Student number:

2021 Preliminary

Business Studies

General Instructions

- Reading time – 5 minutes
- Working time – 90 minutes
- Write using black pen
- Board Approved calculators may be used

Total marks – 65

Section I

15 marks

- Attempt Questions 1-15
- Allow about 20 minutes for this section

Section II

30 marks

- Attempt Questions
- Allow about 40 minutes for this section

Section III

20 marks

- Attempt Question 20
- Allow about 30 minutes for this section

Section I

15 marks
Attempt Questions 1–15
Allow about 20 minutes for this section

Use the multiple-choice answer sheet for Questions 1–15.

1 Jack is 65 years old. He has worked for Stockdale Building Corporation for over 10 years. He has been given notice by the human resources department that his position no longer exists and his services are no longer required by the business.

What form of separation is this?

(A) Resignation

(B) Retirement

(C) Voluntary Redundancy

(D) Involuntary Redundancy

2 Fluctuations in the Australian Stock Exchange would affect which type of income received by investors?

(A) Dividends

(B) Interest

(C) Profit

(D) Rent

3 Which of the following is an example of a transforming resource?

(A) Information

(B) Intermediate goods

(C) Employees

(D) Raw materials

4 A business hopes to become more globally competitive by applying the International Standards Organisation (ISO) benchmark to its operations.

(A) Total Quality Management

(B) Quality Control

(C) Global Sourcing

(D) Quality Assurance

Refer to the following information to answer Question 5.

Total fixed costs: $30,000
Unit selling price: $20
Variable cost per unit: $15

5 Using this information how many units must be sold to achieve the break-even point?

(A) 4,000

(B) 6,000

(C) 8,500

(D) 13,000

6 Mia develops a financial plan that forecasts expenses, sales and expected profits.

(A) Balance Sheet

(B) Budget

(C) Cash Flow Statement

(D) Income Statement

7 Which management approach makes decisions based on current circumstances, while acknowledging the potential for change and the need for flexibility?

(A) Behavioural approach

(B) Classical approach

(C) Contingency approach

(D) Scientific approach

8 As a result of a SWOT analysis, a hairdresser discovers a new competitor is opening near her salon. She decides to reduce prices for services offered and introduce a new loyalty program for customers.

What is this hairdresser attempting to do with the SWOT analysis?

(A) Use strength to overcome a threat

(B) Use a strength to overcome a weakness

(C) Use an opportunity to overcome a weakness

(D) Use an opportunity to overcome a threat

9 What is the main aim of a trade union?

(A) Investigate anti-competitive behaviour by businesses

(B) Promote industry by lobbying the government

(C) Ensure all businesses comply with the industry standards

(D) Improve working conditions and pay rates for employees

10 Which of the following is an example of a private company?

(A) KFC

(B) Service NSW

(C) Afterpay Ltd

(D) Futon Furniture Pty Ltd

11 Due to a recent downturn in economic activity, a company decides to use a pricing strategy that reflects the interaction between supply and demand.

Which pricing strategy is being used?

(A) Cost-based pricing

(B) Market-based pricing

(C) Competition-based pricing

(D) Price skimming

12 A business orders only enough stock to meet weekly requirements.

This is an example of what type of inventory management?

(A) First in First Out

(B) Last in First Out

(C) Just in Time

(D) Periodic

Use the following information to answer Questions 13 to 15.

Financial information for Diana's Fish and Chips Takeaway.

Gross profit	$90 000	Sales	$130 000
Expenses	?	Net profit	$40 000
Assets	$150 000	Owner's equity	$70 000
Liabilities	?		

13 In which financial statements (in order) would you find the assets and the expenses of a business?

(A) Balance sheet, cash flow statement

(B) Balance sheet, income statement

(C) Income statement, balance sheet

(D) Cash flow statement, income statement

14 Based on the information provided, what are the COGS for this business?

(A) $50 000

(B) $20 000

(C) $40 000

(D) $60 000

15 Based on the information provided, what are the liabilities for this business?

(A) $80 000

(B) $30 000

(C) $70 000

(D) $60 000

Section II

30 marks
Attempt Questions 16- 18
Allow about 40 minutes for this section

Answer the questions in the spaces provided. These spaces provide guidance for the expected length of response.

Extra writing space is provided on page 14. If you use this space, clearly indicate which question you are answering.

Please turn over

Question 16 (10 marks)

George and Natalia are considering opening a gym which specialises in personal training and fitness training in their local area. They need to borrow money in order to establish this new business.

(a) Identify TWO sources of advice that George and Natalia can use in establishing their business. **2**

(i) _____

(ii) _____

(b) Discuss the use of debt finance when starting a new business. **4**

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(c) Describe TWO legal issues that George and Natalia would need to consider when establishing a new business **4**

(i) _____

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(ii) _____

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END OF QUESTION 16

Question 17 (10 marks)

Sofia and Olivia recently purchased Living Interiors, the only furniture store located in a small coastal town.

Key external influences for Living Interiors:

* Expanding local population and an increasing number of visitors in summer.

* Growing demand for furniture

* Online competition

Sofia and Olivia are interested in increasing their market share and are looking for ways to become more competitive.

They hire a consultant to help them devise a business plan.

(a) Outline the purpose of a business plan. **2**

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(b) With reference to a SWOT analysis of Living Interiors identify an opportunity and a threat? **2**

Opportunity: _____

Threat: _____

(c) Outline how a government **or** non-government agency can help the owners of Living Interiors to become more competitive. **2**

(d) Recommend TWO marketing strategies that Living Interiors could use to increase market share and improve performance. **4**

END OF QUESTION 17

Question 18 (10 marks)

Claude is the manager of a large construction firm. The business has concerns with increased staff turnover, poor morale and falling productivity and profit. Claude is looking to change the current organisational structure and move from a classical -scientific management style to a behavioural approach.

(a) Identify two goals for management of this business. **2**

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(b) Discuss TWO ways management can motivate employees to increase their rate of productivity. **4**

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(c) Explain how the organisational structure would change when moving from the classical management approach to the behavioural management approach. **4**

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END OF QUESTION 18

Section II Extra writing space

If you use this space, clearly indicate which question you are answering.

Section III

20 marks
Attempt Question 19
Allow about 35 minutes for this section

Answer the question in the Section III Writing Booklet. Extra writing booklets are available.

Your answer will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
- communicate using relevant business terminology and concepts
- present a sustained, logical and cohesive response in the form of a business report

Question 19 (20 marks)

The Community Cauldron Pty Ltd is a private company involved in growing organic vegetables for the Sydney market. There has been a massive increase in the demand for their produce over the last year due to changing social trends. However, due to the growing industry, conventional farmers are also turning to organic practices. The owners wish to expand their operations by purchasing more land and recruiting two skilled and experienced staff. In addition, they wish to invest in new technology.

You have been hired by the owners of this business as a consultant.

Write a report that addresses the following:

(a) Discuss how creating a SWOT analysis is beneficial to The Community Cauldron.

(b) Explain TWO human resource strategies that can help the business recruit and train an efficient and productive workforce.

(c) Evaluate the importance of The Community Cauldron implementing ethical business behaviour into their practices.

End of paper