Government of **Western Australia**
School Curriculum and Standards Authority

Sample Assessment Tasks

Business Management and Enterprise
ATAR Year 12

Sample assessment task

Business Management and Enterprise – ATAR Year 12

Task 1 – Unit 3

Assessment type: Business research

Conditions
Period allowed for completion of the task: two weeks, including some class time

Task weighting
7.5% of the school mark for this pair of units

Research an Australian business that currently operates in the global market. Write a business report about the business, incorporating an explanation of the following items:

- the concept of a global business environment (2 marks)
- **three** factors that contributed to this business developing globally (6 marks)
- **four** impacts of globalisation (8 marks)
- **two** benefits and **two** challenges to this business of operating globally. (4 marks)

Include a bibliography, correctly referencing your sources.

Total = 20 marks

Marking key for sample assessment task 1 – Unit 3

Research an Australian business that currently operates in the global market. Write a business report about the business, incorporating an explanation of the following items:

- the concept of a global business environment

Description	Marks
Explains the concept	2
States a fact about the concept	1
Total	**2**
Answer could include, but is not limited to:	
An environment that is a combination of internal and external factors, such as cultural, economic, technological, legal and political, that influence how a business operates outside the borders of the home country	

- **three** factors that contributed to this business developing globally

Description	Marks
Explains a relevant factor and relates it to the business	2 (for each factor)
States a fact about a relevant factor or relates it to the business	1 (for each factor)
Total	**6**
Answer could include, but is not limited to:	
Financial growth opportunities/loss minimisation • opportunity for the business to reduce overheads and other costs, thereby increasing its earnings and minimising losses **Consumer purchasing and spending patterns** • analysis of consumer purchasing and spending indicated that moving into the global arena was an advantageous move **World Trade Organisation (WTO) regulations and sanctions** • the WTO aims for the removal of barriers to international trade in goods, services, and intellectual property • promotes the fair and prompt resolution of disputes between parties • the identification of non-compliance with trade agreements **Deregulation of the financial market** • revision, reduction, or elimination of laws and regulations that hamper competition in the supply of goods and services to consumers	

- **four** impacts of globalisation

Description	Marks
Explains a relevant impact	2 (for each impact)
States a fact about a relevant impact	1 (for each impact)
Total	**8**
Answer could include, but is not limited to:	
Employment • increased number of jobs available in developing countries and low rates of pay versus loss of jobs in developed countries and higher rates of pay **Skills and technology** • globalisation enables taking advantage of labour skills or available technology in other countries • downward pressure on wages due to lower costs • ease with which consumers may purchase products online from anywhere in the world **International cooperation and understanding** • increased cultural awareness of other countries may lead to increased acceptance of other countries by consumers • more willingness to buy products produced in other countries as consumer tastes becoming similar **Domestic market** • competition not only from domestic markets but overseas as well, as overseas business sell products to capture a greater market share **Tax minimisation** • less GST received because people purchase from overseas at cheaper prices • tax may be minimised because certain taxes are levied at a low rate or not at all	

- **two** benefits and **two** challenges to this business of operating globally

Description	Marks
Provides benefits of operating globally	1–2 (1 mark for each benefit)
Provides challenges of operating globally	1–2 (1 mark for each challenge)
Total	**4**
Answer could include, but is not limited to:	
Benefits • low cost of sourcing items, such as products, parts, labour, skills and technology • access to increased markets • increased economies of scale • tax advantages **Challenges** • differing customs, culture and language • competition regulations • monetary unit/currency • tax system	

Sample assessment task

Business Management and Enterprise – ATAR Year 12

Task 12 – Unit 4

Assessment type: Response

Conditions
Time for the task: 50 minutes in class under test conditions

Task weighting
5% of the school mark for this pair of units

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1. Wowie Enterprises is an e-business that has five employees, and owns its premises, machines and tools used to manufacture and sell Australian souvenirs from its premises and online. The profit, gross profit and expense ratios in the table below relate to Wowie's trading for the year ending 30 June 2016.

Ratio	Formula	Industry average	Ratio
Profit	$\frac{\text{profit}}{\text{net sales}}$	14.00% or 0.14:1	4.50
Gross profit	$\frac{\text{gross profit}}{\text{net sales}}$	35.00% or 0.35:1	24.00
Expense	$\frac{\text{operating expenses}}{\text{net sales}}$	21.00% or 0.21:1	30.00

(a) For the gross profit ratio and the profit ratio, provide **two** possible reasons each for the variation between the industry average and the actual ratio. (4 marks)

(b) Outline **one** suggestion to improve each of these two ratios. (2 marks)

2. The following ratio performance indicators for three years are for Belam Pty Ltd, a business that specialises in antique furnishings.

Ratio	Formula	2016	2015	2014
Gross profit	$\frac{\text{gross profit}}{\text{net sales}}$	0.63:1	0.65:1	0.64:1
Profit	$\frac{\text{profit}}{\text{net sales}}$	0.04:1	0.05:1	0.02:1
Operating expense	$\frac{\text{operating expenses}}{\text{net sales}}$	0.59:1	0.60:1	0.62:1
Debt to equity	$\frac{\text{total liabilities}}{\text{equities}}$	3.46:1	4.00:1	3.42:1
Current	$\frac{\text{current assets}}{\text{current liabilities}}$	1.29:1	1.25:1	1.29:1
Return on owner's equity	$\frac{\text{profit}}{\text{equity at end}}$	0.05:1	0.06:1	0.02:1

(a) Profit, gross profit and expense ratios relate to profitability, whereas the current and debt to equity ratio relate to other aspects of the business. Explain the difference between profitability, the current ratio and the debt to equity ratio. (6 marks)

(b) Using the above ratio results, discuss the financial management and control, debt to equity and current ratios of Belam Pty Ltd over the past three years. (8 marks)

Total = 20 marks

Marking key for sample assessment task 12 — Unit 4

1. (a) For the gross profit ratio and the profit ratio, provide **two** possible reasons each for the variation between the industry average and the actual ratio.

   (b) Outline **one** suggestion to improve each of these two ratios.

Description	Marks
Provides **two** reasons for variation in the gross profit ratio	1–2 (1 mark for each reason)
Provides **two** reasons for variation in the profit ratio	1–2 (1 mark for each reason)
Subtotal	**4**
Outlines an appropriate suggestion to improve profit ratio	1
Outlines an appropriate suggestion to improve gross profit ratio	1
Subtotal	**2**
Total	**6**

Answer could include, but is not limited to:

Reason for variation in the gross profit ratio
Result 24.0% industry average 35.0%.
- the selling prices may be below the industry average
- cost of sales may be above the industry average
- combination of the two

Reason for variation in the profit ratio
Result (4.5%) industry average 14.0%
- the business is making losses as profit is well below the average
- expense ratio is higher than industry average (result is 30% and industry average is 21%)
- the business overheads and expenses (such as rent, staff wages, insurance) are not controlled and may be higher than average

Suggestion to improve the gross profit ratio result:
- improve quality control and raise prices
- source cheaper supplies or buy in bulk to reduce the cost of sales
- produce on a larger scale and become more efficient

Suggestion to improve the profit ratio result:
- review all expenses and operating costs with a view to reducing them
- review any depreciation methods applied to assets (premises, machines and tools) as they may be over-estimated, thus reducing the final profit ratio

2. (a) Profit, gross profit and expense ratios relate to profitability, whereas the current ratio and debt to equity ratio relate to other aspects of the business. Explain the difference between profitability, the current ratio and the debt to equity ratio.

Description	Marks
Explains the differences between the profitability, current ratio and the debt to equity ratio	1–2 (2 marks for each ratio)
Explains each ratio	2
Makes a general comment about each ratio	1
Total	**6**

Answer could include, but is not limited to:

Profitability
- measures the ability of a business to generate earnings as compared to expenses and other relevant costs incurred during a specific period of time
- measures how well a business is performing regarding its ability to generate profit during a specific period of time

Current ratio • measures liquidity, the ability of a business to meet its short-term debts and obligations by measuring current assets and current liabilities • measure the ability of a business to pay its short-term liabilities when they fall due by measuring current assets and current liabilities **Debt to equity ratio** • measures stability, by measuring total liabilities and total equity to determine whether the business debt level is manageable or sustainable • measures the liabilities of a business compared to its equity	

(b) Using the above ratio results, discuss the financial management and control, debt to equity and current ratios of Belam Pty Ltd over the past three years.

Description	Marks
Discusses financial management and control using ratio results	2
Makes a general comment on financial management and control	1
Subtotal	**2**
Provides a detailed discussion on three-year trend for debt to equity ratio	3
Explains three-year trend for debt to equity ratio	2
Makes a general comment for three-year trend for debt to equity ratio	1
Subtotal	**3**
Provides a detailed discussion on three-year trend for current ratio	3
Explains three-year trend for current ratio	2
Makes a general comment for three-year trend for current ratio	1
Subtotal	**3**
Total	**8**
Answer could include, but is not limited to:	
Debt to equity ratio measures stability and gearing • The higher the ratio, the more the business relies on debt to finance its operations and the greater the risk to external parties which may have invested in the business. • The business is highly geared as the ratio has moved from 3.42:1 in 2014, to an increase of 4:1 in 2015 and to 3.46:1 in 2016. Although the ratio has improved slightly, it shows a lack of control over debts. There is a dependency on external debt to function. **Current ratio measures liquidity** • The current ratio declined from 1.29:1 to 1.25:1 in 2015 but then increased to 1.29:1 again in 2016. The general industry standard for this ratio is 2.00:1 or more. • As the current ratio measures current assets and current liabilities; that is, short-term items, the company would appear to have a cash flow concern (possibly due to high current liabilities such as a bank overdraft which may have increased, and high interest rate repayments on the overdraft, or due to other high, short-term liabilities). If inventory, a current asset, is high, it positively affects the current ratio but, in real terms, if the inventory is slow moving, it doesn’t help liquidity because cash is tied up and isn’t readily available. **Financial management and control** Both ratios indicate that Belam Pty Ltd will have financial difficulties in the long term. Therefore, the following financial management and controls could be considered to reduce the amount of debt: • accounts to be paid quickly, within 30 days • generate more cash sales to quickly generate a positive cash flow and bank balance • reduce operating expenses • purchase inventory from a cheaper supplier and cash discount sale of inventory • discontinue slow-selling inventory.	