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1

90839



NEW ZEALAND QUALIFICATIONS AUTHORITY
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Level 1 Business Studies, 2016

90839 Apply business knowledge to an operational problem(s) in a given small business context

9.30 a.m. Friday 25 November 2016
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Apply business knowledge to an operational problem(s) in a given small business context.	Apply detailed business knowledge to an operational problem(s) in a given small business context.	Apply comprehensive business knowledge to an operational problem(s) in a given small business context.

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.

Pull out Resource Booklet 90839R from the centre of 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.

Merit

TOTAL

14

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Read ALL of the resources in Resource Booklet 90839R before you begin answering the questions in this booklet.

QUESTION ONE: BAD DEBTS

Use the information in Resource A and your business knowledge to answer this question.

- (a) Discuss how bad debts could affect Becca's Café.

In your answer:

- define the term "bad debts"
- identify how bad debts could affect the cash flow of Becca's Café
- fully explain TWO long-term impacts of bad debts on Becca's Café.

A bad debt is when a business is owed money by a party because they have purchased something on credit but they are not likely to pay for it. because becca's bad debts are worth thousands of dollars the cash flow at her cafe will be compromised because there is less money in the bank and this money is not likely to come through meaning becca has payed for all food and wage for these catering ~~services~~ ~~services~~ she hasn't received any meaning she has lost alot of money. long term these bad debts will mean becca will earn less interest on her banked money because she hasn't received any which will ~~prevent~~ ~~prevent~~ her oppotunities to invest. another long term affect will mean she has less money to buy in inventory so she will have less product to sell leading to a loss in future profit. //

- (b) Discuss TWO procedures that Becca's Café may use to reduce the risk of bad debts.

In your answer:

- describe TWO procedures Becca's Café may use
- fully explain how EACH procedure contributes to reducing the risk of bad debts for the café.

// Becca's cafe might not allow people to pay on credit meaning they would all have to pay up front before they eat there meals. this would reduce bad debts by insuring she does not serve anyone who has not payed. she may also chose to use a deposit system so customers would pay some money before they eat and the company and pay the rest of later this would reduce bad debts because the corporate customers will have pay some which should cover Becca's expenses even if she does not make a profit. //

More space for this answer is available on the next page.

QUESTION TWO: SKILLS SHORTAGE

Use the information in Resources A and B, and your business knowledge, to answer this question.

- (a) Discuss how *Becca's Café* is impacted by the skills shortage.

In your answer:

- define the term "skills shortage"
- fully explain TWO negative consequences for *Becca's Café* if the skills shortage continues.

// a skills shortage is when there is a lack of skilled workers in a certain profession. In Becca's case there is a shortage of experienced chefs. If the shortage continues Becca may not be able to find a replacement for her chef who is leaving in such a short time period. This could also mean Becca has to increase wages of her new chef because there are so few and they can choose who they work for. They would probably be able to find a job that pays more because there are so many places looking for one so Becca might have to match their wages which may be difficult because her café is a small business. //

- (b) Discuss different solutions that Becca could use to resolve the issue of a skills shortage in her business.

In your answer:

- describe ONE short-term solution
- explain ONE advantage of this solution for Becca's Café
- fully explain TWO long-term solutions that Becca could implement in order to avoid skills shortages in her business in the future.

A short term solution would be to train a new chef while she still has her current chef to help. This solution would mean by the time the current chef left the new chef would be used to all the meals and would understand how Becca's café kitchen works. This would also mean she wouldn't have to compete with other businesses for skilled workers. A long term solution would be to hire an apprentice because then later on they could take over if Becca did apprenticeships she would be able to find people with the desired person specification before training them. She would be able to choose people who suited her business. Another long-term solution would be to offer scholarships for people to train as chefs. She would then be able to have highly qualified staff as they did work experience at her chef. Although this would cost Becca it would mean she had the opportunity to pull on skilled workers in the future.

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QUESTION THREE: NEGATIVE PUBLICITY

Use the information in Resource C and your business knowledge to answer this question.

(a) Discuss how the negative publicity may affect Becca's Café.

In your answer:

- define "negative publicity"
- fully explain TWO consequences for the business if Becca decides to ignore the negative publicity.

negative publicity is when something bad or negative is published about a business. if becca choses to ignore the negative publicity people may chose to listen to what has been said and ~~the~~ chose not to go ~~to~~ to her cafe which will impact beccas ~~sales~~ sales. it might also trigger more people to talk about it and also say negative things which would worse beccas brand image. which would ~~also~~ also lead to a drop in sales //

(b) Discuss the best way for Becca to deal with the negative publicity.

In your answer:

- describe TWO appropriate solutions *- fix her problem and her positive ad*
- choose the better solution and fully explain how it would resolve the issue
- fully explain ONE long-term consequence of the better solution.

becca could set mouse traps to solve the problem in the negative publicity. becca could also ~~publish~~ publish some positive advertising about her business. setting mouse traps would better resolve the issue but wouldn't bring back customers would had decided ~~not~~ ~~to~~ come back so positive advertising would probably be the best solution because it would help fix the brand damage caused by the bad review. the long term consequences of this would restore sales but if customers noted the problem in the review was not fix they wouldn't come back so for positive long term consequences becca should use both solutions //

More space for this answer is available on the next page.

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A3

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

QUESTION
NUMBER

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Merit exemplar for 90839 – 2016		Total score: 14
Q	Grade score	Annotation
1	M5	This was an M5, because the candidate has provided some Merit evidence in response to parts (a) and (b). The responses were explained, but not fully explained. There was not enough evidence explained in depth to award the candidate an M6. The responses were in context.
2	M6	The consequences and the solutions were explained, and the response included examples of how the issue might be solved, which led to the attainment of M6. The responses were in context, with the candidate demonstrating understanding of the concept of skills shortages and how to solve this issue. However, responses lacked the integration of other business knowledge which is required for full explanations at Excellence level.
3	A3	The candidate was awarded an A3 for this question, as there were mostly Achievement-level responses. The candidate was able to define the concept of negative publicity and describe the consequences of ignoring such publicity. Part (b) was answered in context, but the response did not fully meet the requirements of the question.