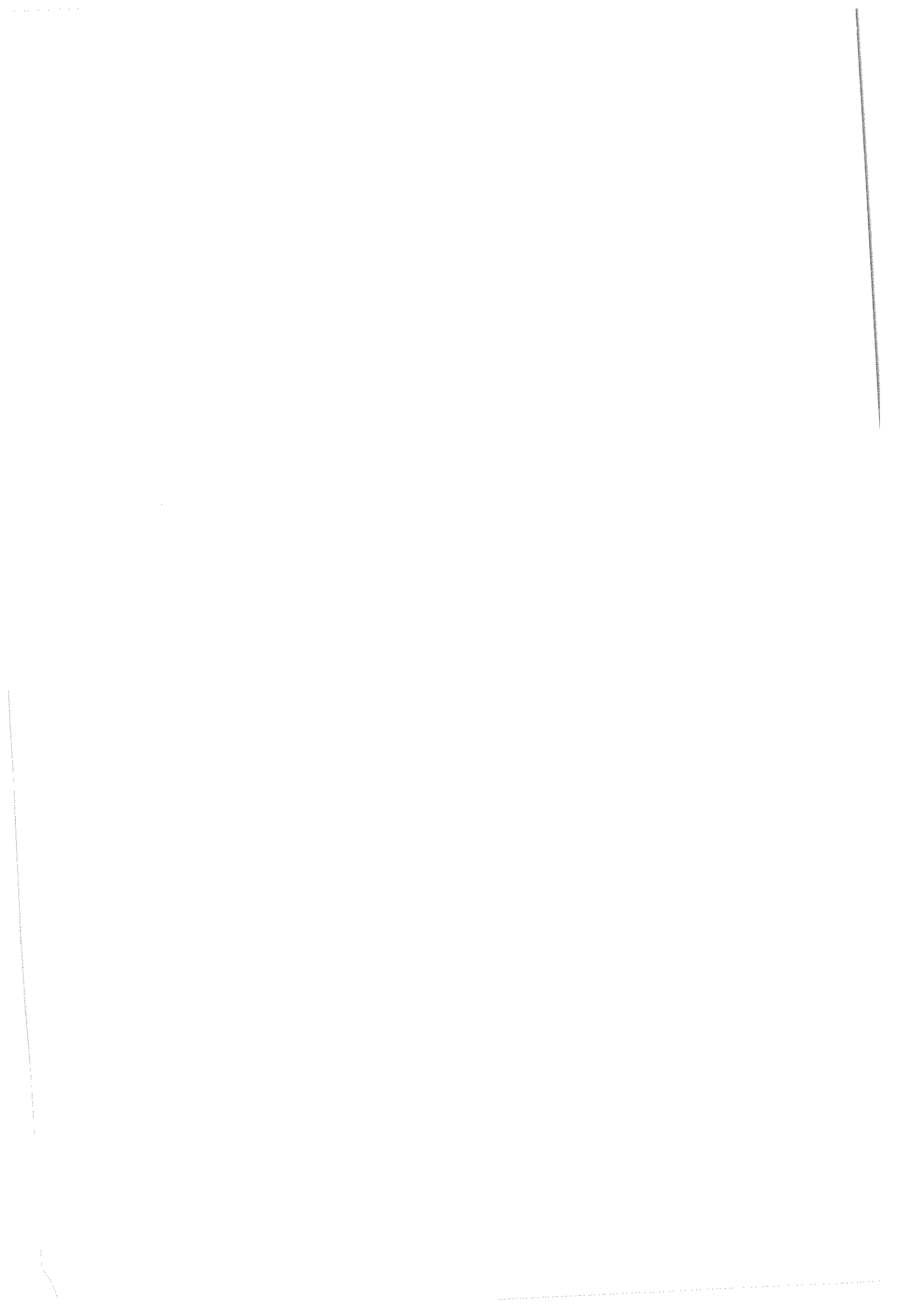
Question 27 (20 marks)

Outline influences on the operations function and evaluate THREE strategies that can be implemented in response to these influences.

OR

Question 28 (20 marks)

Explain how corporate social responsibility AND legal regulations impact on the operations process of business.



Section I – Multiple Choice Answer Sheet (Can be removed from back of examination paper).

Select the alternative A, B, C or D that best answers the question and indicate your choice with a (X) in the appropriate space on the grid below.

	A	B	C	D
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