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Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 1 Commerce 2024

92030 Demonstrate understanding of how interdependent financial relationships are affected by an event

Credits: Five

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of how interdependent financial relationships are affected by an event.	Examine how interdependent financial relationships are affected by an event.	Evaluate how interdependent financial relationships are affected by an event.

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 question 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 2–8 in the correct order and that none of these pages is blank.

Do not write in the margins (// // // //). This area will be cut off when the booklet is marked.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

Merit

TOTAL 06

Read the case study scenario below and use it to answer the question that follows.

Case study scenario – Successful social media campaign

Delectable Donuts has stores throughout the country. It has been using social media to promote its business. Recently, several of its videos were shared by social media influencers, increasing the number of views on the *Delectable Donuts* website and social media.

The following participants in society are all located in the same area:

- a *Delectable Donuts* store that employs five staff
- another bakery that employs three staff
- suppliers of ingredients and packaging for *Delectable Donuts* and the other bakery
- a whānau consisting of a single parent, a six-year-old, and an eight-year-old; the parent works in the *Delectable Donuts* shop part-time and is considering increasing their hours
- a local bank that most of the families and businesses in the area bank with
- other organisations in the local community, for example a primary school, petrol station, health food shops, and a marae
- the Government.

QUESTION

- (a) (i) Describe the financial interdependence between the local *Delectable Donuts* store and the whānau.

The single parent works part time at the donut store, and in return for the labour, she gets paid. The store relies on the parent to work for them, and the parent relies on the store as a source of income for her and her children. The store pays the worker for their time. This way both

- (ii) Describe the financial interdependence between the local *Delectable Donuts* store and its suppliers.

The donut store relies on its suppliers to buy ingredients from them to make their donuts. And the suppliers rely on the store to sell their products to. If either business shut down, the other one could struggle because without ingredients they can't make donuts, and without the donut shop the suppliers lose a valuable customer.

- (iii) Describe the financial interdependence between the bank and the suppliers.

The bank and the suppliers rely on the bank to get loans to expand their business or apply for a mortgage for a new warehouse. This benefits the bank because in return they get the suppliers' money, and the bank will make a profit. The supplier benefits from being able to get a loan or down payment etc. and the bank charges interest and gets money.

- (b) Describe a direct effect the social media campaign will have on the local Delectable Donuts store.

The social media campaign is able to reach out to millions of people with one video with an influencer. And when the viewers see their favorite creator ~~talk~~^{talk} about how good the donuts are, it brings a lot of traction to the store. Resulting in more people wanting to buy these donuts than the influencers loved.

- (c) (i) Explain ONE flow-on effect the social media campaign has on the bank.

Due to the media campaign the donut store has a much higher demand than before and people are lining up to buy it, which could lead to Delectable Donuts wanting to expand their business elsewhere, so they apply for a loan with the local bank to expand, and the bank is happy because they make a profit from the loan by charging interest, and the donut store is happy because now they have enough money to expand their business.

- (ii) Using the flow-on effect for the bank, explain ONE impact on the interdependent financial relationship between other businesses in the local community and the bank.

Due to the bank getting a big loan from delectable donuts to expand, the bank would be making a lot of profit from this loan which lead to them being less strict about payments and could even lower the interest rate, which would directly benefit other businesses and the local community making lower income families be able to afford a loan or a mortgage or down payment for a house etc.

- (d) (i) Explain ONE flow-on effect of the social media campaign on the other bakery.

Because of the media campaign everyone is eating at delectable donuts since they are internet famous. This would lead to a drastic drop in the other bakery's income, and would struggle to compete with delectable donuts because of their strong media presence.

- (ii) Using the flow-on effect for the other bakery, explain ONE impact on the interdependent financial relationship between the other bakery and the suppliers.

Since the other bakery has lost a lot of customers and hardly anyone comes to their shop, they wouldn't have to buy so many ingredients from the suppliers, or none at all because they ~~can't~~ ^{aren't} making any money. This would negatively impact the financial relationship between the two, and the supplier would lose a big customer. Resulting in the supplier lose a lot of profit they once had.

As a response to concerns about unhealthy eating, the Government decides to start a healthy eating campaign including a tax on unhealthy foods, such as donuts, fast food, and sugary sweets.

- (e) (i) Explain ONE positive consequence of the Government's decision to tax unhealthy food on ONE interdependent financial relationship involving any of the participants in the case study.

The unhealthy food tax would lead to an increase in price in unhealthy foods, which would mean a lot of people would stop buying it because it is simply too expensive, but all this would lead to a lot of new customers to the health food shop, because of the unhealthy food tax, the healthy food is now cheaper, resulting in the health food shop making a lot more money due to so many customers.

- (ii) Explain ONE negative consequence of the Government's decision to tax unhealthy food on ONE interdependent financial relationship involving any of the participants in the case study.

It would negatively affect delectable donuts because due to the tax they would be forced to increase their price resulting in less customers which would mean they would be making a lot less money than before. It would also cost the donut shop a lot to try to make their menu to a more healthy option to avoid the tax, but this could be expensive. Which again negatively affects the donut shop.

Due to the increased popularity of the *Delectable Donuts* store, the local primary school decides to use the *Delectable Donuts* fundraising programme to raise money for sun umbrellas at the school.

- (f) (i) Explain ONE positive consequence of the school's decision to use the *Delectable Donuts* fundraising programme on ONE interdependent financial relationship involving any of the participants in the case study.

The fundraising program would benefit the Supplier of Delectable donuts. Due to the increase of demand. ~~The~~ The donut shop requires more ingredients to keep ^{up} which means they will buy more from the supplier, resulting in the supplier ~~making~~ ^{making} more money. This benefits the supplier since they can sell more products, and the donut store benefits because they can make and sell more donuts.

- (ii) Explain ONE negative consequence of the school's decision to use the *Delectable Donuts* fundraising programme on ONE interdependent financial relationship involving any of the participants in the case study.

This could negatively affect health food shops because the kids at the primary school will be selling each other donuts and other ^{ordinary} people, eating these sugary foods to support a good cause, could lead to increased sugar cravings, so instead of going to the health food shops they will go to unhealthy fast food ~~restaurant~~ chains taking away health food shops customers. Because the kids are eating donuts they will ask their parents for it more often ~~instead~~ of their usual snacks like fruit, that would be purchased at the health foods stores.

Subject: Commerce

Standard: 92030

Total score: 06

Q	Grade score	Marker commentary
One	M6	<p>The candidate described how the participants rely on each other in an interdependent financial relationship, including how each participant will benefit from the relationship. The candidate described the direct effect of the social media campaign on <i>Delectable Donuts</i>.</p> <p>The candidate explained a flow-on effect for the bank and how the bank would be impacted. It is unlikely however that the bank would be less strict on payments or lower their interest rates. The candidate also explained a flow-on effect for the other bakery and how it would impact the interdependent financial relationship with its supplier.</p> <p>To reach Excellence, the candidate needed to explain the impacts of the decision on an interdependent financial relationship, rather than just explaining the impacts on a specific participant in the case study. For example, in e ii), they could have explained the impact on the relationship between <i>Delectable Donuts</i> and its suppliers, instead of focusing solely on the impacts for <i>Delectable Donuts</i>.</p>