

External Assessment 2022

# BUSINESS STUDIES

BST315116

Pages	24
Questions	13
Answer Booklets	3
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**Preparation time for this exam:** 15 minutes

**Suggested working time:** 3 hours

## Instructions

- There are **three (3)** sections to this exam paper:
  - **Section A** – There are **two (2)** parts to this section. Answer **four (4)** questions in total comprising:
    - Part 1: Unit 1** The Business Environment: answer **two (2)** questions
    - Part 2: Unit 2** Operations Management: answer **two (2)** questions.
  - **Section B** – answer **two (2)** questions
  - **Section C** – answer **one (1)** question.
- Answer each section in the corresponding **Answer Booklet**.
- Answer **all** items within a question.
- It is recommended that you use a calculator.
- You are encouraged to include **diagrams** where relevant.
- The exam is **three (3)** hours in length. The suggested working time is provided in the instructions for each section.
- The Business Studies Information Sheet can be used throughout this exam.
- All answers must be written in **English**.
- You **must** make sure your answers address:
  - Criterion 1 describe and use business terms, concepts, principles and ideas related to the management of business in Australia
  - Criterion 2 use tools, techniques and processes to assess data and information about business performance
  - Criterion 3 analyse issues arising from business practices and management strategies
  - Criterion 4 make recommendations to improve management practices and business performance
  - Criterion 5 communicate business ideas and information.

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# Guide to Exam Structure

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		Parts	Questions available	Questions to answer	Suggested working time	Marks available
Section	<b>A</b>	Part 1	4	2	20 minutes	20 marks and A+ to z rating
		Part 2	4	2	20 minutes	20 marks and A+ to z rating
Section	<b>B</b>		3	2	70 minutes	70 marks
Section	<b>C</b>		2	1	70 minutes	70 marks
<b>Total</b>			<b>13</b>	<b>7</b>	<b>180 minutes (3 hours)</b>	<b>180 + alpha</b>

# Section A

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- Answer **four (4)** questions in total comprising:
    - Part 1: Unit 1** The Business Environment: answer **two (2)** questions
    - Part 2: Unit 2** Operations Management: answer **two (2)** questions.
  - Use **Section A Answer Booklet** for this section.
  - Make sure you answer **all items** within a question.
  - It is suggested that you spend approximately **40 minutes** on this section.
  - Each **question is worth a total of 10 marks** (4 x 10 = 40 Marks).
  - This section assesses **Criteria 1** and **5**.
- 

## Part 1: Unit 1 – The Business Environment

- Answer **two (2)** questions from this unit.
- 

### Question 1

- Distinguish between an internal stakeholder and an external stakeholder of a business.
- Using **two (2)** examples, one (1) internal and one (1) external, explain how the views of stakeholders may influence managers' decisions.

(4 + 6 = 10 marks)

### Question 2

- Explain the economic roles and social roles of business.
- Why does meeting social responsibilities assist with achieving business goals?

(4 + 6 = 10 marks)

### Question 3

- Explain what is meant by an 'external influence' on a business.
- Choose **two (2)** external influences and briefly explain their impact upon a business.

(4 + 6 = 10 marks)

### Question 4

- What distinguishes an incorporated business from an unincorporated business?
- Discuss the advantages and disadvantages of the incorporated form of structure over unincorporated forms.

(4 + 6 = 10 marks)

**Section A continues**

## Part 2: Unit 2 – Operations Management

- Answer **two (2)** questions from this unit.
- 

### Question 5

- Distinguish between operational decisions and strategic decisions.
- Using examples, describe **two (2)** operational decisions and **two (2)** strategic decisions required of business management.

(4 + 6 = 10 marks)

### Question 6

- Explain the meaning of competitive advantage.
- Describe **one (1)** strategy a business may use to achieve a competitive advantage.

(4 + 6 = 10 marks)

### Question 7

- Provide **two (2)** reasons why the operations manager would adopt leading edge technology.
- Explain why the human resource manager and the finance manager would also have an interest in the decision to adopt leading edge technology.

(4 + 6 = 10 marks)

### Question 8

- Why might a business choose to move some aspects of their operations offshore?
- Discuss why this decision may have both social and environmental consequences.

(4 + 6 = 10 marks)

# Section B

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- Answer **two (2)** questions comprising:
    - Either:** Question **9 and 10**
    - OR** Question **10 and 11**
    - OR** Question **9 and 11**.
  - In your answers refer to the **stimulus material** provided.
  - Use **Section B Answer Booklet** for this section and record the question numbers you choose to answer on the cover.
  - Make sure you answer **all items** within a question.
  - You are encouraged to include **diagrams** where relevant.
  - It is suggested that you spend approximately **70 minutes** on this section.
  - Each **question is worth 35 marks** (2 x 35 = 70 Marks).
  - This section assesses **Criteria 3 and 4**.
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## Stimulus

*Haven on Earth Pty. Ltd. (Haven)* is a small company producing high quality, compact, accommodation units or 'pods'. The pods are architecturally designed and built to minimise environmental impact. The pods are attractive to landowners wishing to provide on-farm tourist accommodation, people wanting temporary accommodation options, citizens with strong views on environmental protection and those deciding that, despite its small size, the *Haven* pod is a way of achieving home ownership.

Currently *Haven* manufactures to order only. When an order is received and deposit paid, the pod is constructed in the factory. Because of the relatively small size of the pod, it can then be transported and installed on the desired site.

All pods undergo testing prior to leaving the factory to ensure they meet environmental standards. Any defects must be repaired and retested until the problem is overcome. This is costly both in time and materials.

*Haven* purchases all material inputs in the most cost-effective quantities, requiring significant warehouse space and storage management.

*Haven* is considering a restructure to support a new operational strategy, a production line form of manufacturing, which fundamentally changes the transformation process. This will involve several pods being constructed at the same time, each at a different stage of completion. Individual employees will work exclusively on just one stage, thus developing expertise in a task and the capacity to use technology specific to that task. It also means that employees will experience a repetitive use of a more limited skill set.

One element of the strategy is to explore opportunities for outsourcing of some components, particularly windows and internal storage units.

*Haven* is also keen to explore just in time inventory management and total quality management as approaches that may be suited to the restructured production process.

**Stimulus continues**

## Stimulus continued

The proposed restructure has implications for human resources:

- two (2) of the four (4) building tradespeople currently employed will no longer be required, as non-tradespeople can be trained for the work
- six (6) additional workers will be required and trained to complete the tasks
- electrical and plumbing will be outsourced to external contractors, resulting in another two (2) tradespeople no longer being required.

*Haven* is aware that the volume of sales must be increased if the restructure is to be successful. *Haven* anticipates that they will need to work towards increasing the size of the market and their share of it. They view finding out about the market, its potential size and characteristics, as being of importance.

## Question 9

### Operations Management

Items a, b and c assess **Criterion 3**

a) What issues arise for *Haven* from the proposed restructure in relation to:

- i. scheduling
- ii. inventory control
- iii. quality control.

(3 x 4 = 12 marks)

b) Discuss the issues associated with outsourcing from the point of view of the:

- i. operations manager
- ii. existing employees.

(3 + 3 = 6 marks)

c) Identify **one (1)** ethical consideration *Haven* should take into account when assessing the success of the proposed restructure.

(2 marks)

**Question 9 continues**

## Question 9 continued

### Items d, e, f and g assess Criterion 4

- d) Explain how Just-In-Time (JIT) processing would assist *Haven* in their proposed restructure. (4 marks)
- e) Explain how Total Quality Management (TQM) would assist *Haven* in their proposed restructure. (4 marks)
- f) Assuming *Haven* proceeds with the restructure, how could they measure the success of implementing Just-In-Time (JIT) and Total Quality Management (TQM)? (4 marks)
- g) In your opinion, should *Haven* proceed with the restructure. Why or why not? (3 marks)

## Question 10

### Human Resources Management

#### Items a, b and c assess Criterion 3

- a) The decision by *Haven* to restructure its production process has implications for the human resource manager in the areas of:
- acquisition of new staff
  - induction, training and development, and
  - managing redundancies.
- i. How does the HR Manager ensure that new employees are suited to the positions to which they are appointed?
- ii. Distinguish between an induction program and a training program. Briefly identify the need for each.
- iii. Explain the potential short-term and long-term implications on workplace culture resulting from the decision to make some staff redundant. (3 x 4 = 12 marks)
- b) Outline the impact of redundancies caused by the restructure of the operations process on:
- i. current employees
  - ii. potential employees. (2 + 2 = 4 marks)
- c) The Fair Work Act 2009 applies to *Haven*. Advise *Haven* of **two (2)** obligations under the Act that they need to consider in light of the proposed restructure. (4 marks)

**Question 10 continues**

## Question 10 continued

### Items d, e, f and g assess Criterion 4

- d) Briefly outline **two (2)** elements of the maintenance phase of the employment cycle that will assist *Haven* to maintain their workforce. (4 marks)
- e) Recommend **two (2)** ways that *Haven* can assess the effectiveness of their human resource acquisition process. (4 marks)
- f) *Haven* is conscious of their workplace being potentially hazardous. Explain their obligations regarding workplace health and safety (WHS) and describe **one (1)** particular WHS measure they should take. (4 marks)
- g) How will the proposed restructure contribute to the local community and the environment? (3 marks)

Section B continues

## Section B continued

### Question 11

#### Marketing Management

##### Items a, b and c assess Criterion 3

a) The proposed restructure requires a marketing strategy to increase the volume of sales. Identify **one (1)** decision related to that strategy for each of the following, and explain how it will impact this sales objective:

- i. pricing
- ii. promotion
- iii. place in the distribution channel.

(3 x 4 = 12 marks)

b) Explain how the positioning of *Haven* in the market will influence:

- i. the volume of sales
- ii. advertising of the product.

(2 + 2 = 4 marks)

c) Identify the economic and social impacts of *Haven* meeting environmental standards.

(4 marks)

##### Items d, e, f and g assess Criterion 4

d) Define primary market research. Recommend **two (2)** methods of primary research that would assist *Haven* in increasing their sales.

(4 marks)

e) Define secondary market research. Recommend **two (2)** methods of secondary research that would assist *Haven* in increasing their sales.

(4 marks)

f) How would market research assist *Haven* with designing and refining the product element of the marketing mix.

(4 marks)

g) How could market research assist *Haven* in defining their target market(s)?

(3 marks)

# Section C

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- Answer **one (1)** question from this section, **either** Question 12 **or** 13.
  - In your answers refer to the **stimulus material** provided.
  - Use **Section C Answer Booklet** for this section and record the question numbers you choose to answer on the cover.
  - Make sure you answer **all items** within a question.
  - You are encouraged to include **diagrams** where relevant.
  - It is suggested that you spend approximately **70 minutes** on this section.
  - Each question is worth **70 marks**.
  - This section assesses **Criteria 2** and **4**.
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## Question 12

### Stimulus – Thinking Toys (for use in Question 12 only)

#### *Thinking Toys*

*Thinking Toys* is a small business that exclusively sells toys. The business is owned as a partnership by Marg and her daughter, Cynthia.

*Thinking Toys* sells toys which foster thinking and intellectual activity. The target market is parents (with younger children) who wish to support their child's learning through play. These toys are at the premium end of the market and are manufactured in Europe.

The toys are of high-quality construction and are priced as a premium product. Customers who buy at the shop appear interested in their child's development and have the financial resources to afford the products. There has been a recent upsurge in interest in toys of this nature.

The premium nature of the product may also be seen as a weakness as the market size is restricted. Marg and Cynthia also have limited resources to develop the business. A loan taken out in 2022 was to increase inventory levels and upgrade shelving, but a recent decline in profitability has raised some concerns. They also are aware that the loan has left them in a less secure position if there was a general economic decline, or if they lose market share due to the entrance of large department stores into their currently niche market.

Marg and Cynthia can see a positive future. Digital technologies have revolutionised the nature of toys, and that revolution is ongoing.

They intend following up on creating an online presence to both market and sell their products.

Increased sales in 2022 have necessitated the employment of an additional employee (part time casual) to assist administration of the business.

Marg and Cynthia are considering offering wooden toy making workshops to supplement the revenue from sales. Projected income from these workshops has been included in the Cash Budget for the next six months.

**Question 12 continued**

Question 12 continues

<b>Thinking Toys</b>			
<b>Income Statement for the years ended 30 June</b>			
	<b>2020(\$)</b>	<b>2021(\$)</b>	<b>2022(\$)</b>
<b>Sales Revenue</b>	<b>285 000</b>	<b>292 000</b>	<b>306 000</b>
Less Cost of Sales	68 000	72 000	79 000
<b>Gross Profit</b>	<b>217 000</b>	<b>220 000</b>	<b>227 000</b>
<b>Less Other Operating expenses</b>			
Administrative	68 000	77 000	97 000
Selling and Distribution	54 000	54 000	58 000
Financial	600	650	4 100
Total expenses	<b>122 600</b>	<b>131 650</b>	<b>159 100</b>
<b>Net Profit</b>	<b>94 400</b>	<b>88 350</b>	<b>67 900</b>

<b>Thinking Toys</b>			
<b>Balance Sheet as at 30 June</b>			
	<b>June 30 2020</b>	<b>June 30 2021</b>	<b>June 30 2022</b>
<b>Current assets</b>			
Cash at bank	5 800	8 900	6 450
Inventory	66 000	72 590	78 500
Accounts Receivable	4 700	7 450	8 400
<b>Total Current Assets</b>	<b>76 500</b>	<b>88 940</b>	<b>93 350</b>
<b>Non current assets(WDV)</b>			
Shop Fittings (WDV)	42 800	40 000	56 000
<b>Total Assets</b>	<b>119 300</b>	<b>128 940</b>	<b>149 350</b>
<b>Current liabilities</b>			
Accounts payable	6 500	7 890	9 300
<b>Non current liabilities</b>			
Term Loan	-	-	30 000
<b>Total Liabilities</b>	<b>6 500</b>	<b>7 890</b>	<b>39 300</b>
<b>Net assets</b>	<b>112 800</b>	<b>121 050</b>	<b>110 050</b>

Question 12 continues

Question 12 continued

<b>Owners' Equity</b>			
Capital	98 400	112 800	121 050
Add Net profit	94 400	88 350	67 900
	192 800	201 150	188 950
Less Drawings	80 000	80 100	78 900
	<b>112 800</b>	<b>121 050</b>	<b>110 050</b>

<b>Thinking Toys</b>			
<b>Cash Budget for the 6 months ending June 30, 2023</b>			
	<b>Jan/Feb(\$)</b>	<b>Mar/Apr(\$)</b>	<b>May/Jun(\$)</b>
<b>Cash Inflows</b>			
Cash sales	38 000	38 000	40 000
Net receipts from workshops	2 200	2 200	2 200
Receipts from Accounts receivable	10 000	10 000	9 000
<b>Total cash receipts</b>	<b>50 200</b>	<b>50 200</b>	<b>51 200</b>
<b>Cash Outflows</b>			
Payment for inventory	14 200	15 100	16 500
Insurance	-	2 600	-
Wages	15 300	16 300	16 500
Advertising	1 500	1 800	2 200
Loan repayments	3 100	3 100	3 100
Power	900	-	950
Owners' Drawings	12 200	14 800	14 900
Rates	-	1 400	-
Other sundry payments	1 000	1 200	1 100
<b>Total cash payments</b>	<b>48 200</b>	<b>56 300</b>	<b>55 250</b>
<b>Net Cash Flow</b>	<b>2 000</b>	<b>- 6 100</b>	<b>- 4 050</b>
<b>Opening cash balance</b>	<b>4 500</b>	<b>6 500</b>	<b>400</b>
<b>Closing cash balance</b>	<b>6 500</b>	<b>400</b>	<b>- 3 650</b>

Question 12 continues

## Question 12 continued

### Item A – assesses Criterion 2

Use **all** of the provided information to complete a SWOT analysis for *Thinking Toys*.

There must be **two (2)** responses in each section of your SWOT analysis.

(8 marks)

### Item B – assesses Criterion 2

a) Calculate the gross profit ratio, net profit ratio and rate of return on owners equity for 2021 and 2022 and enter into the grid provided in the answer book.

(6 marks)

b) Describe the overall trend regarding profitability for *Thinking Toys*.

(2 marks)

c) Using the ratios and information in the financial statements, analyse the reasons for the trend in profitability for *Thinking Toys*.

(6 marks)

d) Comment on the impact of the loan taken out in 2022, with reference to the planned usage to increase inventory and shelving, and on the projected cash situation.

(4 marks)

### Item C – assesses Criterion 2

The following information relates to costs involved in organising and implementing the wooden toymaking workshops.

Actual materials used by each participant in the workshop (and supplied by *Thinking Toys*) are:

- timber \$45
- paint \$15
- glue \$6
- fasteners \$6
- morning tea \$12
- lunch \$28
- afternoon tea \$10.

Costs assigned to each planned workshop (regardless of number of participants):

- power tools \$920
- clamps \$300
- workshop rent \$400
- insurance \$ 250
- administration \$250.

**Question 12 continues**

### Question 12 continued

- a) Calculate the contribution margin for each participant if the price of each workshop is \$250 per person. (2 marks)
- b) Calculate the break-even number of participants per workshop at the price of \$250. (4 marks)
- c) Calculate the profit generated by each workshop which has the full enrolment of 20 participants paying \$250 each. (2 marks)
- d) What price must be charged if *Thinking Toys* is to generate a return of \$550 for each workshop which has a full enrolment of 20 participants? (4 marks)
- e) Explain the usefulness of break-even-analysis to *Thinking Toys*. (2 marks)

### Item D – assesses Criterion 4

- a) Suggest **one (1)** action that Marg and Cynthia could take to correct **one (1)** weakness from the SWOT analysis. Explain how this action would improve the situation for *Thinking Toys*. (4 marks)
- b) Suggest **one (1)** strategy Marg and Cynthia could use to protect themselves against either an economic downturn or the entry of competition in the market. Explain how this strategy would provide such protection. (4 marks)
- c) Marg is concerned about the cash position of *Thinking Toys*.
- i. Describe the expected cash outcome as shown in the cash budget for January to June. (2 marks)
- ii. Explain **two (2)** actions that *Thinking Toys* can take to address this cash situation. (4 marks)
- iii. Which of these actions would you recommend and why? (2 marks)

Question 12 continues

**Question 12 continued**

- d) Explain the possible consequences for **two (2)** stakeholders if *Thinking Toys* does not correct the situation indicated by the cash budget.

(4 marks)

- e) Marg has become aware of a range of toys that look exactly like their premium European made toys but which are much cheaper and not of the same quality.

- i. Assess both the short-term and long-term effects of Marg and Cynthia deciding to stock the toys but charge the premium price.

(4 marks)

- ii. Identify **one (1)** potential legal implication and **one (1)** ethical implication of this decision.

(4 marks)

- f) Explain **one (1)** advantage that Marg and Cynthia may derive from establishing an online presence.

(2 marks)

**Section C continues**

## Section C continued

### Question 13

#### Stimulus – *Front Up* (for use in Question 13 only)

*Front Up Pty. Ltd.* is a small company, established in 2020, that provides consulting services to businesses that have face-to-face customer service as a primary element of their product offering.

The owner and sole shareholder, Graeme, understands that businesses that focus on making positive impressions are more successful. He established *Front Up* to provide:

1. A consultancy service for businesses wanting to improve their interactions with customers,
2. A training facility for businesses wanting a program delivered to improve their employees' communication skills.

The increasing awareness in the business community of the value of first impressions, means that both consultancy and training programs are heavily subscribed. Businesses are happy to pay for advice in this area, and *Front Up* is profitable. Graeme is aware though, that during a general economic downturn products such as his are the first casualties as businesses work to cut costs.

All *Front Up* clients are billed to pay within 30 days of the consultancy or the training course. Consequently, all sales are considered credit sales.

He knows that, despite the fact that he employs other presenters, he is basically a 'one man band'. If for some reason he could not work then the business would be in difficulty. For this reason, and also because of increasing workloads, Graeme is considering inviting someone to become part owner.

Currently *Front Up* is the only business providing this type of consultancy and training. Graeme expects this situation to change as larger consultancy firms see an opportunity and enter the market in the area of customer service. For this reason he knows that he must continue to develop his reputation and be regarded as the premium provider.

Graeme can see several avenues to develop his business, including new training programs and new topics of consultancy.

A development he is particularly keen on is the use of digital communications and home-based learning environments, which he sees as the future of work.

The following are Accounting Reports for *Front Up*.

**Question 13 continues**

Question 13 continued

<b>Front Up</b>			
<b>Income Statement for the years ended 30 June</b>			
	<b>2020(\$)</b>	<b>2021(\$)</b>	<b>2022(\$)</b>
<b>Fees Earned</b>			
Seminar Fees	15 000	19 000	24 000
Consulting Fees	135 000	141 000	149 000
<b>Total fees received</b>	<b>150 000</b>	<b>160 000</b>	<b>173 000</b>
<b>Less Expenses</b>			
Communications contract payments	1 980	2 050	2 340
Printing and stationery	4 500	4 600	5 100
Interest	1 500	1 200	820
Insurance	1 650	1 780	2 070
Presenter fees paid	18 600	22 800	27 400
Assistant fees paid	6 200	9 600	9 400
Other expenses	6 830	8 170	13 680
Rent of premises	12 400	13 200	16 800
<b>Total expenses</b>	<b>53 660</b>	<b>63 400</b>	<b>77 610</b>
<b>Net profit</b>	<b>96 340</b>	<b>96 600</b>	<b>95 390</b>

Question 13 continues

Question 13 continued

<b>Front Up Balance Sheet as at 30 June</b>			
	June 30 2020	June 30 2021	June 30 2022
<b>Current assets</b>			
Cash at bank	15 490	17 500	12 340
Accounts Receivable	16 200	17 800	19 800
Office Supplies	5 800	5 100	5 000
Presentation Supplies	1 200	1 150	1 960
<b>Total Current Assets</b>	<b>38 690</b>	<b>41 550</b>	<b>39 100</b>
<b>Non current assets</b>			
Presentation equipment	3 600	2 700	1 800
Office equipment	5 850	5 200	5 720
Motor Vehicles	24 000	52 000	40 000
<b>Total Non-current Assets</b>	<b>33 450</b>	<b>59 900</b>	<b>47 520</b>
<b>Total Assets</b>	<b>72 140</b>	<b>101 450</b>	<b>86 620</b>
<b>Current liabilities</b>			
Accounts payable	300	1 010	790
<b>Non current liabilities</b>			
Business loan	30 000	22 000	2 000
<b>Total Liabilities</b>	<b>30 300</b>	<b>23 010</b>	<b>2 790</b>
<b>Net assets</b>	<b>41 840</b>	<b>78 440</b>	<b>83 830</b>
<b>Owners' Equity</b>			
Capital	5 500	41 840	78 440
Add Net profit	96 340	96 600	95 390
	101 840	138 440	173 830
Less Distribution to shareholder	60 000	60 000	90 000
	<b>41 840</b>	<b>78 440</b>	<b>83 830</b>

Question 13 continues

Question 13 continued

<b>Front Up</b>			
<b>Cash Budget for the 6 months ending June 30, 2023</b>			
	<b>Jan/Feb(\$)</b>	<b>Mar/Apr(\$)</b>	<b>May/Jun(\$)</b>
<b>Cash Inflows</b>			
Cash receipts from consulting	31 600	32 800	33 000
Cash receipts from seminars	6 300	6 480	6 720
<b>Total cash receipts</b>	<b>37 900</b>	<b>39 280</b>	<b>39 720</b>
<b>Cash Outflows</b>			
Insurance	-	-	2 450
Wages	5 500	5 690	5 780
Loan repayments	600	600	600
Power	-	1 430	-
Communications Contract	2 900	2 900	2 900
Rates	540	-	550
Rent	5 600	5 600	5 600
Drawings	20 000	20 000	20 000
<b>Total cash payments</b>	<b>35 140</b>	<b>36 220</b>	<b>37 880</b>
<b>Net Cash Flow</b>	<b>2 760</b>	<b>3 060</b>	<b>1 840</b>
<b>Opening cash balance</b>	<b>5 200</b>	<b>7 960</b>	<b>11 020</b>
<b>Closing cash balance</b>	<b>7 960</b>	<b>11 020</b>	<b>12 860</b>

Question 13 continues

## Question 13 continued

### Item A – assesses Criterion 2

Use **all** of the provided information to complete a SWOT analysis for *Front Up*.

There must be **two (2)** responses in each section of your analysis.

(8 marks)

### Item B – assesses Criterion 2

a) Calculate the Net Profit Ratio, the Rate of Return on Owners Equity and Debtors Collection Period for 2021 and 2022 and enter into the grid provided in the answer book.

(6 marks)

b) Describe the overall trend regarding profitability for *Front Up*.

(2 marks)

c) Using the ratios and information in the financial statements, analyse the reasons for the trend in profitability.

(6 marks)

d) Comment on the major asset purchase in 2021 and the reduction in non-current liabilities over the period.

(4 marks)

### Item C – assesses Criterion 2

The following information relates to costs involved in organising and implementing a seminar.

Regardless of how many participants, each seminar **must** contribute the following amounts to *Front Up*:

- equipment \$1800
- rent \$400
- assistant wages \$200
- presenter wages \$600
- return to the business of \$1000.

Actual costs for items used by each participant in the seminar (and supplied by *Front Up*) are:

- catering \$40
- document production \$46
- badges \$16
- pens and personal stationery \$8.

a) Calculate the break-even number of participants per seminar if the charge for each attendee is \$350.

(4 marks)

**Question 13, Item C continues**

### Question 13, Item C continued

- b) Calculate the profit generated by each workshop which has the full enrolment of 22 participants paying \$350 each. (2 marks)

- c) *Front Up* is considering offering an advanced seminar. It will involve all the costs of the standard seminar but with the addition of a workbook for each participant.

If 20 students are enrolled at a price of \$365 each, how much does *Front Up* have to charge for the workbook to break even?

(4 marks)

- d) Explain the usefulness of break-even analysis in assisting with marketing of the seminars.

(4 marks)

### Item D – assesses Criterion 4

- a) Explain how Graeme could use **one (1)** of the strengths identified in the SWOT analysis to help achieve a competitive advantage.

(4 marks)

- b) Suggest **one (1)** action Graeme could take to overcome one of the threats identified in the SWOT diagram.

(4 marks)

- c) i. Advise Graeme of the likely cause of his decreasing profit and suggest **two (2)** strategies for correcting the trend.

(4 marks)

- ii. Explain why the holding of high levels of cash may not be a sound policy, and describe **one (1)** alternative to holding cash assets.

(4 marks)

- d) i. Describe how the debtor collection period ratio provides an insight into management efficiency.

(4 marks)

- ii. What conclusion can you draw regarding *Front Up* from the debtor collection period ratio values calculated in Item B on page 21?

(4 marks)

- e) Recommend and explain **two (2)** actions *Front Up* can take to prompt debtors to pay their accounts on time.

(4 marks)

- f) Briefly outline **one (1)** economic **OR one (1)** environmental benefit of *Front Up* developing home-based learning programs for its training activities.

(2 marks)

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End of Exam



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External Assessment 2022

# BUSINESS STUDIES

BST315116

## Section **A** Answer Booklet

Pages 12  
Questions 8

Answer **four (4)** questions in total from this section.

**Part 1: Unit 1 The Business Environment** – answer **two (2)** questions.

**Part 2: Unit 2 Operations Management** – answer **two (2)** questions.

**STUDENT:** record the question numbers you are answering from each unit in the table below:

Part 1: UNIT 1			Part 2: UNIT 2		
Student	Marker use		Student	Marker use	
Question number answered	C1	/ 10	Question number answered	C1	/ 10
	C5	/ alpha		C5	/ alpha
Question number answered	C1	/ 10	Question number answered	C1	/ 10
	C5	/ alpha		C5	/ alpha

Marker use	
TOTAL C1	/ 40
TOTAL C5	/ alpha

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End of Section A



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# BUSINESS STUDIES

BST315116

Section **B** Answer Booklet

Pages 20

Questions 3

Answer **two (2)** questions from this section.

STUDENT: **circle** the two (2) question numbers you are answering.

Question 9

Question 10

Question 11

Marker use	
TOTAL C3	/40
TOTAL C4	/30



**Question 9, Item a continued**

a) iii.

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**Marker use**

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**Question 9 continues**



**Question 9 continued**

c) .....

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**Marker use**

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**Total C3**

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**Question 10, Item a continued**

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**Marker use**

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**Question 10 continues**









**Question 11**

**Items a, b and c assess Criterion 3**

**Marker use**

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**Question 11, Item a continues**









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End of Section B



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# BUSINESS STUDIES

BST315116

Section **C** Answer Booklet

Pages 24

Questions 2

Answer **one (1)** question from this section.

STUDENT: **circle** the question number you are answering.

Question 12

OR

Question 13

Marker use	
TOTAL C2	/40
TOTAL C4	/30

Blank Page



Question 12 continued

B) a)

Marker use

6

Required	Ratio calculation 2020	Ratio calculation 2021	Ratio calculation 2022	Industry Average
Gross profit ratio	76.14%			68%
Net profit ratio	33.12%			32%
Rate of return on owners equity	89.39%			50%

Question 12, Item B continues





**Question 12 continued**

C) a)

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**Marker use**

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C) b)

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C) c)

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Question 12 continued

Item D assesses Criterion 4

Marker use

D) a)

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Question 12, Item D continues







**Question 12, Item D continued**

D) f)

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**Marker use**

**2**

**Total C4**

**30**

**Section C continues**

Section C continues

Question 13

Items A, B and C assess Criterion 2

Marker use

A) SWOT

<p><b>Strength</b></p> <p>1. .... ..... ..... ..... ..... ..... .....</p> <p>2. .... ..... ..... ..... ..... ..... .....</p>	<p><b>Weakness</b></p> <p>1. .... ..... ..... ..... ..... ..... .....</p> <p>2. .... ..... ..... ..... ..... ..... .....</p>
<p><b>Opportunity</b></p> <p>1. .... ..... ..... ..... ..... ..... .....</p> <p>2. .... ..... ..... ..... ..... ..... .....</p>	<p><b>Threat</b></p> <p>1. .... ..... ..... ..... ..... ..... .....</p> <p>2. .... ..... ..... ..... ..... ..... .....</p>

8

Question 13 continues

















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End of Section C



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