

Assessment Schedule – 2011**Business Studies: Demonstrate an understanding of internal features of a small business (90837)****Evidence Statement**

Q 1	Expected coverage
(a)	Description: A person who organises / manages a business and takes on the risk involved.
(b)	<p><i>Sample answers:</i></p> <p>She will have to demonstrate the ability to make effective decisions (skill stated) in order to create new types of cakes to sell (explained in context).</p> <p>Debbie will need to demonstrate the ability to problem-solve (skill stated) to overcome issues in the business (explained in context).</p> <p>Other acceptable entrepreneurial skills, attributes or characteristics explained in relation to Debbie.</p>
(c)	<ul style="list-style-type: none"> • To set clear direction for the business. • To support financial decision-making. • To support marketing decision-making. • To ensure staff are all working in the same direction.
(d)	<p><i>Possible impact of aim / objective:</i></p> <p><u>Make a profit:</u> Debbie can achieve this by keeping down spending on equipment and / or marketing. Making a profit may allow Debbie to create further products and increase income. However, an impact of cutting costs is that it can lead to a compromise in quality.</p> <p><u>Increase sales / new customers:</u> Debbie can achieve this by increasing promotional activities or expanding her product range. An impact of this is that she may have to work longer hours and there is the possibility that quality of the products may be compromised.</p> <p><u>Maintain positive cash flow / avoid liquidity problems:</u> Debbie can achieve this by reducing spending. This will ensure Debbie is able to pay all her debts and help avoid bankruptcy. By retaining funds in the bank, Debbie will have to wait longer to expand the business.</p>

Not Achieved	N1	<p>Insufficient breadth by answering ONE of:</p> <ul style="list-style-type: none"> • term is described • one skill is identified • a reason for having aims and objectives is outlined • an aim or objective for Debbie is described. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	N2	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> • term is described • one skill is identified • a reason for having aims and objectives is outlined • an aim or objective for Debbie is described. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>

Achievement	A3	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • term is described • one skill is identified • a reason for having aims and objectives is outlined • an aim or objective for Debbie is described. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	A4	<p>Answers FOUR of:</p> <ul style="list-style-type: none"> • term is described • one skill is identified • a reason for having aims and objectives is outlined • an aim or objective for Debbie is described. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>
Merit	M5	<p>Answers TWO of:</p> <ul style="list-style-type: none"> • two entrepreneurial skills are explained • how the aim or objective is to be achieved is explained • ONE impact on the business of achieving this aim or objective is explained. <p>(Answers will typically include relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	M6	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • two entrepreneurial skills are explained • how the aim or objective is to be achieved is explained • ONE impact on the business of achieving this aim or objective is explained. <p>(Answers will typically include relevant examples, business knowledge AND / OR Māori business concepts.)</p>
Excellence	E7	<p>An aim or objective for Debbie is described. AND How the aim or objective is to be achieved is fully explained. AND ONE impact on the business of achieving this aim or objective is explained. (Answers will typically integrate relevant examples, business knowledge AND / OR Māori business concepts into explanations.)</p>
	E8	<p>An aim or objective for Debbie is described. AND How the aim or objective is to be achieved is fully explained. AND TWO impacts on the business of achieving this aim or objective are fully explained. AND The answer demonstrates coherent links between concepts. (Answers integrate relevant examples, business knowledge AND / OR Māori business concepts into explanations.)</p>

N0 = No response; no relevant evidence.

Q 2	Expected coverage
(a)	To show the income and expenses / profit for the period / year.
(b)	<p>Lack of sales, increased expenses</p> <p>Sample answers: If spending on a (named) item is too high, then this would be shown in an income statement.</p> <p>Insufficient demand would be shown through low sales.</p> <p>High inventory costs / inventory losses would be reflected in high costs of goods sold.</p> <p>Other similar answers will be accepted.</p>
(c)	<p>Gross profit = sales less cost of sales</p> <p>Net Profit = gross profit less expenses</p> <p>(Candidate does not need to specifically provide the formula as long as meaning is given)</p>
(d)	<p><u>Insufficient working capital / short-term liquidity problems</u>: This is a problem because it means the business has insufficient cash resources to meet its expenses or debt repayment in the short term. A solution would be to borrow on a long-term basis, so that Debbie has the cash to pay for expenses now but repay the loan later, which means that Debbie would end up paying more interest.</p> <p><u>Low equity</u>: This is a problem because it means that creditors have paid for more of the business assets than the owner. The business may not be able to repay its debts on time and have difficulty buying on credit or getting loans. A solution would be for the owner to invest more funds / reduce profits taken from the business so that he / she starts to fund a bigger percentage of the business assets.</p>

Not Achieved	N1	<p>Insufficient breadth by answering ONE of:</p> <ul style="list-style-type: none"> • the purpose of an income statement is described • one problem shown by the income statement is described • the meaning of GP or NP is described • one issue reflected in the balance sheet is identified • a solution to the issue is described. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	N2	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> • the purpose of an income statement is described • one problem shown by the income statement is described • the meaning of GP or NP is described • one issue reflected in the balance sheet is identified • a solution to the issue is described. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>
Achievement	A3	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • the purpose of an income statement is described • one problem shown by the income statement is described • the meaning of GP or NP is described • one issue reflected in the balance sheet is identified • a solution to the issue is described. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	A4	<p>Answers FOUR of:</p> <ul style="list-style-type: none"> • the purpose of an income statement is described • one problem shown by the income statement is described • the meaning of GP or NP is described • one issue reflected in the balance sheet is identified • a solution to the issue is described. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>

		business concepts.)
Merit	M5	<p>Answers TWO of:</p> <ul style="list-style-type: none"> • TWO problems highlighted in the income statement are explained • a problem identified in the balance sheet is explained • a solution to the problem is explained. <p>(Answers will typically include relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	M6	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • TWO problems highlighted in the income statement are explained • a problem identified in the balance sheet is explained • a solution to the problem is explained. <p>(Answers will typically include relevant examples, business knowledge AND / OR Māori business concepts.)</p>
Excellence	E7	<p>A problem identified in the balance sheet is fully explained. AND A solution to the problem and ONE consequence of the solution are fully explained. (Answers will typically include relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	E8	<p>A problem identified in the balance sheet is fully explained. AND A solution to the problem and TWO consequences of the solution are fully explained AND The answer demonstrates coherent links between concepts. (Answers integrate relevant examples, business knowledge AND / OR Māori business concepts into explanations.)</p>

N0 = No response; no relevant evidence.

Q 3	Expected coverage
(a)	A partnership is a business owned and managed by two or more people.
(b)	More access to finance because there are more owners to invest. Shared ideas / workload, because there is more than one owner.
(c)	In the event of bankruptcy / business failure, the personal assets of the owner are at risk.
(d)	<p>The bakery would be owned by shareholders. Debbie would become a shareholder.</p> <p><i>Advantages:</i></p> <ul style="list-style-type: none"> • Greater access to funds would allow the bakery to grow and purchase more assets / expand in the future. • Having limited liability would mean that people would be more willing to invest and allow the bakery to grow and purchase more assets / expand in the future. • Enhanced profile, deemed to be a more reliable business. <p><i>Disadvantages:</i></p> <ul style="list-style-type: none"> • More time and expense are involved in registering a company. This increased expense may reduce profit in the short term. • Company accounts may have to be published and audited. This will increase expenses and may reduce profit.

Not Achieved	N1	<p>Insufficient breadth by answering ONE of:</p> <ul style="list-style-type: none"> • a partnership is defined • one advantage of a partnership is stated • unlimited liability is defined • how the ownership structure will change is described or one advantage AND one disadvantage are described. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	N2	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> • a partnership is defined • one advantage of a partnership is stated • unlimited liability is defined • how the ownership structure will change is described or one advantage AND one disadvantage are described. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>
Achievement	A3	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • a partnership is defined • one advantage of a partnership is stated • unlimited liability is defined • how the ownership structure will change is described or one advantage AND one disadvantage are described. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	A4	<p>Answers FOUR of:</p> <ul style="list-style-type: none"> • a partnership is defined • one advantage of a partnership is stated • unlimited liability is defined • how the ownership structure will change is described or one advantage AND one disadvantage are described. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>

		business concepts.)
Merit	M5	<p>Answers TWO of:</p> <ul style="list-style-type: none"> • TWO advantages of a partnership are explained • one advantage of a registered company is explained • one disadvantage of a registered company is explained. <p>(Answers will typically include relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	M6	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • TWO advantages of a partnership are explained • one advantage of a registered company is explained • one disadvantage of a registered company is explained. <p>(Answers will typically include relevant examples, business knowledge AND / OR Māori business concepts.)</p>
Excellence	E7	<p>The proposed new ownership structure is described. AND An advantage or disadvantage of the proposed new business structure is fully explained. AND One other (advantage or disadvantage) of the proposed new business structure is explained. (Answers will typically integrate relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	E8	<p>The proposed new ownership structure is described. AND An advantage of the proposed new business structure is fully explained. AND A disadvantage of the proposed new business structure is fully explained. AND The answer demonstrates coherent links between concepts. (Answers integrate relevant examples, business knowledge AND / OR Māori business concepts into explanations.)</p>

N0 = No response; no relevant evidence.

Q 4	Expected coverage
(a)	A process of transferring information from one person to another.
(b)	<p><i>The workers:</i></p> <p>Face to Face - this is the most suitable method when discussing a situation that may have negative consequences for the workers. Could be followed up in writing.</p> <p>Email – this is suitable for minor changes not affecting workers in a negative way because the workers will receive the message when they are available to read the message.</p> <p>Meeting – this is suitable because all the workers will receive the information at the same time and can respond if the change of hours affect all workers.</p> <p><i>The suppliers:</i></p> <p>Email – as information is written and suppliers can respond.</p> <p>Telephone – this is simple and immediate.</p> <p>Fax – the information is written and confirms that a contract has taken place.</p>
(c)	<p>Candidates may provide answers that relate to internal or external communication.</p> <p>Customers may respond in a positive manner to good communication, and this will increase sales.</p> <p>Workers will feel valued and be more productive.</p> <p>Suppliers will know exactly what is required and therefore inventory will be more precise.</p>
(d)	<p>Barriers to communication may focus on:</p> <p><u>Physical barriers:</u> Workers are in different buildings and therefore do not have a team mentality, which reduces productivity. A solution would be to hold social gatherings where people can meet and develop relationships. This will improve motivation.</p> <p><u>Attitude barriers:</u> Workers don't feel confident with the manager, therefore question instructions. This wastes time and reduces productivity. Replacing the manager may allow the workers to feel more confident and raise productivity. Managers can also be trained or provided with professional development to effectively deal with these issues.</p> <p><u>Language barriers:</u> Some workers are recent immigrants, and their English is limited. Explaining instructions takes time and reduces productivity. Employing a bilingual manager may create a link and reduce the time taken to pass messages.</p> <p><u>Presentation of information:</u> Letters are badly written. Therefore, information is misunderstood, and orders are incorrectly placed. This raises costs of production. Changing the method of communication to include feedback and clarification could solve this issue.</p>

Not Achieved	N1	<p>Insufficient breadth by answering ONE of:</p> <ul style="list-style-type: none"> • communication is described • one suitable method of communication is identified • one reason for effective communication is outlined • a barrier to effective communication is identified • a solution to the barrier is stated. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	N2	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> • communication is described • one suitable method of communication is identified • one reason for effective communication is outlined • a barrier to effective communication is identified • a solution to the barrier is stated. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>

Achievement	A3	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • communication is described • one suitable method of communication is identified • one reason for effective communication is outlined • a barrier to effective communication is identified • a solution to the barrier is stated. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	A4	<p>Answers FOUR of:</p> <ul style="list-style-type: none"> • communication is described • one suitable method of communication is identified • one reason for effective communication is outlined • a barrier to effective communication is identified • a solution to the barrier is stated. <p>(Answers will typically state relevant examples, business knowledge AND / OR Māori business concepts.)</p>
Merit	M5	<p>Answers TWO of:</p> <ul style="list-style-type: none"> • TWO suitable methods of communication are explained • a barrier to effective communication is explained • a solution to the barrier is explained. <p>(Answers will typically include relevant examples, business knowledge AND / OR Māori business concepts.)</p>
	M6	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • TWO suitable methods of communication are explained • a barrier to effective communication is explained • a solution to the barrier is explained. <p>(Answers will typically include relevant examples, business knowledge AND / OR Māori business concepts.)</p>
Excellence	E7	<p>A barrier to effective communication is fully explained.</p> <p>AND</p> <p>A solution to the barrier is explained.</p> <p>(Answers will typically integrate relevant examples, business knowledge AND / OR Māori business concepts into explanations.)</p>
	E8	<p>A barrier to effective communication is fully explained.</p> <p>AND</p> <p>A solution to the barrier is fully explained.</p> <p>AND</p> <p>The answer demonstrates coherent links between concepts.</p> <p>(Answers integrate relevant examples, business knowledge AND / OR Māori business concepts into explanations.)</p>

N0 = No response; no relevant evidence.