



## Western Australian Certificate of Education Examination, 2013

### Question/Answer Booklet

# BUSINESS MANAGEMENT AND ENTERPRISE

## Stage 3

Please place your student identification label in this box

Student Number: In figures

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In words

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### Time allowed for this paper

Reading time before commencing work: ten minutes  
Working time for paper: three hours

### Materials required/recommended for this paper

#### *To be provided by the supervisor*

This Question/Answer Booklet

Number of additional  
answer booklets used  
(if applicable):

#### *To be provided by the candidate*

Standard items: pens (blue/black preferred), pencils (including coloured), sharpener,  
correction fluid/tape, eraser, ruler, highlighters

Special items: non-programmable calculators approved for use in the WACE examinations

### Important note to candidates

No other items may be taken into the examination room. It is **your** responsibility to ensure that you do not have any unauthorised notes or other items of a non-personal nature in the examination room. If you have any unauthorised material with you, hand it to the supervisor **before** reading any further.

**Structure of this paper**

Section	Number of questions available	Number of questions to be answered	Suggested working time (minutes)	Marks available	Percentage of exam
Section One: Short answer	6	6	50	60	30
Section Two: Document analysis	3	2	60	40	30
Section Three: Extended response	3	2	70	40	40
<b>Total</b>					100

**Instructions to candidates**

1. The rules for the conduct of Western Australian external examinations are detailed in the *Year 12 Information Handbook 2013*. Sitting this examination implies that you agree to abide by these rules.
2. Write your answers in this Question/Answer Booklet.
3. You must be careful to confine your responses to the specific questions asked and to follow any instructions that are specific to a particular question.
4. Spare pages are included at the end of this booklet. They can be used for planning your responses and/or as additional space if required to continue an answer.
  - Planning: If you use the spare pages for planning, indicate this clearly at the top of the page.
  - Continuing an answer: If you need to use the space to continue an answer, indicate in the original answer space where the answer is continued, i.e. give the page number. Fill in the number of the question that you are continuing to answer at the top of the page.

Section One: Short answer

30% (60 Marks)

This section has **six (6)** questions. Answer **all** questions. Write your answers in the spaces provided.

Spare pages are included at the end of this booklet. They can be used for planning your responses and/or as additional space if required to continue an answer.

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- Continuing an answer: If you need to use the space to continue an answer, indicate in the original answer space where the answer is continued, i.e. give the page number. Fill in the number of the question that you are continuing to answer at the top of the page.

Suggested working time: 50 minutes.

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Question 1

(10 marks)

- (a) Explain **one** reason why countries have controls on international trade. (2 marks)

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- (b) In the following two scenarios, identify the most suitable legal form or structure for businesses entering the international market and justify your answer.

- (i) A business wants to enter an international market but it does not have a big enough workforce to handle the increased numbers of orders and customers. It needs to establish a workforce quickly in another country. (3 marks)

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**Question 1** (continued)

- (ii) GIFF has a brilliant business model that it considers will succeed in the growing fast food industry. It wishes to sell its business model idea. (3 marks)

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- (c) Discuss **one** example of how a business could manage a culturally diverse workforce successfully. (2 marks)

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## Question 2

(10 marks)

E-commerce is fast becoming the way for businesses to sell products to consumers on an international scale. Stakeholders in customer relationship management include Business to Business (B2B) and Business to Consumer (B2C).

- (a) State what is meant by 'Business to Business (B2B)'. (1 mark)

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- (b) Provide **two** examples of B2B stakeholders. (2 marks)

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- (c) State what is meant by 'Business to Consumer (B2C)'. (1 mark)

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- (d) Provide **two** examples of B2C stakeholders. (2 marks)

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- (e) Outline **two** ways in which businesses manage customer relationships. (2 marks)

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**Question 2** (continued)

- (f) Explain **one** reason why providing cross cultural communication skills training to staff assists businesses in dealing with customers. (2 marks)

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**Question 3**

**(10 marks)**

- (a) Identify **two** factors to be considered when choosing the best leadership style. (2 marks)

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- (b) State **four** benefits relating to employee performance when aligning individual and corporate vision and goals. (4 marks)

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- (c) Provide **two** examples of conflict in the workplace. (2 marks)

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**See next page**

- (d) Name **two** business-related issues that require negotiation with suppliers. (2 marks)

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**Question 4**

**(10 marks)**

Caitlin decided to purchase a puppy using the internet. After receiving documents and photos via email from a Canadian breeding website, Caitlin ordered and paid for the puppy online. Caitlin received an online receipt and instructions to collect the puppy from a major Australian airport in two weeks.

After two weeks, Caitlin became anxious when there was no news of the puppy's arrival. When she emailed enquiring about the puppy, she was informed that the puppy was in quarantine and additional payment would be required for the cost of customs and immunisation. The puppy would then be ready for collection in another two months.

Catlin decided to contact the Australian Customs and Border Protection Services. She was informed that she had been scammed and there was no puppy in quarantine.

Using the information provided in the above scenario, answer the following questions.

- (a) Select **one** Australian organisation that might be able to assist Caitlin in dealing with the puppy scam and then explain this organisation's prime function. (3 marks)

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**Question 4** (continued)

- (b) Explain to Caitlin **one** consumer right she has when shopping online in Australia. (3 marks)

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- (c) Explain **two** risks associated with online shopping outside Australia. (4 marks)

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**Question 5****(10 marks)**

*Sustainable Happenings Australia* (SHA), which is based in Perth, stages very successful music festivals for 14–17 year olds. SHA is a local community based business, but it is considering expanding interstate, staging music festivals in Melbourne and Sydney.

SHA is aware that it will need a financial plan for this expansion. The financial manager explains that some of the costs, such as administration, advertising, permits and licensing, will be the same in all three cities. Some of the costs will vary according to such things as the size of the venues used, the number of portable toilets and the commission paid on the number of tickets sold. He also explains that they will need to see whether the business is going according to plan.

- (a) Explain the strategic role of a financial plan. (2 marks)

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- (b) Using the information in the scenario, provide an example of:

- (i) a fixed cost and a variable cost. (2 marks)

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- (ii) data you would use to compile a break-even graph. (3 marks)

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**Question 5** (continued)

- (c) Explain why SHA's financial manager would be interested in performance analysis and control within the business. (2 marks)

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- (d) Recommend **one** technique the financial manager could use to analyse and control performance. (1 mark)

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**Question 6**

**(10 marks)**

Ali is an inventor of innovative mobile phone applications (apps). She has created a new app called PERTOF, a game targeted at young adults. This game can be played by many users on their smart phones and its aim is to build an assortment of shelters (such as houses, castles, mansions) for the inhabitants of an island to protect them from aliens. This app is different from other game apps in the market as it includes features such as texting other users, racing, picture posting, adding frames, emoji (emoticons) and other multiplayer game features.

Ali makes a first version of PERTOF and presents a 'ten day trial version' to potential clients to test the market value. Within two months, there appears on the market a cheaper and inferior foreign copy of the app that is undercutting Ali's market share.

From the above scenario, answer the following questions.

- (a) Explain the concept of intellectual property to Ali and provide her with an example. (3 marks)

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- (b) Discuss why intellectual property is valuable to Ali's phone app invention. (3 marks)

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**Question 6** (continued)

- (c) Explain to Ali the most suitable way of globally protecting her original idea for the phone app. (2 marks)

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- (d) Identify **two** ways of managing innovation in the workplace. (2 marks)

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**End of Section One**

**See next page**

**Section Two: Document analysis****30% (40 Marks)**

This section has **three (3)** questions. You must answer **two (2)** questions. Write your answers in the spaces provided.

Spare pages are included at the end of this booklet. They can be used for planning your responses and/or as additional space if required to continue an answer.

- Planning: If you use the spare pages for planning, indicate this clearly at the top of the page.
- Continuing an answer: If you need to use the space to continue an answer, indicate in the original answer space where the answer is continued, i.e. give the page number. Fill in the number of the question that you are continuing to answer at the top of the page.

Suggested working time: 60 minutes.

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**Question 7****(20 marks)***Established 1980**Saturday, April 10, 2013**Australia \$3.50*

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# BME NEWS

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## Australian dollar hurts businesses

The Australian dollar is now at a record \$US1.05. This may be a benefit for households in terms of cheaper imports, low interest rates and overseas holidays. However at the same time it is crippling some Australian businesses.

The high Australian dollar makes it difficult for businesses to remain competitive in a global economy as Australian goods become more expensive. Many businesses are worried about the job security of their employees and expect lay offs if a strong dollar continues.

Many businesses are creating websites to reach global markets and increase sales during an economic downturn, with little success. Credit card activity shows only a minor increase in online retail purchases for the last quarter.

One of the hardest hit industries is tourism. Although many Australians are taking holidays, it is not within Australia. Australians are taking the Australian dollar overseas and getting more for their money.

Businesses are asking for government intervention in controlling the Australian dollar and charging GST to overseas purchases.

**See next page**



(c) Most businesses now have websites. Outline **two** other marketing techniques a business could use to strengthen its online presence in an international environment. (4 marks)

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(d) Discuss **two** ways in which technology has assisted businesses to expand into international markets. (4 marks)

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**Question 8**

**(20 marks)**

Goldfarb Pty Ltd specialises in Art Deco furniture, the new antique of the 21<sup>st</sup> century. Below is financial information for Goldfarb Pty Ltd.

This question does **not** require you to perform any calculations – you are to interpret the information provided.

**Income Statement for the years ended 30 June**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
	\$	\$	\$
Sales	190,000	180,000	170,000
Cost of sales	70,000	63,000	61,000
Gross profit	120,000	117,000	109,000
<i>Operating expenses:</i>			
General and administrative	32,000	30,000	30,000
Selling and distribution	55,000	53,000	50,000
Financial	25,000	25,000	25,000
Net profit	8,000	9,000	4,000

**Balance sheet as at 30 June**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
	\$	\$	\$
<b>Current assets</b>			
Inventory	95,000	81,000	80,000
Accounts receivable	85,000	85,000	90,000
Total current assets	180,000	166,000	170,000
<b>Non-current assets</b>			
Delivery vans	55,000	55,000	55,000
Accumulated depreciation	(15,000)	(10,000)	(5,000)
Plant and equipment	554,000	554,000	554,000
Accumulated depreciation	(65,000)	(55,000)	(45,000)
Total non-current assets	529,000	544,000	559,000
<b>Total assets</b>	709,000	710,000	729,000
<b>Current liabilities</b>			
Bank overdraft	20,000	16,000	11,000
Accounts payable	30,000	42,000	33,000
Total current liabilities	50,000	58,000	44,000
<b>Non-current liabilities</b>			
Mortgage on Plant & equipment	500,000	510,000	520,000
<b>Total liabilities</b>	550,000	568,000	564,000
Net assets	159,000	142,000	165,000
<b>Owner's equity</b>	159,000	142,000	165,000

**Ratio performance indicators**

<b>Ratio</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Gross profit	0.63:1	0.65:1	0.64:1
Net profit	0.04:1	0.05:1	0.02:1
Operating expense	0.59:1	0.60:1	0.62:1
Debt to equity	3.46:1	4.00:1	3.42:1
Current	1.29:1	1.25:1	1.29:1
Return on owner's equity	0.05:1	0.06:1	0.02:1

NB: The ratio figures have been rounded.

**See next page**





**Question 8** (continued)

(b) Provide **one** example each of a short-term and a long-term source of finance that Goldfarb Pty Ltd may obtain to fund its operations. Explain **one** limitation and **one** benefit of each source of finance to Goldfarb Pty Ltd.

(i) Example of a short-term source of finance. (3 marks)

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Limitation:

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Benefit:

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(ii) Example of a long-term source of finance. (3 marks)

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Limitation:

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Benefit:

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(c) Explain to Goldfarb Pty Ltd **one** benefit and **one** limitation for a business obtaining finance from a merchant bank.

(i) Benefit: (2 marks)

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(ii) Limitation: (2 marks)

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**Question 9**

**(20 marks)**

Ranuka and Alfie are setting up a boutique micro-brewery called Dukal. The business consists of two areas – the production area (manufacturing) and a small tasting area (service) at the front of the building.

When purchasing supplies they realise that there are only five ingredients for beer: water, sugar, yeast, hops, and barley. They will source the water locally, with the sugar coming from Queensland cane farms, the yeast from the international brewers yeast bank in Europe, the hops from Tasmania and the barley from farmers in Western Australia. They will also need to source all the other supplies, such as bottle caps, labels, glue and boxes.

Dukal is an environmentally friendly operation and uses no preservatives or artificial ingredients. Bottles of beer are produced in batches according to the type of beer being brewed and kegs are produced according to supplier orders.

- (a) Discuss **one** operation management decision specific to the manufacturing side (beer production) of Dukal’s business. (2 marks)

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- (b) Discuss **one** operation management decision specific for the service provision (tasting) of Dukal’s brewery business. (2 marks)

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- (c) Describe and/or illustrate the supply chain for Dukal. (4 marks)

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(d) When Dukal purchases supplies for its business operations, what **three** issues will they need to manage? (3 marks)

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(e) Explain the need for Dukal to keep inventory. (3 marks)

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(f) Recommend **one** inventory management and control technique Dukal could adopt. (3 marks)

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**Question 9** (continued)

- (g) Discuss the suitability of **one** quality control measure that Dukal could implement to support the operation of a boutique brewery. (3 marks)

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**End of Section Two**

**See next page**

**Section Three: Extended response****40% (40 Marks)**

This section contains **three (3)** questions. You must answer **two (2)** questions. Write your answers in the space provided following Question 12.

In responding to the questions in this section, you should refer to the case studies provided.

Suggested working time: 70 minutes.

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**Question 10****(20 marks)**

BEY Ltd is an Australian Stock Exchange listed gold mining company that has emerging assets in West Africa. In order for BEY Ltd to operate in this harsh, remote region, the company directors have drawn up and signed an agreement with local African communities. These drought affected communities are to receive food, housing, water and education in exchange for the mining rights for the lifetime of the mine.

The company has Australian staff living in West Africa to oversee the community projects. The local people are employed by the company to build the schools and houses and are paid monthly. Occupational safety and health is not regulated.

Radioactive material, a product of the mining extraction process, is left on mine site land. All profits made from the mine are placed directly in a tax free bank account in the Jersey Islands, off the coast of England.

Due to the political situation in the region, the school and housing projects are often disrupted. However, the company still pays monthly wages to the local African people and provides fresh water, clothing and shelter.

- (a) Explain 'corporate social responsibility' and its importance in relation to the case study. (3 marks)
- (b) Outline **two** limitations on BEY Ltd of practising corporate social responsibility. (6 marks)
- (c) Using the case study, identify **three** stakeholders and discuss an ethical issue and/or practice relevant to each stakeholder. (9 marks)
- (d) Explain **one** impact of cross-cultural environments on operations management. (2 marks)

See next page

**Question 11**

**(20 marks)**

‘These days Paris is a suburb of New York and vice-versa.’ Jean-Marie Messier, French businessman, former CEO and chairman of Vivendi Universal (in 2002, the world’s second largest communications company). (*Sunday Times*, London, September, 2000).

- (a) Read the quotation provided and comment on the concept of a global environment. (4 marks)
- (b) Explain **two** reasons why businesses expand into a global market. (4 marks)
- (c) Discuss **four** impacts of globalisation, using the quotation above to support your answer. (12 marks)



## Question 12

(20 marks)

*Up, up and away...*

Prior to 2000, for Boeing aircraft to manufacture its multiple aircraft types (50 types), their inventory systems managed between 100 000 and 400 000 different aircraft parts. These parts required scheduling and dispatching systems to support over 33 000 suppliers. To maintain competitive advantage, in 2006 Boeing changed their strategic focus from manufacturing to assembly and thus reduced the number of suppliers to 13 000.

In so doing, quality control systems assisted with controlling spending, developing long-term partnerships, best practice, accurate and timely data performance and delivery, reliability, and synchronised thousands of deliveries to build a plane. They focused on evolving technology to support business processes, assuring safe and cost effective products.

Specific examples of technology use include on-board meal ordering prior to take-off; radio frequency identification (RFID) tags with imbedded aircraft readers for passenger bag tag identification for increased tracking ability for security and lost bags; and inflight entertainment such as wireless pay per view, internet, email services and duty free shopping.

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- (a) Explain the role of the operations manager. (3 marks)
- (b) Using the case study, select **three** operations systems and discuss technologies that facilitate each operations management system. (9 marks)
- (c) Propose **one** emerging technology Boeing could use in the entertainment department and discuss **three** ways this technology could facilitate operations. (8 marks)

**End of questions**









































## ACKNOWLEDGEMENTS

### Section Three

- Question 11** Quote from: Jean-Marie Messier. (2000) *Globalization quotes*. Retrieved 12 March, 2013 from [www.qfinance.com/finance-and-business-quotes/globalization](http://www.qfinance.com/finance-and-business-quotes/globalization)
- Question 12** Data Source: Brunke, J. (2006). [Text]. *The Boeing Company*. Retrieved March, 2013, from [www.intrans.iastate.edu/mtc/.../ts\\_presentations/.../boeing41406.pdf](http://www.intrans.iastate.edu/mtc/.../ts_presentations/.../boeing41406.pdf)
- Diagram adapted from: Brunke, J. (2006). [Text]. *The Boeing Company*. Retrieved March, 2013, from [www.intrans.iastate.edu/mtc/.../ts\\_presentations/.../boeing41406.pdf](http://www.intrans.iastate.edu/mtc/.../ts_presentations/.../boeing41406.pdf)

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