

# Business Studies

## General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black pen
- 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 21–25
- 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.

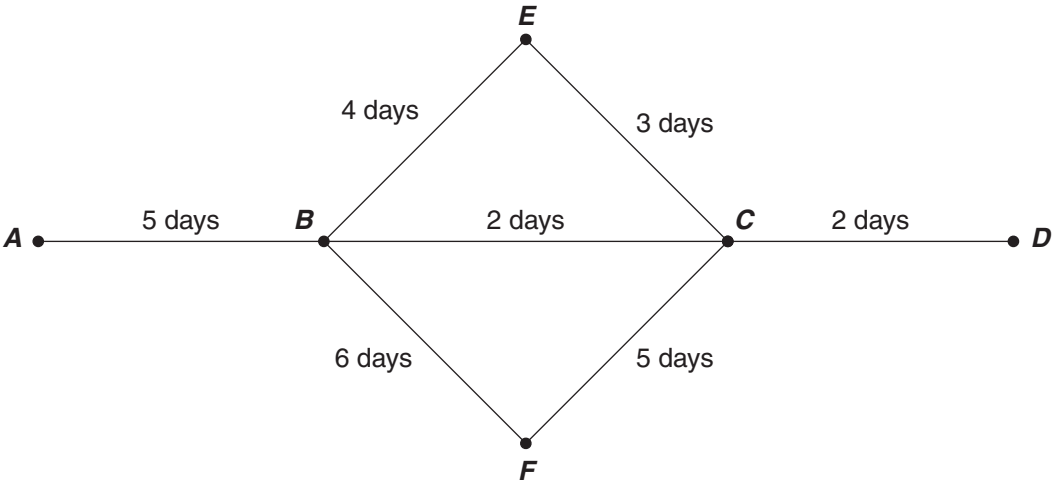
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- 1** In what type of market do wheat farmers sell their products?
- (A) Industrial
  - (B) Intermediate
  - (C) Niche
  - (D) Resource
- 2** Which of the following occurs during the acquisition stage of the human resources management process?
- (A) Training
  - (B) Induction
  - (C) Developing a job description
  - (D) Conducting performance management
- 3** Customers at a furniture store are asked to give their postcodes at the checkout. What is this an example of?
- (A) Primary research to determine target market
  - (B) Secondary research to determine target market
  - (C) Primary research to determine product life cycle
  - (D) Secondary research to determine product life cycle
- 4** At which stage of the marketing process would a business examine its internal and external influences?
- (A) When identifying target markets
  - (B) When conducting a situational analysis
  - (C) When establishing its marketing objectives
  - (D) When developing its marketing strategies

- 5** Which of the following includes two examples of transforming resources?
- (A) Facilities and customers
  - (B) Materials and customers
  - (C) Facilities and human resources
  - (D) Materials and human resources
- 6** What is a source of new capital for a public company?
- (A) Primary market of the Australian Securities Exchange
  - (B) Secondary market of the Australian Securities Exchange
  - (C) Primary market of the Australian Securities and Investment Commission
  - (D) Secondary market of the Australian Securities and Investment Commission
- 7** When pricing a potential job, a plumber considers how long the job will take and how difficult it will be.
- Which pricing method is being used?
- (A) Cost-based
  - (B) Market-based
  - (C) Customer-based
  - (D) Competition-based
- 8** Which of the following is the best method for managing the stock of fresh milk in a supermarket?
- (A) Just-in-time
  - (B) First-in-last-out
  - (C) Last-in-first-out
  - (D) First-in-first-out

- 9** A business wants to minimise the volume of its waste.
- Which performance objective is the business trying to achieve?
- (A) Cost
  - (B) Customisation
  - (C) Flexibility
  - (D) Speed
- 10** What is a characteristic of external equity finance?
- (A) Specific maturity date
  - (B) Low interest payments
  - (C) Fixed returns to owners
  - (D) Diluted business ownership
- 11** Which of the following is an example of a business using performance pay?
- (A) Emily is paid penalty rates for working on a public holiday.
  - (B) Mike receives a gift voucher from his supervisor for Christmas.
  - (C) Jamie is paid 5% above the level set in his enterprise agreement.
  - (D) Sally's department receives a bonus for meeting its sales target.
- 12** Which of the following is an example of publicity for a restaurant?
- (A) Changing the menu to include vegetarian dishes
  - (B) A review of the restaurant by a food critic on his blog
  - (C) Offering free dessert for customers who spend over \$100
  - (D) Establishing a loyalty scheme with rewards for regular diners
- 13** The term *compliance costs* refers to expenses associated with meeting
- (A) competitor prices.
  - (B) legal requirements.
  - (C) consumer demands.
  - (D) supplier constraints.

Refer to the critical path diagram to answer Questions 14–15.



- 14 What is the length of the critical path for this project?
  - (A) 9 days
  - (B) 14 days
  - (C) 18 days
  - (D) 27 days
  
- 15 If activity **EC** is delayed and takes 6 days, by how long will the project be delayed?
  - (A) 0 days
  - (B) 3 days
  - (C) 6 days
  - (D) 17 days

Use the information to answer Questions 16–17.

The table shows extracts from the financial statements of a business for 2014 and 2015.

	2014	2015
	(\$ '000)	(\$ '000)
Sales	150	200
Cost of goods sold	100	100
Gross profit	50	100
Expenses	20	20

**16** What is the net profit ratio (net profit ÷ sales) for 2014?

- (A) 10%
- (B) 20%
- (C) 25%
- (D) 47%

**17** Which of the following describes the change in gross profit ratio and expense ratio from 2014 to 2015?

	<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

**18** Which of the following would be the focus of a business aiming to reduce expenses?

- (A) Changing task design
- (B) Differentiating its product
- (C) Establishing cost leadership
- (D) Developing quality expectations

19 Why might a business adopt a standardised global approach to marketing?

- (A) To cater for local tastes
- (B) To minimise risk by hedging
- (C) To increase market segmentation
- (D) To take advantage of economies of scale

20 The table shows, for 2014 and 2015, the number of viewers of four television programs and the total number of viewers at the times when the programs were shown.

<i>Program</i>	<i>2014</i>		<i>2015</i>	
	<i>Program viewers</i>	<i>Total television viewers</i>	<i>Program viewers</i>	<i>Total television viewers</i>
A	200 000	1 000 000	250 000	1 250 000
B	200 000	1 200 000	200 000	1 000 000
C	300 000	1 200 000	350 000	1 500 000
D	400 000	1 200 000	400 000	1 400 000

Which television program has increased its market share from 2014 to 2015?

- (A) Program A
- (B) Program B
- (C) Program C
- (D) Program D

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# Business Studies

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Centre Number

## Section II

**40 marks**

**Attempt Questions 21–25**

**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 page 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.

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**Please turn over**

Do NOT write in this area.

**Question 21** (8 marks)

A producer of gourmet ice-creams chooses selective distribution for her products.

- (a) Why might the producer have chosen selective distribution for her products? **2**

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- (b) Outline ONE physical distribution issue that will need to be considered. **2**

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- (c) Recommend ways that packaging could be used to maximise sales of the products. **4**

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**Question 22** (6 marks)

(a) Describe ONE common law obligation of an employee. **2**

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(b) How does the government influence employment contracts? **4**

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**Question 23** (8 marks)

North Coast Manufacturing makes customised furniture for its clients.

- (a) How could technology influence the transformation process at North Coast Manufacturing? **2**

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- (b) North Coast Manufacturing is currently planning a new factory. **4**

Explain TWO factors that it should consider when designing the process layout.

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- (c) Recommend a method of monitoring the effectiveness of the process layout. **2**

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**Question 24** (8 marks)

The following is an extract from financial reports for Andrew’s Discount Tyres as at 30 May 2015.

<i>Current assets</i>		<i>Current liabilities</i>	
Accounts receivable	1 000	Overdraft	2 000
Inventory	2 000	Accounts payable	1 000
Cash	2 000		
<i>Non-current assets</i>		<i>Non-current liabilities</i>	
Building	13 000	Mortgage	5 000
Fittings	1 000		
Research and development	5 000		
		Owner’s Equity	16 000
Other information:			
Net profit for Andrew’s Discount Tyres: \$1000			
Industry average gearing ratio (total liabilities ÷ total equity): 80%			

- (a) Explain ONE possible limitation of this financial report. **3**

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- (b) Discuss the gearing of Andrew’s Discount Tyres. **5**

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**Question 25** (10 marks)

The table contains data about a business in 2014 and 2015. Use the information in the table to answer parts (a)–(b).

	<i>2014</i>	<i>2015</i>
Absenteeism per employee	10 days	18 days
Accidents per 1000 employees	20	25
Number of strike days	20	10
Training expenditure per employee	\$2000	\$500
Staff turnover	10%	5%
Fixed costs	\$1 000 000	\$800 000
Expense ratio (expenses ÷ sales)	20%	10%

- (a) To what extent is human resources management effective in this business? Support your answer with examples from the data. **4**

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**Question 25 continues on page 15**

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Question 25 (continued)

- (b) Using the data, analyse the interdependence between human resources management and profitability management in this business.

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**End of Question 25**





## Business Studies

### Section III

20 marks

Attempt Question 26

Allow about 35 minutes for this section

Answer the question in the Sections III and IV Writing Booklet. Extra writing booklets are available.

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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 26 (20 marks)

Sally has just bought *Fit Fast Bikes*, a business which sells exercise bicycles.

Its advertising states that a customer who uses the bike for 10 minutes per day is guaranteed to lose 20 kg in one month.

The sales staff are paid on a commission only basis. In order to maximise their sales, the sales staff promise a full refund to customers if they are not 100% satisfied.

However, the business does not provide refunds or repairs under any circumstances.

The quality of the bikes is poor.

There are many customer complaints.

Sally wishes to improve the performance of the business and she has asked you to write a business report.

In your report:

- describe the consumer laws that *Fit Fast Bikes* may be breaking
- propose human resource strategies to manage the current sales staff more effectively
- explain how marketing and human resource management are interdependent at *Fit Fast Bikes*.

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

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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
- 

**Question 27** (20 marks)

Evaluate the importance of operations strategies in achieving competitive advantage.

**OR**

**Question 28** (20 marks)

Evaluate the importance of financial management strategies in improving business performance.

**End of paper**