

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

**2004**

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, 13, 17 and 19

**Total marks – 100**

**Section I** Pages 2–8

**20 marks**

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

**Section II** Pages 9–19

**40 marks**

- Attempt Questions 21–25
- Allow about 1 hour and 15 minutes for this section

**Section III** Page 21

**20 marks**

- Attempt Question 26
- Allow about 35 minutes for this section

**Section IV** Page 22

**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.

Select the alternative A, B, C or D that best answers the question. Fill in the response oval completely.

**Sample:**  $2 + 4 =$  (A) 2 (B) 6 (C) 8 (D) 9  
A  B  C  D

If you think you have made a mistake, put a cross through the incorrect answer and fill in the new answer.

A  B  C  D

If you change your mind and have crossed out what you consider to be the correct answer, then indicate the correct answer by writing the word *correct* and drawing an arrow as follows.

A  B  C  D   
*correct*  
↙

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- 1** As part of her work, a manager selects an appropriate strategy to resolve conflict between workers and management.

Which management role is being exercised when selecting this strategy?

- (A) Decision-making
- (B) Informational
- (C) Interpersonal
- (D) Teamwork

- 2** X-Data Business Machines Ltd has released an advertising campaign that states the sale price of one of its computer packages. It has insisted that distributors of this computer package sell it only at the advertised price.

Which of the following aspects of consumer law has been breached by X-Data Business Machines?

- (A) Implied conditions
- (B) Price discrimination
- (C) Resale price maintenance
- (D) Deceptive and misleading advertising

- 3** The employees of Ace Rubber Manufacturers believe that the purpose of any action taken by management during an industrial conflict is to increase its own power and to exploit workers.

What perspective on conflict do the employees have?

- (A) Covert
- (B) Overt
- (C) Radical
- (D) Unitary

Use the following information to answer Questions 4 and 5.

**Selected financial ratios for Zahra's Coffee Imports Pty Ltd**

<i>Ratio</i>	<i>30 June 2003</i>	<i>30 June 2004</i>	<i>Industry average</i>
Net profit ratio	9%	9%	18%
Expense ratio	76%	82%	77%
Return on owners' equity	15%	14%	18%

- 4** Which of the following statements is correct?
- (A) Net profit ratios compare favourably with the industry average.
  - (B) There has been an improvement in the expense ratio from 2003 to 2004.
  - (C) The expense ratio in 2004 compares favourably with the industry average.
  - (D) Each of the profitability ratios indicates performance below industry averages.
- 5** Which of the following global changes could explain the increase in the 2004 expense ratio for Zahra's Coffee Imports Pty Ltd?
- (A) A depreciation of the Australian dollar
  - (B) An appreciation of the Australian dollar
  - (C) Widespread dumping of coffee due to excess supply
  - (D) A new free trade agreement with one of the countries supplying this company
- 6** The staff of an Australian-based company have a range of ethnic backgrounds. The company has a program to educate its managers about the lifestyles of each nationality in its workforce.
- What is the company aiming to achieve through this program?
- (A) A polycentric staffing system
  - (B) An ethnocentric staffing system
  - (C) The development of a global web
  - (D) Management of cultural diversity

- 7** The new CEO of Red Flash Sports Clothing Pty Ltd is determined to consult with stakeholders to achieve specific production targets.

What is her leadership style?

- (A) Autocratic
- (B) Contingency
- (C) Hierarchical
- (D) Participative

- 8** Gemima is conducting research to find out about product usage and perceptions of price among members of the public. She is stopping people in the shopping mall and asking them to complete a survey.

What process is Gemima undertaking?

- (A) Engaging in suggesting
- (B) Collecting primary data
- (C) Collecting secondary data
- (D) Engaging in personal selling

- 9** Consumers across the world recognise Coca-Cola as being a different product from Pepsi Cola.

Which of the following explains this perception?

- (A) Global web
- (B) Global branding
- (C) Standardised marketing
- (D) Differentiated marketing

- 10** Which of the following ratios would Mitchell use to determine if his firm was using its resources to ensure it can meet its financial commitments in the longer term?

- (A) Gross profit
- (B) Debt to equity
- (C) Return on owners' equity
- (D) Accounts receivable turnover

- 11 An online supermarket business has decided to lease delivery vehicles rather than purchase them.

What is the purpose of this strategy?

- (A) To limit the capital costs of the business
- (B) To ensure that only new vehicles are used
- (C) To minimise the long-term costs of vehicles to the business
- (D) To avoid the registration and insurance costs of vehicle ownership

Use the following information to answer Questions 12 and 13.

<i>Correct Printing</i> <i>Summary of balance sheet as at 30 June 2004</i>			
(\$)		(\$)	
<b>Current Assets</b>		<b>Current Liabilities</b>	
Cash at Bank	30 000	Accounts Payable	10 000
Accounts Receivable	15 000		
<b>Non-current Assets</b>		<b>Shareholders' Funds</b>	
Furniture and Fixtures	20 000	Owners' Equity	60 000
Printing Machines	30 000	Retained Profits	?

- 12 Calculate the value of Retained Profits.

- (A) 0
- (B) 15 000
- (C) 25 000
- (D) 50 000

- 13 Correct Printing has decided to use an overdraft facility to purchase an additional printing machine.

How would this affect the Balance Sheet?

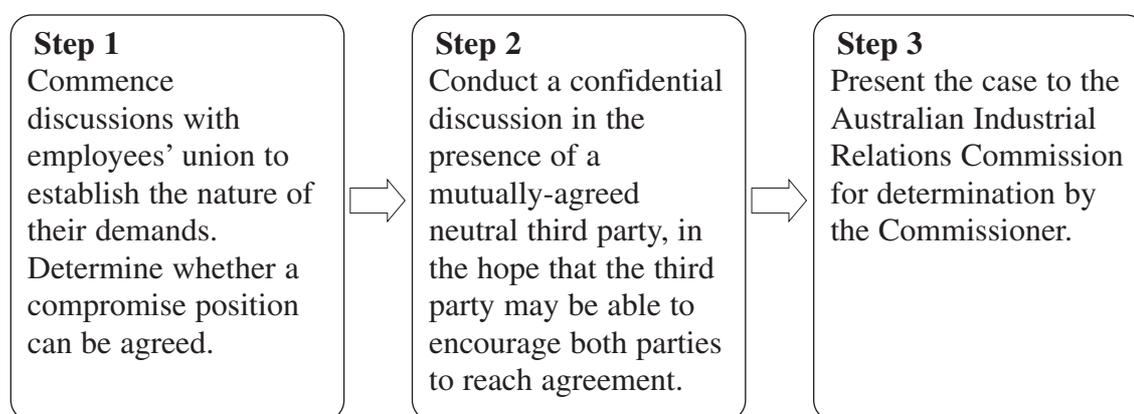
- (A) Increase Owners' Equity and decrease Cash at Bank
- (B) Increase Current Liabilities and increase Non-current Assets
- (C) Decrease Cash at Bank and increase Non-current Assets
- (D) Decrease Retained Profits and increase Non-current Assets

- 14 In a situational analysis of ABICS Business Solutions, cost overruns due to increased rent were identified as a factor affecting performance.

How would this factor be correctly classified in the SWOT analysis?

- (A) Strength
- (B) Weakness
- (C) Opportunity
- (D) Threat

- 15 The following dispute resolution process has been proposed by Latchkey Manufacturing in relation to a pay dispute.



Which of the following dispute resolution processes has been described above?

	<i>Step 1</i>	<i>Step 2</i>	<i>Step 3</i>
(A)	conciliation	negotiation	division closure
(B)	grievance procedure	mediation	common law action
(C)	negotiation	conciliation	arbitration
(D)	negotiation	mediation	arbitration

- 16 In 1989, an Australian company purchased a building in the USA for \$US200 000 to store the products it distributes in the USA. The purchase was financed by a Federal Government export grant.

Which ratio from the 2004 financial reports is affected by the historical cost method of accounting for this purchase?

- (A) Expense
- (B) Working capital
- (C) Return on owners' equity
- (D) Accounts receivable turnover

- 17** Which of the following consumer choices is influenced by a psychological factor?
- (A) Making food choices based on medical advice
  - (B) Purchasing a generic brand in preference to a more expensive manufacturer's brand
  - (C) Purchasing take-away food in order to provide more time for family interaction
  - (D) Choosing a healthy food from the canteen rather than a deep-fried product, to encourage weight loss

- 18** In order to increase its capacity and efficiency, Australian Clothing Manufacturers Ltd has recently purchased manufacturing facilities in Fiji.

Which method of international expansion has this company used?

- (A) Export
  - (B) Licensing
  - (C) Management contract
  - (D) Foreign direct investment
- 19** A call centre is updating its computer system and is using Lewin's Change Model for the implementation process.

Which of the following actions would the technology manager take in the refreezing stage?

- (A) Supervise the installation of the new computer system.
- (B) Provide ongoing technical support once the computer system is installed.
- (C) Employ a consultant to identify the skills required to use the new computer system.
- (D) Request a budget from the financial department to support the acquisition of the new computer system.

- 20** Mario works irregular hours and is not entitled to paid sick leave or holiday leave.

Which type of employment contract is Mario working under?

- (A) Casual
- (B) Part-time
- (C) Permanent
- (D) Permanent part-time

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Centre Number

**Section II**

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Student Number

**40 marks**

**Attempt Questions 21–25**

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

Answer the questions in the spaces provided.

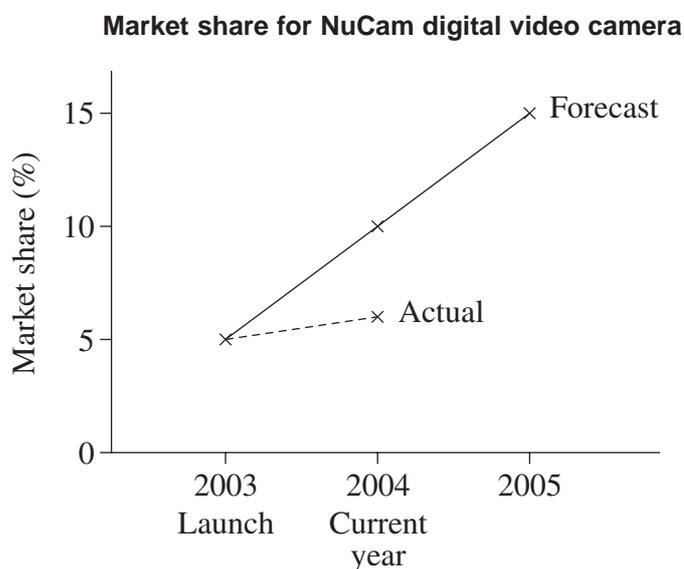
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**Question 21** (5 marks)

**Please turn over**

**Question 21** (5 marks)

NuCam markets a digital video camera. This product is in the growth phase of its life cycle. Management is reviewing the performance of the product on the market.



- (a) Referring to the graph, identify a marketing objective that NuCam management has established for the digital video camera. **1**

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- (b) Explain ONE possible reason why actual market share of the digital video camera has not reached its forecast in 2004. **2**

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- (c) Recommend a marketing strategy that NuCam management could implement to raise market share. **2**

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Centre Number

Section II (continued)

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Student Number

**Marks**

**Question 22** (10 marks)

- (a) Identify TWO distinctive features of behavioural management theory. **2**

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- (b) Describe ONE strength and ONE weakness of the behavioural approach to management. **4**

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- (c) Identify TWO changing work patterns and explain how business responses to management theories have catered for these changes. **4**

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Centre Number

Section II (continued)

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Student Number

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Question 23 (10 marks)

Please turn over

**Question 23** (10 marks)

The accounts of Wizard Pinball Manufacturing Pty Ltd include the following information.

	(\$)
Accounts Payable	180 000
Accounts Receivable	80 000
Cash	20 000
Intangibles	50 000
Inventories	150 000
Mortgage	250 000
Overdraft	70 000
Plant and Equipment	300 000

- (a) Calculate and interpret the current ratio of Wizard Pinball Manufacturing Pty Ltd. **2**

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- (b) Describe ONE method that could be used to control inventory at Wizard Pinball Manufacturing Pty Ltd. **2**

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**Question 23 continues on page 15**

Question 23 (continued)

- (c) Analyse how the use of factoring and leasing could change the working capital position of Wizard Pinball Manufacturing Pty Ltd. **6**

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**End of Question 23**

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Centre Number

Section II (continued)

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Student Number

Marks

Question 24 (10 marks)

Yummy Foods currently manufactures and markets its mango ice-cream in Australia. It is considering building another manufacturing plant in south-east Asia to develop a new market. The construction of the new factory would be financed through overseas borrowing.



- (a) Outline TWO sociocultural factors of the south-east Asian market that Yummy Foods should take into account in its product design. 2

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- (b) Describe ONE economic factor that would influence consumers in south-east Asia to buy the mango ice-cream. 2

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Question 24 continues on page 18

Question 24 (continued)

- (c) Analyse the impact of ONE global financial influence that Yummy Foods management needs to consider. **6**

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**End of Question 24**

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Centre Number

Section II (continued)

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Student Number

**Marks**

**Question 25** (5 marks)

PPG Milk currently has an in-house permanent cleaning staff of 50 people. To reduce operating costs, PPG has decided to terminate the services of the cleaning staff and outsource the work to a contract cleaning company, which will re-hire PPG staff on a casual basis. The cleaning staff is angry and has taken industrial action. PPG Milk has received negative media attention as a result of the dispute.

- (a) Identify ONE overt and ONE covert type of industrial action that the cleaning staff might have taken.
  - (i) Overt: ..... **1**
  - (ii) Covert: ..... **1**
- (b) Discuss ONE cost OR benefit associated with industrial action taken by the cleaning staff. **3**

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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.

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In your answer you will be assessed on how well you:

- use your knowledge and the information provided
  - communicate using relevant business terminology and concepts
  - present a logical, well-structured answer to the question in the form of a business report
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#### Question 26 (20 marks)

Business Basic Phone Company is a retailer of mobile phones. Most of its products have been sold to customers 25 years of age and over, mainly for business purposes. Its product range, promotion and pricing strategies are tailored to appeal to business organisations.

Business Basic Phone Company has retail outlets in major shopping centres. Customers need to come to the shop to purchase products and pay accounts. Its employees are mainly permanent, working 9.00 am–5.00 pm, with some casual staff employed on weekends and for late-night trading on Thursdays.

In recent years there has been:

- increasing competition in the mobile phone market;
- changes in the type of consumers buying mobile phones;
- changing expectations for mobile phone products and services; and
- changing retailing methods, such as web-based marketing of mobile phones.

These changes have forced Business Basic Phone Company to seek the advice of a consultant about the directions the business needs to take if it is to remain competitive.

You have been engaged as a consultant by the managing director of Business Basic Phone Company to prepare a report for the Board.

In your report: propose a marketing strategy that would enable the business to expand its market share; explain the impact of this new strategy on effective employment relations; and recommend strategies for managing this change effectively.

**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.

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In your answer you will be assessed on how well you:

- use your knowledge and relevant business case study/studies
  - communicate using relevant business terminology and concepts
  - present a logical, well-structured answer to the question
- 

### **Question 27** (20 marks)

Describe the role of financial planning, and evaluate the effectiveness of financial strategies used in managing global business.

**OR**

### **Question 28** (20 marks)

Describe the methods of international business expansion, and evaluate the effectiveness of sources of funds to finance global expansion.

**End of paper**