

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 2–7

20 marks

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

Section II Pages 9–16

40 marks

- Attempt Questions 21–24
- Allow about 1 hour and 15 minutes for this section

Section III Page 17

20 marks

- Attempt Question 25
- Allow about 35 minutes for this section

Section IV Page 18

20 marks

- Attempt either Question 26 or Question 27
- 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 Sally shops at a particular store as she has always received excellent service there.

What type of factor is influencing her choice of store?

- (A) Economic
- (B) Government
- (C) Psychological
- (D) Sociocultural

2 A business is planning to increase its market share by merging with a competitor.

What financial objective does this best illustrate?

- (A) Growth
- (B) Liquidity
- (C) Profitability
- (D) Solvency

3 Kim is an independent contractor who cleans a school.

Which of the following statements is true regarding Kim's employment?

- (A) She is entitled to four weeks annual leave.
- (B) Her employment is subject to award conditions.
- (C) She is responsible for paying her own income tax.
- (D) She is entitled to maternity leave provided by the school.

- 4 Grievance procedures are used when
- (A) employees are ill.
 - (B) employees have complaints.
 - (C) employees are being appraised.
 - (D) employers want to increase prices.
- 5 Which of the following are all examples of operations performance objectives?
- (A) Choice, flexibility, profit, speed
 - (B) Cost, dependability, quality, speed
 - (C) Customisation, flexibility, profit, quality
 - (D) Choice, customisation, dependability, profit
- 6 A new business is experiencing a rapid increase in sales following a series of positive posts on social media.
- Which stages of the product life cycle is the business experiencing?
- (A) Growth to maturity
 - (B) Growth to post maturity
 - (C) Establishment to growth
 - (D) Establishment to maturity
- 7 A car assembly plant had to shut down operations for a day because tyres had not been delivered.
- What inventory management strategy at the car assembly plant may have caused this situation?
- (A) Just-in-case
 - (B) Just-in-time
 - (C) First-in-first-out
 - (D) Last-in-first-out

8 A business has shifted from intensive distribution to more selective distribution.

What is the most likely reason for this?

- (A) To increase market share
- (B) To decrease personal selling strategies
- (C) To reposition products as higher quality
- (D) To expand the number of intermediaries

9 What is the main reason for a business using penetration pricing?

- (A) To maximise profit per unit
- (B) To gain short-term market share
- (C) To develop a reputation for quality
- (D) To take advantage of a lack of competition

10 Which of the following would be found on an income statement?

- (A) Accounts payable
- (B) Gross profit
- (C) Intangibles
- (D) Net assets

11 An Australian business sells its *Bonza Pies* in both Australia and China. *Bonza Pies* sold in China are made to a different recipe.

What is this an example of?

- (A) Customisation and hedging
- (B) Global pricing and standardisation
- (C) Customisation and global branding
- (D) Global branding and standardisation

- 12** Work patterns in Australia have changed over the past 20 years.
- An example of such a change is the decrease in
- (A) casualisation.
 - (B) part-time positions.
 - (C) female participation.
 - (D) full-time male participation.
- 13** What is a reason for a business to use a democratic leadership style?
- (A) It has a project with a tight deadline.
 - (B) It has experienced, highly skilled employees.
 - (C) There is a need for more standardised products.
 - (D) There is a potentially dangerous work situation.
- 14** Why would a business choose debentures as a source of funding?
- (A) To reduce financial risk
 - (B) To provide security over assets
 - (C) To retain ownership and control
 - (D) To obtain cheap, short-term finance
- 15** What is the most likely result of a business achieving economies of scale?
- (A) Greater flexibility
 - (B) Higher sales price per unit
 - (C) Greater efficiencies in production
 - (D) Higher average costs of production
- 16** What is the most likely impact of a recession on human resources?
- (A) Increase in wages
 - (B) Increase in overtime
 - (C) Decrease in involuntary separation
 - (D) Decrease in employee bargaining power

17 Which of the following is an example of legal compliance for a sports store?

- (A) Paying taxes on time
- (B) Offsetting carbon emissions
- (C) Induction of new employees
- (D) Paying dividends to shareholders

18 A Gantt chart for Sam's Chocolate Shop is shown.

	<i>Jan</i>	<i>Feb</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>
Obtain lease and refit shop	████████████████████					
Purchase stock		████████████████████				
Select and train staff			████████████████████			
Advertising campaign				████████████████████		
Commence trading						████████████████████

What does this Gantt chart show?

- (A) Selection and training of staff will begin in May.
- (B) The shop will be open for business at the end of April.
- (C) Stock purchases and advertising will be done simultaneously.
- (D) Some stock will be purchased before the shop is completely refitted.

Use the following information to answer Questions 19–20.

Extract from Balance Sheet for Kerry's Warehouse as at June 2014

	\$
Current assets	1500
Non-current assets	8500
Current liabilities	1000
Non-current liabilities	6000

Additional information

Financial data for Kerry's Warehouse 2013:

Debt to equity ratio = 150%

Current ratio 1.25 :1 or 125%

Industry averages for 2013–14:

Debt to equity ratio (total liabilities ÷ total equity) = 100%

Current ratio (current assets ÷ current liabilities) = 1:1 or 100%

- 19** Which of the following statements is true about liquidity for Kerry's Warehouse in 2014?
- (A) It is better than industry average and has improved since 2013.
 - (B) It is better than industry average and has worsened since 2013.
 - (C) It is worse than industry average and has improved since 2013.
 - (D) It is worse than industry average and has worsened since 2013.
- 20** Which of the following statements is true about gearing for Kerry's Warehouse in 2014?
- (A) It is better than industry average and has improved since 2013.
 - (B) It is better than industry average and has worsened since 2013.
 - (C) It is worse than industry average and has improved since 2013.
 - (D) It is worse than industry average and has worsened since 2013.

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Centre Number

Section II

40 marks

Attempt Questions 21–24

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

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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 22 (10 marks)

Bill and Jane have owned and operated a café in a busy restaurant area for many years. They specialise in fast healthy food that is popular with 18–30 year-olds. Recently a multinational franchise opened in the area in response to an expected increase in population.

- (a) Outline TWO strengths of the café. 2

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- (b) Outline TWO opportunities for the café. 2

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- (c) Discuss ONE marketing strategy that Bill and Jane could use to respond to the threat posed by the opening of the multinational franchise in the area. 6

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Question 23 (10 marks)

- (a) How do employer associations influence human resource management? In your answer, identify a specific employer association.

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- (b) Maintenance is a process of human resource management.

By referring to a specific example, explain how maintenance could be used to improve business performance.

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Question 24 (10 marks)

(a) The table shows an extract from a cash flow statement for a business.

	<i>Jan</i>	<i>Feb</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>
Cash in (\$)	6000	5000	3000	2000	4000	3000
Cash out (\$)	3000	3000	8000	8000	3000	2000

The opening cash balance for January is \$5000.

(i) Calculate the opening cash balance for March. **1**

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(ii) In which month did the business start with a negative cash balance? **1**

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(b) Explain government influences on the financial management of businesses. **4**

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Question 24 continues on page 14

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Question 24 (continued)

(c) Discuss *factoring* as a strategy for cash flow management.

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End of Question 24

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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)

Emu Uniform Manufacturers Pty Ltd are a successful business based in NSW. They currently supply a range of school, sport and work uniforms to a large number of customers throughout Australia. They are known for their outstanding customer service and high quality products.

Sales have been increasing for many years and they have recently received a large long-term contract to supply uniforms to a major company.

This will require them to significantly expand their output. To do this, the business will have to outsource overseas or spend \$5 million to expand its existing factory in NSW.

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

- recommend a source of finance for the factory expansion
- discuss outsourcing overseas compared with the factory expansion
- explain the global factors that need to be considered if they decide to use outsourcing as an operations strategy.

Please turn over

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)

Analyse both the causes of workplace disputes and the strategies used to resolve them.

OR

Question 27 (20 marks)

Assess the importance of using a mix of promotional strategies in the marketing of goods and services.

End of paper