

# SYDNEY TECHNICAL HIGH SCHOOL



2008

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 name at the top of every page
- The last page is an answer sheet for Section I.  
you may detach this page.

### Total Marks - 100

#### Section I- Pages 2- 6

Total marks (20)

Attempt questions 1-20

Allow about 35 minutes for this section

#### Section II- Pages 7 -12

Total Marks (40)

Attempt questions 21-24

Allow about 1 hour 15 minutes for this section

#### Section III- Page 13

Total Marks (20)

Attempt questions 25

Allow about 35 minutes for this section

#### Section IV- Page 14

Total Marks (20)

Attempt questions 26 or Question 27

Allow about 35 minutes for this section

Student Name: \_\_\_\_\_

## Section I

Total marks (20)

Attempt questions 1 – 20

Allow about 35 minutes for this part

**Use the answer sheet at the rear of this paper – to be detached.**

1. Aldi is global retailing business. Its store managers are paid \$110,000 per annum plus a car. It employs people on a full time basis only and organises them in teams. It has a 'wafer thin' organisational structure and the store managers have a high degree of decision making authority.

Which of the following theories of management has had a significant influence on the management of Aldi?

- A) Classical theory
  - B) Scientific theory
  - C) Behavioural theory
  - D) Contingency theory
2. Two airlines Cheap Air and Quality Air recently merged. Staff at Quality were unhappy with the change, given management adopted Cheap Air's strategy of cost cutting at the expense of quality. Many staff complained they were no longer happy to work under these new conditions, and wanted to go back to being a quality- focused company.

What is the reason for the resistance to the new merger?

- A) Inertia of managers
  - B) Cultural incompatibility
  - C) Deskilling of the workforce
  - D) Financial costs
3. Refer to the following financial information for Louie's Spare parts shop to answer question 3

<b><u>Information for Louie's Spare parts shop for period ended 25.07.03</u></b>	
	\$
Average Accounts Receivable	9 000
Sales	90 000
Gross Profit	75 000

The accounts receivable turnover is:

- A) 39 days
- B) 36.5 days
- C) 8.3 days
- D) 44 days

4. A business has debts of \$250,000 and equity of \$500,000. If debt increases by \$50,000 which of the following is true?
- A) The gearing ratio will fall by 60%
  - B) The liquidity ratio will be 60%
  - C) The gearing ratio will increase by 10%
  - D) The liquidity ratio will increase by 10%
5. Watsons and Daughters Pty Ltd pays a famous golf professional to endorse their products. What marketing strategy is this business using?
- A) Product
  - B) Price
  - C) Place
  - D) Promotion
6. Use the following information to answer the Question below

Value of \$A in terms of \$US		
May 2005	78c	(US Value for one \$A)
May 2004	64c	
May 2003	56c	

What would be the effect of the appreciation of the \$A on the Australian tourist industry?

- A) More Australians would visit the US
  - B) US tourists would be more likely to visit Australia
  - C) Foreign tourists would see Australia as a lower cost destination
  - D) Australians would be more likely to stay in Australia for their holidays
7. What is the correct order of the three steps in the control process?
- A) Setting standards; measuring performance; taking corrective action
  - B) Setting standards; taking corrective action; measuring performance
  - C) Taking corrective action; measuring performance; setting standards
  - D) Measuring performance; taking corrective action; setting standards
8. An Australian business has decided to adopt a geocentric approach to staffing. Which of the following is a feature of this approach?
- A) Hiring the best person for the position
  - B) Favouring parent-company staffing
  - C) Favouring host-company staffing
  - D) Always appointing Australian managers

Use the following information to answer Questions 9 & 10

	2003	2004
Net Profit	\$ 275 000	\$ 300 000
Owners	\$ 2 000 000	\$ 3 200 000

- 9 What would be the response to the level of returns on owner's equity ratio shown above?
- A) The figure is far too low but increasing
  - B) The figure is high and increasing
  - C) The figure is reasonable but decreasing
  - D) The figure is too low but is improving
10. What strategy could improve the return on owner's equity?
- A) Sell off areas of poor return and improve efficiency
  - B) Buy more non - current assets
  - C) Increase the level of current liabilities
  - D) Sell more shares
11. A business has a gross profit of \$80,000, purchases were \$110,000, opening stock was \$40,000 and closing stock was \$30,000. What was the value of sales?
- A) \$150,000
  - B) \$200,000
  - C) \$ 70,000
  - D) \$10,000
12. Which theory of management attempts to integrate the strengths of a number of theories?
- A) Behavioural
  - B) Political
  - C) Contingency
  - D) Systems
13. Which of the following is a feature of a niche market?
- A) Aimed entirely at high income earners
  - B) Has a wide range of undifferentiated products
  - C) Has products that require extensive products development
  - D) Has low volume usually high value products
14. Market segmentation is a tool used by business. Which of the following best explains this tool?
- A) To group customers with similar needs together
  - B) To choose one way of advertising
  - C) To identify the different types of people who purchase its products
  - D) To sell its products to several different markets

15. Krispy Kreme, a donut and coffee fast food retailer is one of the fastest growing global businesses. The business sells the right to use its intellectual property to global investors and provides ongoing management assistance to these investors.

Which of the following methods of international expansion describes the expansion Strategy used by Krispy Kreme?

- A) Foreign direct investment
- B) Exporting
- C) Management contract
- D) Franchising

**Question 16 refers to the information below:**

**Mountain View Café – Thredbo  
Cash Flow Forecast 2006 – 2007**

	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>
Opening Balance	2 000	7 000	7 500	7 500		
Cash Receipts	12 000	10 000	2 500	2 500	4 000	3 000
Cash Payments	5 000	9 500	5 500	5 500	12 500	5 000

- 16 Which of the following describes the opening balance for December?
- A) \$16 500 and is likely to increase next September
  - B) \$ 4 500 and is predicted to decline in February
  - C) \$ 4 500 and has actually declined since October
  - D) \$16 000 and has declined due to seasonal factors
17. Which of the following describes the process of maintaining long term customer’s relationships?
- A) Consumer sovereignty
  - B) Marketing concepts
  - C) Marketing orientation
  - D) Relationship marketing
18. A car manufacturing company has invested in new inventory/stock control technology. A number of long term employees will no longer be required. The company will need to undertake which of the following activities?
- A) Retrenchment
  - B) De-skilling
  - C) Dismissal
  - D) Redundancy

19. Which of the following is a covert form of industrial action?
- A) Absenteeism
  - B) Lockouts
  - C) Work to rule
  - D) Work bans
20. A business decided to only sell its range of high priced hair-care products through hair dressing salons rather than in super markets. Which marketing strategy is it using?
- A) Product
  - B) Promotion
  - C) Price
  - D) Place

**End of Section I**

## Section II

Total marks (40)

Attempt questions 21 – 24, each is worth 10 marks

Allow about 1 hour 15 minutes for this section

**Answer the questions in the spaces provided**

**21.** (10 Marks)

*Bobalong Ltd has operated using a labour intensive production line.  
A new management regime has decided to replace labour with a  
computerized robotic system*

The following questions relate to the above information.

**A)** Identify and outline two financial costs associated with this change 2 Marks

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**B)** Explain two reasons why staff may resist this change 2 Marks

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**C)** Describe one external source of change that may lead to Bobalong Ltd deciding to introduce the new system 2 Marks

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D) Use a change model to explain how Bobalong Ltd could successfully implement this change

4 Marks

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22. (10 Marks)

Balance Sheet of Bob Downe Ltd  
as at 30/6/08

<u>ASSETS</u>		<u>LIABILITIES</u>	
Cash	300 000	Creditors	450 000
Debtors	450 000	Bank Bill	250 000
Inventories	350 000	Overdraft	150 000
Plant	900 000	Mortgage	1 000 000
Building	1 000 000	<u>Owners Equity</u>	
		Capital	1 000 000
		Retained Profits	150 000

Note: Sales revenue for 1/7/07 to 30/06/08 was \$2.5 million

The following questions refer to the above balance sheet.

A) Clearly explain what “debtors” are and why they are considered to be an asset

2 Marks

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**B)** Calculate and comment on the liquidity of Bob Downe Ltd

2 Marks

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**C)** Calculate and comment on the solvency of Bob Downe Ltd

2 Marks

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**D)** With reference to the above findings outline two strategies that could be used to improve these performance measures

4 Marks

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*Bobbin Up Ltd has developed a ranged of casual clothing aimed at buyers in the 55+ age group. Bobbin' Up Ltd staff have no fashion marketing experience buy have been told by industry contracts that their designs are likely to be very popular. Bobbin' Up would like to sell the clothes through their own outlets*

**The following questions relate to the above information.**

- A)** Outline the importance of market research in successfully launching a new product. 2 Marks

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- B)** Indicate and outline two key features of the selected target market that would enable Bobbin' Up Ltd to focus on this group 2 Marks

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- C)** Describe three marketing strategies that could be used by Bobbin Up' Ltd to launch their new range of clothing 6 Marks

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*Techbob Furniture Company is a successful company with stores all over Australia. This business has traditionally followed the principles of scientific management in relation to its organizational structure and allocation of task. Techbob has recently decided to change the management structure and introduce principles of behavioural theory into the operation of the business.*

The following questions relate to the above information

- A)** Describe the organizational structure and method of allocating tasks currently used by Techbob’s furniture company under the scientific management theory. 2 Marks

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- B)** Outline the leadership styles that Techbob would adopt in the business when implementing Principals of Behavioural management as opposed to the leadership style adopted with the Scientific management theory 2 Marks

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- C)** Describe how the possible change in style of management would impact on the organizational structure of the business and allocation of tasks to staff 3 Marks

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**D)** Identify a management model other than scientific management or behavioural management and outline two features of this model

3 Marks

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**END OF SECTION II**

### Section III

Total marks (20)

Allow 35 minutes for this section

**Use paper provided.**

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

- Use your knowledge and the information provided
- Communicate using relevant business terminology and concepts
- Present a logical well structured answer to the question in the form of a business report.

**25. (20 Marks)**

This question refers to the following case study.

*Techtonka Pty Ltd has operated in the domestic services market for over 20 years. A recent situational analysis revealed the following as weaknesses in the business.*

- *Declining volume of clients*
- *Increasing difficulty collecting debts*
- *An increased incidence of covert industrial action amongst employees*

Write a report to the board of directors of Techtonka Pty Ltd. Which identifies the likely causes of these weaknesses and suggest some solutions which could improve performance in these areas.

**END OF SECTION III**

## **Section IV**

Total marks (20)

Attempt **either** Q26 or Q27

Allow 35 minutes for this section

**Use paper provided.**

**Clearly number the question you are answering.**

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

- Use your knowledge and relevant case study/studies
- Communicate using relevant business terminology and concepts
- Present a logical, well structured answer to the question

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**EITHER**

- 26.** Evaluate the role of effective employment relations for global business. Outline the importance of financial management for the success of global business.

**OR**

- 27.** Outline the risks facing businesses when they expand into global operations. Evaluate a range of management strategies that could be used to reduce the impact of these risks.

**END OF SECTION IV**

Student Name: \_\_\_\_\_

## Section I

Total marks (20)

Attempt questions 1 - 20

Allow 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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	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>1</b>				
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