



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

**2013**

**HIGHER SCHOOL CERTIFICATE  
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

**Total marks – 100**

**Section I** Pages 2–6

**20 marks**

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

**Section II** Pages 9–16

**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** Which business function transforms raw materials and resources into finished goods or products?
- (A) Finance
  - (B) Human resources
  - (C) Marketing
  - (D) Operations
- 2** An overseas factory sells 200 000 teddy bears a year to toy stores across Australia.
- What type of market is the overseas factory targeting?
- (A) Consumer
  - (B) Intermediate
  - (C) Niche
  - (D) Resource
- 3** A business places a job vacancy advertisement on its website.
- Which aspect of human resource management is this an example of?
- (A) Development
  - (B) Maintenance
  - (C) Recruitment
  - (D) Selection
- 4** What does the expense ratio measure?
- (A) Efficiency
  - (B) Growth
  - (C) Profitability
  - (D) Solvency

- 5** A company's policy is to purchase from lowest-cost suppliers regardless of their location. What is this policy an example of?
- (A) Global sourcing
  - (B) Global branding
  - (C) Economies of scale
  - (D) Research and development
- 6** Which of the following would immediately improve the working capital of a business?
- (A) Increasing credit sales
  - (B) Using sale and lease back
  - (C) Preparing a cash flow statement
  - (D) Repaying debt to creditors more quickly
- 7** Which of the following includes both an opportunity and a threat from a SWOT analysis?
- (A) Low interest rates and high gearing
  - (B) Loyal employees and outdated technology
  - (C) Excellent management and strong competition
  - (D) Strong economic growth and increased tax rates
- 8** What does a critical path identify?
- (A) The lowest cost path to complete all tasks in a project
  - (B) The highest cost path to complete all tasks in a project
  - (C) The longest time required to complete all tasks in a project
  - (D) The shortest time required to complete all tasks in a project
- 9** What is the most likely reason that a business would use price skimming?
- (A) To encourage export sales
  - (B) To achieve market share quickly
  - (C) To gain high profits when demand is strong
  - (D) To reverse the decline stage of the product life cycle

- 10** Which of the following would improve the financial position of a business?
- (A) Lower current ratio and lower accounts receivable turnover ratio
  - (B) Higher current ratio and lower accounts receivable turnover ratio
  - (C) Lower current ratio and higher accounts receivable turnover ratio
  - (D) Higher current ratio and higher accounts receivable turnover ratio
- 11** Sam is asked by a company to participate in a survey on home security. After a few questions, she is asked if she would like to purchase a burglar alarm from the company.
- What strategy is the company using?
- (A) Sugging, which is illegal
  - (B) Sugging, which is legal but may be unethical
  - (C) Misleading and deceptive advertising, which is illegal
  - (D) Misleading and deceptive advertising, which is legal but may be unethical
- 12** A car company advertises its new luxury car as more exciting and fun to drive than its competitors' cars.
- What strategy is the car company using?
- (A) Opinion leader
  - (B) Personal selling
  - (C) Positioning
  - (D) Public relations
- 13** Full-time, permanent employees in Australia are generally entitled to four weeks annual leave.
- What is the legal basis for this?
- (A) Common law
  - (B) Industry awards
  - (C) National Employment Standards
  - (D) Workplace health and safety legislation

- 14** Which of the following includes two examples of transforming resources?
- (A) Materials and energy
  - (B) Information and customers
  - (C) Task design and technology
  - (D) Human resources and facilities
- 15** Company XYZ allocates most of its marketing budget to advertising.
- What approach has XYZ adopted?
- (A) Selling approach
  - (B) Market approach
  - (C) Customer approach
  - (D) Production approach
- 16** Auditors have discovered that the value of legal fees paid has been included in the asset value of a new warehouse purchased by a business.
- What limitation of financial reports does this show?
- (A) Capitalised expenses
  - (B) Debt repayments
  - (C) Normalised earnings
  - (D) Timing issues
- 17** Which of the following combinations would result in the lowest production cost per unit?
- (A) Limited customer contact, limited product variety and low volume
  - (B) Limited customer contact, limited product variety and high volume
  - (C) Extensive customer contact, extensive product variety and low volume
  - (D) Extensive customer contact, extensive product variety and high volume

- 18 A business is experiencing increasing costs for its stock over time. It is seeking to maximise its profit for the current financial period.

Which strategy should it adopt to value its inventory?

- (A) First-in-first-out
- (B) Just-in-case
- (C) Just-in-time
- (D) Last-in-first-out

- 19 The following is an extract from the end of year marketing report for a business.

	<i>Planned sales</i> (\$)	<i>Actual sales</i> (\$)	<i>Variance from target</i> (%)
Region A	1 200 000	1 000 000	
Salesperson 1			25
Salesperson 2			-50
Salesperson 3			-25
Region B	1 000 000	1 000 000	
Salesperson 4			50
Salesperson 5			50
Salesperson 6			-75
Region C	800 000	1 000 000	
Salesperson 7			33
Salesperson 8			50
Salesperson 9			0

Which of the following is suggested by the data?

- (A) Salesperson 1 is the least successful salesperson in the least successful region.
  - (B) Salesperson 4 is the most successful salesperson in the least successful region.
  - (C) Salesperson 7 is the least successful salesperson in the most successful region.
  - (D) Salesperson 8 is the most successful salesperson in the most successful region.
- 20 Which of the following is an example of developmental performance management?
- (A) Reviewing the reward system for all employees
  - (B) Evaluating an online payroll system for employees
  - (C) Improving an individual employee's leadership skills
  - (D) Collecting data to manage the human resources function more effectively

BLANK PAGE

BLANK PAGE



--	--	--	--	--

Centre Number

**Section II**

**40 marks**

**Attempt Questions 21–25**

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

--	--	--	--	--	--	--	--	--

Student Number

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.

Write your Centre Number and Student Number at the top of this page.

---

**Please turn over**

Do NOT write in this area.

**Question 21** (8 marks)

- (a) How can employee rewards be used to improve business performance? Use an example of a specific reward to support your answer. **4**

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

- (b) Discuss ONE dispute resolution method a business could use to resolve workplace conflict. **4**

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

Do NOT write in this area.

**Question 22** (8 marks)

MK Pty Ltd is a successful chain of frozen yoghurt stores with low gearing. The owners are planning to take over a smaller chain which has poor human resource management.

(a) Outline TWO indicators MK Pty Ltd could use to assess the effectiveness of human resource management after the takeover.

(i) ..... 2

.....  
.....  
.....  
.....

(ii) ..... 2

.....  
.....  
.....  
.....  
.....

(b) Discuss ONE source of finance to fund the takeover. 4

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

Do NOT write in this area.

**Question 23** (9 marks)

Casey owns and operates an independent discount fuel and convenience store.

- (a) Outline ONE way that e-commerce could assist Casey with supply chain management. 2

.....  
.....  
.....  
.....

- (b) Explain ONE performance objective that is relevant to the operations function of the business. 3

.....  
.....  
.....  
.....  
.....  
.....

- (c) Is supply chain management important to Casey's business? Justify your answer. 4

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

Do NOT write in this area.

**Question 24** (7 marks)

An Australian-owned business manufactures bicycles in China and sells them to wholesalers in France. These wholesalers do not pay in advance.

- (a) Describe ONE method of payment the business could use to ensure that it receives payment for the sales. **3**

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

- (b) How could this business protect itself against a change in the value of the Australian dollar relative to another currency? **4**

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

Do NOT write in this area.

**Question 25** (8 marks)

Robin and Pat are planning to establish a sporting goods business. They have decided to adopt a niche market approach to maximise profits.

- (a) Outline ONE method that could be used by this business to collect relevant data about its target market. **2**

.....

.....

.....

.....

- (b) Evaluate their decision to adopt a niche market approach. **6**

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Do NOT write in this area.

**Section II Extra writing space**

**If you use this space, clearly indicate which question you are answering.**

Do NOT write in this area.





## Business Studies

### Section III

20 marks

Attempt Question 26

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 26 (20 marks)

Kingland Office Supplies operates in a large NSW city in a highly competitive market. A paid manager is responsible for the day-to-day running of the business.

The owners are concerned about the low profitability of the business.

Investigations by the owners indicate the following problems:

- customers find the product mix unappealing
- poor management of cash flow
- poor accounts receivable turnover compared to similar businesses.

The manager has also identified low prices offered by larger competitors as a cause of the low profitability.

You have been employed as a consultant by the owners. Write a report to the owners recommending marketing and financial management strategies to improve the performance of the business.

**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 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
- 

**Question 27** (20 marks)

Assess strategies that management may use to respond to influences on operations.

**OR**

**Question 28** (20 marks)

Assess strategies that management may use to respond to key influences on human resources.

**End of paper**