

90843



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

2

SUPERVISOR'S USE ONLY

Level 2 Business Studies, 2013

90843 Demonstrate understanding of the internal operations of a large business

2.00 pm Monday 25 November 2013

Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of the internal operations of a large business.	Demonstrate in-depth understanding of the internal operations of a large business.	Demonstrate comprehensive understanding of the internal operations of a large 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 2–14 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.

Use the information in the boxes, and your business knowledge, to answer each question.

QUESTION ONE: FINANCIAL INFORMATION

Tāne and his brother Henare have long been enthusiastic chefs. They began producing and selling a range of gourmet pizzas called *Skate Goat Pizza Ltd* from an industrial kitchen in Wellington five years ago. *Skate Goat Pizza Ltd's* ingredients are sourced from local suppliers, ensuring freshness, which is the secret to its success. Its pizzas have become a household name in Wellington and are now stocked in all the major supermarket chains. *Skate Goat Pizza Ltd* employs a staff of 30 covering the production, office, sales, and marketing functions. Tāne and Henare have been to see their accountant and have come away with a series of reports.

Table 1 Sales and profit for *Skate Goat Pizza Ltd*

	2012	2013
Sales	\$2 000 000	\$2 500 000
Gross profit	\$1 000 000	\$1 200 000
Net profit	\$ 200 000	\$ 150 000

- (a) Explain why Tāne and Henare may be concerned with the financial situation for *Skate Goat Pizza Ltd* as shown in Table 1.

- (b) Fully explain how the situation in Table 1 may have arisen.

In your answer, you should refer to:

- selling price of pizzas
- marketing expenses.

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Question One continues on page 4 ►

Table 2 Budgeted versus actual results for *Skate Goat Pizza Ltd*, November 2013

	Budget	Actual	Variance
Pizza sales	\$150 000	\$150 000	0
Less Cost of Sales	\$85 000	\$100 000	+\$15 000
Gross Profit	\$65 000	\$50 000	-\$15 000

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As part of their financial control, *Skate Goat Pizza Ltd* uses budgeting.

(c) Discuss the importance of Tāne and Henare using budget variances.

In your answer, you should:

- explain the importance of Tāne and Henare using budget variances as part of their financial control
- fully explain the budget variance shown in Table 2
- fully explain TWO ways in which Tāne and Henare could correct this variance, and justify, with reasons, which way would be better.

QUESTION TWO: CORPORATE SOCIAL RESPONSIBILITY

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Tāne and Henare are descendants of the local iwi (tribe) and want to give something back to their area. The iwi had suggested that *Skate Goat Pizza Ltd* train young people who were interested in food preparation for a career as chefs. Tāne and Henare agreed that this was a good idea. After a careful selection process, Tāne and Henare hired three young people to work in their industrial kitchen. The new trainees have been learning how to make gourmet pizzas.

Tāne and Henare frequently donate a portion of *Skate Goat Pizza's* profits to a local non-profit organisation. They understand that philanthropy and corporate social responsibility are growing trends in the New Zealand business community.

(a) Explain why *Skate Goat Pizza Ltd* has decided to train the three young chefs.

In your answer, you should refer to:

- corporate social responsibility
- values.

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