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NEW ZEALAND QUALIFICATIONS AUTHORITY  
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## Level 1 Business Studies 2020

### 90839 Apply business knowledge to an operational problem(s) in a given small business context

9.30 a.m. Thursday 26 November 2020  
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Apply business knowledge to an operational problem(s) in a given small business context.	Apply detailed business knowledge to an operational problem(s) in a given small business context.	Apply comprehensive business knowledge to an operational problem(s) in a given small 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 the questions in this booklet.**

Refer to relevant business knowledge and/or Māori business concepts in your answers.

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 2–12 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.**

**TOTAL**

ASSESSOR'S USE ONLY

Read the resource below before you begin answering the questions in this booklet.

## RESOURCE: CASE STUDY

*Bella's Bakelicious* is a café and cake shop based in Taupō, in the heart of the North Island. Bella has combined her passion for food and art to produce a unique range of delicious food. In addition to the café business, Bella produces made-to-order celebration cakes for any occasion (weddings, birthdays, office shouts, etc.) and a range of corporate-branded cookies for hotels, restaurants and outside caterers. Bella encourages a 'family' culture at *Bella's Bakelicious*, as the seven permanent staff get along well – they all grew up in Taupō together, and have been working at *Bella's Bakelicious* since the business began five years ago. Bella always celebrates her employees' birthdays, and the staff regularly socialise on Friday nights after work. Ideas from staff are encouraged, especially when they come up with new, unique cake designs for the variety of celebrations that clients ask for.

*Bella's Bakelicious* has won many awards, both locally and nationally – most recently, the 2019 Excellence in Business Award at the Great Lake Taupō Business Awards evening.

Due to the increasing popularity of Taupō as a destination to have celebrations, Bella decided to recruit a new staff member to assist with designing and making celebration cakes. Bella advertised a cake designer position in the local *Taupō Times*, and received three job applications. Charlie was first to be interviewed, and Bella was so impressed with his interview that she hired him on the spot. She had heard the local supermarket was also looking for celebration-cake makers and did not want to miss out on a good employee. Charlie began working at *Bella's Bakelicious* a few days later. Bella provided no formal induction, supplying Charlie with a client's request for a cake for a 50th birthday party on his first day.

However, after three months of working with Charlie, Bella began to wonder why she had hired him. He did not fit in with the family culture of the business; he liked to design his cakes alone, and didn't share his ideas until the cake was finished. He made no attempt to get to know any of the other staff, and the normally relaxed atmosphere in the business became awkward when he was around. The other staff complained about him on a daily basis, and some were even thinking of leaving. Charlie's work was also very poor, as his cakes were not well presented. In addition, Charlie damaged some expensive equipment, which impacted on the volume of cakes that could be baked.











**QUESTION THREE: Cash flow****Excerpt from media report**

The minimum wage will rise to \$20.00 per hour in 2021. The Government has today confirmed that the adult minimum wage will increase from \$18.90 to \$20.00 on 1 April 2021. This includes casual employees.

Bella is aware that the minimum wage will increase again in 2021, which will not only increase costs for her business, but will also increase costs for her corporate business customers, whom she currently allows 20 days to pay. This may lead to slow payers and consequently a negative impact on cash flow for *Bella's Bakelicious*.



Source: <https://4570book.info/amazing-cliparts/cash-flow-forecast-clipart-house.htm>

(a) Describe the business term 'cash flow'.

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