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90837



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
KIA NOHO TAKATŪ KI TŌ ĀMUA AO!

SUPERVISOR'S USE ONLY

Level 1 Business Studies, 2017

90837 Demonstrate an understanding of internal features of a small business

2.00 p.m. Friday 24 November 2017

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.

Merit

TOTAL

17

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QUESTION ONE: PŪTAKE AND BUSINESS SUCCESS

David has been interested in tā moko (traditional tattoos) since seeing a moko (Māori tattooing designs on the face or body done under traditional protocols) on his kuia (grandmother). He was told by his kuia that the moko she wore on her chin tells the story of her family and her genealogy. Nowadays, tā moko is also worn as an expression of cultural pride and integrity. David is passionate about keeping this art form alive.

In 2010, David enrolled in a course at Te Wānanga o Aotearoa, to develop his knowledge and expertise of this art form. Since then, he has established a small business, named *Mataora*, in Whakatāne, providing tā moko for men and women. David employs two members of his family, who are learning the process of tā moko from him.

On occasion, customers have asked for tattoos of dragons, and he has said that he will not do those types of tattoos, as he wants to provide all his customers with tattoos that uphold the Māori art form. David would also like to employ more family members as the business grows.

Definition: pūtake

Pūtake refers to the origin, or reason for being. Every business has a reason for being. Many Māori businesses exist for the same reason as other businesses – that is, they are there to provide goods or services at a profit and to enrich the business owner(s). A significant number, however, have very different reasons for being. Such businesses emphasise communal and social responsibilities, which may not be a priority for mainstream businesses.

- (a) Identify an example of pūtake for David's business, *Mataora*, other than making a profit.

An example of pūtake for David's business, Mataora, other than making a profit is, keeping the art form alive and provide all his customers with tattoos that uphold the Māori art form. These were inspired by his kuia //

- (b) Fully explain why David may have this as a pūtake for his business, and how he may operate his business differently than if he were solely focused on profit.

David may have this as a pūtake for his business to keep tā moko relevant within Whakatāne and within his family. He also may have this as his pūtake, to inspire more people to learn the art of tā moko and its meaning. ✓/ David was solely focused on profit. This means that he operates //

in a tā moko only business, where the Māori art form is upheld, which means that his vision is one of the main operations but, if profit was his sole ~~key~~ vision than, David would supply people with not just tā moko but, all kinds of tattoos and would only employ tattoo artist and not teach his family.

MĀ TE
KAIMĀKA
ANAKE

- (c) Āta whakamāramatia ngā huarahi e RUA e whai wāhi ai pea te pūtake i huaina ai i te wāhanga (a) ki te angitu o Mataora.

- (c) Fully explain TWO ways in which your named pūtake from part (a) may contribute to the success of Mataora.

Under the Māori business concepts, pūtake covers the multiple bottom line which includes, people, profit, and planet. These factors can also be an intangible way of business success. David's main focus would be on people. One of his main visions is to help uplift the Māori art form and to provide all customers with his tāmoko. The main idea is to show people his skills and share this Māori gift. Using the Māori business concept, Tikanga and Whanaungatanga to use hospitality to ensure his customers are in a safe environment and 'kanohi ki te kanohi' communication (face to face) to communicate his ideas about the tāmoko and its meaning to the customers, which results in ~~an~~ increase in customer satisfaction, increases sales, which increases profit! ✓

QUESTION TWO: SOURCES OF FINANCE AND FINANCIAL DOCUMENTS

The demand for tā moko is increasing. David has decided to expand his business to meet the increase in demand. He has identified that he needs to purchase furniture and some more tools.

- (a) Identify a short-term source of finance for purchasing the furniture and tools.

A short-term source of finance can be a short-term bank loan, where ~~David~~ David only needs financing for less than a year. Short term bank loans are all

- (b) Fully explain ONE advantage and ONE disadvantage of the short-term source of finance named in part (a).

One advantage to a short-term bank loan is ~~that~~ ~~it's~~ that if only a small amount of money is needed for a loan, it ~~gives~~ gives a reasonable amount of time to pay it back. In this case David needs to purchase furniture and some stools and ~~he~~ decides to expand, this means that ~~if~~ David is confident that his business will do well and by expanding he will increase in sales, which will increase in profit, which means that David will be able to pay off the short-term loan. Short-term bank loans are only loaned for less than a year, ~~which David needs to do~~ but, also come ~~along~~ along with interest rates, which can differentiate with the amount of money loaned from the financial institution, ~~this~~ ~~is~~ ~~the~~ ~~case~~. This is a disadvantage to short-term bank loans ~~/interest rates~~. Not only does David have to pay back the ~~amount~~ amount loaned but, we'll have to pay back a certain!!

- (c) Fully explain the importance for David of keeping financial documents for securing external sources of finance.

In your answer:

- identify a financial document that David should keep
- fully explain TWO ways in which this document would help in securing external sources of finance.

~~The importance of keeping financial documents~~

Keeping financial documents is important for securing external sources of finance because they can show your profit or loss through the years and they can also be a measurement of success, which ~~will~~ show external sources how well your business is going.

A financial document that David should keep is receipts. Receipts can show the amount bought and the price, it also shows the amount of tax and G.S.T. David can use receipts to file a ~~tax~~ tax return, a tax return can show how much tax is due ~~or~~, or has been payed. David would also need to show other financial documents ~~such as~~ such as a bank statement.

~~Another way in which receipts~~ This can help secure external sources of finance because it shows how 'up to date' your business is and ~~if~~ if the business is doing well. Another way receipts can help ~~secure~~ ~~be~~ secure external sources of finance is by using them for a G.S.T tax return, David will need all his G.S.T receipts and ~~any~~ ~~donation~~ exempt donation and financial expenses. This can help show how reliable the business is with their G.S.T.

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QUESTION THREE: ENTREPRENEURSHIP

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- (a) Discuss the entrepreneurial characteristics that David shows in starting his small business, Mataora. (Characteristics are qualities that occur naturally in the person.)

In your answer:

- describe the role of the entrepreneur
- explain TWO entrepreneurial characteristics that David shows
- fully explain ONE way in which each of the characteristics has enabled David to start a small business.

The role of an entrepreneur can differ, but, they are mainly the people who can see their vision and the long term effects that it can have on their business.

Entrepreneurs ~~are~~ have a lot of traits that help them start a business - In

TWO entrepreneurial characteristics that David shows is ~~is~~, risk taker and determination. David is a risk taker because in 2010 he ~~is~~ enrolled in a course at Te Wānanga o Aotearoa to develop his knowledge and expertise of this art form. This shows that David ~~decidedly~~ risked ~~cost~~ a sum of money to pursue and educate himself about tā moko. ~~By~~ ~~is~~ ~~the~~ By risking money and time away from family and friends to learn tā moko enabled him with the skills to create tā moko and start a small business. Using the Māori business concept Putaiwhā and using ~~the~~ the origin of being, his grandmother and to uplift the Māori art form as a guide, this is also a risk David took because, there is no telling whether or not people will actually receive a tā moko or would prefer a ~~regular~~ tattoo.

David also portrays the characteristic of determination

- (b) Āta whakamāramatia te pānga o ngā pūkenga ā-kaipakihi ki tētahi pakihī iti ka huaina, kua rangahaua e koe (kāore e nui ake ana i te 20 ūna kaimahi, ā, e whai take ana ki te hapori pātata, ki te hapori whānui rānei; ko tēnei rānei: kāore e nui ake ana i te 20 ūna kaimahi, e whai take ana rānei ki te hapori pātata, ki te hapori whānui rānei).
(Kia hiwa: ko ngā pūkenga ngā kaha ka ākona, ka whakangungua rānei.)

Te ingoa o te pakihī iti	
He rawa ka hokona atu, he ratonga rānei ka tukuna	

I tō tuhinga:

- tautohua ngā pūkenga ā-kaipakihi e RUA
- āta whakamāramatia te āhua o te pānga o IA pūkenga ā-kaipakihi ki te pakihī i huaina ai.

- (b) Fully explain the impact of entrepreneurial skills on a named small business you have studied (maximum of 20 workers and/or with local or community significance).
 (Note: skills are abilities that are learnt or trained for.)

Name of the small business	Puff 'n' Billy
Good(s) sold or service(s) provided	Hāngi T.V dinners

In your answer:

- identify TWO entrepreneurial skills
- fully explain how EACH entrepreneurial skill impacts on the named business.

The entrepreneurial skills that the ~~owner~~ owner of Puff 'n' Billy, Mr. Smith, has that made an impact on his business is risk taker and innovator.

Being a risk taker impacted his business because before Mr. Smith started his business he took a loan of \$2m as capital to start up Puff 'n' Billy, this is a big risk because \$2m dollars is a large sum of money to loan and since Mr. Smith is a Sole Trader his liability is unlimited which means his personal assets are his liability. This money had a positive impact on the business because it helped fund it and luckily he was successful and payed off the amount due ~~with the~~ interest ~~and~~ plus the interest.

Mr. Smith is also an innovator, he used this skills to create a unique oven to cook his hangis in. This means that Puff 'n' Billy do not have a large amount of competition because the oven used to make the hāngi dinner are only made by Mr. Smith. This has a positive impact on the business.

He whārangi anō ki te hiahiatia.
 Tuhia te tau tūmahi mēnā e hāngai ana.

3a through keeping to his word. Saying no to a potential customer can lead to a bad reputation through customer dissatisfaction, which leads to a decrease in sales, which decreases overall profit but, David is determined to show ~~his~~ his vision of tā moko through his business even if it ~~means~~ means saying no.

3b business because it means that no one can copy the same cooking technique because Mr. Smith is the inventor of the oven and does not sell them, so ~~no~~ no one else knows how to create them. This oven can also ~~peak~~ peak interest in customers who are mechanics or engineers, which can increase ~~the~~ the amount of customers because it increases the market, which increases sales, which increases profit. ↑

Extra space if required.

Write the question number(s) if applicable.

1(a) and her tā moko. David has been interested in tā moko ever since he saw his kua's tā moko on her chin, and listening to the history and stories she told about it. These inspired Davids reason for being.

2b percentage of interest. lets say that the interest rate for Davids short-term loan is ~~\$X,000~~ 5% and ~~Davids~~ the bank agrees to loan David \$1,000, this means David will have to pay back \$1000 + 5% of \$1,000 to the bank within the agreed time or less than a year. ~~This could be~~ If David doesn't pay his debt, ~~back~~ he risks his business and his ~~reputation~~ with the bank, this can ~~ruin~~ ruin his chances of receiving another bank loan because he was unreliable with the short-term loan, which can decrease chances of expansion, which will decrease production, which decreases sales, which will result in an overall decline in profit.

2a are small loan from ~~very~~ ~~very~~ ~~very~~ ~~very~~ which can go as high as \$3,000 - \$4,000 dollars depending on the financial institution. They also have ~~a~~ percentage of interest to pay back. Those loans are usually due to be payed from less than a year to a year.

Subject:		Level 1 Business Studies	Standard:	90837	Total score:	17
Q	Grade score	Annotation				
1	M6	The candidate has explained the concept of pūtake and the impact this would have on David's business. The candidate was able to explain how the identified pūtake would help the business succeed. The candidate has used good business terminology throughout the question and shows clear understanding.				
2	M5	The candidate has identified a short-term source of finance, and was able to explain in detail the advantages and disadvantages of that source. The candidate was also able to explain in detail how keeping financial documents would help David to secure external financing. The candidate has used good business terminology throughout the answer.				
3	M6	The candidate was able to explain the role of an entrepreneur, and the characteristics David was able to display and how these would impact on the business. The candidate was able to explain two entrepreneurial skills that the owners of a named small business displayed, and how those skills impacted on the business.				