

Assessment Schedule – 2025**Commerce: Demonstrate understanding of the financial viability of an organisation (92031)****Assessment Criteria**

Achievement	Achievement with Merit	Achievement with Excellence
<p><i>Demonstrating understanding of the financial viability of an organisation involves:</i></p> <ul style="list-style-type: none"> describing the effects of a factor on the financial viability of an organisation describing actions that the organisation could take to sustain financial viability using a concept or model to support the description. 	<p><i>Examining the financial viability of an organisation involves:</i></p> <ul style="list-style-type: none"> explaining the effects of a factor on the financial viability of an organisation explaining actions that the organisation could take to sustain financial viability using a concept or model to support the explanation. 	<p><i>Evaluating the financial viability of an organisation involves:</i></p> <ul style="list-style-type: none"> evaluating actions that the organisation could take to sustain financial viability using a concept or model to support the evaluation.

Sample evidence

For organisations selected by the candidate:

- names the organisation
- identifies its:
 - goods and services
 - sources of income
 - ownership structure
 - size
 - location
- identifies its pūtake.

	Evidence
(a)	<p>A competitor decreases its prices A competitor decreasing its prices means customers may choose to purchase their goods / services from the competitor as its prices are lower. This will result in a decrease in sales and profits for <i>Whare Hangariki Ltd</i>, and a loss of financial viability. A model or concept is included to support the answer.</p> <p>A six-month delay in supplies arriving from overseas A delay in supplies arriving from overseas means <i>Whare Hangariki Ltd</i> will not be able to make the products that it sells, and customers will be unable to purchase their products and will switch to a competitor. Therefore, sales and profits will decline, and <i>Whare Hangariki Ltd</i>'s profitability and financial viability will decrease. A model or concept is included to support the answer.</p> <p>A local bank reduces business loan interest rates from 6% to 4.5% A local bank reducing its interest rates by 1.5% means <i>Whare Hangariki Ltd</i> will pay less in expenses each week, resulting in an increase in its bank account. This means <i>Whare Hangariki Ltd</i> will improve financially so will be better able to meet its customers' need. Therefore, <i>Whare Hangariki Ltd</i> will improve its long term profits, and financial viability. A model or concept is included to support the answer.</p>

	<p>The IT system is hacked, and scammers gain access to customers' personal information</p> <p>If the IT system is hacked by scammers, <i>Whare Hangariki Ltd's</i> customers' personal details may be stolen and used fraudulently. This is an inconvenience for its customers who will be angry. It could result in negative word-of-mouth reviews from the local community and in damage to <i>Whare Hangariki Ltd's</i> brand image, resulting in a decrease in sales and profits. The decrease in profits will lead to reduced financial viability in the long term. A model or concept is included to support the answer.</p>
(b)	<p>A competitor decreases its prices</p> <p><i>Whare Hangariki Ltd's</i> pūtake could be affected as, to match the competitor's prices, it may need to use less sustainable wood when producing homes, which goes against its pūtake of using high quality, sustainable wood.</p> <p>A six-month delay in supplies arriving from overseas</p> <p><i>Whare Hangariki Ltd's</i> pūtake could be affected as it may not be able to produce and sell as many homes using sustainable materials, which means it will be unable to provide as many opportunities for apprenticeships as it has previously.</p> <p>A local bank reduces business loan interest rates from 6% to 4.5%</p> <p><i>Whare Hangariki Ltd's</i> pūtake could be achieved as it can increase the number of apprenticeships it offers at the local high school, due to the increased financial viability of the business.</p> <p>The IT system is hacked, and scammers gain access to customers' personal information</p> <p><i>Whare Hangariki Ltd's</i> pūtake could be affected as it will be unable to provide as many apprenticeships as it has previously, due to the decrease in financial viability.</p>
(c)(i) (c)(ii) (c)(iii) (c)(iv) (d)(i) (d)(ii) (d)(iii)	<p>A competitor decreases its prices</p> <p><i>Whare Hangariki Ltd</i> could compete with the competitor by creating a social media campaign focusing on the quality, rather than price, of its products.</p> <p><i>Whare Hangariki Ltd's</i> pūtake would be maintained as it would be focusing on using quality, sustainable materials in the production of its homes.</p> <p>By focusing on quality and not price, the organisation could avoid entering a price war and losing its gross profit margin. The social media campaign should be successful enough to maintain its current sales and profits. While it may lose customers in the short term, <i>Whare Hangariki Ltd</i> will retain its brand loyalty and financial viability in the long term. A model or concept is included to support the answer.</p> <p>If the social media campaign is not successful in raising brand awareness and sales decrease more than expected, <i>Whare Hangariki Ltd</i> may need to reduce expenses or sell off unused assets to maintain its current financial viability and continue to operate. By maintaining a focus on quality, sustainable materials, its production costs will not change, which means it risks sales being insufficient to match the extra costs. A model or concept is included to support the answer.</p> <p><i>Whare Hangariki Ltd</i> could decide to focus on renting out tiny homes to retain profits and sustain its financial viability.</p> <p><i>Whare Hangariki Ltd's</i> pūtake would be achieved as it would maintain its financial viability and be able to continue offering apprenticeships.</p> <p>A competitor reducing its prices means <i>Whare Hangariki Ltd</i> may not be able to sell its tiny homes. However, by renting homes it will receive income for homes it has already built. As the homes are already built, <i>Whare Hangariki Ltd</i> will not incur further production costs. The revenue stream from renting would give <i>Whare Hangariki Ltd</i> time to review options to best compete with the competitor's reduced prices. A model or concept is included to support the answer.</p>

(d)(iv)	Income from rental will be less than from sales, which will lead to a decrease in overall profits and a reduction in long-term financial stability. <i>Whare Hangariki Ltd</i> may incur more repairs and maintenance costs because of increasing the stock of rental properties, however, renting would result in an alternative income stream. Staff may not be familiar with renting out as their main income earner so will need training, which will increase costs and reduce financial viability in the short term. If <i>Whare Hangariki Ltd</i> is not able to keep renting out tiny homes, it might not retain its high-quality staff or keep loyal customers, resulting in a decline in profits and financial viability. A model or concept is included to support the answer.
	<p>A six-month delay in supplies arriving from overseas</p> <p>(c)(i) <i>Whare Hangariki Ltd</i> could switch to using New Zealand-made products of a similar standard. This would allow it to have products to sell rather than risk selling out of stock, so its customers shop elsewhere. <i>Whare Hangariki Ltd</i> would sustain their market share, which retains their long-term sales, profits, and financial viability.</p> <p>(c)(ii) <i>Whare Hangariki Ltd's</i> pūtake would be maintained as it would continue to use quality, sustainable materials in the production of the homes.</p> <p>(c)(iii) New Zealand products could be higher quality than the overseas imports, and customers may not mind paying more. In this is the case, <i>Whare Hangariki Ltd</i> will sustain its sales, profits, and long-term financial viability. The local community may be more inclined to buy from <i>Whare Hangariki Ltd</i> as it is selling New Zealand-made products, which creates jobs in the area due to the increased demand. A model or concept is included to support the answer.</p> <p>(c)(iv) New Zealand-made products could be more expensive than overseas imports. <i>Whare Hangariki Ltd</i> could either keep the selling price the same, resulting in a decrease in the gross profit per item, or increase the price to cover the additional cost of goods sold. If it increases prices, customers may not be prepared to pay more and choose to go to a competitor. This would cause a decrease in profits and financial viability. There may be a limited availability of the New Zealand resources, resulting in the business not having enough of the materials required to match demand, meaning that some customer orders would continue to be delayed. A model or concept is included to support the answer.</p> <p>(d)(i) <i>Whare Hangariki Ltd</i> could set up a waiting list of customers who prepay for their tiny homes. When the delayed supplies arrive, the prepaid orders will be sent out directly. This would mean customers are still buying <i>Whare Hangariki Ltd's</i> products but there would be a slight delay in receiving them.</p> <p>(d)(ii) <i>Whare Hangariki Ltd's</i> pūtake would be achieved as it would maintain financial viability and be able to continue to offer apprenticeships.</p> <p>(d)(iii) <i>Whare Hangariki Ltd</i> could offer a discount or free delivery to offset the wait for product arriving. This would sustain its sales, profits, and financial viability in the short term but mean reduced profit compared to usual, but it would be better than having no sales at all. The revenue would allow <i>Whare Hangariki Ltd</i> to maintain the number of employees, so that when the supplies arrive it is prepared to meet the prepaid and future orders. A model or concept is included to support the answer.</p> <p>(d)(iv) Customers may not want to wait for their products and decide to switch to a competitor instead, leading to a loss of brand loyalty and market share. In this case, <i>Whare Hangariki Ltd's</i> sales and profits will decline, and its financial viability will be at risk. With a waiting list, once the supplies arrive from overseas, the business will need to prioritise customers on the list first, meaning they will not be able to produce as many new homes until the backlog is cleared. This may mean that some potential customers choose to use a competitor that can get a home to them quicker. A model or concept is included to support the answer.</p>
	<p>A local bank reduces business loan interest rates from 6% to 4.5%</p> <p>(c)(i) <i>Whare Hangariki Ltd</i> could choose to pay the same repayment amount each week. Because the interest cost is lower, it will pay more of the principal, therefore paying the loan off faster.</p> <p>(c)(ii) <i>Whare Hangariki Ltd's</i> pūtake will be achieved as it can increase the number of apprenticeships it offers due to the increased financial viability.</p> <p>(c)(iii) In the long term, this will lead to a stronger financial viability for <i>Whare Hangariki Ltd</i> as it will reduce its overall debt. It will also have a stronger credit rating, so will be in better financial position should it decide to take on debt in the future. A model or concept is included to support the answer.</p>

<p>(c)(iv)</p> <p>(d)(i)</p> <p>(d)(ii)</p> <p>(d)(iii)</p> <p>(d)(iv)</p>	<p>There is an opportunity cost for the money used to keep debt repayments the same. <i>Whare Hangariki Ltd</i> could spend the money it saves on interest payments on other areas of the business, such as a website upgrade or refreshing their branding, which may improve the overall financial viability. Alternatively, it could just pay the lower interest amount, which will reduce the interest expense in the income statement, therefore improving profitability and financial viability. A model or concept is included to support the answer.</p> <p>The decreased interest rates on business loans means <i>Whare Hangariki Ltd</i> could afford to take on more debt to expand operations because it will be cheaper to repay. For example, it could use extra loan money to purchase additional capital expenditure, such as more machines or building equipment.</p> <p><i>Whare Hangariki Ltd's</i> pūtake will be achieved as it can increase the number of apprenticeships it offers due to the increased financial viability.</p> <p>By upgrading its technology / equipment, <i>Whare Hangariki Ltd</i> should improve productivity and efficiency, resulting in less expenses and greater output. Sales should also increase as <i>Whare Hangariki Ltd</i> will be able to produce houses quicker, which means it will be able to take on additional orders, leading to increased profit and being in a better financial position. A model or concept is included to support the answer.</p> <p>The interest cost of the capital expenditure may exceed the increase in sales, leading to a decrease in profits. <i>Whare Hangariki Ltd</i> is also at risk of financial uncertainty in the future if the interest rates increase sharply, as the business has more debt this would lead to increased interest costs and a reduction in financial viability. A model or concept is included to support the answer.</p>
<p>(c)(i)</p> <p>(c)(ii)</p> <p>(c)(iii)</p> <p>(c)(iv)</p> <p>(d)(i)</p> <p>(d)(ii)</p> <p>(d)(iii)</p> <p>(d)(iv)</p>	<p>The IT system is hacked, and scammers gain access to customers' personal information</p> <p><i>Whare Hangariki Ltd</i> could hire an IT company to maintain and monitor its online security, which will ensure the breach is unlikely to occur again.</p> <p><i>Whare Hangariki Ltd's</i> pūtake will be achieved as it can continue to offer apprenticeships due to maintaining its financial viability.</p> <p>Initially, this will cause an increase in costs and, depending how high the costs are, profit could decrease. However, hiring an IT company is important to keep customer's personal details safe. As customers know their details are safe, they are more likely to continue to purchase from <i>Whare Hangariki Ltd</i>, helping with financial viability. Employees will be able to focus on their key roles, rather than spending time dealing with IT issues. This means they can be more efficient and productive. A model or concept is included to support the answer.</p> <p>If <i>Whare Hangariki Ltd</i> does not spend enough on the IT company and the problems are not resolved, its image will be further affected. It will continue to lose customers from a lack of trust, which may reduce financial viability as sales and profitability will fall. The cost of hiring the IT company will increase expenses, leading to a decrease in profitability. This combined with any decrease in sales, could reduce the financial viability of the business. A model or concept is included to support the answer.</p> <p><i>Whare Hangariki Ltd</i> must be proactive in its approach to dealing with customers. It must communicate with them immediately, highlighting the security breach issues, and offer to assist in any way it can. It must educate its employees to not click on any suspicious links or use its computer system for anything personal.</p> <p><i>Whare Hangariki Ltd's</i> pūtake will be achieved as it can continue to offer apprenticeships due to maintaining its financial viability.</p> <p>If <i>Whare Hangariki Ltd</i> is proactive, admits its mistake and states how it will rectify the issue, customers may appreciate the business taking the initiative and remain loyal to it. In this case, sales and profits should be stable, as well as financial viability. <i>Whare Hangariki Ltd</i> would not need to pay to recruit an IT company so its expenses would not increase. A model or concept is included to support the answer.</p> <p>Depending on the severity of the breach, <i>Whare Hangariki Ltd</i> may need to compensate its customers. This will cause a decrease in the business's bank account. Brand image and customer loyalty could continue to reduce, and customers could take their business elsewhere, leading to a reduction in sales and financial viability. A model or concept is included to support the answer.</p>

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

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

N0 = No response; no relevant evidence.