



**2014**  
**Higher School Certificate**  
**Trial Examination**

## Business Studies

### General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Board approved calculators may be used
- Write using black or blue pen
- Write your student number and/or name at the top of every page

**Total marks – 100**

### Section I – Pages 2–7

**20 marks**

- Attempt Questions 1–20
- Allow about 35 minutes for this section

### Section II – Pages 8–15

**40 marks**

- Attempt Questions 21–24
- Allow about 1 hour and 15 minutes for this section

### Section III – Page 16

**20 marks**

- Attempt Question 25
- Allow about 35 minutes for this section

### Section IV – Page 17

**20 marks**

- Attempt either Question 26 OR Question 27
- Allow about 35 minutes for this section

**This paper MUST NOT be removed from the examination room**

STUDENT NUMBER/NAME:.....

**Section I****20 marks****Attempt Questions 1–20****Allow about 35 minutes for this section**

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

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|    | A | B | C | D |
|----|---|---|---|---|
| 1  |   |   |   |   |
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| 17 |   |   |   |   |
| 18 |   |   |   |   |
| 19 |   |   |   |   |
| 20 |   |   |   |   |

- 1 Which key business function involves the production of goods and services?
  - (A) Human resources
  - (B) Marketing
  - (C) Finance
  - (D) Operations
  
- 2 Where are most shares traded in Australia?
  - (A) Fair Trade Australia
  - (B) The Reserve Bank of Australia
  - (C) Australia Securities Exchange
  - (D) Australian Securities Investment Commission
  
- 3 In which of the following markets is a company that supplies flour to bakeries?
  - (A) Industrial market
  - (B) Stock market
  - (C) Consumer market
  - (D) Intermediate market
  
- 4 Which of the following is a primary source of data collection in the marketing process?
  - (A) Customer feedback
  - (B) Internet sites
  - (C) Sales reports
  - (D) Surveys
  
- 5 Which expenses are associated with meeting the requirements of legal regulations?
  - (A) Supplier costs
  - (B) Hedging costs
  - (C) Compliance costs
  - (D) Transformed pricing

- 6 Which pricing strategy is often used with luxury items?
- (A) Cost pricing
  - (B) Price points
  - (C) Penetration pricing
  - (D) Price skimming
- 7 *A company receives a letter notifying them that an independent accountant will be checking the accuracy of their financial records.*
- What is this process called?
- (A) Audit
  - (B) Budget check
  - (C) Ethical check
  - (D) Sale and lease back
- 8 Which of the following is associated with logistics?
- (A) Cost of technology
  - (B) Material, handling and packaging
  - (C) Insurance and security of stock held
  - (D) Checking quality of outputs
- 9 Which of the following would immediately improve the working capital of a business?
- (A) Using sale and lease back
  - (B) Preparing a cash flow
  - (C) Increasing in credit sales
  - (D) Installing surveillance camera
- 10 *A business decides to redesign its company logo as management feels the current one is out-dated.*
- This a part of which type of marketing strategy?
- (A) Price
  - (B) Place
  - (C) Product
  - (D) Promotion

Use the following information to answer Questions 11 and 12.

A business has recorded the following figures for June 2014.

|                     | \$      |
|---------------------|---------|
| Cash                | 20 000  |
| Mortgage            | 190 000 |
| Net profit          | 23 000  |
| Accounts receivable | 12 000  |
| Equipment           | 35 000  |
| Inventory           | 8 000   |
| Overdraft           | 7 000   |
| Land and building   | 230 000 |
| Accounts payable    | 15 000  |
| Capital             | 70 000  |

- 11 What is the return on owner's equity ((net profit ÷ owners' equity) × 100 ÷ 1)?
- (A) 88.9%
- (B) 57.5%
- (C) 32.9%
- (D) 24.7%
- 12 Which of the following describes the liquidity of the business (current assets ÷ current liabilities)?
- (A) The firm is not liquid with \$1 in current assets to cover \$1.80 of current liabilities.
- (B) The firm is not liquid with \$1.80 in current assets to cover \$1 of current liabilities.
- (C) The firm is liquid with \$1.80 in current assets to cover \$1 of current liabilities.
- (D) The firm is liquid with \$1 in current assets to cover \$1.80 of current liabilities.
- 13 Snap Cameras uses inspections of their cameras at selected points in the production process.
- Which quality management strategy is Snap Camera using?
- (A) Quality control
- (B) Quality assurance
- (C) Total quality management
- (D) Quality improvement

- 14 Pine Tree Furniture has developed a network of supplies from four different countries, ensuring that costs are minimised.

Pine Tree Furniture is using which of the following strategies?

- (A) Reverse engineering
- (B) Quality expectation
- (C) Domestic web
- (D) Supply chain management

- 15 What of the following is a non-monetary reward used in employment relations?

- (A) Profit sharing
- (B) Tickets to a sporting event
- (C) End-of-year bonus
- (D) Company car

- 16 Which of the following is an *internal* source of change?

- (A) The appreciation of the Australian dollar
- (B) Australia's aging population
- (C) Free trade agreement between Australia and Singapore
- (D) The introduction of paperless communication into a business

- 17 Which of the following is a type of short-term external debt finance?

- (A) Leasing
- (B) Debentures
- (C) Commercial bills
- (D) Term loans

- 18 Which of the following is an ethical criticism of marketing?

- (A) Provides accurate information on products
- (B) Engages in competition
- (C) Creates needs
- (D) Increases online advertising

- 19 Which of the following is a risk of using standard worldwide price?
- (A) Level of demand may increase in developed nations.
  - (B) Cost of making a good increases because of shipping and transport.
  - (C) Product quality will decrease in countries with lower exchange rates.
  - (D) Changes in exchange rates may negatively impact the exported price.
- 20 Who administers workplace health and safety laws and worker's compensation in NSW?
- (A) Fair Work Australia
  - (B) WorkCover
  - (C) Trade Practices Act
  - (D) The Ombudsman

**Section II**

**40 marks**

**Attempt Questions 21–24**

**Allow about 1 hour and 15 minutes for this section**

Answer the questions in the spaces provided. These spaces provide guidance for the expected length of response.

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**Question 21 (9 marks)**

**Marks**

There are a number of legal influences that impact upon employment relations.

Workplace health and safety and common law are among those influences that attempt to protect the rights and obligations of stakeholders in the workplace.

(a) Identify ONE stakeholder that common law attempts to protect.

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(b) Discuss TWO common law obligations of an employee.

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(i) .....

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(ii) .....

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**Question 21 continues on the next page**



Question 21 (continued)

Marks

(c) Discuss TWO dispute resolution methods that a business could use to resolve workplace conflict between employers and employees.

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(i) .....

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(ii) .....

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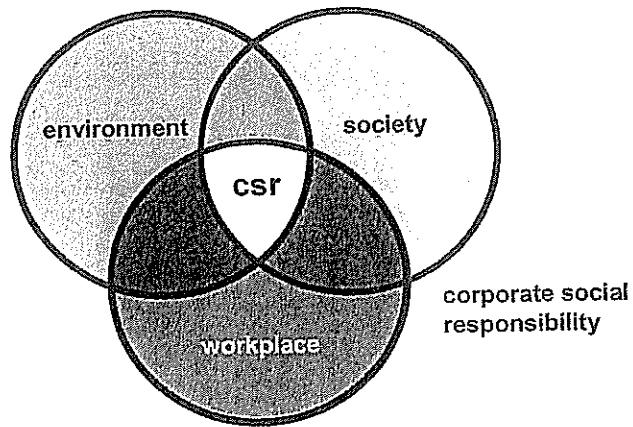
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End of Question 21

**Question 22** (9 marks)

**Marks**

Observe the following diagram.



(a) Define the term *operations*. 1

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(b) Outline what is meant by a cost leadership approach to the operations process. 2

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(c) Differentiate between *legal compliance* and *ethical responsibility*. 2

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**Question 22 continues on the next page**

Question 22 (continued)

Marks

- (d) Explain why corporate social responsibility is an important consideration in operations management.

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**End of Question 22**

Question 23 (10 marks)

Marks

A large Melbourne-based beauty and hair supplier is expanding its operations by establishing another warehouse in Sydney. The company wants to adopt a marketing approach that will allow them to achieve marketing goals by focusing on customer needs and wants. Management have decided to use pricing strategies that will allow them to attract customers and increase sales.

(a) Identify TWO features of the marketing approach. 2

(i) .....

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(ii) .....

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(b) Discuss TWO marketing objectives that this business may aim to achieve. 4

(i) .....

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(ii) .....

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**End of Question 23**

Question 23 (continued)

Marks

(c) Recommend TWO appropriate pricing strategies that this business may use to attract customers and increase sales.

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(i) .....  
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(ii) .....  
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Question 24 (12 marks)

Marks

Corporate Wear Pty Ltd is a men and women's clothing company. During the last two years, Corporate Wear Pty Ltd has made a profit of \$200 000. The company is looking to expand by establishing another outlet in a growing suburb, which requires the purchase of another property and furniture and fixtures.

- (a) Identify ONE type of financial institution that can provide funds to Corporate Wear Pty Ltd. 1

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- (b) Identify ONE internal source of funds that can be used for this expansion. 1

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- (c) Describe ONE financial consideration for Corporate Wear Pty Ltd when selecting an appropriate source of funds. 2

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- (d) Outline how Corporate Wear's finances can impact on another key business function. 2

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Question 24 continues on the next page

Question 24 (continued)

Marks

- (e) Recommend and justify ONE external debt and ONE external equity option that this business could use to pay for this expansion.

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End of Question 24

### Section III

20 marks

Attempt Question 25

Allow about 35 minutes for this section

Answer the question on a SEPARATE page of your own paper or writing booklet, if provided.

The expected length of response is *approximately* six written pages or 800 words.

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

- demonstrate knowledge and understanding relevant to the question
  - use the information provided
  - communicate using relevant terminology and concepts
  - present a sustained, logical and cohesive response in the form of a business report
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#### Question 25 (20 marks)

In response to escalating levels of demand, Fitness2U has expanded their product range and this has doubled their sales over the past 12 months. The gym and personal fitness products that Fitness2U sources come from Europe and the USA. Fitness2U would like to move to a cost leadership model and thus seek advice on:

- Global sourcing and inventory management
- The relationship between volume, variety and customer demand
- Market segmentation and positioning
- Profitability management

You have been approached as a consultant to prepare a report for Fitness2U.

In your report suggest and justify effective operational, marketing and financial strategies that Fitness2U could implement in order to achieve cost leadership.



## Section IV

**20 marks**

**Attempt EITHER Question 26 OR Question 27**

**Allow about 35 minutes for this section**

Answer the question on a SEPARATE page of your own paper, or writing booklet if provided.

The expected length of response is *approximately* six written pages or 800 words.

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

- demonstrate knowledge and understanding relevant to the question
  - use relevant business case study/studies
  - communicate using relevant business terminology and concepts
  - present a sustained, logical and cohesive response
- 

**EITHER**

**Question 26 (20 marks)**

Examine global market influences and government influences on financial management. In your answer, discuss global financial management strategies.

**OR**

**Question 27 (20 marks)**

With reference to a contemporary business case or a range of case studies, explain how operations strategies can help a business sustain its competitive advantage.

**End of paper**

