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Level 1 Business Studies, 2018

90837 Demonstrate an understanding of internal features of a small business

2.00 p.m. Tuesday 27 November 2018
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 2–8 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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Sally owns *Avocado Smash*, which is a sole trader business. The business grows avocados organically on Sally's property at Katikati in the Bay of Plenty. Sally sells these organic avocados to local restaurants.

(b) Fully explain the impact on Sally of *Avocado Smash* changing from a sole trader to a registered company.

- explain ONE difference between a sole trader and a registered company
- fully explain how this difference would impact on Sally as the current sole owner of *Avocado Smash*.

Sally and Billy form a registered company, *Avocado Smash Ltd*. They plant more avocado trees to enable the business to meet the increase in demand for their organic avocados. *Avocado Smash Ltd* continues to supply their organic avocados to local restaurants, and has just recently started to supply customers through online ordering. *Avocado Smash Ltd* has just employed a new staff member to take care of the online ordering.

Sally and Billy are aware of the increase in popularity of avocados, and think new avocado suppliers could enter the market. Sally and Billy are determined that *Avocado Smash Ltd* maintains the greatest market share in the Bay of Plenty.

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

- identify ONE business objective, different from the one selected in part (a), of a small, named business
- explain how the business improved a business operation to achieve this objective
- fully explain how this improved business operation contributed to the success of the business.

Avocado Smash Ltd has just recently set up a business website which gives its customers the ability to order and pay online. Before the introduction of this new system, Sally would go out and personally take orders from the restaurants, but now that *Avocado Smash Ltd* has expanded, Sally believes online ordering will be more effective. *Avocado Smash Ltd* customers now pay online at the point of ordering.

- In your answer:

- identify a financial document that *Avocado Smash Ltd* should keep
- fully explain the importance of this financial document to *Avocado Smash Ltd* when dealing with customers who have paid online.

Definition: Live chat is a service that allows businesses to communicate, or chat, in real time with their customers. Live chat is commonly used to provide immediate customer support and information to customers.



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

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QUESTION
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