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1

90837



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
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SUPERVISOR'S USE ONLY

Level 1 Business Studies, 2016

90837 Demonstrate an understanding of internal features of a small business

9.30 a.m. Friday 25 November 2016
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.

Not Achieved

TOTAL

4

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QUESTION ONE: BUSINESS STRUCTURE

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After successful careers in tennis, Tāwhiri and his best mate Eli decided to use their passion and knowledge of tennis by creating a business to develop and market a new hi-tech tennis racket. The business is called *Tennis Tech*, and operates as a partnership.

- (a) Define the business term "partnership", and fully explain TWO advantages to Tāwhiri and Eli of forming a partnership for their new business.

A partnership is an unlimited liability business where liability is equally shared between two or more partners.

An advantage of Tāwhiri and Eli being in partnership is that their personal liabilities are half what they would be if the business was a sole trader. This is because in a partnership, liability is shared equally among each partner. This is good for Tāwhiri and Eli as it means that the amount of personal liability they each face if the business 'goes under' is significantly reduced.

Another advantage of a partnership to Tāwhiri and Eli is that they both put in less capital to achieve the same result. If Tāwhiri decided to start a sole trader, it would mean that he would have to invest more capital personally to achieve the same results. This is good as it allows Tāwhiri and Eli more personal financial freedom, without remaining tied to pouring capital into the business. //

Due to high demand for their products, the firm has grown, and a decision needs to be made whether to expand the design and production facilities. Tāwhiri believes the firm should consider becoming a registered company, as this would allow greater access to capital to fund any expansion.

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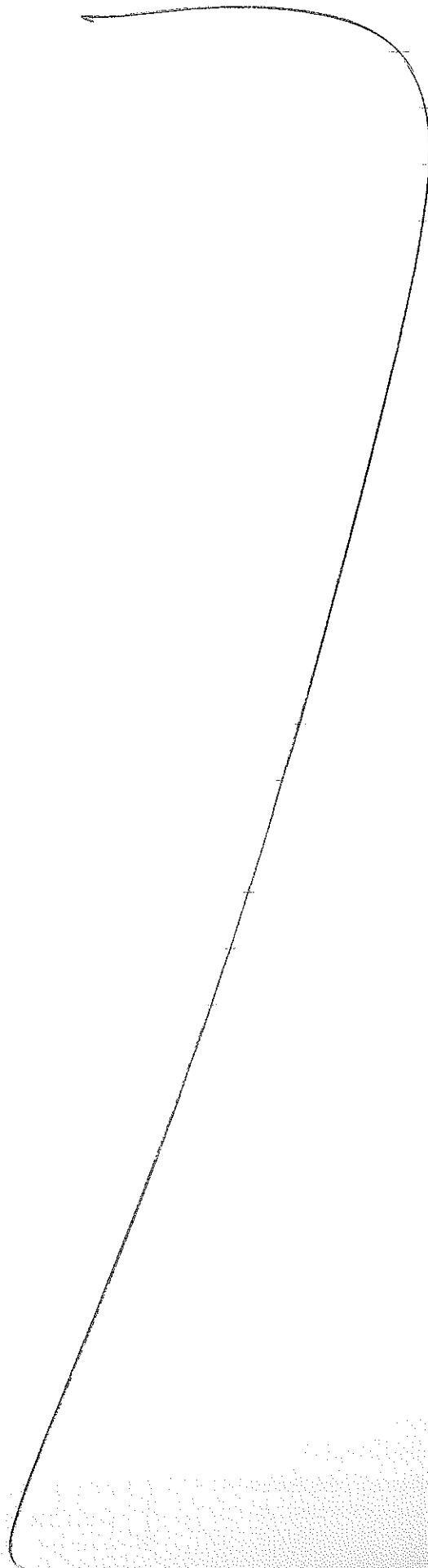
- (b) Fully explain the impacts on Tāwhiri and Eli of *Tennis Tech* changing from a partnership to a registered company.

In your answer:

- explain ONE difference between a partnership and a registered company
- fully explain TWO advantages and ONE disadvantage of *Tennis Tech* becoming a registered company.



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



NZ

QUESTION TWO: COMMUNICATION

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Businesses require good communication if they are to maximise their opportunities.

- (a) Fully explain TWO methods of communication *Tennis Tech* may use to reach its customers/potential customers.

In your answer:

- identify TWO situations where *Tennis Tech* may communicate with its customers/potential customers to maximise its opportunities
- for EACH situation, fully explain a different communication method and how it would enable *Tennis Tech* to communicate effectively with its customers/potential customers.

There are many methods of communication. Here *Tennis Tech* can use to reach potential customers.

A situation which would require *Tennis Tech* to communicate with customers to maximise opportunity is if they are releasing a new model racket. To communicate this message to potential and existing customers, *Tennis Tech* can use social media outlets such as Facebook and Instagram, in order to get a wide outreach. This would enable *Tennis Tech* to communicate effectively with potential customers as it enables them to output their message to a wide scope of audiences. //

Another situation could be that *Tennis Tech* have released accessories for rackets, such as handle grips and colourful nylon. To communicate this message effectively, *Tennis Tech* can build a database of their customers' emails and use this avenue to get the message of racket (cont. ")

(b) In all businesses, good communication is important for efficient operations.

Discuss ONE barrier to communication that may exist for a small business (maximum of 20 workers and/or with local or community significance) that you have studied in depth.

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

In your answer:

- identify and explain ONE barrier to communication
- fully explain how the barrier to communication may affect the business negatively
- fully explain a method of communication which would solve the problem.

N2

QUESTION THREE: EMPLOYER/EMPLOYEE RELATIONSHIPSASSESSOR'S
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Good employer/employee relationships are important for the success of any business. Poor employer/employee relationships can impact negatively on the performance of a business.

- (a) Fully explain why good employer/employee relationships are important for the success of *Tennis Tech*.

In your answer:

- identify ONE example of good employer/employee relationships
- fully explain TWO impacts that good employer/employee relationships will have on *Tennis Tech*.

Good employer/employee relationships are important for the success of *Tennis Tech*.

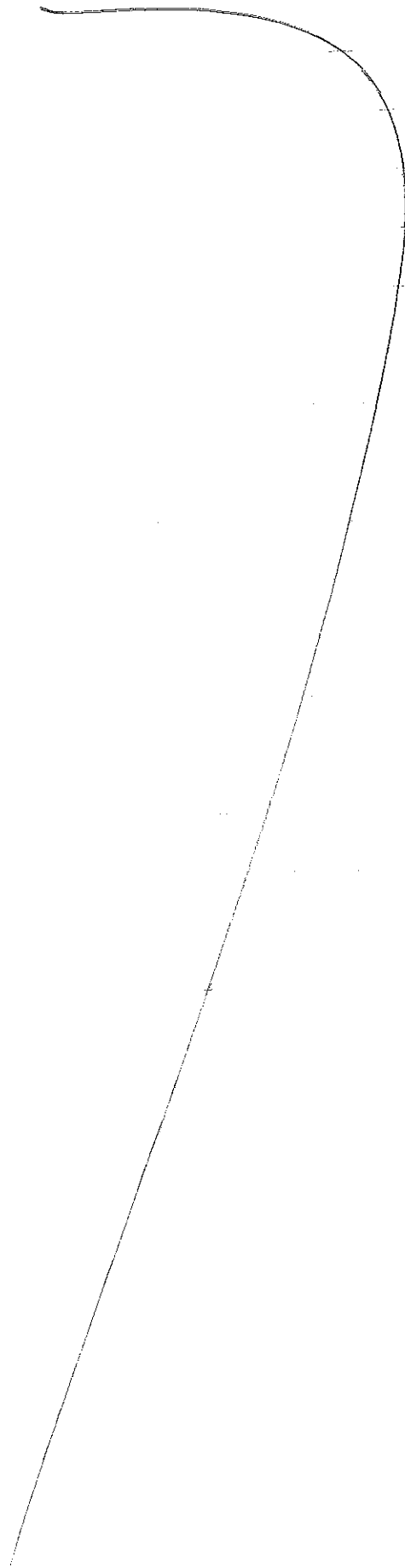
David, one of *Tennis Tech*'s employees, has recently had a significant number of unexplained absences. This has impacted on other staff, and on customers who have experienced late deliveries.

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(b) Discuss how a failure to deal with David's unexplained absences may affect *Tennis Tech*.
In your answer:

- explain ONE negative impact of David's absences on the staff and ONE negative impact on *Tennis Tech*
- fully explain TWO alternative solutions that *Tennis Tech* could use to deal with the problem.

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



Nod

Extra space if required.

Write the question number(s) if applicable.

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2a

accessories to existing customers.
 This communication method would be fit
 for the purpose as it would effectively
 communicate the message of accessories to
 the people most likely to buy accessories:
 those who own the racket.
 Two communication methods Tennis
 Tech can use to reach potential and
 existing customers are Email and
 Facebook.

Not Achieved exemplar for 90837 – 2017		Total score: 4
Q	Grade score	Annotation
1	N2	The candidate has provided only part of the answer required, completing only part (a) of the question. By doing so, they have limited their ability to achieve a higher grade.
2	N2	The candidate has provided only part of the answer required, completing only part (a) of the question. By doing so, they have limited their ability to achieve a higher grade.
3	N0	The candidate has provided insufficient information to be awarded a grade.