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908370



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

SUPERVISOR'S USE ONLY

Level 1 Business Studies, 2012

90837 Demonstrate an understanding of internal features of a small business

9.30 am Thursday 29 November 2012

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

ASSESSOR'S USE ONLY

You are advised to spend 60 minutes answering the questions in this booklet.

QUESTION ONE: TYPES OF BUSINESS AND FUNDING OPTIONS

Use the information in the boxes and your business knowledge to answer the following questions.

Danny and Moana have been working for an electrical company for seven years. During this time, they have completed their training and gained valuable experience. They have recently made the decision to leave this employment and set up their own electrical business as a partnership.

Danny and Moana have decided to discuss their ideas with a business advisor at their bank. They need to secure finance to cover start-up costs, and get some information about partnerships.

They have decided to name their business *Aotearoa Electricals*.

- (a) Describe the difference between internal and external funding.

- (b) Explain why Danny and Moana might choose long-term finance instead of short-term finance for their new business.

- (c) Identify one piece of information that a bank may require before they would be prepared to offer Danny and Moana finance.

(d) Discuss the impact of Danny and Moana leaving their present employment and setting up a partnership.

- describe the term “partnership”
- fully explain TWO advantages for Danny and Moana of setting up a partnership
- fully explain TWO negative impacts on Danny and Moana of leaving their present jobs and setting up a partnership.

QUESTION TWO: MARKET RESEARCHASSESSOR'S
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Use the information in the boxes and your business knowledge to answer the following questions.

The banking advisor Danny and Moana visited suggested they carry out some market research before proceeding with an application for finance.

- (a) Describe the purpose of market research.

- (b) There are two types of data that can be collected – qualitative and quantitative. Explain what **qualitative** data is and provide an example.

- (c) Describe what closed-ended questions are and give an example.

Discuss which method of market research would be more suitable for Danny and Moana.
In your answer:

QUESTION THREE: RIGHTS AND RESPONSIBILITIESASSESSOR'S
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Use the information in the boxes and your business knowledge to answer the following questions.

The business advisor at the bank suggested to Danny and Moana that as part of *Aotearoa Electricals*' business plan they make a list of employer and employee rights and responsibilities.

- (a) Define the term "employee rights".

- (b) Describe ONE responsibility that **employees** of *Aotearoa Electricals* would be required to meet, and explain why this is important for the business.

- (c) Describe ONE advantage of being a responsible employee.

(d) Discuss ONE statutory right Danny and Moana's future employees can expect. Select a statutory right by placing a tick (✓) in the table below.

An employment contract	
A minimum wage	
Holiday pay	
Meal and rest breaks	

- describe the statutory right you have chosen
- fully explain TWO advantages **to Danny and Moana** of ensuring that the statutory rights of their employees are maintained
- explain TWO disadvantages **for their employees** if Danny and Moana do not observe the statutory rights.

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The examination continues on the following page.**

QUESTION FOUR: BUSINESS SUCCESSASSESSOR'S
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Use the information in the boxes and your business knowledge to answer the following questions.

Danny and Moana are aware that a large number of new businesses fail within their first year of operation. They have therefore spent time researching the fundamentals of a successful business, to ensure that this does not happen to *Aotearoa Electricals*.

- (a) Other than making a profit, how else may business success be described?

- (b) Identify ONE **internal** factor that may cause a business to fail, and explain why it may contribute to the failure of the business.

- (c) Describe how business failure can create new opportunities for entrepreneurs and businesses.

(d) Discuss the reasons for the success of a small business (up to 20 employees and/or with a local or community significance) that you have studied. State the name of the business below, and the good(s) or service(s) the business sells or provides.

Business name	
Good(s) sold or service(s) provided	

- identify a factor in the success of the named business
- fully explain how the factor you have identified contributes to the success of the named business
- fully explain another factor the named business could implement in order to become more successful in the future.

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

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