



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

2010

**HIGHER SCHOOL CERTIFICATE
EXAMINATION**

Business Studies

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black or blue pen
- Draw diagrams using pencil
- Board-approved calculators may be used
- Write your Centre Number and Student Number at the top of pages 9, 11 and 13

Total marks – 100

Section I Pages 2–7

20 marks

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

Section II Pages 9–15

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 of the following actions could a manufacturer take to become more environmentally sustainable in their products?
- (A) Reduce packaging
 - (B) Diversify products
 - (C) Adopt minimum standards of labour
 - (D) Research consumer attitudes towards its products
- 2** Which of the following is a breach of anti-discrimination legislation?
- (A) Constantly making fun of a new employee
 - (B) Offering discounts to holders of senior citizens' cards
 - (C) Advertising a job that requires fluency in an Asian language
 - (D) Paying a man a higher wage than a woman doing the same job
- 3** A computer game manufacturer uses a copy-protect feature when selling a new game to overseas consumers.
- What could be a reason for using this feature?
- (A) To cushion the economic cycle
 - (B) To promote the game in international markets
 - (C) To protect the manufacturer's intellectual property
 - (D) To comply with government policy on protectionism

4 A manufacturer of dog biscuits would like to segment the market.

Which of the following is a segmentation strategy that the manufacturer could implement?

- (A) Sourcing cheaper raw materials
- (B) Promoting to high income consumers
- (C) Changing the colour of the packaging
- (D) Rounding prices to the nearest fifty cents

5 Two fashion designers based in New South Wales have decided to jointly fund the marketing of their designs overseas for the next five years. These designers usually compete with each other.

Which of the following best describes the arrangement between the fashion designers?

- (A) Global web
- (B) Flat structure
- (C) Strategic alliance
- (D) Vertical integration

6 Freshfood Supermarket has acquired Crispco Supermarket. Freshfood has a policy that customers cannot sample fruit before buying. Staff members at Crispco are reluctant to adopt this policy because customers will be unhappy.

What is causing the reluctance to adopt this policy?

- (A) There are labour law variations between Freshfood and Crispco.
- (B) There is cultural incompatibility between Freshfood and Crispco.
- (C) Freshfood has a marketing orientation and Crispco has a selling orientation.
- (D) Freshfood has a customer orientation and Crispco has a production orientation.

7 Under occupational health and safety (OHS) legislation a retail store employee is obliged to

- (A) apply for long service leave.
- (B) do a fair day's work for a fair pay.
- (C) ensure that customers are satisfied.
- (D) be mindful of the wellbeing of other employees.

8 A furniture manufacturer wants to buy timber from an overseas supplier.

What could the manufacturer do to ensure that the supplier complies with minimum standards of labour?

- (A) Avoid suppliers that use child workers
- (B) Provide the supplier's employees with lunch
- (C) Evaluate the supplier's forest regeneration practices
- (D) Consider the supplier's compliance with local tax law

9 A producer currently sells direct to consumers.

Which of the following actions will allow the producer to reduce the number of individual orders handled but still maintain overall volume sales?

- (A) Creating a website for online ordering
- (B) Using an intermediary to sell their products
- (C) Installing a new inventory monitoring system
- (D) Contracting a trucking company to deliver products

10 Alex leads a team of firefighters. He usually listens to his team's views before making workplace decisions. However, in times of emergency he expects the team to obey his orders.

Which of the following best describes the management theory Alex is using?

- (A) Behavioural
- (B) Contingency
- (C) Political
- (D) Scientific

- 11** Which of the following is an example of a manager displaying inertia?
- (A) Accusing employees of disloyalty
 - (B) Dismissing a person who requests maternity leave
 - (C) Using inappropriate cut-off periods when recording sales
 - (D) Continuing current practices when a new competitor emerges
- 12** What is a *derivative*?
- (A) An agreement to buy a foreign currency at an agreed price on some day in the future
 - (B) An assessment of the reliability of a customer's capacity to make timely payments
 - (C) A method of protecting the business against seizure of its assets by a foreign government
 - (D) A method of payment that allows a buyer to gain access to goods immediately and promise to pay later
- 13** What are TWO consequences of a business using a standardised marketing strategy when operating globally?
- (A) Increased economies of scale and reduced market segments
 - (B) Reduced economies of scale and increased market segments
 - (C) Complex after-sales service and reduced research and development costs
 - (D) Simplified after-sales service and increased research and development costs
- 14** Which set of characteristics best describes the decline stage in the product life cycle?
- (A) Decreasing number of competitors, decreasing profits, high brand awareness
 - (B) Decreasing number of competitors, decreasing profits, low brand awareness
 - (C) Increasing number of competitors, increasing profits, high brand awareness
 - (D) Increasing number of competitors, increasing profits, low brand awareness

15 In 2010 an Australian company bought products from the USA.

If the Australian dollar rises in value against the US dollar before the payment is made, which of the following would be true?

- (A) The company's credit risk will increase.
- (B) The cost of insuring the product will increase.
- (C) The purchase price of the product will be greater.
- (D) The company will have more funds available for other uses.

16 Which of the following are BOTH external sources of funds for a business?

- (A) Bank loan, mortgage
- (B) Retained profits, leasing
- (C) Owner's Equity, mortgage
- (D) Retained profits, factoring

17 Which of the following is an appropriate strategy for businesses in managing cultural diversity?

- (A) Implementing a team structure
- (B) Adopting a pluralist perspective on conflict
- (C) Providing signs in different languages for customers
- (D) Providing service face-to-face and through e-commerce

18 A furniture manufacturer wants to expand its business using a vertical integration strategy.

Which of the following businesses would it need to purchase?

- (A) A timber plantation
- (B) A travel agency
- (C) A brick manufacturing plant
- (D) A competitor's furniture production facility

19 A business has developed a product new to the market. It wishes to maximise the profit per item sold.

Which pricing strategy should it use?

- (A) Loss-leader
- (B) Penetration
- (C) Price-points
- (D) Skimming

20 What might happen as a result of a company having highly undervalued plant and equipment on its balance sheet?

- (A) Asset stripping
- (B) Growth in equity
- (C) Capital expansion
- (D) Factoring of liabilities

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Question 24 (10 marks)

Bailey manages a guitar store that operates from 9 am to 5 pm, Monday to Friday. The staff provide excellent customer service.

Bailey would like to trial opening the store for extended hours to cater for customer and employee preferences, but he is concerned about ongoing staffing costs. Currently all staff are on permanent employee contracts but the type of employment contract may need to be revised if operating hours are changed.

- (a) Describe TWO key influences on employment relations that might have led Bailey to consider the change to operating hours. **4**

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- (b) Evaluate TWO types of employment contract that would allow for the change to operating hours. **6**

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2010 HIGHER SCHOOL CERTIFICATE EXAMINATION

Business Studies

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Centre Number

Section II (continued)

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Student Number

Question 25 (10 marks)

Please turn over

Question 25 (10 marks)

LMX Ltd has provided the information in the table as at 30 June 2010:

	LMX Ltd	Industry average
Debt to equity	0.5 : 1	0.7 : 1
Accounts receivable turnover ratio	52 days	26 days
Return on owners' equity	12%	40%
Gross profit ratio	60%	55%

- (a) Outline ONE advantage for LMX Ltd of using comparative ratio analysis. **2**

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- (b) A major customer has asked LMX Ltd for an extension to credit terms from 30 days to 90 days. **4**

Use the information from the table to explain the effect of the proposed extension on LMX Ltd's efficiency.

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Question 25 continues on page 15



Question 25 (continued)

- (c) Assess the financial position of LMX Ltd in terms of its solvency and profitability. **4**

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End of Question 25





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Business Studies

Section III

20 marks

Attempt Question 26

Allow about 35 minutes for this section

Answer the question in a 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
 - use the information provided
 - communicate using relevant 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)

XYZ Ltd has been sourcing, packaging and marketing frozen vegetables in NSW for the past 20 years. Until recently XYZ Ltd has had 20% market share and its eight domestic competitors have each had approximately 10% of the market share.

In the past year XYZ Ltd has faced increased threat from two of its domestic competitors resulting in:

- reduced market share
- cash flow problems
- declining profits.

XYZ Ltd would like to regain its market share.

You have been employed as a consultant by XYZ Ltd. Prepare a report to be given to XYZ Ltd's management team.

In your report, you should:

- Outline TWO external influences that could have been sources of change in this business.
- Discuss ONE product strategy that the business could use to achieve its marketing objective.
- Propose and justify ONE effective cash flow management strategy and ONE effective profitability management strategy to solve the problems of XYZ Ltd.

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 a SEPARATE 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
 - use relevant business case study/studies
 - communicate using relevant business terminology and concepts
 - present a sustained, logical and cohesive response
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Question 27 (20 marks)

Explain how the drivers of globalisation influence the strategies used by business in Australia to achieve effective employment relations.

OR

Question 28 (20 marks)

Analyse the industrial conflict issues that may arise as a result of a business's chosen methods of international expansion.

End of paper