

B O A R D O F S T U D I E S
NEW SOUTH WALES

2012

**HIGHER SCHOOL CERTIFICATE
SPECIMEN EXAMINATION**

Business Studies

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
- Write your Centre Number and Student Number at the top of pages 9 and 13

Total marks – 100

Section I Pages 2–6

20 marks

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

Section II Pages 9–15

40 marks

- Attempt Questions 21–25
- Allow about 1 hour and 15 minutes for this section

Section III Page 17

20 marks

- Attempt Question 26
- Allow about 35 minutes for this section

Section IV Page 18

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.

- 1 What is ONE benefit of global branding?
- (A) It can be recognised in many markets.
 - (B) It better suits a production approach to marketing.
 - (C) It is a marketing strategy designed for every market.
 - (D) It is a customised product that can be used in many markets.
- 2 Which government institution would investigate a claim that a company has falsified its accounting records?
- (A) Australian Securities Exchange
 - (B) NSW Department of Fair Trading
 - (C) Australian Securities and Investment Commission
 - (D) Australian Competition and Consumer Commission
- 3 Data related to a small manufacturing business is shown in the table.

	2010	2011
<i>Number of employees</i>	20	20
<i>Number of days lost due to disputes</i>	25	10
<i>Absenteeism (average days/employee)</i>	5	20
<i>Staff turnover</i>	10%	10%

What possible conclusion can be drawn from the data?

- (A) Job dissatisfaction is being demonstrated in a different way.
- (B) The staff turnover levels reflect increased job dissatisfaction.
- (C) The days lost to disputes reflect increased job satisfaction.
- (D) Absenteeism levels indicate increased job satisfaction.

4 How can a business improve its working capital management?

- (A) By increasing cost centres
- (B) By reducing variable costs
- (C) By leasing rather than buying assets
- (D) By extending credit terms to 60 days

5 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

6 A business has a range of products across the product life cycle.

Which marketing strategy could be adopted to increase profits for this business in the short term?

- (A) Eliminate non-performing products
- (B) Research new distribution channels
- (C) Increase the product research and development budget
- (D) Use a discount pricing policy on the full range of products

7 An employee has made a complaint to his manager regarding the small number of shifts he is being given per fortnight.

Which strategy should the manager use first to manage the situation effectively?

- (A) Mediation
- (B) Negotiation
- (C) Monetary rewards
- (D) Non-monetary rewards

- 8 A manufacturing business has recently changed its marketing strategy to include e-marketing.

What external influence may have led to this?

- (A) Increased staffing costs
- (B) Underperforming retail sales
- (C) The recent employment of a computer expert
- (D) The inability to differentiate its brand from competitors

Use the following information to answer Questions 9–10.

Financial statement for a school canteen

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

- 9 What is the closing cash balance at the end of May?
- (A) -\$1200
 - (B) -\$600
 - (C) \$200
 - (D) \$1000
- 10 Which strategy could the canteen manager have adopted to improve cash flow in March?
- (A) Pay all the expenses in February
 - (B) Delay paying debtors on time
 - (C) Collect receivables quarterly
 - (D) Obtain an overdraft
- 11 Which of the following is an output from the operations processes of a business?
- (A) Gantt charts
 - (B) Customer service
 - (C) Human resources
 - (D) Sequencing and scheduling

- 12** 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
- 13** Which strategy could an Australian exporter adopt to reduce the risk of non-payment?
- (A) Factoring
 - (B) Hedging
 - (C) Letter of credit
 - (D) Unsecured note
- 14** A manufacturer operating in Australia is having legal proceedings brought against it by its employees. The case concerns serious health issues resulting from long term exposure to fumes from the production process.
- Which legal and ethical responsibilities might this manufacturer have failed to fulfil?
- (A) Workers compensation requirements and providing a duty of care
 - (B) Occupational health and safety requirements and providing a duty of care
 - (C) Workers compensation requirements and providing fair working conditions
 - (D) Occupational health and safety requirements and providing fair working conditions
- 15** Which strategy should an exporting business implement to increase profits and respond to an appreciating Australian dollar?
- (A) Sell off assets and lease them back
 - (B) Offer debtors a discount for early payments
 - (C) Review marketing objectives to focus on domestic sales
 - (D) Identify cost centres and work to improve their efficiency

- 16** What information can a business use to monitor and control its marketing plan?
- (A) SWOT analysis
 - (B) Cash flow statement
 - (C) Market share analysis
 - (D) Balance sheet figures
- 17** 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
- 18** Many Australian businesses have expanded overseas in the last 20 years.
- What marketing role does this best represent?
- (A) Mass
 - (B) Positioning
 - (C) Social
 - (D) Strategic
- 19** What is the benefit to shareholders of debt financing over equity financing?
- (A) It minimises risk.
 - (B) Return on shareholders equity is likely to be higher.
 - (C) Repayments can be postponed in economic recessions.
 - (D) Loans are guaranteed by the Australian Securities Exchange.
- 20** What is human resource management?
- (A) The communication of goals and the provision of resources to employees
 - (B) The daily supervision, allocation of duties and evaluation of employees
 - (C) The use of domestic and global contractors
 - (D) The organisational hierarchy of a business

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2011 HIGHER SCHOOL CERTIFICATE
SPECIMEN EXAMINATION

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Centre Number

Business Studies

Section II

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Student Number

40 marks

Attempt Questions 21–25

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.

Question 21 (6 marks)

A chain of fast food restaurants recently entered the Australian market with the establishment of six restaurants throughout New South Wales. It is currently undertaking an intensive advertising campaign aimed at teenagers via social networking sites.

- (a) Outline ONE ethical issue that may arise from the restaurant chain’s marketing campaign. 2

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- (b) Explain how the restaurant chain’s marketing is interdependent with ONE other key business function. 4

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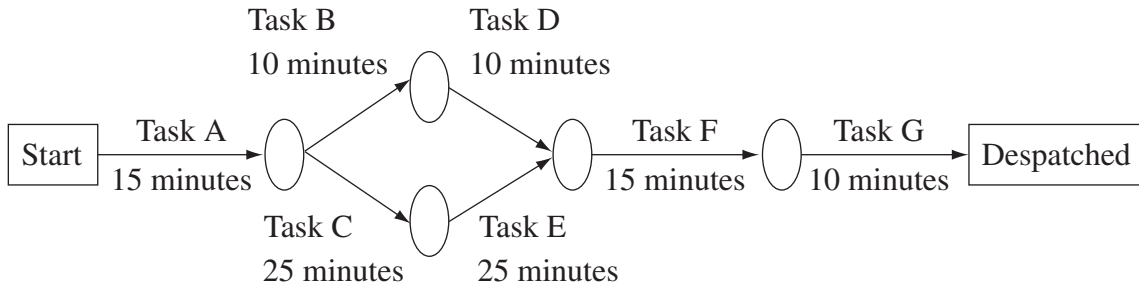
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Question 22 (10 marks)

(a) XNH Pty Ltd assembles electronic motors from imported parts. The diagram below shows the sequencing of tasks in the assembly of the motors.



(i) Calculate the critical path for XNH Pty Ltd. **1**

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(ii) Why would XNH Pty Ltd use a sequencing tool such as the one shown? **3**

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Question 22 continues on page 11

Question 25 (8 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	85 000		87 000	
	<u>130 000</u>		<u>135 000</u>	
Less closing stock	48 000	<u>82 000</u>	45 000	<u>90 000</u>
Gross profit		68 000		60 000
Less expenses				
Advertising	11 000		11 000	
Salaries	34 000		38 500	
Telephone	3 000		3 500	
Rental	5 000	<u>53 000</u>	5 500	<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**

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Question 25 continues on page 15

Question 25 (continued)

- (b) The net profit ratio (net profit ÷ sales) decreased from 10% in 2010 to 1% in 2011. 2

State TWO possible reasons for the change in profitability.

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

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End of Question 25



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Business Studies

Section III

20 marks

Attempt Question 26

Allow about 35 minutes for this section

Answer the question in a 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 26 (20 marks)

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

The senior managers of Prine 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.

You have been employed as a consultant to prepare a report for Prine Ltd.

In your report, propose and justify effective operational, marketing and financial strategies that Prine Ltd could implement to achieve success in the global market.

Please turn over

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 sustained, logical and cohesive response
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Question 27 (20 marks)

How does an understanding of the influences on operations contribute to business success?

OR

Question 28 (20 marks)

Evaluate the effectiveness of human resource management in achieving the goals of business.

End of paper