

Assessment Schedule – 2019

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

Assessment Criteria

Notes to Markers: guidance for awarding Achievement, Merit, or Excellence

Explaining states **what** the answer is to the question asked, then expands by giving the reason(s) **why** the “what” occurs or links ideas to provide a coherent rationale.

Fully explaining develops the explanation with further expansion of **how** the situation / action could impact on potential business or stakeholder goals, or a particular outcome. This will generally relate to effects, advantages, disadvantages, and / or consequences.

Justifying uses relevant evidence to justify the significance of the decision or the likelihood of success. This should include reference to alternative courses of action, or new information to further support the decision that has not already been established in earlier parts of the question.

The task should be read as a whole before awarding a grade.

Part	Sample Evidence
(a)	<p><u>Fully explain TWO possible reasons why Jessie Compton was able to commit fraud.</u></p> <p>Jessie was the only person working in the accounts department and had sole responsibility for the creation of the financial reports (Stated). She had been working in the business for 29 years, so had built up trust and respect with the owner, George Riwaka (Explained). Because of this, George had not appointed an independent accountant or auditor to check the financials, to ensure that they were correct (Fully explained).</p> <p>There were no clear internal controls in place at <i>Silver Beach Wineries</i>, and in particular, no separation of duties (Stated). With no internal controls, there would have been a lack of clarity around activities and who is responsible for what, and this leads to employees being able to determine their own way of doing things (Explained). This, in Jessie’s case, meant that being the sole manager working in the accounts department and the only one with knowledge of the final reports, she was able to cover her stealing (Fully explained).</p>
(b)	<p><u>Discuss TWO solutions that <i>Silver Beach Wineries</i> could implement to reduce the likelihood of fraud happening again.</u></p> <p><i>Explain the TWO solutions.</i></p> <p>Ensure that there is a separation (or segregation) of duties (Identified), so that there is more than one person completing a task where there is access to financial resources, in order to minimise the potential for fraudulent behaviour (Explained).</p> <p>Ensure that the financial records of the business are checked and audited (Identified) by an independent chartered accounting firm each year, to uncover irregularities or errors in the accounts (Explained).</p> <p><i>Fully explain how each solution would reduce the likelihood of fraud happening again.</i></p> <p>Separation of duties restricts the amount of power or influence held by any one individual (Stated). It ensures that an employee does not have responsibility for reporting on themselves (Explained). Separation of duties ensures that two or more people within the business have to collude in order to commit fraud (Fully explained).</p> <p>Auditing helps to evaluate the processes and procedures of the business, and enables it to identify areas of risk (Stated). Auditing the financial records of the business regularly after the completion of each financial year ensures that the financial statements provide a true and fair reflection of the operations of the business (Explained). Auditing would provide the business owner, George, with confidence that the financial reports are accurate and valid, and that there is limited chance of fraud taking place (Fully explained).</p>

	<p><i>Justify, with TWO reasons, why one solution would be more successful in reducing fraud than the other.</i></p> <p>Hiring an independent auditor would be a better solution than separating duties. <i>Silver Beach Wineries</i> is a medium-sized business that may not have enough resources to ensure all the duties are separated. This would mean an increase in staff salaries if the business was to hire another person in the accounting department (Reason 1). Although an independent auditor is an extra expense for the business, it would only be once a year, and the audits would be conducted by qualified and skilled persons with the ability to detect any irregularities happening in the business (Reason 2). On balance, it would be better for the business to hire external auditors to audit the financial reports, policies, and procedures of the business each year.</p>
(c)	<p><u>Fully explain TWO impacts that <i>Silver Beach Wineries</i> is facing, or will face in the future, due to problems arising from implementation of the new accounting software system.</u></p> <p>Employees are currently working long hours, and this is taking time away from the day-to-day tasks that they normally perform (Stated). This could potentially lead to inefficiencies and a lack of productivity (Explained), and work not being completed in other areas of the business, which may affect profitability, especially with new contractors on site (Fully explained).</p> <p>There are many mistakes being made, as staff are unfamiliar with the new system (Stated). This will affect the financial reports that are being created, and will impact on the ability of the business to make good decisions (Explained). Without correct reports, the business could spend too much on expenses or not receive as much income as expected, which would impact on the cash flow of the business (Fully explained).</p> <p>Other issues could include:</p> <ul style="list-style-type: none"> • Lack of leadership in finance, with Jessie being fired and not yet replaced. It will take time for this person to become proficient in the job and with the new system. • Cost of implementation – contracted experts in new system. • Cost of purchasing the new technology – drain on company’s retained earnings. • Resistance to change by employees – low motivation and morale, which may lead to higher staff turnover. • Increased government scrutiny, due to fraudulent accounts. • Reduced customer loyalty, as clients are scared off by the scandal and /or errors being made. • Staff morale and motivation.
(d)	<p><u>Discuss TWO recommendations that <i>Silver Beach Wineries</i> could implement to ensure a successful transition to the new online accounting software system.</u></p> <p><i>Explain the TWO recommendations.</i></p> <p><i>Silver Beach Wineries</i> could hire a consultant in the short term who is able to train all the employees to use the system effectively (Stated). This would ensure that the business has an expert on site whom the employees are able to approach if they have any problems in using the system (Explained).</p> <p><i>Silver Beach Wineries</i> could run the new and old systems in parallel (Stated), with the new system gradually taking over from the old one as problems with the new system are ironed out. Both systems would operate at the same time (simultaneously), until the business is confident that the new system is working as it should (Explained).</p> <p>Other possible answer:</p> <p><i>Silver Beach Wineries</i> should ensure that checks are taking place so that mistakes are not being made. This may require additional resources being hired and will increase the expenses of the business in the short term (Explained).</p> <p>Other recommendation could be outsourcing the accounting to an accounting firm.</p> <p><i>Fully explain how each recommendation would ensure a successful transition.</i></p> <p>Hiring an expert consultant in the short term would ensure that the implementation of the new software will be more efficient than if an internal employee was trained instead (Stated). It would also ensure that there is reduced pressure on existing employees, as they would be able to continue with their normal day-</p>

<p>to-day responsibilities and have support if needed when using the new system (Explained). Problems would be solved more efficiently, as the expert would have detailed knowledge of the system and would not have to stop working in order to figure out what to do (Fully explained).</p> <p>By running the old and new systems at the same time, the business could find out whether the old system and the new system are behaving the same or differently (Stated). This would increase the workload for the employees, as they would have to double-enter information, but It would ensure that the new system is processing the data in the same way as the old system (Explained). It would also provide assurances to the managers that the financial data is being coded and reported correctly, and that no errors are being made that are user- or system-related (Fully explained).</p> <p><i>Justify, with TWO reasons, why one recommendation would be more effective than the other.</i></p> <p>Running the new and old systems at the same time (parallel running) would be better than hiring an expert. It is essential that the data input in the accounting system is accurate and correct, as this could have major implications for the cash flow, decision-making, and profitability of the business. By hiring a consultant, errors could still occur, as he/ she may be unable to review and check everything and would not have any other data for comparison, and may not know that there are any significant issues until it is too late.</p> <p>By parallel running the systems, the business could prove that the data is being processed accurately, and that the financial reports are fair and true. Any discrepancies could be easily identified and actions taken to correct these errors in a timely manner.</p>

Evidence

Achievement	Achievement with Merit	Achievement with Excellence
<p>Explains:</p> <ul style="list-style-type: none"> • TWO possible reasons why Jessie Compton was able to commit fraud • TWO solutions • how each solution would reduce the likelihood of fraud happening again • TWO issues that <i>Silver Beach Wineries</i> needs to be aware of when implementing the new accounting software system • the TWO recommendations • how each recommendation would ensure that the software implementation is successful. <p>(Answers will typically state relevant examples, business knowledge, and / or Māori business concepts.)</p>	<p>Fully explains:</p> <ul style="list-style-type: none"> • TWO possible reasons why Jessie Compton was able to commit fraud • how each solution would reduce the likelihood of fraud happening again • TWO issues that <i>Silver Beach Wineries</i> needs to be aware of when implementing the new accounting software system • how each recommendation would ensure that the software implementation is successful. <p>(Answers will typically include relevant examples, business knowledge, and / or Māori business concept(s) to support explanations.)</p>	<ul style="list-style-type: none"> • Fully explains how each solution would reduce the likelihood of fraud happening again. • Justifies, with TWO reasons, why one solution would be more successful in reducing fraud than the other. • Fully explains how each recommendation would ensure that the software implementation is successful. • Justifies, with TWO reasons, why one recommendation would be more effective than the other. <p>(Answers will typically integrate relevant examples, business knowledge, and / or Māori business concept(s) to support explanations.)</p>

Grade Score Descriptors

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanations.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Some Excellence evidence.	All Excellence evidence.

N0= No response; no relevant evidence.

Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 2	3 – 4	5 – 6	7 – 8