

Assessment Schedule – 2022

Business Studies: Demonstrate an understanding of internal features of a small business (90837)

Assessment Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<i>Describing</i> states what the answer is to the question asked. It defines (states the meaning of), identifies (gives an account of the qualities or characteristics), and outlines (states what the answer is).	<i>Explaining</i> states what the answer is to the question asked, then expands by giving the reason(s) why the 'what' occurs, or links ideas to provide a coherent rationale.	<i>Fully explaining</i> develops the explanation with further expansion of how the situation / action could impact on potential business or stakeholder goals, or a particular outcome. This will generally relate to effects, advantages, disadvantages, and / or consequences.

Note: Each answer should be read as a whole before awarding a grade.

Question One: Ownership structures

Evidence

Achievement	Achievement with Merit	Achievement with Excellence
<ul style="list-style-type: none"> Describes the difference between an employee and a sole trader. Describes two disadvantages for Kyle of leaving his full-time teaching job to set up as a sole trader. Defines a partnership. Describes two advantages for Kyle of remaining as a sole trader rather than forming a partnership. <p>(Answers will typically state relevant business knowledge and / or Māori business concepts.)</p>	<p>Explains:</p> <ul style="list-style-type: none"> two disadvantages for Kyle of leaving his full-time teaching job to set up as a sole trader two advantages for Kyle of remaining as a sole trader rather than forming a partnership. <p>(Answers will typically include relevant business knowledge and / or Māori business concepts.)</p>	<p>Fully explains:</p> <ul style="list-style-type: none"> two disadvantages for Kyle of leaving his full-time teaching job to set up as a sole trader two advantages for Kyle of remaining as a sole trader rather than forming a partnership. <p>(Answers will typically integrate relevant business knowledge and / or Māori business concepts into explanations.)</p>

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker. (a) OR (b) fully explained. The other part is explained.	All points covered. (a) AND (b) fully explained. One part may be weaker.
N0 = No response; no relevant evidence.							

Q1	Sample Evidence
(a)(i)	<p><i>How a sole trader is different from being employed</i></p> <p>A sole trader is an individual running a business, whereas an employee is an individual who has agreed to be employed to work for some form of payment (Described).</p>
(ii)	<p><i>Disadvantages of Kyle leaving his full-time teaching job to set up Fruitpop Fizz as a sole trader</i></p> <p>One disadvantage for Kyle leaving his teaching job is that he will lose a regular and reliable salary (Described). While Kyle works to establish <i>Fruitpop Fizz</i> and gradually become well-known, his income is likely to be irregular and therefore less reliable than the one he had as a permanent teacher (Explained). This means Kyle will need to budget and set aside income from <i>Fruitpop Fizz</i> to ensure that he is able to pay his fixed costs each month. Kyle will need to acquire budgeting and finance skills to be able to successfully do this, particularly while his business is becoming established (Fully explained).</p> <p>Another disadvantage for Kyle leaving his teaching job, therefore, is that he will need to learn new skills to run a business which he does not require as a teacher (Described). For example, he will need to pay his own tax and GST, and complete certain financial documents. Kyle will need to market <i>Fruitpop Fizz</i> in order for it to become well-known. As a teacher, he would not need to do any of this (Explained). He will need to develop the new skills at the same time as he is producing his fruit soda to sell. This may create pressure and stress for Kyle, particularly during the early periods of the business (Fully explained).</p> <p>A third disadvantage for Kyle of leaving his teaching job is that his fruit soda production will transition from being a hobby to a full-time job (Described). This will create pressure for Kyle to be continuously working on fruit soda production, which may take some of the pleasure out of his work. This will be his only source of income, so he will need to keep working on his fruit soda production even if / when he does not feel inspired to do so (Explained). His output of soda will also be essential for the survival of <i>Fruitpop Fizz</i>. This will be a big change for Kyle, because until now, fruit soda production has always been a hobby undertaken for pleasure rather than to earn him a living (Fully explained).</p>
(b)(i)	<p><i>Partnership</i></p> <p>A partnership is a form of business where two or more people share ownership, as well as the responsibility for managing the business and the profits or losses the business generates.</p>
(ii)	<p><i>Advantages for Kyle of remaining a sole trader</i></p> <p>One advantage for Kyle of remaining a sole trader as <i>Fruitpop Fizz</i> rather than joining another fruit drink producer and establishing a partnership is that he has full control of the business (Described). He can make all the important decisions about the business, such as how to market the business, what ingredients go into his fruit sodas, where to sell them, and what hours he will work (Explained). This allows Kyle to be independent and take <i>Fruitpop Fizz</i> in the direction he thinks best. He is also able to respond rapidly to any changes that need to be made without having to consult partners (Fully explained).</p> <p>Another advantage for Kyle of remaining a sole trader is that he can either keep any profit or invest the profit back into developing his business (Described). In a partnership, Kyle would be required to share the profit with the other partners. The percentage would depend on the legal set-up of the partnership (Explained). It may be motivating for Kyle to know that he is able to keep any profit from his sales rather than having to divide it amongst partners (Fully explained).</p>

Question Two: Source of finance/financial documents**Evidence**

Achievement	Achievement with Merit	Achievement with Excellence
<p>Describes:</p> <ul style="list-style-type: none"> • a long-term source of finance • one advantage of the long-term finance • one disadvantage of the long-term finance • one of the stated financial documents • why it is important to keep this financial document. <p>(Answers will typically state relevant business knowledge and / or Māori business concepts.)</p>	<p>Explains:</p> <ul style="list-style-type: none"> • one advantage of the long-term finance • one disadvantage of the long-term finance • one reason why the financial document is important to the decision-making process. <p>(Answers will typically include relevant business knowledge and / or Māori business concepts.)</p>	<p>Fully explains:</p> <ul style="list-style-type: none"> • one advantage of the long-term finance • one disadvantage of the long-term finance • one reason why the financial document is important to the decision-making process. <p>(Answers will typically integrate relevant business knowledge and / or Māori business concepts into explanations.)</p>

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker. (a) OR (b) OR (c) fully explained. The other parts are explained.	All points covered. (a) AND (b) AND (c) fully explained. One or two parts may be weaker.
N0 = No response; no relevant evidence.							

Q2	Sample Evidence
(a)	<p><i>A long-term source of finance</i></p> <p><u>Hire purchase</u></p> <p>A business may use a hire purchase agreement to buy the equipment. This is usually a long-term source of finance, with regular payments over the term of the agreement.</p> <p><u>Bank loan</u></p> <p>Another suitable long-term source of finance for purchasing the equipment would be a bank loan. A bank loan can be paid back in instalments and spread over a number of years. Kyle can receive revenue from using the equipment, which will help pay back the loan.</p>

(b)	<p><i>Advantage and disadvantage of the long-term source of finance</i></p> <p>Kyle will get the equipment immediately (Described). This is because most retail outlets provide hire purchase facilities and the application process is straightforward (Explained). This means that Kyle can purchase the equipment immediately and start brewing the tea for his customers (Fully explained).</p> <p>A disadvantage of using a long-term source of finance is that Kyle will have to pay interest, through either a hire purchase agreement or a bank loan (Described). Of these two options, a bank loan would be less expensive, because interest rates on hire purchase agreements are higher than those on bank loans (Explained). The end result is that the equipment will cost more than its original price and will increase Kyle's expenses and decrease profit (Fully explained).</p>
(c)	<p><i>Balance sheet of assets, liabilities, and equity as at the end of a financial year</i></p> <p>The balance sheet for <i>Fruitpop Fizz</i> shows the value of a business's assets, liabilities, and equity at a particular time. If the value of the assets is greater than the value of the liabilities, this means that Suzy, the owner of the business, has a share of the assets of the business. The balance sheet could be used when Suzy is deciding to borrow additional money to finance a new purchase for the café, such as a piece of equipment, because if there is not enough security, the bank would not lend the money, or if the liabilities are too high, the bank would be reluctant to lend more money.</p> <p><i>Income statement showing income, expenditure, and profit for a financial year</i></p> <p>One way in which the Income Statement for <i>Fruitpop Fizz</i> could be used is to secure external finance, as it shows loan providers such as a bank the business's income and expenses (Described), and whether the business is profitable (Explained). This means that the loan provider would be confident in lending money to <i>Fruitpop Fizz</i>, as the financial risk of the loan not being repaid would be low – if the income is greater than expenses (Fully explained).</p>

Question Three: Communication

Evidence

Achievement	Achievement with Merit	Achievement with Excellence
<p>Describes:</p> <ul style="list-style-type: none"> • what is meant by 'effective communication' • one advantage of the selected method of communication • one disadvantage of the selected method of communication. <p>AND</p> <p>Outlines a barrier to communication.</p> <p>(Answers will typically state relevant business knowledge and / or Māori business concepts.)</p>	<p>Explains:</p> <ul style="list-style-type: none"> • one advantage of the selected method of communication • one disadvantage of the selected method of communication • a step taken to remove the barrier. <p>(Answers will typically include relevant business knowledge and / or Māori business concepts.)</p>	<p>Fully explains:</p> <ul style="list-style-type: none"> • one advantage of the selected method of communication • one disadvantage of the selected method of communication • a step taken to remove the barrier and the impact of this on the business. <p>(Answers will typically integrate relevant business knowledge and / or Māori business concepts into explanations.)</p>

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker. (a) OR (b) OR (c) fully explained. The other parts are explained.	All points covered. (a) AND (b) AND (c) fully explained. One or two parts may be weaker.
N0 = No response; no relevant evidence.							

Q3	Sample Evidence
(a)	<p><i>Effective communication</i></p> <p>Effective communication is communication between two or more people wherein the intended message is successfully delivered, received, and understood (Described).</p>
(b)	<p><i>Method of communication with employees: Verbal</i></p> <p><i>Fruitpop Fizz</i> should use verbal communication to advise the change of working hours, which is an important instruction (Described).</p> <p>Using verbal communication gives employees the chance to clarify information, therefore ensuring understanding (Explained). This also gives employees an opportunity to provide instant feedback, so misunderstandings can be cleared up right away. This means they can further clarify the meaning or intent of the communication (Fully explained).</p> <p>A disadvantage of using verbal communication is the absence of an accurate and permanent record of the message (Explained). This is necessary if hours of work are being changed, as any misunderstanding further down the track could have serious consequences (Fully explained).</p>
(c)	<p><i>Barriers to effective communication</i></p> <p>The message is unclear, as it is three pages long.</p> <p>The recipients include only the existing customer base, many of whom may not be tea-drinkers.</p> <p>The email addresses of some customers on the database may have changed over time, and therefore are no longer valid.</p> <p>A step Kyle could take to remove the barrier to communication is choosing to have a visual message introducing the new range of teas, rather than a three-page email, so that the message is more easily understood.</p>

Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 7	8 – 13	14 – 18	19 – 24