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2

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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 Merit

TOTAL

06

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RESOURCE C: COMPANY NOTICE

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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.

One possible reason why Jessie Compton was able to commit the fraud was because she was the sole person responsible for the accounts. This meant that no one else ~~known~~ ^{only one with knowledge of, a ability to create financial reports} helped her or managed her/overlooked the transactions that she made therefore no one saw when she transferred funds and committed fraud. This made it easy for her ~~to~~ as there were no internal controls in place to prevent the fraud. //

Another reason Jessie was able to commit fraud was because she was the only one with the knowledge of, and the ability to create, the financial report. This means that if someone from inside the company was to look over some of the accounts they wouldn't really know what there were looking at and therefore wouldn't be able to spot the fraud Jessie was committing which helped her go undetected for years. //

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

In your answer:

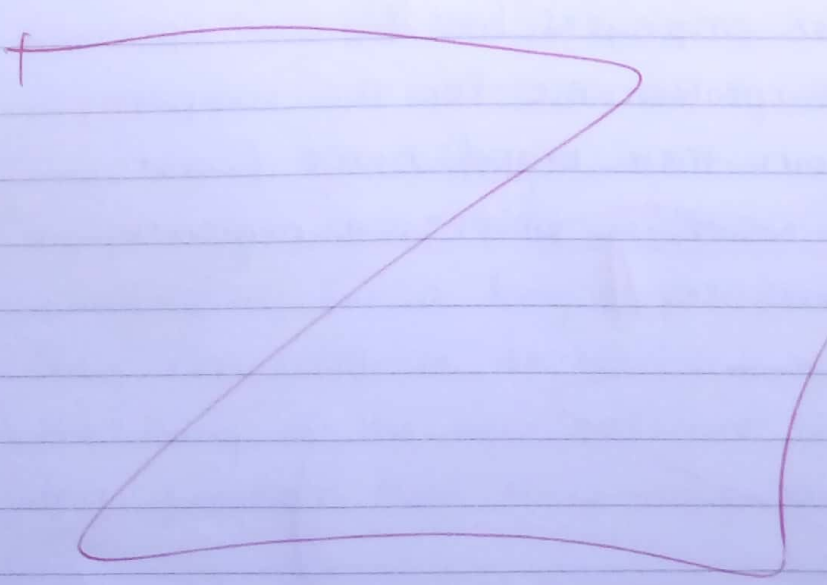
- explain the TWO solutions
- fully explain how each solution would reduce the likelihood of fraud happening again
- justify, with TWO reasons, why one solution would be more successful in reducing fraud than the other.

One solution Silver Beach Wineries could implement to reduce the likelihood of fraud happening again is if they had another ^{educated} accountant (two ^{two managers} chief accountants instead of one) ^{signing off} ~~this~~ signing off on the records. This would mean that they would double check all the accounting work done, and since they ~~a~~ ~~e~~ have the knowledge they will be able to spot ~~the~~ ^{small} errors ~~of~~ or fraud occurring ~~and~~ as they will be able to understand what they are looking at. They would then be able to report it to ~~a~~ the CEO. or ~~either~~ Since there would be two managers they would hold each other accountable and prevent the other from falsifying documents and committing fraud. //

Another solution would be if the company did audits more frequently e.g. every year or 6 ~~month~~ months. Since audits are outsourced and more specialised they will be able to spot ~~and~~ mistakes or fraud happening and report it back to the CEO so that action can take place. This will minimise reduce the likelihood of //

fraud happening again as ~~th~~ if anyone did commit fraud the auditors would catch them quickly and they would not get away with it. //

By Getting auditors in more frequently would be more successful in reducing fraud than hiring two chief accountants as the two chief accountants could conspire together to get around any internal controls that are in place and It would take a long time to catch them, ~~and~~ by then ~~it could~~ they could be ~~far~~ a long gone with a large amount of stolen money. Whereas if the company hired auditors every year or 6 months the accountants would know that if they had committed any fraud they would be caught quickly and would not get away with it so there was no point in trying. Therefore ~~th~~ hiring auditors more frequently would be more successful in reducing fraud. //



- 6
→ employees don't know how to work it
→ they could miss errors in accounting from switch and fraud could
- (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.

One impact that Silver Beach Wineries is facing due to the problems arising from implementation of the new accounting software system is that the employees don't know how ~~it~~ the system works. Since ~~there is no~~ they will need to ~~learn~~ re-learn how to work the system they could become frustrated and their morale could decrease, ~~meanwhile~~ which would negatively affect the workplace environment and productivity ^{also} will decrease due to this. //

Since there were problems when switching to this new software, resulting in many errors in financial reports, the employees and hired short-term contractors may not find them all. This would negatively impact Silver Beach Wineries as if they need to look back at a ~~£~~ report it might have an unseen error in it, one which neither the hired short-term contractors nor employees had ~~£~~ picked up on. This could be problematic for the company and might ruin their brand name (worst case) ~~or even result in~~ which will negatively affect the business. //

→ train staff
→ hire long-term specialist contractor 7

- (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.

One recommendation that Silver Beach Wineries could implement to improve the success of the transition to the new online accounting software system is by ~~training~~ putting the staff through a course that will educate them about the ~~software~~ ~~before~~ so that they can understand how it works. This will smoothen the transition and the staff won't need to ask how things work every 5 minutes and they will be able to find and fix any errors quickly leading to a more efficient workplace which will boost ~~staff~~ employees morale and improve ~~be~~ their workplace environment which will benefit the company as the workers will be more productive leading to ~~a~~ more profit being made. //

another thing that Silver beach wineries could do to improve the success of the transition to the new online accounting software system is by hiring one of the specialised short-term contractors for a long term period so that they can continue to help the employees get the hang of the new software and answer any questions that they may have. This would //

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boost employee morale and help them stay productive as when they are stuck they ~~can~~^{will} be able to ask someone who can help so they don't have to be frustrated for long. //

Educating staff would be more effective for Silver Beach Wineries than hiring a specialist contractor for longterm as it ensures that the employees have a deep understanding of how the system works rather than just a shallow understanding which they would have if the specialist contractor helped them out. Educated^{ing} staff would also mean that if the system crashes or glitches the employees ~~&~~ themselves will be able to fix it and the company would not need to hire a specialist as the employees know what to do. There would also be a higher-employee morale as they ~~won't~~ know what to do and how to do it so they will feel useful rather than frustrated which means there will also be a better workplace environment and a boost in productivity which will cause the company to make more profits and therefore be more successful. //

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M6

Merit Exemplar 2019

Subject	Level 2 Business Studies		Standard	90845	Total score	06
Part	Grade score	Annotation				
All parts (a,b,c,d)	M6	<p>This candidate provides enough evidence across the four parts for an M6, because they have fully explained a number of causes and effects, and used evidence from the resource in their response. In parts (b) and (d), the candidate's justification has repeated the information used for 'fully explain', and has been used to support the M6.</p> <p>For example, in (b), the candidate has provided two fully explained solutions that <i>SBW</i> could implement to reduce fraud – namely, having two accountants instead of one, and having regular audits. This links the response to the resource material, as the fraud was committed by the sole accountant at <i>SBW</i> and there had not been any audits for some time.</p> <p>For justify, the candidate needed to introduce and fully explain further information to support their decision, such as the increasing cost to <i>SBW</i> of having two accountants or regular audits, and that outsourced auditors would not be biased or collude with any <i>SBW</i> employees to engage in fraud.</p>				