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Student Number

2012

**Higher School Certificate
Trial Examination**

Business Studies

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black or blue pen
- Board-approved calculators may be used
- Write your Centre Number and Student Number at the top of pages 7,8,10,11,12 and all writing booklets

Total marks - 100

**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 - 24
Allow about 1 hour and 15 minutes for this section

**Section III – Pages 14
20 marks**

Attempt Question 26 – Compulsory
Allow about 35 minutes for this section

**Section IV – Page 15
20 marks**

Attempt Question 27 or Question 28
Allow about 35 minutes for this section

KNOX GRAMMAR SCHOOL

GUIDE TO USE OF THE MULTIPLE CHOICE ANSWER SHEET

Use the multiple-choice answer sheet.

Select the alternative A, B, C or D that best answers the question. Fill in the response oval completely.

Sample: $2 + 4 =$ (A) 2 (B) 6 (C) 8 (D) 9

A B C D

If you think you have made a mistake, put a cross through the incorrect answer and fill in the new answer.

A B C D

If you change your mind and have crossed out what you consider to be the correct answer, then indicate the correct answer by writing the word **correct** and drawing an arrow as follows.

correct
↑↓
A B C D

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 of the following is a transforming resource?
- (A) Materials
 - (B) Information
 - (C) Intermediate goods
 - (D) Human resources
- 3** Terry May Yachts has priced their new yacht at a price below cost.
- Which pricing strategy is this an example of?
- (A) Loss leader
 - (B) Price points
 - (C) Price skimming
 - (D) Price penetration
- 4** The human resources department has been given the task of developing and specifying the activities of new employees.
- Which of the following best describes this function?
- (A) Job rotation
 - (B) Job design
 - (C) Recruitment
 - (D) Induction

- 5** Which of the following represents an effective recruitment process in a business?
- (A) Job applicants received from a select but suitably qualified group of candidates
 - (B) An induction program that informs new employees about the organisational culture
 - (C) A series of interview questions that allows candidates to showcase their skills and abilities
 - (D) A retrenchment process that removes underperforming employees thus improving the efficiency of the business
- 6** Which of the following is an example of an external source of equity finance?
- (A) Commercial bills
 - (B) Debentures
 - (C) Ordinary shares
 - (D) Overdraft
- 7** Nixon's Bakery aim to use a sequencing and scheduling tool that shows what tasks need to be done, the order they should be completed in and how much time each task should take.
- Which tool should be used in order for Nixon's Bakery to better manage their transformation process?
- (A) Budget
 - (B) Critical path analysis
 - (C) Gat charts
 - (D) Strategic Action Plan
- 8** What is the role of operations management?
- (A) Sourcing funds from either debt or equity source to finance the business
 - (B) The development of newly hired staff using on the job training techniques
 - (C) Determining the product, place, price and promotional strategies to be used
 - (D) Transforming inputs into outputs while focusing on cost reduction in the process

- 9** Wilshin's Wallets Pty Ltd has contracted a company in Vietnam to manufacture their wallets. To complete the contract the company must meet a pre-established set of manufacturing criteria and standards.

Which of the following describes this practice?

- (A) Benchmarking
- (B) Quality control
- (C) Quality assurance
- (D) Total Quality Management

- 10** Which of the following dispute resolution process provides employees with a clear formal structure to resolve disputes that may arise in their workplace?

- (A) Mediation
- (B) Negotiation
- (C) Common law action
- (D) Grievance procedures

- 11** Laurie Ltd requires funding to purchase a foreign airline worth \$1.5 billion.

Which financial institution would typically assist this company in raising the required finance?

- (A) A regulatory authority
- (B) A finance company
- (C) An investment bank
- (D) An insurance company

- 12** A large car manufacturing company has decided to make changes to their operations due to the passage of the Clean Energy Act and because they have noticed that global consumers are demanding similar products.

Which two factors have influenced the business's operations?

- (A) Globalisation and legal regulations
- (B) Legal regulations and quality expectations
- (C) Environmental sustainability and globalisation
- (D) Quality expectations and environmental sustainability

- 13 The leadership team of Marsden Pty Ltd has recently adopted a more democratic leadership style. In addition to this, the company has adopted a new system of rewards.

What is the most likely outcome from adopting these new strategies?

- (A) An increase in staff turnover
- (B) An unsatisfying corporate culture
- (C) Decreased worker satisfaction
- (D) Decreased absenteeism

- 14 Swanny Pty Ltd produces red rain jackets for people who love bush walking.

Which approach has the business used to select its target market?

- (A) Demographic approach
- (B) Market segmentation approach
- (C) Niche marketing approach
- (D) Mass marketing approach

Use the following information to answer questions 15 and 16.

Income Statement for Millalker Pty Ltd	
Year Ending June 30, 2012	
	\$\$
Sales	320 000
COGS	80 000
Gross Profit	240 000
Expenses	70 000
Net Profit	170 000

- 15 Which of the following statements is true? (answers rounded to the nearest whole number).
- (A) The net profit ratio is 53%
 - (B) The net profit ratio is 71%
 - (C) The gross profit ratio is 33%
 - (D) The gross profit ratio is 71%

16 What is the expense ratio for Millalcker Pty Ltd for the year ending June 30, 2012?

- (A) 7%
- (B) 22%
- (C) 29%
- (D) 41%

17 Which of the following is a benefit of industrial conflict?

- (A) Firms may close down
- (B) Legal fines can be imposed on businesses
- (C) Costs will be minimised for the business and profit levels will increase
- (D) Occupational health and safety problems may be reduced

18 A business sends personalised emails to customers from its database to inform them of special offers and competitions.

Which elements of the promotion mix is this business using?

- (A) Publicity and personal selling
- (B) Personal selling and relationship marketing
- (C) Relationship marketing and sales promotion
- (D) Sales promotion and publicity

19 Tocker Clothing manufactures their clothes in Wagga Wagga. They sell their clothes through major department stores in Australia.

Which of the following distribution channel choices are they using?

- (A) Exclusive
- (B) Intensive
- (C) Physical
- (D) Selective

20 Which of the following is a benefit of the just-in-time inventory method in relation to managing working capital?

- (A) It improves the control of cash
- (B) It improves the control of inventory
- (C) It improves the value of current assets
- (D) It improves the accounts receivable position

Section II

Student Number

40 marks

Attempt Questions 21–24

Allow about 1 hour and 15 minutes for this section

Answer the questions in the spaces provided

Question 21 (6 marks)

Marks

Leonard Ng is the Human Resources Director for a manufacturing company in Sydney. He is working with the Director of Operations to increase their capacity to produce mobile phones. The company will employ 20 new staff who have the technical skills to operate the recently upgraded machinery. Additionally, they are aiming to make 50 staff members redundant.

(a) Describe ONE stakeholder who will be impacted by the proposed changes.

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(b) Why is it important for Leonard Ng, as Human Resources Director, to work closely with personnel from other key business functions when making staffing decisions?

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Question 22 (9 marks)

Marks

Judith Strang is a lead designer of computer games for *Cubed Ltd*, based in Melbourne. She is ready to start work with her team of designers on a new game. Judith has conducted several meetings with the Marketing Department. Their target audience will be teenage boys and they will sell into the global market. *Cubed Ltd* is still developing specific details, including concept and storyline, for their new game.

- (a) Outline the type of market for computer games. 2

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- (b) How could *Cubed Ltd* conduct a situational analysis for their new computer game? 3

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Question 22 continues on the next page

Question 22 (continued)

Marks

- (c) To what extent will global marketing affect the development of marketing strategies for *Cubed Ltd's* new computer game?

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Student Number:

Question 23 (8 marks)

Marks

(a) Why is corporate social responsibility a key concern in operations management? **3**

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(b) Discuss the importance of monitoring and controlling in order to produce quality manufactured outputs. **5**

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Student Number:

Question 25 (10 marks)

Marks

The following Balance Sheet is for *Alex Leung Electronics Pty Ltd*.

Alex Leung Electronics Pty Ltd			
As at 30 June 2012			
	\$		\$
<i>Current Assets</i>		<i>Current Liabilities</i>	
Cash	9900	Overdraft	27000
Accounts Receivable	17000	Accounts payable	23200
Inventory	27000		
<i>Non-Current Assets</i>		<i>Non-Current Liabilities</i>	
Equipment	75100	Mortgage	560000
Property	820000		
Vehicles	182000		
		<i>Owner's Equity</i>	
		Capital	330000
		Net profit	190800

(a) Describe ONE ethical issue relevant to compiling the Balance Sheet for *Alex Leung Electronics Pty Ltd*.

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(b) Calculate the current ratio AND the debt-equity ratio for *Alex Leung Electronics Pty Ltd* (show all working – to the nearest 1 decimal place).

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Question 25 (continued)

Marks

(c) The debt-equity ratio for *Alex Leung Electronics Pty Ltd* in 2011 was 0.8:1.

Describe ONE possible reason for the change in gearing from 2011 to 2012.

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(d) Recommend ONE management strategy that *Alex Leung Electronics Pty Ltd* could adopt to improve their working capital.

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End of Section II

Section III – Compulsory Business Report

Question 26 (20 marks)

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 the hypothetical business situation
 - communicate using relevant business terminology and concepts
 - present a sustained, logical and cohesive report in the form of a business report
-

Question 26

Jarvis Pty Ltd is an emerging Australian company that manufactures and distributes custom made furniture for Schools in South-East Queensland. Education systems throughout Australia are looking to arrange their classrooms in ways that improve student engagement and learning. As a result, *Jarvis Pty Ltd* is rapidly increasing their sales in Queensland and now plan to expand throughout Australia.

The following issues have become clear as they develop their expansion plans:

- Manufacturing in Australia is expensive (by global standards)
- The legal framework relevant to human resources is complex in Australia
- There is a wider range of potential customers, including TAFE and Universities
- Ethical considerations are central to all decisions made by the company

You have been employed as a consultant to prepare a report for *Jarvis Pty Ltd*.

Analyse the influences on marketing and the key influences on human resources that *Jarvis Pty Ltd* must consider in attempting to successfully expand throughout Australia.

End of Section III

Section IV – Extended Response

Attempt Question 27 OR Question 28 (20 marks)

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(ies) 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 can financial management strategies be used by a business to achieve their strategic goals?

OR

Question 28 (20 marks)

How can operations strategies be used by a business to achieve a competitive advantage?

End of Paper



Trial Examination Marking Criteria 2012

HSC Business Studies

Section I – Multiple Choice

Question	Answer	Question	Answer
1	A	11	C
2	D	12	A
3	A	13	D
4	B	14	C
5	A	15	A
6	C	16	B
7	B	17	D
8	D	18	C
9	B	19	D
10	D	20	B

Section II**Student Number****Question 21**

(a) Describe ONE stakeholder who will be impacted by the proposed changes.

Marking Criteria	Marks
Clearly provides features and characteristics of ONE stakeholder	2
Limited provision of the features and characteristics of ONE stakeholder	1

Answers could include:

- Employees, employer.

(b) Why is it important for Leonard Ng, as Human Resources Director, to work closely with personnel from other key business functions when making decisions about staff?

Marking Criteria	Marks
Displays a clear understanding of the reasons of why Leonard Ng should work closely with personnel from the other KBFs.	4
Displays a sound understanding of the reasons	3
Displays a basic understanding of the reason(s)	2
Sketches in general terms a reason.	1

Answers could include:

The interdependence of the Key Business Functions. Leonard Ng must consider how the acquiring, developing and separating functions (as discussed in the stimulus) will require additional funds (e.g. redundancy packages) or a reallocated of funds.

Student Number

Question 22 (9 marks)

(a) Outline the type of market for computer games.

Marking Criteria	Marks
A clear sketch in general terms of the type of market for computer games.	2
A limited sketch in general terms.	1

Answers could include:

Consumer market.

(b) How could *Cubed Ltd* conduct a situational analysis for their new computer game?

Marking Criteria	Marks
Displays a clear understanding of the process by which <i>Cubed Ltd</i> could conduct a situational analysis.	3
Displays a sound understanding of the process	2
Displays a limited understanding of the process	1

Answers could include:

- Conducting a SWOT analysis and a Product Life Cycle (PLC), with application to *Cubed Ltd's* new computer game.

(c) To what extent will global marketing affect the development of marketing strategies for *Cubed Ltd's* new computer game?

Marking Criteria	Marks
Makes a detailed judgement of the extent to which global marketing will affect the development of marketing strategies.	4
Makes a sound judgement of the extent.	3
Makes a basic judgement of the extent.	2
Sketches in general terms the influence of global marketing.	1

Answers could include:

- Global marketing: global branding, standardisation, customisation, global pricing, competitive positioning AND extent of impacts on marketing strategies (4Ps) in the global market.

Student Number:

Question 23 (8 marks)

Marks

(a) Why is corporate social responsibility a key concern in operations management?

Marking Criteria	Marks
Displays a clear understanding of the reasons why CSR is a key concern in operations management.	3
Displays a sound understanding of the reasons.	2
Displays a basic understanding of the reason(s).	1

Answers could include:

CSR refers to open and accountable business actions based on respect for people, community/society and the broader environment. Operations management, particularly when a business manufactures goods, will need to ensure the legal, ethical, social and environmental practices are adhered to and met. Examples would assist in displaying a clear understanding.

(b) Discuss the importance of monitoring and controlling in order to produce quality manufactured outputs.

Marking Criteria	Marks
Clear and detailed provision of the points for and/or against the importance of monitoring and controlling in order to produce quality manufactured outputs.	5
Sound provision of the points for and/or against.	4
Basic provision of the points for and/or against.	3
Sketches in general terms some of the points.	2
Recognises and names few of the point(s).	1

Answers could include:

Monitoring is the process of measuring actual performance against planned performance in relation to the quality of the production process (including transformation processes) and finished products. Key Performance Indicators (KPIs) include: lead times, inventory turnover rates, process flow rates. Controlling occurs when the KPIs are assessed against predetermined targets and corrective action is taken. If KPIs are not met, then managers, in consultation with other KBFS, will need to make changes to the transformation process such as redesigning the facilities, improving the technology or improving the quality of staff.

Student Number:

Question 24 (7 marks)

Propose and justify a mix of promotional strategies that *Fit4Life* could use to effectively reach their target market (s).

Marking Criteria	Marks
Clearly puts forward for consideration and provides detailed supporting arguments for a mix of promotional strategies that <i>Fit4Life</i> could use to effectively reach their target market(s).	7
Clearly puts forward for consideration and provides strong supporting arguments for a mix of promotional strategies.	6
Puts forward for consideration and provides sound supporting arguments for a mix of promotional strategies.	5
Puts forward for consideration and provides basic supporting arguments for a mix of promotional strategies.	4
Puts forward for consideration and provides limited supporting arguments for some promotional strategies.	3
Sketches in general terms few promotional strategies.	2
Recognises and names one or more relevant promotional strategy.	1

Answers could include:

Elements of the promotion mix: advertising, personal selling and relationship marketing, sales promotions, publicity and public relations. Students could use a combination of these strategies, or other relevant promotional strategies, with application to the *Fit4Life* case study. The communication process, including: opinion leaders and word of mouth could also be utilized.

Student Number:

Question 25 (10 marks)

Marks

- (a) Describe ONE ethical issue relevant to compiling the Balance Sheet for *Alex Leung Electronics Pty Ltd*.

Marking Criteria	Marks
Clearly provides features and characteristics of ONE ethical issue relevant to compiling the Balance Sheet.	2
A basic provision of the features and characteristics of ONE ethical issue.	1

Answers could include:

- Revolves around audited accounts and correct valuation of assets, including inventories and accounts receivables. Also, that the information compiled best reflects Alex Leung Electronic Pty Ltd's final position.

- (b) Calculate the current ratio AND the debt-equity ratio for *Alex Leung Electronics Pty Ltd* (show all working – to the nearest 1 decimal place).

Marking Criteria	Marks
Accurately calculates the current ratio AND the debt-equity ratio (showing working).	2
Accurately calculates either the current ratio OR the debt-equity ratio (showing working) OR Correct answer and incorrect working OR correct working and incorrect answer.	1

Answers must include:

$$\begin{aligned} \text{Current Ratio} &= \text{Current Assets/Current Liabilities by 100} \\ &= \$53900:\$50200 = 1.1:1 \end{aligned}$$

$$\begin{aligned} \text{Debt/Equity Ratio} &= \text{Total Liabilities/Total Equity by 100} \\ &= \$610200/\$520800 \text{ by 100} \\ &= 1.2:1 \end{aligned}$$

(c) The debt-equity ratio for *Alex Leung Electronics Pty Ltd* in 2011 was 0.8:1.

Describe ONE possible reason for the change in gearing from 2011 to 2012.

Marking Criteria	Marks
Clearly provides features and characteristics of ONE possible reason for the increase in gearing from 2011 to 2012.	2
A basic provision of the features and characteristics of ONE possible reason.	1

Answers could include:

Either a decrease in owner's equity (e.g. retained profits) or an increase in the level of debt due to a need to access more funds (e.g. for expansion plans).

(d) Recommend ONE management strategy that *Alex Leung Electronics Pty Ltd* could adopt to improve their working capital.

Marking Criteria	Marks
Displays a clear understanding of the reasons of why Leonard Ng should work closely with personnel from the other KBFs.	4
Displays a sound understanding of the reasons	3
Displays a basic understanding of the reason(s)	2
Sketches in general terms a reason.	1

Answers include:

- Any management strategy (from any of the KBFs) could be utilised, as long as it improves working capital (with reference to current assets and current liabilities).
- Working capital management – control of current assets (cash, receivables, inventories) and Control of current liabilities (payable, loans, overdrafts).