



Knox Grammar School

2019

Business Studies

HSC Trial Examination

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using a black pen
- Board-approved calculators may be used
- Write your Student Number at the top of the front cover, multiple choice answer sheet and every writing booklet
- Answer the multiple choice questions on the answer sheet provided

Total marks - 100

Section I 20 marks

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

Section II 40 marks

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

Section III 20 marks

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

Section IV 20marks

- Attempt Questions 26 or 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** Organic Foods has used information from its own sales reports to create a new marketing plan.

What type of market research data has Organic Foods used?

- (A) Secondary data
- (B) Experimental data
- (C) Situational data
- (D) Primary data

- 2** Which of the following is an example of transformed resources in a manufacturing business?

- (A) Machinery and equipment
- (B) Raw materials and equipment
- (C) Raw materials and employees
- (D) Raw materials and customer feedback

- 3** Strong Tyres Pty. Ltd. has decided to increase its production in an attempt to decrease its average cost per unit.

Which operations strategy is Strong Tyres Pty. Ltd implementing?

- (A) Economies of scale
- (B) Global sourcing
- (C) Logistics
- (D) Supply chain management

- 4 Paleo Foods conducts annual appraisals of staff. The purpose of this is to plan for collective staff training needs in the future.

Which of the following best describes the type of performance management strategy being used?

- (A) Developmental
- (B) Administrative
- (C) Skills development
- (D) Job design

- 5 Robert wants to buy the latest mobile phone being released on the market since he believes this would suit his personality and impress his group of friends.

Which of the following factors are influencing Robert's purchase in this case?

- (A) Psychological and economic factors
- (B) Economic and sociocultural factors
- (C) Psychological and sociocultural factors
- (D) Psychological and government factors

- 6 Which of the following methods of international payment offers the least risk for the exporter?

- (A) Letter of credit
- (B) Clean payment
- (C) Bill of exchange
- (D) Derivatives

- 7 Which of the following best describes a role of the Fair Work Commission?
- (A) To promote harmonious workplaces
 - (B) Monitor certain 457 subclass visa arrangements
 - (C) To provide a safety net of minimum conditions
 - (D) Provide advice on entitlements under an award or registered agreements
- 8 During an economic upturn, which of the following is likely to be a human resource outcome?
- (A) Increasing wage costs
 - (B) Decreasing wage costs
 - (C) Decreased production
 - (D) Increase in personal savings
- 9 Michael was dismissed from his workplace. He believes this dismissal was unfair.
- Which of the following is the appropriate organisation to take this matter further?
- (A) Fair Work Ombudsman
 - (B) Fair Work Commission
 - (C) Fair Work Australia
 - (D) Work Cover NSW

- 10 Which of the following provisions is included in the National Employment

Standards?

- (A) Six weeks notification by either employee or employer of separation
- (B) Paid leave to work for natural disaster relief organisations such as SES
- (C) A maximum of 38 hours for full-time employees plus reasonable additional hours
- (D) Five weeks paid annual leave each year

11 Which inventory rotation method would a cafe likely use?

- (A) LIFO
- (B) FIFO
- (C) JIT
- (D) Consignment

12 SportsZone Gym is offering half price personal training sessions when new customers sign up to a 12 month membership contract.

Which of the following best describes this promotion strategy?

- (A) Advertising
- (B) Sales promotion
- (C) Loss leader pricing
- (D) Penetration pricing

13 Mee Farms grows and cultivates wheat.

Which type of market does Mee Farms belong to?

- (A) Mass market
- (B) Intermediate market
- (C) Primary market
- (D) Resource market

14 Armondo is opening a new fine dining restaurant in Sydney.

What should he do when implementing his marketing plan?

- (A) Identify his marketing plan
- (B) Conduct a SWOT analysis
- (C) Conduct market research
- (D) Develop a financial forecast

Use the following information for Question 15 and 16.

Organic Coffee has published the following balance sheet for its shareholders:

Current Assets	\$	Current Liabilities	\$
Cash	20 000	Accounts payable	8 000
Inventory	15 000	Overdraft	12 000
Accounts receivables	15 000		
Non Current Assets		Non Current Liabilities	
Equipment	25 000	Loan	25 000
Vans	65 000		
		Owners' Equity	
		Capital	?
		Retained Earnings	15 000

15 What is the value of capital?

- (A) \$15 000
- (B) \$45 000
- (C) \$20 000
- (D) \$80 000

16 Organic Coffee sells the remaining inventory for \$15,000.

What impact will this have on the balance sheet?

- (A) Current Assets will increase
- (B) Current ratio will improve
- (C) Current Assets remain unchanged
- (D) Sales will increase

17 Tom redesigns his café so that customers experience a unique design.

Which marketing strategy has Tom used?

- (A) Product
- (B) Promotion
- (C) Processes
- (D) Physical evidence

Use the table below to answer Question 18

18 Selected financial data for 2018 and 2019.

Financial information	2018	2019
Return on Equity	0.30:1	0.20:1

Additional information:

Return on equity = net profit ÷ total equity

Accounts receivable turnover ratio = sales ÷ accounts receivable

The information in the above table indicates:

- (A) Net profit has increased
- (B) Owners' equity has increased
- (C) Total expenses have decreased
- (D) The accounts receivable turnover has improved

19 Selected information for SportsZone Bikes Pty. Ltd.

2019

	\$
Sales	960 000
Opening stock	90 000
Purchases	220 000
Closing stock	130 000
Advertising	10 000
Lease	25 000
Electricity	15 000
Wages	456 000

Additional information:

2018 Gross Profit Ratio (Gross Profit ÷ Sales) : 70%

2018 Net Profit Ratio (Net Profit ÷ Sales) : 30%

Which of the following best describes the changes in profitability of SportsZone Bikes from 2018 to 2019?

Gross Profit Ratio (Gross Profit ÷ Sales)	Net Profit Ratio (Net Profit ÷ Sales)
(A) Improved	Improved
(B) Improved	Decreased
(C) Decreased	Increased
(D) Decreased	Decreased

20 Cheaper Petrol4U has a debt to equity ratio (total liabilities ÷ total equity) of 2:1.

What will happen if the bank increases interest rates?

- (A) Solvency remains unchanged and expenses will increase
- (B) Solvency will improve and expenses will increase
- (C) Liquidity will deteriorate and expenses will decrease
- (D) Solvency will deteriorate and expenses will decrease

2019

**HSC Business Studies
Trial Examination**

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Student Number

Section II

40 marks

Attempt Questions 21–24

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

Question 21 (10 marks)

- (a) Distinguish between negotiation and mediation as methods to resolve workplace disputes. **2**

Question 21 continues on the next page

Question 21 (continued)

(b) Review the following data.

Human resource data collected at Flexatron Manufacturing.		
Measures	2018	2019
Absenteeism	8 days	18 days
Staff turnover	8%	18%
Levels of disputation	5%	24%
Corporate culture	13%	13%
Training spent per employee	\$1500	\$200
Accidents	10%	20%

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To what extent is human resource management effective at Flexatron Manufacturing?

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Question 21 continues on the next page

Question 21 (continued)

- (c) Recommend TWO human resource strategies that could be used by Flexatron Manufacturing to improve the effectiveness measures. **4**

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End of Question 21

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Student Number

Question 22 (10 marks)

Mixon Manufacturing is a leading car manufacturer based in Australia and is considering expanding its production capability to meet demand requirements for the market in China.

- (a) Outline how legal regulations may influence Mixon Manufacturing in its operations management. **2**

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- (b) Analyse the supply chain management strategies that may need to be considered as part of this expansion. **4**

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Question 22 continues on the next page

Question 22 (continued)

- (c) How can Mixon Manufacturing demonstrate environmental sustainability and social responsibility in its operations? **4**

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End of Question 22

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Question 23 (10 marks)

3Tel Ltd. is a financial services firm. An external audit was recently conducted and indicated that discrepancies exist in the financial accounts.

- (a) Examine ONE ethical financial reporting practice that 3Tel Ltd. needs to consider to address concerns raised. **2**

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Question 23 continues on the next page

Question 23 (continued)

Use the following financial information to answer the questions (b) and (c) below.

Balance Sheet at 30 June 2019 Echo Industries Pty Limited			
Current Assets		Current Liabilities	
Cash	5,000	Accounts Payable	10,000
Accounts Receivable	35,000	Overdraft	5,000
Inventory	20,000		
Non-Current Assets		Non-Current Liabilities	
Plant & Equipment	10,000	Mortgage	200,000
Land & Buildings	210,000		
R&D	20,000	Owners Equity	
		Share Capital	50,000
		Retained Earnings	35,000
Additional information:			
Sales in year ended 30 June 2019 = \$350,000			
Industry averages:			
- Current ratio (Current assets ÷ Current liabilities) = 2:1			
- Debt to Equity Ratio (Total Liabilities ÷ Total Equity) = 1:1			
- Accounts Receivable Turnover Ratio (Sales ÷ Accounts Receivable) = 15 days			

(b) Assess TWO potential financial risks for Echo Industries.

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Question 23 continues on the next page

Question 23 (continued)

(c) Recommend TWO methods that Echo Industries can implement to improve its debt

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to equity ratio.

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End of Question 23

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HSC Business Studies Trial

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Student Number

Question 24 (10 marks)

Supersize Burgers is a new fast food restaurant chain that has entered the Australian market. Products are oversized burgers, chips, with various sauces, and mega sized thick shakes. Their tagline is “Burgers to make your heart scream”.

(a) Examine TWO ethical issues in marketing that Supersize Burgers must consider.

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Question 24 continues on the next page

Question 24 (continued)

(b) Evaluate the promotions mix that could be used by Supersize Burgers.

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End of Question 24

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 terminology and concepts
 - present a sustained, logical and cohesive response in the form of a business report
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TARA is an Australian fashion clothing and accessories manufacturer and retailer servicing the needs of women, men and children throughout Australia. They have experienced significant growth over the last 5 years creating challenges concerning product quality leading to a significant increase in returns. The distribution centre is located in Western Sydney.

Additional challenges facing the business include:

- meeting the different needs of Australian consumers
- a monopolistic competitive environment exists which is impacting their profitability.

Management is concerned with:

- How to manage the influence of volume and variety in its operations processes
- The implications of its growth and subsequent product quality issues
- Reviewing its pricing strategies in light of the competition

You have been hired by TARA as a consultant to write a report. In your report:

- Explain how the influence of volume and variety impact the operations processes of TARA.
- Analyse the use of TWO quality management approaches that TARA could use to address the product quality issues.
- Recommend TWO pricing strategies that TARA could implement to achieve marketing objectives.

Section IV

20 marks

Attempt 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 the human resource processes used to meet the goals of a business.

OR

Question 27 (20 marks)

Analyse how sources of finance influence the objectives of financial management.

End of paper