



NSW Education Standards Authority

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Centre Number

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Student Number

2025 HIGHER SCHOOL CERTIFICATE EXAMINATION

Business Studies

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black pen
- Calculators approved by NESA may be used
- Write your Centre Number and Student Number at the top of this page

Total marks: 100

Section I – 20 marks (pages 2–7)

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

Section II – 40 marks (pages 9–20)

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

Section III – 20 marks (pages 21–22)

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

Section IV – 20 marks (page 23)

- 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 Which performance objective is a business trying to achieve by minimising waste in production?

- A. Cost
- B. Flexibility
- C. Speed
- D. Volume

2 A dealership customises the caravans it sells by putting solar panels on the roof.

Which type of market does this business operate in?

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

3 Which of the following is an essential component of a balance sheet?

- A. Assets
- B. Expenses
- C. Sales
- D. Wages

4 An employee is applying for maternity leave. She is told her job will not exist when she plans to return to work.

What form of discrimination may have occurred?

- A. Age
- B. Disability
- C. Racial
- D. Sex

- 5** The price of a fitness watch is advertised as on special for \$159. The store usually sells this watch for \$159.

Which area of consumer law has been broken?

- A. Warranties
- B. Implied conditions
- C. Price discrimination
- D. Deceptive and misleading advertising

- 6** An international clothing brand uses Japanese fashion trends and cultural preferences in its designs and advertisements for its Japanese market.

Which global marketing strategy is being used?

- A. Customisation
- B. Standardisation
- C. Global branding
- D. Price and quality interaction

- 7** Which of the following is an essential aspect of logistics?

- A. Reorganising plant layout
- B. Checking the quality of all output
- C. Assessing materials handling and packaging
- D. Creating a budget for new machinery and equipment

- 8** A business, as part of its quality management strategy, demonstrates an ongoing commitment to make its operations more efficient and effective.

This is an example of which of the following?

- A. Assurance
- B. Control
- C. Flexibility
- D. Improvement

- 9** A business, with a 30-day credit policy, collects accounts receivables on average every 26 days.

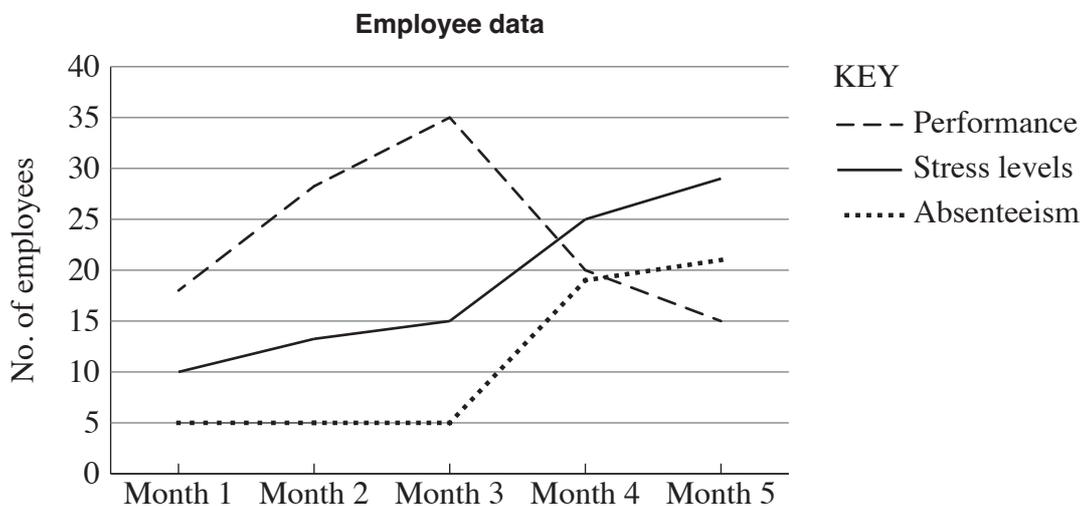
Which objective of financial management is this business aiming to achieve?

- A. Efficiency
 - B. Growth
 - C. Minimisation
 - D. Solvency
- 10** Which of the following lists elements of the legal framework that influences human resource management?
- A. Code of conduct, work health and safety, awards
 - B. Code of conduct, work health and safety, workers compensation
 - C. Common law, minimum employment standards, customer contact
 - D. Common law, minimum employment standards, workers compensation
- 11** What is a benefit of using internal recruitment for a senior management position?
- A. The position will always be filled.
 - B. It encourages staff to seek professional growth.
 - C. There is a larger pool of applicants to choose from.
 - D. The business can gain perspectives from outside of the business.
- 12** A business is introducing leading edge technology and is experiencing employee resistance.
- What is the most likely reason for this resistance to change?
- A. Fear of the unknown
 - B. Redundancy payments
 - C. Increased financial costs
 - D. Reorganisation of plant layout

- 13 A marketing manager recognises that poor customer service has negatively affected sales results.

In which part of the marketing process would this recognition occur?

- A. Identifying target markets
 - B. Undertaking situational analysis
 - C. Developing marketing strategies
 - D. Establishing marketing objectives
- 14 Which of the following marketing strategies could a new gym adopt in order to attract customers and become a viable business?
- A. Charge a high price during the introductory stage
 - B. Set an introductory price that is the same as its competitors
 - C. Offer a first month membership at a discount to the normal monthly fee
 - D. Offer a lifetime membership that is below the cost of providing the service
- 15 A graph of employee data is shown.



What would be the most likely cause of the change in data after month 3?

- A. Staff completed a productivity course.
- B. Employees were given a monetary bonus.
- C. There was a change in senior management.
- D. Improvements in work health and safety were made.

16 An extract from a business document is shown.

| | <u>July</u> | <u>Aug</u> | <u>Sept</u> | <u>Oct</u> | <u>Nov</u> | <u>Dec</u> |
|-----------------|-------------|------------|-------------|------------|------------|------------|
| Opening balance | 2 000 | | | | | |
| Cash in (\$) | 5 000 | 3 000 | 5 000 | 8 000 | 8 000 | 4 000 |
| Cash out (\$) | 5 000 | 5 000 | 7 000 | 3 000 | 10 000 | 2 000 |
| Closing balance | | | | | | |

In which month should this business have adopted cash flow management strategies?

- A. August
- B. September
- C. November
- D. December

17 A chef's finger has been cut off during a workplace accident.

Which of the following steps should the employer take?

| | <i>Step one</i> | <i>Step two</i> | <i>Step three</i> |
|----|-----------------------------------|-----------------------------------|--------------------------------------|
| A. | Work site is assessed for safety | Employee takes annual leave | Injury management plan is created |
| B. | Injury management plan is created | Employee returns to work | Employee takes annual leave |
| C. | Work site is assessed for safety | Injury management plan is created | Employee is assigned suitable duties |
| D. | Modified work hours are organised | Injury management plan is created | Employee returns to work |

18 In the hope of generating long-term profit, a medical company spends \$2 billion developing medicine to cure a disease. This is recorded on the company's balance sheet.

Which limitation of financial reports does this demonstrate?

- A. Timing issues
- B. Valuing assets
- C. Debt repayment
- D. Capitalising expenses

19 A retail franchise is opening a new store.

Which of the following is the correct sequence for its operations process?

- A. Product → task design → materials
- B. Facilities → control → customer service
- C. Information → warranties → improvement
- D. Human resources → planning → customers

20 A business calculated its gearing ratio as follows.

| Gearing ratio | |
|---------------|-----|
| 2023 | 75% |
| 2024 | 66% |

Which of the following is a correct statement about the business in 2024?

- A. The debt to equity ratio has improved.
- B. There is a higher risk of business failure.
- C. The solvency of this business has declined.
- D. The owner will have a higher return-on-equity.

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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 cafe produces quality food and friendly, personalised service. It donates its left-over food to a local charity at the end of each day.

- (a) Outline the corporate social responsibility demonstrated by this business. **2**

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- (b) Outline the difference between goods and services in this business. **2**

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- (c) Explain the influence of ONE legal regulation on the operations management of this business. **3**

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Question 21 continues on page 11

Do NOT write in this area.

Question 21 (continued)

- (d) The owners of the cafe would like to expand their dessert range. They plan to outsource cakes from the local bakery to sell at their cafe.

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Discuss the implications of outsourcing the new desserts for the operation of this business.

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End of Question 21

Please turn over

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Question 22 (9 marks)

A business sells stainless steel water bottles. However, customers have complained that the bottles leak, and that they do not come in biodegradable packaging.

- (a) Identify ONE weakness and ONE potential threat for this business. 2

| <i>Weakness</i> | <i>Potential threat</i> |
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- (b) Justify TWO product strategies that could be implemented by this business to gain a competitive advantage. 4

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- (c) Why is it important for this business to monitor and control its marketing strategies? 3

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Question 23 (10 marks)

A travel agency is focused on expanding its sales in several countries. The business provided the following financial information.

| | 2023 | 2024 |
|------------------------|---------|---------|
| Sales | 600 000 | 700 000 |
| Total expenses | 140 000 | 210 000 |
| Net profit | 160 000 | 170 000 |
| Expense ratio | 23.3% | ? |
| Debt to equity ratio | 0.6 : 1 | 1 : 1 |
| Return on equity ratio | 8% | 8.5% |

| INDUSTRY AVERAGES | | |
|------------------------|---------|---------|
| | 2023 | 2024 |
| Expense ratio | 23% | 20% |
| Debt to equity ratio | 0.6 : 1 | 0.6 : 1 |
| Return on equity ratio | 11% | 12% |

Expense ratio = total expenses ÷ sales × 100

- (a) What does the expense ratio for 2024 indicate for this business?

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Question 23 continues on page 15

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Question 23 (continued)

- (b) How can undertaking a comparative ratio analysis improve this business's financial outcome?

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- (c) Explain how TWO global market influences could affect the solvency of this business.

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End of Question 23

Question 24 (10 marks)

- (a) Describe the influence technology has on the human resources function. **3**

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- (b) Employees at a factory have been discouraged by their employers from joining a union. **3**

Explain TWO possible reasons for this.

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Question 24 continues on page 17

Do NOT write in this area.

Question 24 (continued)

- (c) A business pays migrant workers less, and bullies staff members.

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Explain how this business is engaging in illegal practices.

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End of Question 24

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Section II extra writing space

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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)

Please turn over

Question 25 (20 marks)

XYZ Equipment Pty Ltd is an Australian business which manufactures equipment for Australian schools.

The business would like to relocate and manufacture overseas by the beginning of 2026 for the following reasons:

- labour and production costs in Australia are too high
- product is of poor quality
- Australia has strict environmental laws
- there is a potential growth market in Asia.

The business has provided a chart that shows their initial plan for the relocation.

| Relocation plan for XYZ Equipment Pty Ltd 2025–2026 | | | | | | |
|--|----------------|-----------------|-----------------|----------------|-----------------|--------------|
| <i>Activity/sequence</i> | <i>October</i> | <i>November</i> | <i>December</i> | <i>January</i> | <i>February</i> | <i>March</i> |
| Close Australian factory | ██████████ | | | | | |
| Source new Asian suppliers | ██████████ | | | | | |
| Manufacture equipment | | ██████████ | | | | |
| Build new factory | | | ██ | | | |
| Determine staffing needs | | | | ██████████ | ██████████ | ██████████ |
| Lease warehouse for storage | | | | | ██████████ | |
| Register business name | | | | | | ██████████ |

You have been hired as a consultant by the owner to write a business report.

In your report:

- outline ONE relevant human resource management process that the business could use
- describe the purpose of the above chart and any issues found in the chart
- recommend appropriate global factors the business can use to achieve cost leadership.

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)

Explain how target markets affect e-marketing, people, processes and physical evidence.

OR

Question 27 (20 marks)

Explain how financial strategies can achieve liquidity and profitability objectives.

End of paper

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