

Pilot Assessment Schedule – 2023

Commerce: Demonstrate understanding of how an organisation’s financial viability is affected by an event (92031)

Assessment Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<p>Demonstrating understanding involves:</p> <ul style="list-style-type: none"> describing how an organisation can be financially viable when affected by an event. 	<p>Explaining how involves:</p> <ul style="list-style-type: none"> explaining why an organisation is able to remain financially viable when affected by an event. 	<p>Evaluating how involves:</p> <ul style="list-style-type: none"> evaluating why an organisation is able to remain financially viable when affected by an event.

Sample evidence

Names the organisation, identifies its goods and services, sources of income, its ownership structure, size, and location. Identifies its pūtake.

	Evidence
(i)	<p>The candidate can apply any model or concept.</p> <p>For example, the income statement shows the amount of income, expenses, and the net profit / loss of the organisation. If the organisation is making a profit, then it is likely to be financially viable as it is able to pay for its expenses and run the business. The balance sheet shows the values of the assets, the liabilities, and the equity at a point in time. If the value of the assets is greater than the liabilities, then the organisation is financially viable, as the business has sufficient assets to cover the debts of the business.</p>
(ii)	<p>Answers need to refer and relate to the organisation’s pūtake. Possible answers include:</p> <p>GST</p> <p>If GST increases to 20%, the cost of purchasing raw materials / supplies will increase for the organisation. The organisation will need to cover the increased costs by raising prices to the consumer, but this will affect the organisation’s ability to achieve its pūtake, which aims to offer the highest quality products at reasonable prices.</p> <p>Minimum wage</p> <p>If the minimum wage increases from \$23 to \$26 an hour, the cost of labour increases for the organisation as it will need to pay its workers more. Additionally, the workers who are being paid above the minimum wage might demand an increase in wages. The organisation’s pūtake is to look after its workers and pay them a decent wage, but the organisation may be unable to afford the latest increase in wages.</p> <p>Extreme storms</p> <p>Should extreme storms cause a delay in the delivery of supplies, the organisation may run out of stock on its shelves. The pūtake of the organisation is affected as it is unable to satisfy its customers’ wants, causing them to purchase products elsewhere.</p> <p>Negative public response to a social media advertising campaign</p> <p>The pūtake of the organisation is to promote a positive image in the community. However, a negative public response to a social media advertising campaign will cause a decline in the brand loyalty and reputation of the organisation, which will affect its pūtake so it may lose support from the community.</p>

<p>(iii)</p>	<p>Possible answers include:</p> <p>GST</p> <p>The organisation will face an increase in the costs of producing products / providing services as its suppliers are likely to have increased prices to cover the increased GST. The increase in costs will cause the expenses to increase in the income statement and therefore a decrease in the profit, causing the financial viability of the organisation to decline. The organisation may not be able to continue in the future with lower profits unless it chooses to take action in other areas of the business.</p> <p>Minimum wage</p> <p>An increase in the minimum wage increases the wage costs for the organisation, causing expenses to increase in the income statement and a decrease in the profit. The financial viability of the organisation will be reduced as it may not be able to continue in the future with lower profits unless it chooses to take action in other areas of the business.</p> <p>Extreme storms</p> <p>Extreme storms are likely to cause a shortage of goods and services into the organisation. Customers may be unable to buy its chosen products so sales will decrease for the organisation, causing a decrease in sales revenue in the income statement. The organisation may choose an alternative supplier or different way of getting the goods and services it needs to sell. This could increase its expenses. The decrease in income or increase in expenses would lead to a decrease in profit. The financial viability of the organisation will be reduced as it may not be able to continue in the future with lower profits unless it chooses to take action in other areas of the business.</p> <p>Negative public response to a social media advertising campaign</p> <p>Negative public response will cause a decrease in sales revenue as customers choose to spend their income on goods and services elsewhere. The net profit in the income statement will decrease because of the decrease in sales revenue. The financial viability of the organisation will be reduced as it may not be able to continue in the future with lower profits unless it chooses to take action in other areas of the business.</p>
<p>(iv)</p>	<p>Possible answers include:</p> <p>GST</p> <p>The organisation can:</p> <ul style="list-style-type: none"> • choose to increase its prices to the consumer to cover the increase in GST • decrease its costs in other areas of the business, for example cut down on electricity or find a cheaper supplier • choose to absorb the increase in costs from the GST increase in the hope that customers continue to buy from it. <p>Minimum wage</p> <p>The organisation can:</p> <ul style="list-style-type: none"> • choose to increase prices to the consumer to cover the cost of the increased wages • look to save costs in other areas of the business, for example spend less on technology or electricity, or find cheaper insurance <p>choose to keep prices the same and absorb the increase in wage costs in the hope of maintaining its customer loyalty and profits.</p>

	<p>Extreme storms</p> <p>The organisation can:</p> <ul style="list-style-type: none"> • choose to find a local supplier that can deliver the products faster and therefore maintain sales revenue • take pre-orders for customers to maintain sales income • choose to make the products so that it can continue to sell them. <p>Negative public response to a social media advertising campaign</p> <p>The organisation can:</p> <ul style="list-style-type: none"> • choose to decrease its prices to the consumer to encourage consumers to continue to purchase its products • invest in a new social media campaign in the hope of maintaining its customer loyalty and profits • choose not to use social media in the future, and instead use other marketing strategies to promote it.
(v)	<p>Candidates must make use of a model or concept in their answer and make reference to the impact of the organisation's pūtake. Possible answers include:</p> <p>The organisation should choose to absorb the increase in GST and leave its prices at the current amount. A positive consequence is that its consumers will continue to buy goods and services from it. New consumers may choose to buy from the organisation due to its prices being lower than its competitors, which will increase the organisation's market share and income, and lead to an increase in profit in the income statement. This increase in profit will enable the organisation to be financially viable in the future.</p> <p>Another positive consequence of keeping its prices the same is the positive publicity from the local community. This should lead to an increase in brand awareness resulting in an increase in income and profit for the organisation. This action would reinforce the organisation's pūtake of charging its customers a fair price for its goods and services, allowing the organisation to remain financially viable.</p> <p>A negative consequence of keeping the prices the same is that the increased income will not cover the additional GST costs passed on from the suppliers and could lead to a decrease in the organisation's profit and financial viability.</p> <p>The option of maintaining the organisation's prices is the best action as it means customers are more likely to remain loyal to the business and will continue to purchase from it. If the organisation chose to increase prices instead, it may lose valuable customers, resulting in a decline in income and profit, which will affect its financial viability. Additionally, it will mean it is not achieving its pūtake because its products will be too expensive for its customers in the local area.</p> <p>The organisation keeping its prices the same is a better option than decreasing some of its other costs, such as finding a cheaper supplier, as its customers may prefer the previous products / suppliers, causing a decrease in the organisation's income, profit, and financial viability in the future.</p>

Judgment

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanations.	Most Achievement evidence, at least one explanation.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker.	All points covered.

N0 = No response; no relevant evidence.

Discussion of pūtake required for Achievement and above.

Cut Scores

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

N0 = No response; no relevant evidence.

Appendix: Marker determination of validity of evidence

Professional judgement

The marker will determine a grade using their professional judgement based on a holistic examination of the evidence provided.

Demonstration of understanding

A response must use information to **demonstrate understanding**. The marker must exercise professional judgement to decide if it does so. The following guidance is provided to assist in making this professional judgement.

- A response **demonstrates understanding** if it can be described wholly or substantially by one or more of the statements in the **left-hand column**.
- A response **does not demonstrate understanding** if it can be described wholly or substantially by one or more of the statements in the **right-hand column**.
- If a response is comprised of both used and reproduced information, the marker must decide if it meets the standard **when the reproduced information is ignored**.

Evidence of <u>use</u> of information	Evidence of <u>reproduction</u> of information
<p>Prompts and / or questions have been provided and the candidate has responded to these.</p> <p>The response uses information relating to the standard, the prompts, or questions.</p> <p>Information from the candidate's practice, performance, research, the practice of others, and or teaching, is related to the candidate's experiences.</p> <p>The response shows understanding that could be expected to come from a course of instruction derived from Level 6 of <i>The New Zealand Curriculum</i>.</p> <p>Information is presented in the candidate's own voice.</p> <p>Referenced complex research information unchanged by paraphrase is related to other information in a manner that constructs meaning.</p>	<p>Information is presented that does not relate to the prompts.</p> <p>Information is presented in isolation from the candidate's experiences.</p> <p>Little or nothing is offered to suggest the information is related to a course of instruction at Level 6 of <i>The New Zealand Curriculum</i>.</p> <p>Information is not in the candidate's voice. The word choice, sentence structure, sentence length, punctuation etc. are not what a candidate could be expected to produce.</p> <p>Unreferenced complex information is presented as though it is the candidate's own work.</p>

In general, the marker will exercise the following judgement:

N1	N2
<p>The response does not include enough evidence to show understanding, and / or is substantially reproduced with little mediation by candidate.</p>	<p>The response is substantially produced by the candidate, but demonstrates little understanding.</p> <p>One part of the required response may be completely missing, or several parts may be weak.</p>

Where doubt exists as to whether evidence has been produced, mediated, or used by the candidate, the doubt must be exercised to the benefit of the candidate.