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90845



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SUPERVISOR'S USE ONLY

Level 2 Business Studies, 2019

90845 Apply business knowledge to a critical problem(s) in a given large business context

9.30 a.m. Tuesday 26 November 2019
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Apply business knowledge to a critical problem(s) in a given large business context.	Apply in-depth business knowledge to a critical problem(s) in a given large business context.	Apply comprehensive business knowledge to a critical problem(s) in a given large business context.

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 parts of the task in this booklet.

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 2–11 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.

High Achievement

TOTAL

04

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RESOURCE C: COMPANY NOTICE

Silver Beach Wineries – Actions Constituting Fraud

Fraud and other irregularities include, but are not limited to:

- any dishonest act that hides illegal behaviour for personal financial gain
- stealing of funds, supplies, or other assets
- improper handling or reporting of money or financial transactions
- accepting anything of material value from suppliers, sellers, or persons providing services / materials to the company (Exception: gifts less than \$50 in value)
- destruction, removal, or inappropriate use of records, furniture, fixtures, or equipment.

(a) Fully explain TWO possible reasons why Jessie Compton was able to commit fraud.

Reason 1 - Jessie Compton was fully entrusted with all final accounting reports. //

By only ONE person having this privilege, she has full ~~power and control~~ control over what is done with the final accounting reports, meaning she can either ~~make~~ do her job properly or go against the company's fraud policy, ~~and~~ illegally abusing her power by stealing money from Silver Beach wineries. It is all up to her. //

Reason 2 - ~~Management was unaware of the fraud~~
~~and~~ NO ONE ELSE in the company is entrusted ~~to~~ with all final accounting reports meaning, all of Jessie Compton's ~~fraudulent~~ fraudulent acts went by unnoticed for too long. This allowed her to continue stealing money from the business. //

- (b) Discuss TWO solutions that *Silver Beach Wineries* could implement to reduce the likelihood of fraud happening again.

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In your answer:

- explain the TWO solutions
- fully explain how each solution would reduce the likelihood of fraud happening again
- justify, with TWO reasons, why one solution would be more successful in reducing fraud than the other.

Solution 1- The Final accounting reports is entrusted with more than one person so that fraud or any irregularities are noticed much sooner or prevented as more than one person has this role, meaning ~~to~~ not one person has ~~all~~ control over the final accounting reports, ~~which leaves~~ ~~them with their power~~ this making it harder and extremely unlikely to be able to commit acts of fraud.

Solution 2 - Potentially get into contact with the bank to make sure in future that company funds are only directed to the company's ~~account~~ bank account and if the funds are directed elsewhere, ~~to~~ block the transaction or alert the ~~bank~~ company. This will ensure company funds are only able.

to go into the company's account.
Meaning if any act of fraud is committed, the company will be made aware without losing company funds. //

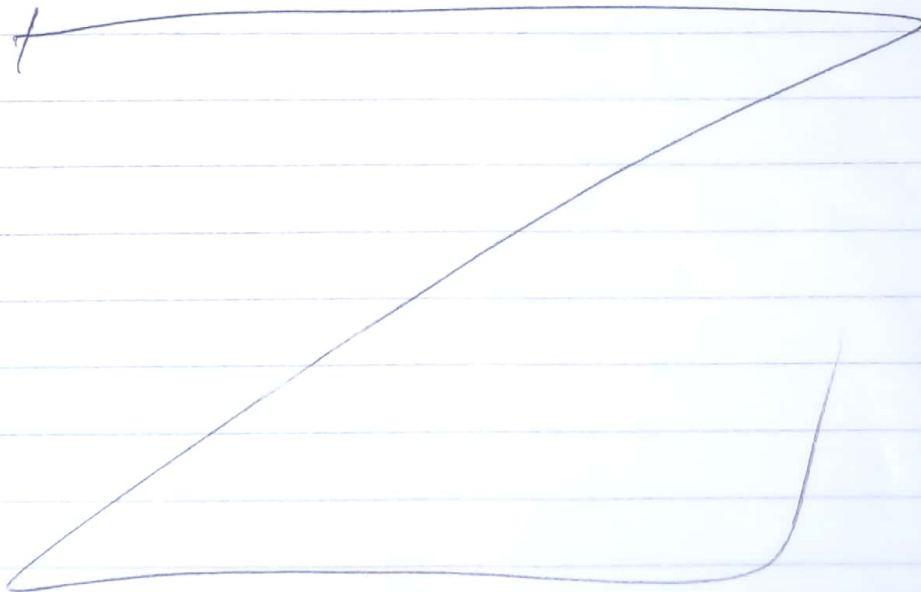
Solution 2 is the superior solution because if acts of fraud are attempted, the company will be alerted meaning they can take an appropriate course of action depending on the situation ~~AND~~ ~~they lose~~ ~~no~~ ~~money~~ ^{Funds} can ^{be} successfully stolen from the company. //

- (c) Fully explain TWO impacts that Silver Beach Wineries is facing, or will face in the future, due to the problems arising from implementation of the new accounting software system.

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Impact 1- The company ~~is~~ is forced to pay employees and short-term contractors more due to over time work as a result of errors in the new accounting software. This will ultimately decrease the company's overall income and profits. //

Impact 2- The financial reports are not as reliable due to the errors meaning the company may not be getting accurate financial information leading to further accounting and financial errors such as ~~a non accurate~~ non accurate fund/income transactions. //



- (d) Discuss TWO recommendations that *Silver Beach Wineries* could implement to improve the success of the transition to the new online accounting software system.

In your answer:

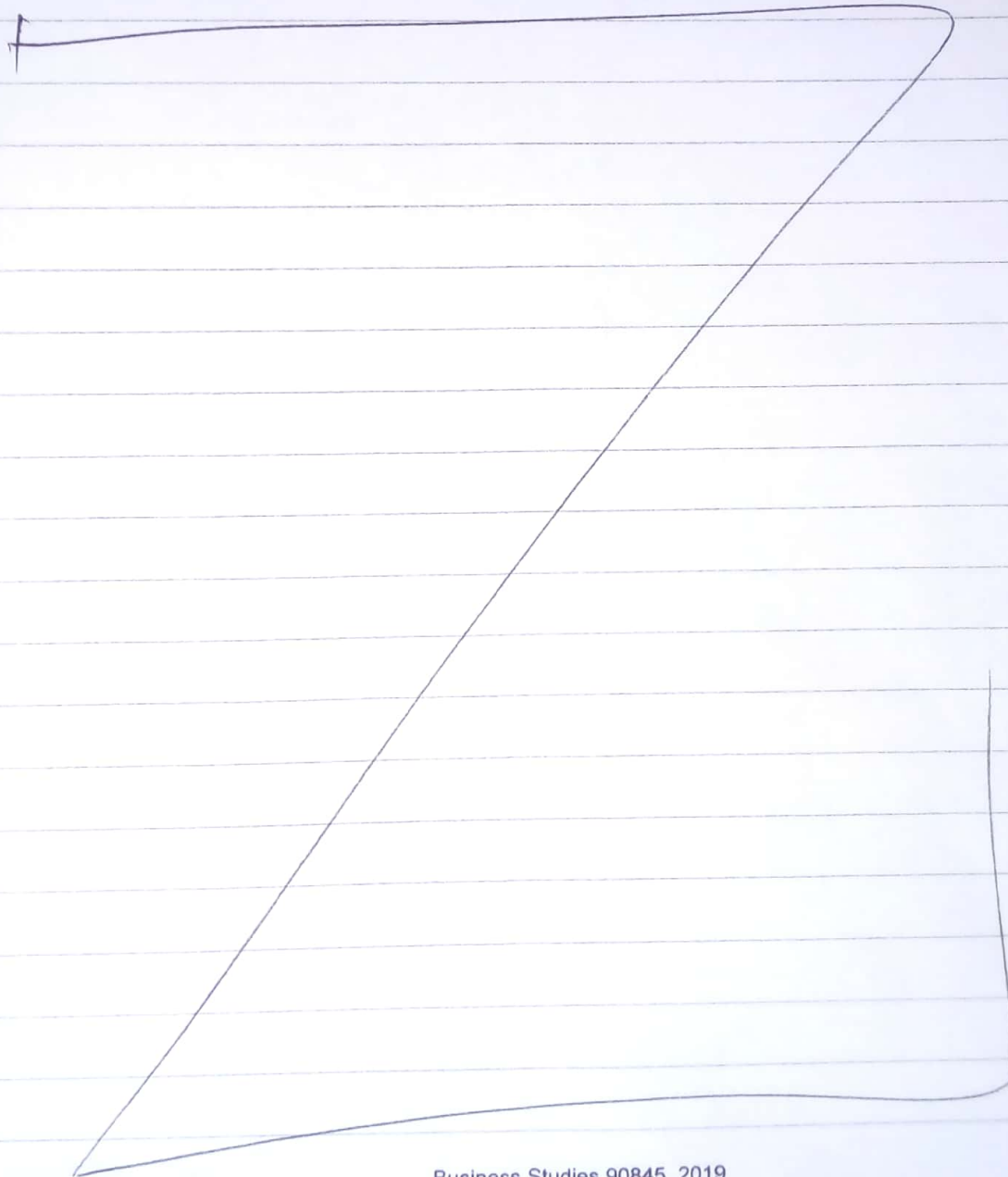
- explain the TWO recommendations
- fully explain how each recommendation would ensure a successful transition
- justify, with TWO reasons, why one recommendation would be more effective than the other.

Recommendation 1 - Potentially return to the old system until the errors are in the new system are completely fixed. This means assured, accurate, reliable financial information is being given to the company opposed to unreliable information //

Recommendation 2 - Instead of paying employees and short-term contractors to ~~cons~~ overtime to constantly be fixing errors. Contact professionals who can fix the software to fix it once and for all so that employees and short-term contractors can work regular hours and the company doesn't need to spend as much money on ~~paying~~ paying overtime pay. //



~~Because~~ ~~Because~~ Recommendation ² is the more effective recommendation because it means ~~am~~ the company keeps receiving accurate financial information ~~from~~ from the old system AND they don't have to pay as much overtime pay to continue fixing errors in the new system.
~~because~~



Achievement Exemplar 2019

Subject	Level 2 Business Studies		Standard	90845	Total score	04
Part	Grade score	Annotation				
All parts (a,b,c,d)	A4	<p>The candidate provides enough evidence for A4 in this task, because they answered every section by using the resource material (where appropriate) to explain their answer and then link it to the business.</p> <p>For example, in the first answer in (c), the candidate explains that “the company is forced to pay employees and short-term contractors more ... ultimately decreasing the company’s overall income and profits”.</p> <p>For a candidate to get an M5, referring to this example, they would need to fully explain the impact and the consequences for the business, using correct business terminology.</p> <p>The candidate could have said “One impact for <i>SBW</i> is that the costs of production have increased, due to the employees and short-term contractors having to work longer hours to fix the accounting errors. This means that <i>SBW</i> has an increase in expenditure in the cost of wages. This will affect <i>SBW</i>’s revenue – decreasing profits, as they are having to pay these employees more in wages. This means <i>SBW</i> will not be able to expand or invest in research and development in new wines /production systems, which could affect the long-term sustainability of the business.</p>				