



NSW Education Standards Authority

2020 HIGHER SCHOOL CERTIFICATE EXAMINATION

Business Studies

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black pen
- Draw diagrams using pencil
- Calculators approved by NESAs may be used

Total marks: 100

Section I – 20 marks (pages 2–8)

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

Section II – 40 marks (pages 9–20)

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

Section III – 20 marks (page 21)

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

Section IV – 20 marks (page 22)

- 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 Which row of the table shows benefits of both staff training and staff development?

	<i>Staff training</i>	<i>Staff development</i>
A.	Increase staff skills	Increased staff turnover
B.	Increase staff skills	Retain experienced staff
C.	Decrease in workplace accidents	Increased staff turnover
D.	Decrease in workplace redundancies	Retain experienced staff

2 Betty believes she is eligible to ask her employer for flexible working arrangements.

Which of the following is a provision of the *Fair Work Act 2009* (Cth) that gives Betty the right to make this request?

- A. A modern award
- B. A common law contract
- C. An enterprise agreement
- D. Minimum employment standards

3 A firm has been hiring its own staff but due to growth no longer has time to satisfactorily manage this process.

What could the firm's human resource manager use to resolve this issue?

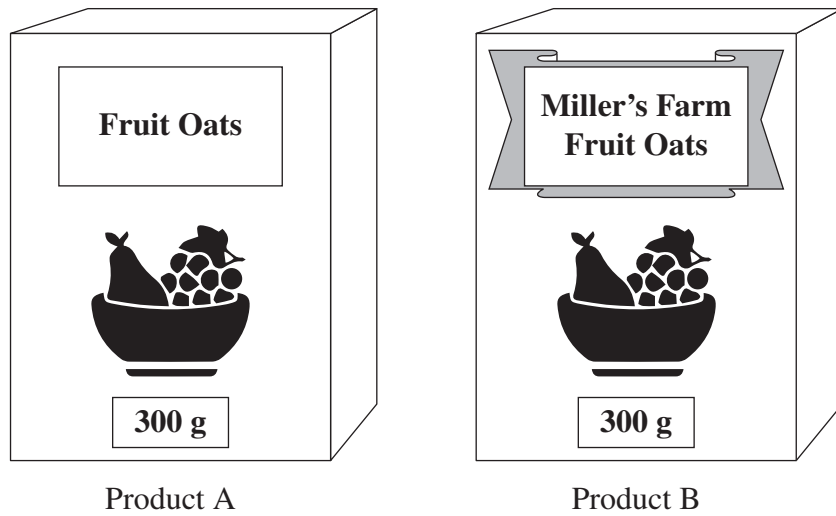
- A. Acquisition
- B. Outsourcing
- C. Recruitment
- D. Selection

- 4 Australian businesses are required by law to offer a refund if the product or service
- A. does not match the description.
 - B. is no longer required by the customer.
 - C. is damaged by the customer after purchase.
 - D. is available at a competitor's business for a cheaper price.
- 5 A business collects its own primary data through market research prior to developing a new product.

Which of the following could this business have used to provide primary data?

- A. Customer survey
 - B. Published journal
 - C. Australian Bureau of Statistics catalogue
 - D. Australian Bureau of Statistics census data
- 6 The main advantage of economies of scale is that a business can achieve
- A. economic objectives.
 - B. industry benchmarks.
 - C. lower per unit input costs.
 - D. simplified supply chain management.
- 7 What is the most likely reason for an Australian clothing business choosing to manufacture locally?
- A. To achieve cost leadership
 - B. To maintain quality control
 - C. To focus on other key business functions
 - D. To take advantage of lower overseas wages

- 8 Two boxes of oats are shown.



- Which strategy is being used by Product B that is not being used by Product A?
- A. Branding
 - B. Labelling
 - C. Packaging
 - D. Trademarking
- 9 At which stage of the economic cycle is it most likely for a business to begin to reduce staff working hours?
- A. Boom
 - B. Downswing
 - C. Recession
 - D. Upswing
- 10 A company has reduced the price of their current razor as a new model will be released soon.

Which stage of the product life cycle for the current razor is indicated by this decision?

- A. Introduction
- B. Growth
- C. Maturity
- D. Decline

- 11** A manager is concerned about ongoing theft and the cost of storing raw materials.
- Which inventory management strategy would best address the manager's concerns?
- A. Just-in-time
 - B. Warehousing
 - C. Last-in-first-out
 - D. First-in-first-out
- 12** A NSW employer develops a return to work plan in consultation with an insurer and an injured employee.
- Which legislation requires the employer to undertake this action?
- A. *Fair Work Act 2009* (Cth)
 - B. *Workers Compensation Act 1987* (NSW)
 - C. *Work Health and Safety Act 2011* (NSW)
 - D. *Australian Human Rights Commission Act 1986* (Cth)
- 13** In order to achieve best practice, a mobile phone company examines global trends in phone technology before designing and producing their phones.
- What operations strategy is this business using?
- A. Standardisation
 - B. Global sourcing
 - C. Scanning and learning
 - D. Inventory management
- 14** A hairdresser includes proceeds of the sale of salon equipment in the business's income statement.
- Which limitation of financial reporting is evident?
- A. Timing issues
 - B. Valuing assets
 - C. Normalised earnings
 - D. Capitalising expenses

- 15 A sandwich shop bakes a variety of breads throughout the day. Customers select their choice of bread and filling(s) and sandwiches are then made to order.

Which pair of performance objectives would have influenced the development of this approach?

- A. Cost and efficiency
 - B. Efficiency and quality
 - C. Cost and customisation
 - D. Quality and customisation
- 16 A bathroom products business cannot sustain the production of their current range. A consultant has advised the business to reduce the product range.

The actual and planned results for the entire year are shown.

<i>Bathroom product</i>	<i>Actual results Jan – Jun (units)</i>	<i>Planned results Jan – Jun (units)</i>	<i>Actual results Jul – Dec (units)</i>	<i>Planned results Jul – Dec (units)</i>
Coconut Handwash	7 500	7 500	10 000	9 000
Lavender Bodywash	8 000	8 500	8 500	9 500
Blueberry Handcream	7 000	6 000	7 500	8 000
Peppermint Bath Salts	8 000	7 000	8 500	10 000

By comparing actual and planned results, which product should be deleted?

- A. Coconut Handwash
- B. Lavender Bodywash
- C. Blueberry Handcream
- D. Peppermint Bath Salts

Use the following information to answer Questions 17 and 18.

A business provided the following financial information.

	2019 (\$)	2020 (\$)
Sales	250 000	275 000
Cost of goods sold	145 000	145 000
Gross profit	?	?
Expenses	35 000	35 000
Net profit	?	?

- 17 Which of the following shows the gross profit and the net profit ratio for this business in 2020?

	<i>Gross profit</i>	<i>Net profit ratio</i> (net profit ÷ sales)
A.	\$105 000	28.0%
B.	\$105 000	42.0%
C.	\$130 000	34.5%
D.	\$130 000	47.0%

- 18 Which of the following describes the change in both the gross profit ratio and expense ratio from 2019 to 2020?

	<i>Gross profit ratio</i> (gross profit ÷ sales)	<i>Expense ratio</i> (total expenses ÷ sales)
A.	Improved	Improved
B.	Improved	Worsened
C.	Worsened	Improved
D.	Worsened	Worsened

Use the following information to answer Questions 19 and 20.

Extract from balance sheet for a business as at June 2020

	(\$)
Current assets	1700
Non-current assets	8650
Current liabilities	1100
Non-current liabilities	6500
 Additional information	
<i>Financial data 2019</i>	
Debt to equity ratio = 2 : 1 or 200%	
Current ratio = 1.25 : 1 or 125%	
 <i>Industry averages for 2019–2020</i>	
Debt to equity ratio (total liabilities ÷ total equity) = 1 : 1 or 100%	
Current ratio (current assets ÷ current liabilities) = 2 : 1 or 200%	

- 19** The liquidity position of this business in 2020 indicates that it is
- A. better than the industry average and has improved since 2019.
 - B. better than the industry average and has worsened since 2019.
 - C. worse than the industry average and has improved since 2019.
 - D. worse than the industry average and has worsened since 2019.
- 20** The gearing for this business in 2020 indicates that it is
- A. better than the industry average and has improved since 2019.
 - B. better than the industry average and has worsened since 2019.
 - C. worse than the industry average and has improved since 2019.
 - D. worse than the industry average and has worsened since 2019.

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Centre Number

Business Studies

Section II Answer Booklet

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Student Number

40 marks

Attempt Questions 21–24

Allow about 1 hour and 15 minutes for this section

Instructions

- Write your Centre Number and Student Number at the top of this page.
- Answer the questions in the spaces provided. These spaces provide guidance for the expected length of response.
- Extra writing space is provided at the back of this booklet. If you use this space, clearly indicate which question you are answering.

Please turn over

Question 21 (10 marks)

- (a) Outline the role of ONE external stakeholder who represents the interests of employees in workplace disputes. 2

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- (b) Distinguish between voluntary and involuntary separation. 4

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Question 21 continues on page 11

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Question 21 (continued)

- (c) Explain how technological influences and globalisation can lead to a company reducing staff numbers. Support your answer with relevant examples.

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End of Question 21

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Question 22 (10 marks)

A popular Australian guitar manufacturer is about to enter the US market using a standardised marketing strategy.

- (a) Clarify the purpose of a SWOT analysis for this business. **3**

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- (b) Recommend a pricing method this business could adopt for the US market. **3**

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Question 22 continues on page 13

Question 22 (continued)

(c) Justify this business's decision to adopt a standardised marketing strategy. 4

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End of Question 22

Please turn over

Do NOT write in this area.

Question 23 (10 marks)

Use the information provided to answer parts (a) and (b).

A denim jeans clothing store is concerned about declining sales. They have identified that the lower sales are a result of:

- outdated store presentation
- increased foreign competition
- a reluctance to adopt modern in-store payment methods.

(a) How could the strategic role of operations management assist this business? **4**

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Question 23 continues on page 15

Question 23 (continued)

(b) Analyse operations strategies that could be used to address TWO operations influences affecting this business.

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Dotted lines for writing the answer.

Do NOT write in this area.

End of Question 23

Question 24 (10 marks)

Financial Information for robotics company

	(\$)
Sales	225 000
Cost of goods sold	105 000
Selling expenses	8 500
Administration expenses	6 000
Financial expenses	4 000
Accounts receivable	30 000
Robotics company credit policy	30 days
Industry expense ratio	10%

- (a) Calculate the accounts receivable turnover ratio (sales ÷ accounts receivable) for this business. **1**

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- (b) Interpret this business's expense ratio (total expenses ÷ sales). **2**

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Question 24 continues on page 17

Question 24 (continued)

- (c) Recommend ONE financial strategy this business could implement to improve efficiency in the collection of accounts receivable. 3

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- (d) Explain TWO ways in which comparative ratio analysis can be used by this business to assess its financial position. 4

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End of Question 24

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Section II extra writing space

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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 Sections III and IV Writing Booklet. Extra writing booklets are available.

Your answer 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
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Question 25 (20 marks)

Icecreams R Us exclusively delivers ice-cream to homes in Newcastle. To increase market share, they are negotiating with a major service station chain, Eucafuels Ltd, to sell their brand of ice-cream throughout NSW.

Before they agree to sell the ice-cream, Eucafuels Ltd have a number of concerns over the ability of Icecreams R Us to:

- deliver ice-cream to their outlets in NSW in a timely manner
- create an awareness that the ice-cream will be sold at Eucafuels Ltd outlets
- produce an increased volume of ice-cream while maintaining a quality product.

To address these concerns, you have been hired as a consultant by Icecreams R Us to write a report to their directors. In your report:

- describe TWO physical distribution issues that the business needs to consider in the delivery of their product
- justify ONE promotional strategy the business could use
- recommend possible changes the business could make to their operations processes to address the volume and quality concerns of Eucafuels Ltd.

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 Sections III and IV Writing Booklet. Extra writing booklets are available.

Your answer 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)

Evaluate the effectiveness of financial management strategies used to achieve profit and growth objectives.

OR

Question 27 (20 marks)

Evaluate human resource strategies used to achieve THREE indicators of effective human resource management.

End of paper