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Student Number

**HIGHER SCHOOL CERTIFICATE
TRIAL EXAMINATION
2015**

Alternate Business Studies

Weighting 30%

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black or blue pen
- Draw diagrams using pencil
- Board-approved calculators may be used
- Use the multiple-choice answer sheet provided
- Write your Student Number at the top of this page, page 9 and on the Multiple-Choice answer sheet

Total marks – 100

Section I 20 marks Pages 2-6

Multiple choice – 20 marks

- Attempt Questions 1-20
- Allow about 35 minutes for this part

Section II 40 marks Pages 8-14

- Attempt Questions 21-24
- Allow about 1 hour and 15 minutes for this part
- Answer in this booklet using blue or black pen

Section III 20 marks Page 17

- Attempt Question 25
- Allow about 35 minutes for this section
- Answer in a separate writing booklet using blue or black pen

Section IV 20 marks Page 18

- Attempt either Question 26 or 27
- Allow about 35 minutes for this section
- Answer in a separate writing booklet using blue or black pen

Section I

20 marks- approx. 35 mins

Mark your answers on the separate answer sheet.

Choose the best answer for each question.

1. *Catch of the Day Pty Ltd is a small fishing operation.*

They are involved in which market?

- A) Intermediate
- B) Resource
- C) Consumer
- D) Mass

2. What is the purpose of inventory management?

- A) To ensure sustainable use of raw materials
- B) To reduce levels of middle management in chain of command
- C) To prevent the loss of revenue by ensuring sufficient stock is available for sale
- D) To increase the amount of machinery used in production if increase total revenue

3. Management of a building company has decided to use a graph depicting the months in which each section of a new project will occur.

What type of graph is this?

- A) Product Life Cycle
- B) Critical Path Analysis
- C) Gantt Chart
- D) SWOT analysis

4. *A business is investing money in a rewards and loyalty program for its customers. This will give them added insight into customer behaviour and patterns.*

Which marketing approach is this?

- A) Marketing
- B) Selling
- C) Production
- D) Customer

5. What is the assumption of the FIFO method of delivery?

- A) First goods purchased are also the first sold
- B) First good purchased are also the last goods sold
- C) Most expensive stock is given priority placement
- D) Least expensive stock is given priority placement

Use the stimulus below to answer Questions 6 and 7

ABC Pty			
Current Assets	\$	Current Liabilities	\$
Cash At Bank	20 000	Accounts Payable	8 000
Inventory	15 000	Overdraft	12 000
Accounts Receivables	15 000		
Non Current Assets		Non Current Liabilities	
Equipment	25 000	Bank Loan	25 000
Cars/Vans	65 000	Owners' Equity	
		Capital	XXXX
		Retained Earnings	15 000

6. What is the value of the initial owners' contribution (capital)?

- A) \$15 000
- B) \$80 000
- C) \$45 000
- D) \$20 000

7. ABC Pty sells its remaining stock at cost for \$15 000.

What impact will this have on the balance sheet?

- A) An increase in current assets
- B) An improvement in the working capital ratio
- C) A decrease in current assets
- D) No change in current assets

8. What is an objective of performance appraisals?

- A) To measure worker efficiency and achievement against set criteria
- B) To help promote equal opportunity in the workplace through promotion
- C) To assist in fostering employee/employer relationships and increase morale
- D) To provide employees with their job descriptions and better working conditions

9. Psychological factors influencing customer choice include:

- A) personality, attitudes, social class, government
- B) personality, perception, motives, attitudes
- C) personality, culture, social class, motives
- D) attitudes, personality, peer groups, family

10. *Runaway Fitness has decided to reduce their number of suppliers, only keeping those that are efficient.*

What sourcing strategy is management at Runaway Fitness implementing?

- A) Cost minimization
- B) Vertical integration
- C) Supplier outsourcing
- D) Supplier rationalization

11. Which of the following statements about Australian Consumer Law is correct?

- A) It is enforced by various State Governments
- B) It protects the protection to people running a business buying consumer products
- C) It provides consumers with protection against deceptive and misleading advertising
- D) It regulates manufacturers but not service providers

12. Which of the following is a disadvantage of debt financing?

- A) Funds are readily available
- B) Interest repayments are tax deductible
- C) Security is required by the business
- D) It is limited to large corporations

13. *IKEA is able to offer customers low prices as a result of their multi-national supply chain management activities.*

Which term best describes this strategy?

- A) Global consumers
- B) Global distribution
- C) Global sourcing
- D) Ecommerce

14. Which of the following is the best measure of the effectiveness of the transformation process within a television manufacturing company?

- A) Employee satisfaction surveys
- B) Warranty claims against the product
- C) Volume of stock at the end of the financial year
- D) Number of televisions sold

15. *A successful business has decreased its prices to maintain market share.*

This is an example of which stage in the product life cycle?

- A) Establishment
- B) Growth
- C) Maturity
- D) Post maturity

16. *In Australia full time employees are entitled to up to 12 months unpaid maternity leave and 4 weeks paid annual leave.*

What is the legal basis for these entitlements?

- A) Enterprise agreements
- B) Collective agreements
- C) Individual employment contracts
- D) National Employment Standards

17. What is the name of the marketing strategy that involves businesses forming positive relationships with customers which sees repeat business?

- A) customer orientation
- B) brand awareness
- C) relationship marketing
- D) psychological marketing

18. Jennifer owns a florist and has a debt to equity ratio of 3:1.

What will happen if the bank increases the interest rate on her loan?

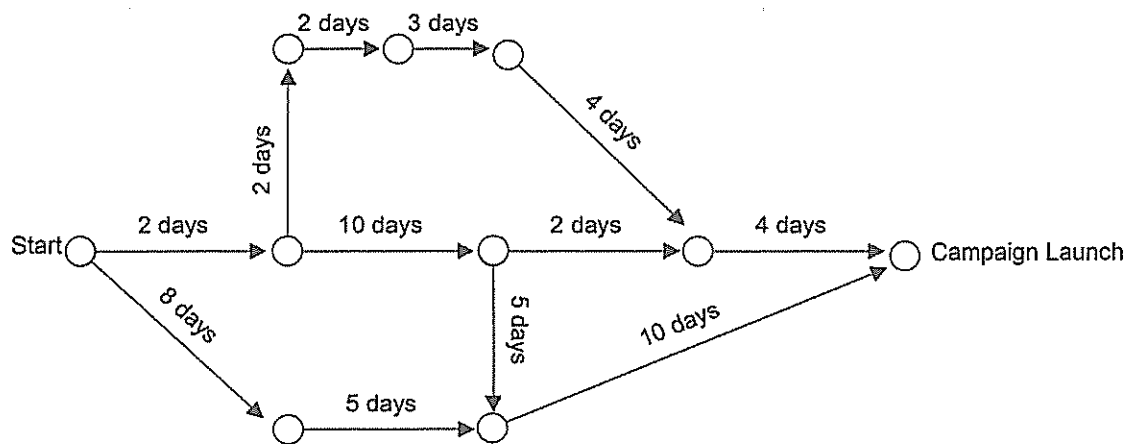
- A) Gearing will improve and expenses will fall
- B) Gearing will deteriorate and expenses will rise
- C) Gearing will improve and expenses will rise
- D) Gearing will deteriorate and expenses will fall

19. Betta Bolts has signed a contract with a new company who will supply raw materials at a reduced price and allow 90 day payment terms.

To which objectives of financial management does this change relate?

- A) Profitability and growth
- B) Long-term growth and efficiency
- C) Profitability and liquidity
- D) Ethical financial management and profitability

Use the following information to answer Question 20



Marketing Campaign for the Launch of a New Soft Drink

20. What is the critical path for the campaign launch?

- A) 27 days
- B) 23 days
- C) 17 days
- D) 18 days

Business Studies

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.

Extra writing space is provided on pages 15 and 16. If you use this space, clearly indicate which question you are answering.

Please turn over

Question 21 (10 marks)

Kosciuszko Clothing is 50 year old Australian business. They have earned a reputation for offering quality products and conducting their business ethically. Recently, this business has made significant changes to their operations. They now manufacture 95% of their clothing in a third world country, where their employees average 70 hours work per week and are paid \$1.50 per hour, which is legal under the local law.

- (a) Explain how Kosciuszko Clothing could use BOTH quality control and quality assurance to maintain the overall quality of their product range.

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Question 21 continues on page 9

(b) Does the fact that Kosciuszko Clothing are meeting their obligations legally also ensure that their business practices are ethical? Discuss.

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Question 22 (10 marks)

- (a) Outline ONE technological advancement that has influenced human resources. 2

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- (b) Assess the impact of Equal Employment Opportunity legislation on BOTH society and employers. 4

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Question 22 continues on page 11

(c) Explain how a business can use Gantt Charts and Critical Path Analysis in its transformation process.

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Question 23 (10 marks)

23 a) Identify TWO legal obligations of an employer. 2

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23b) Describe TWO social influences that have impacted upon human resource management in Australian businesses. 4

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(c) Discuss the influence of government on the process of determining employment contracts 4

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Question 24 (10 marks)

Balance Sheet for Meg's Sportswear Pty Ltd
As at 30 June 2015

ASSETS		LIABILITIES	
Current assets		Current liabilities	
Cash	8,000	Accounts payable	28,000
Accounts receivable	20,000	Overdraft	14,000
Stock	45,000	Credit card	15,000
Non-current assets		Non-current liabilities	
Motor vehicles	40,000	Mortgage	100,000
Buildings	100,000		
		OWNER'S EQUITY	
		Capital	40,000
		Net profit	16,000

- (a) Calculate the current ratio (current assets ÷ current liabilities) for Meg's Sportswear. Show all working. 2

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- (b) The debt to equity ratio for Meg's Sportswear is 2.8:1, whilst the industry average is 1.9:1. Describe ONE financial risk of this higher ratio. 2

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(c) Explain how the control of current assets and current liabilities may assist working capital management for Meg's Sportswear.

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Business Studies

Section III

20 marks

Attempt Question 25

Allow about 35 minutes for this section

Answer the question in the Section III 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 sustained, logical and cohesive response in the form of a business report
-

Question 25 (20 marks)

Splash Pty Ltd is a profitable medium-sized Australian business with over 50 years' experience in the Australian market. They manufacture and sell umbrellas and raincoats.

In order to expand the business, the marketing department developed a new product, a raincoat for preschool and primary school aged children called '*the Mini Splash*'. The main material used is a type of plastic imported from the United States.

To meet the anticipated demand for '*the Mini Splash*' management have decided to alter the factory roster, adding a second shift each day. This would mean that some employees now have to work the 6:00pm to 2:00am shift. The union representing the workers is unhappy about this change.

You have been hired as a consultant to write a report to the management. In your report:

- discuss hedging as a strategy to minimise exchange rate risk
- suggest and describe TWO strategies to manage resistance to change
- explain THREE indicators that could be used to evaluate effective human resource management

2015 HIGHER SCHOOL CERTIFICATE TRIAL EXAMINATION
Business Studies

Section IV

20 marks

Attempt either Question 26 or Question 27

Allow about 35 minutes for this section

Answer the question in the Section IV 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 sustained, logical and cohesive response
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Question 26 (20 marks)

Explain how globalisation has affected financial management.

OR

Question 27 (20 marks)

Assess the use of outsourcing in the global market.

End of paper

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