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NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

SUPERVISOR'S USE ONLY

Level 1 Business Studies, 2014

90837 Demonstrate an understanding of internal features of a small business

2.00 pm Thursday 20 November 2014

Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate an understanding of internal features of a small business.	Demonstrate a detailed understanding of internal features of a small business.	Demonstrate a comprehensive understanding of internal features of a small business.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL the questions in this booklet.

Refer to relevant business knowledge and/or Māori business concepts in your answers.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–12 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

TOTAL

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QUESTION ONE: BUSINESS OBJECTIVES AND BUSINESS SUCCESS

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Rawiri has worked within the forestry industry since gaining a Bachelor of Forestry degree in 1990. During this time he has gained valuable experience in both the harvesting (cutting down trees) and the marketing of wood products.

Rawiri and his wife, Kiri, have recently made the decision to set up their own harvesting operation, which they have named *Clear Fell*. They have been contracted to cut down *Pinus radiata* trees on blocks of land. They have one logging crew, consisting of 12 people who operate heavy machinery and chainsaws. Most of the 12 people that Rawiri and Kiri employ are either relatives, including their two sons, or friends.

Before Rawiri got into this business, he read a Treasury report that stated there will be a large number of trees reaching maturity within the next five years, at a time of growing global demand for wood and wood products.

Source: www.treasury.govt.nz/publications/research-policy/ppp/2005/05-04/15.htm

- (a) Define the term “business objectives”, and describe a possible business objective for Rawiri and Kiri.

- (b) Fully explain TWO reasons why objectives are important to businesses.

(1)

(2)

(c) In most businesses, business success is directly related to achieving business objectives. Using a named small business (maximum of 20 workers and /or with local or community significance), discuss why the business could be considered a successful business.

Name of the small business	
Good(s) sold or service(s) provided	

- identify ONE way in which the small business could measure its success
- fully explain the connection between how the business measures success and the objectives/goals of the business
- fully explain, with an example, ONE reason why success can be difficult to measure when comparing two businesses.

Business Studies 90837, 2014

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The examination continues on the following page.**

Due to the increase in wood available to be cut, Rawiri is considering the purchase of new logging equipment to establish a second *Clear Fell* logging crew.

(c) Discuss a relevant **external** source of finance for the purchase of the logging equipment.

- describe a suitable long-term external source of finance
- fully explain why this source of finance would be suitable for the purchase of the logging equipment
- fully explain a disadvantage of this source of finance to the business.

QUESTION THREE: TYPES OF PRODUCTIONASSESSOR'S
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The sawmill that Rawiri supplies currently produces residential fencing products. These are:

- timber posts
- timber rails
- timber palings.

The sawmill uses batch production.

(a) Define the term “batch production”.

(b) Fully explain TWO advantages to the sawmill of using batch production.

(1)

(2)

Month	Building consents issued
January	1500
April	1750
July	1800
October	2000

The sawmill would no longer be able to produce the fencing materials, if it was to sign a contract to provide the packets of timber.

- identify a suitable method of production
- fully explain how the sawmill would use this method
- fully explain ONE advantage of this method.

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Extra space if required.
Write the question number(s) if applicable.

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