



NSW Education Standards Authority

2019 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 NESA 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 9–16)

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

Section III – 20 marks (page 17)

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

Section IV – 20 marks (page 18)

- 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 Sam runs a business that designs and sells custom-made, high fashion clothes.

In which type of market is Sam's business operating?

- A. Intermediate
- B. Mass
- C. Niche
- D. Resource

2 A business is purchasing a new property.

Which source of finance would be the most appropriate?

- A. Shares
- B. Mortgage
- C. Debenture
- D. Letter of credit

3 A business in crisis needs to make immediate and timely decisions in order to survive.

Which leadership style does a manager of this business need to adopt?

- A. Autocratic
- B. Bureaucratic
- C. Democratic
- D. Laissez-faire

4 A business requires new manufacturing equipment.

Which of the following would provide leasing for this equipment?

- A. Unit trusts
- B. Property trusts
- C. Finance companies
- D. Superannuation funds

5 A bakery produces organic bread that is sold in health food stores.

Which is the most appropriate channel choice for this product?

- A. Exclusive
- B. Extensive
- C. Intensive
- D. Selective

6 A biscuit manufacturer reduces the price of its biscuits to below cost in order to attract more customers.

Which of the following identifies this approach?

- A. Skimming
- B. Loss leader
- C. Price points
- D. Production leader

7 Which term refers to a sales technique disguised as market research?

- A. Sugging
- B. Telemarketing
- C. Implied conditions
- D. Engaging in fair competition

- 8 What effect would a global downturn in the economic outlook have on Australia's unemployment, output and exchange rates?

	<i>Unemployment</i>	<i>Output</i>	<i>Exchange rates</i>
A.	Increase	Increase	Decrease
B.	Decrease	Increase	Increase
C.	Decrease	Decrease	Increase
D.	Increase	Decrease	Decrease

- 9 A business reduces product defects by using inspections in the production process.

This is an example of quality

- A. control.
 - B. improvement.
 - C. innovation.
 - D. production.
- 10 What is the common sequence for resolving workplace disputes?
- A. Mediation, negotiation, involvement of courts and tribunals
 - B. Negotiation, mediation, involvement of courts and tribunals
 - C. Involvement of courts and tribunals, negotiation, mediation
 - D. Negotiation, involvement of courts and tribunals, mediation
- 11 A sole-trader cleaning business purchases generic products to lower costs and be price competitive.
- This is an example of which strategy?
- A. Cost leadership
 - B. Economies of scale
 - C. Inventory management
 - D. Goods and service differentiation

- 12** Which of the following allows shareholders of a public company to acquire additional shares at a discount?
- A. New issues
 - B. Placements
 - C. Private equity
 - D. Unsecured notes

13 The table shows a Gantt chart.

	<i>31/1/20</i>	<i>29/2/20</i>	<i>31/3/20</i>	<i>30/4/20</i>
Receive customer order				
Purchase stock				
Prepare tools for manufacture				
Receive raw materials				
Manufacture item				
Quality improvement				
Deliver finished item				

In which month would this business begin manufacturing the item?

- A. January
 - B. February
 - C. March
 - D. April
- 14** Which of the following is the correct order for financial planning?
- A. Developing budgets, determining financial needs, maintaining record systems, identifying financial risks, establishing financial controls
 - B. Determining financial needs, establishing financial controls, identifying financial risks, maintaining record systems, developing budgets
 - C. Determining financial needs, developing budgets, maintaining record systems, identifying financial risks, establishing financial controls
 - D. Developing budgets, maintaining record systems, identifying financial risks, establishing financial controls, determining financial needs

15 Use the information to answer Question 15.

Balance sheet as at 30 June 2019

	(\$)		(\$)
<i>Current assets</i>		<i>Current liabilities</i>	
Cash	10 000	Accounts payable	10 000
Accounts receivable	5 000	Overdraft	5 000
Stock	8 000		
<i>Non-current assets</i>		<i>Non-current liabilities</i>	
Plant and equipment	35 000	Mortgage	135 000
Land and buildings	292 000		
		<i>Total equity</i>	
		Capital	184 000
		Net profit	16 000
	<u>350 000</u>		<u>350 000</u>

What is the gearing ratio (total liabilities ÷ total equity) for this business?

- A. 0.67 : 1
 - B. 0.73 : 1
 - C. 0.75 : 1
 - D. 0.81 : 1
- 16 Which independent federal body ensures that businesses adhere to government regulations, maintain appropriate financial information and provide consumer protection?
- A. Reserve Bank of Australia
 - B. Australian Securities Exchange
 - C. Australian Prudential Regulation Authority
 - D. Australian Securities and Investment Commission

Use the following information to answer Questions 17 and 18.

The table compares four businesses on an annual basis.

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
Absenteeism (average per employee)	8	5	8	5
Accidents per 500 employees	4	2	2	4
% of staff turnover	11	9	9	11
Average output per employee	10	14	10	14

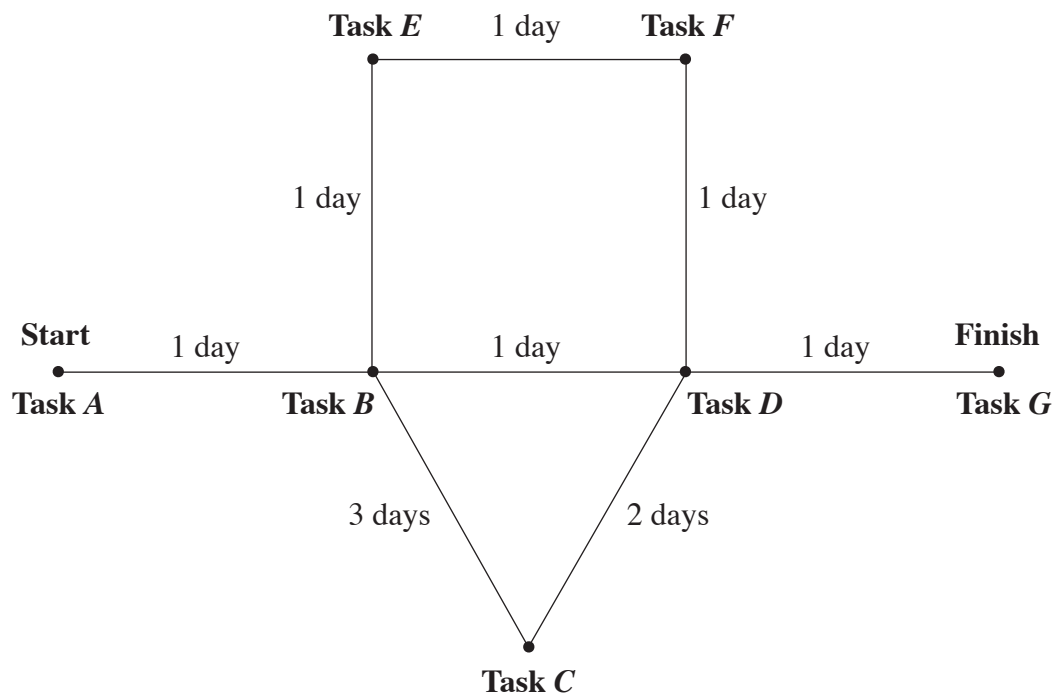
17 Which business is likely to compromise work safety in return for an increase in output?

- A. *A*
- B. *B*
- C. *C*
- D. *D*

18 Which business is likely to be managing its human resources most effectively?

- A. *A*
- B. *B*
- C. *C*
- D. *D*

Use the following critical path diagram to answer Questions 19 and 20.



19 Which tasks need to be completed prior to completing Task *D*?

- A. *A, B* only
- B. *A, B, C* only
- C. *A, B, E, F* only
- D. *A, B, C, E, F* only

20 An improvement in technology reduces the time between Task *C* and Task *D* to one day.

What is the new length of the critical path?

- A. 3 days
- B. 5 days
- C. 6 days
- D. 10 days

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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 (11 marks)

A business sells luxury cars. The cars are stylish, high performance and include advanced safety features integrating leading edge technology.

- (a) Describe ONE factor influencing customer choice for this business. 3

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- (b) Explain the interdependence between marketing and finance for this business. 4

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Question 21 continues on page 11

Question 21 (continued)

(c) Why is it important for this business to conduct market research?

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End of Question 21

Please turn over

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Question 22 (8 marks)

(a) Outline ONE ethical issue related to the preparation of financial reports. **2**

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(b) Explain ONE advantage of debt financing. **3**

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(c) Explain ONE disadvantage of equity financing. **3**

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Question 23 (11 marks)

(a) Outline ONE employer obligation in an employment contract.

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(b) Distinguish between awards and enterprise agreements.

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Question 23 continues on page 14

Question 23 (continued)

(c) Assess the impact of ONE social influence on human resource management.

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End of Question 23

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Question 24 (10 marks)

A juice bar is operating in a shopping centre. The juice is served to customers in plastic cups with plastic straws. The high sales volume and quick turnover demand an efficient operations process.

- (a) Identify TWO transforming resources used in this business. **2**

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- (b) How does variety impact the transformation process of this business? **4**

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- (c) Why might this business be reluctant to become more socially responsible? **4**

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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)

A business, Roo's Outback Eatery Pty Ltd, is opening an additional restaurant in NSW. They plan to position the restaurant as an exclusive restaurant specialising in modern Australian food with quality customer service. The owners require assistance with the following:

- the acquisition and development of suitable staff
- additional funds for the day-to-day running of the business
- the close monitoring of working capital.

You have been hired as a consultant to write a report for the owners. In your report:

- discuss methods this business could use in the acquisition and development of staff
- recommend TWO appropriate working capital management strategies for this business.

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)

Analyse the relationship between market segmentation and marketing strategies.

OR

Question 27 (20 marks)

Analyse the relationship between performance objectives and operations strategies.

End of paper