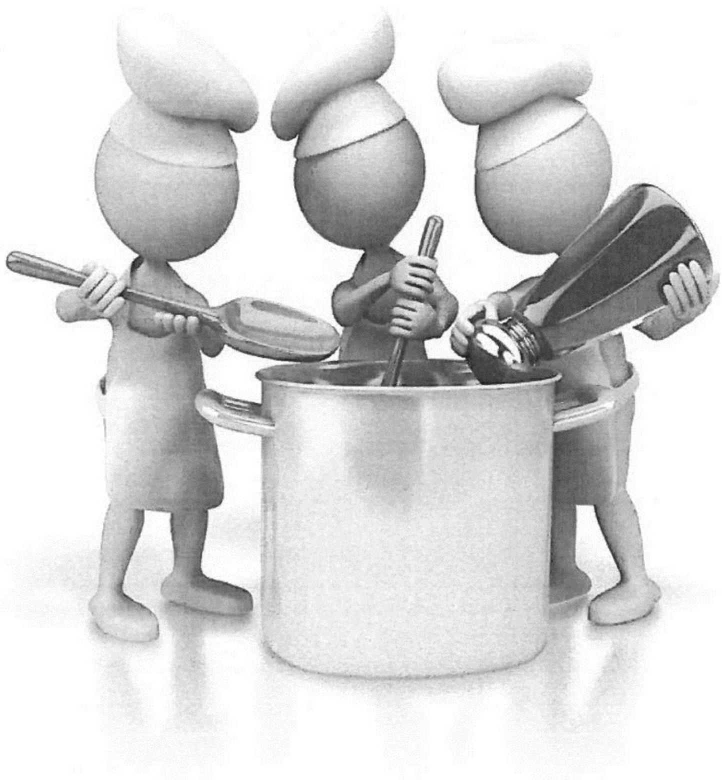
BSBSMB401

Establish legal and risk management requirements of small business

Learner Workbook



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Candidate Details

Assessment – BSBSMB401: Establish legal and risk management requirements of small business

Please complete the following activities and hand in to your trainer for marking. This forms part of your assessment for BSBSMB401: Establish legal and risk management requirements of small business

Name: Bradley Healy

Address: 15 Nungo Street
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Email: bhprecision.sc@gmail.com

Employer: Self Employed

Declaration

I declare that no part of this assessment has been copied from another person's work with the exception of where I have listed or referenced documents or work and that no part of this assessment has been written for me by another person.

Signed:

Date: 22/11/2020

If activities have been completed as part of a small group or in pairs, details of the learners involved should be provided below;

This activity workbook has been completed by the following persons and we acknowledge that it was a fair team effort where everyone contributed equally to the work completed. We declare that no part of this assessment has been copied from another person's work with the exception of where we have listed or referenced documents or work and that no part of this assessment has been written for us by another person.

Learner 1: Bradley Healy

Signed:

Learner 2:

Signed:

Learner 3:

Signed:

Competency Record to be completed by Assessor

Learner Name: ______________________________

Date of Assessment: ______________________________

The learner has been assessed as competent in the elements and performance criteria and the evidence has been presented as;

	Assessor Initials
Authentic	
Valid	
Reliable	
Current	
Sufficient	

Learner is deemed: COMPETENT NOT YET COMPETENT (Please circle)

If not yet competent, date for re-assessment: ______________________________

Comments from Trainer / Assessor:

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Assessor Signature: ______________________________

Observation/Demonstration

Throughout this unit, you will be expected to show your competency of the elements through observations or demonstrations. Your instructor will have a list of demonstrations you must complete or tasks to be observed. The observations and demonstrations will be completed as well as the activities found in this workbook. An explanation of demonstrations and observations:

Demonstration is off-the-job

A demonstration will require:

- Performing a skill or task that is asked of you
- Undertaking a simulation exercise

Observation is on-the-job

The observation will usually require:

- Performing a work based skill or task
- Interaction with colleagues and/or customers

Your instructor will inform you of which one of the above they would like you to do. The demonstration/observation will cover one of the unit's elements.

The observation/demonstration will take place either in the workplace or the training environment, depending on the task to be undertaken and whether it is an observation or demonstration. Your instructor will ensure you are provided with the correct equipment and/or materials to complete the task. They will also inform you of how long you have to complete the task.

You should demonstrate that you can:

1. Identify and implement business legal requirements
2. Comply with legislation, codes and regulatory requirements
3. Negotiate and arrange contracts

You should also demonstrate the following skills:

- Reading
- Writing
- Oral Communication
- Numeracy
- Navigate the world of work
- Interact with others
- Get the work done

Activities

Activity 1A

Estimated Time	30 minutes
Objective	To provide you with an opportunity to identify and research possible options for the business legal structure using appropriate sources
Activity	1. Conduct your own research and document advantages and disadvantages in creating the types of legal structure detailed in this table.

Type	*Advantages*	*Disadvantages*
Cooperative	• Inexpensive to register • Members have equal vote regardless of level of invest. • All members must be active in the co-op. • Further marketing reach	• Less operational control • Legal limits on payments of dividends. • Limited capital • Fixed pricing
Trust	• Flexibility in distributions among benificiaries • Income is taxed as income of an individual. • Limited Liability	• Complex structure(s). • Expensive to establish & maintain. • Trustees are resticted by trust deed.
Association or not-for-profit legal structure	Don't have to pay taxes	No profits

Activity 1B

Estimated Time	20 minutes
Objective	**To provide you with an opportunity to determine legislation and regulatory requirements affecting operations of the business under its chosen structure.**
Activity	**1. Report on your organisation or in accordance with directions from the instructor, the legislation and regulatory requirements affecting the operations of your business.** • I cannot undertake work over the value of $3300 until I get a QBCC licence in accordance with the Queensland Building & Construction Commission Regulation act. • QBCC act 1991 • QBCC Regulation 2018 • QBCC Minimum Financial Requirements regulation 2018 • Building Act 1975 • Building Regulation 2006 • Building Industry Fairness Act 2017 • Building Industry Regulation 2018

Activity 1C

Estimated Time	20 minutes
Objective	**To provide you with an opportunity to develop and implement procedures to ensure full compliance with relevant legislation and regulatory requirements.**
Activity	**1. What methods are used to implement procedures to ensure full compliance with the relevant legislation and regulatory requirements governing your specific business operations?** **You may make reference to your answers in Question 1B.** • Ensuring the current total value of works is under $3300 until I obtain the correct licencing. • Understanding which legislation is relevant to my business & following the guidelines set by them • Researching online, phone, in person at QBCC & other relevant governing bodies. • Seeking legal advice

Activity 2A

Estimated Time	30 minutes
Objective	To provide you with an opportunity to establish systems to ensure legal rights and responsibilities of the business are identified and the business is adequately protected, specifically in relation to work health and safety (WHS), business registration and environmental requirements
Activity	1. Detail/report your company's systems to ensure the legal rights and responsibilities of the business are identified and the business is adequately protected. • Seeking legal advice to anything I am unsure of. • Regularly checking Government websites for any possible changes in relevant legislations. • Standard contract aggreement for all works carried out. • Established WHAS procedures & update where neccessary. • Good communication with my accountant.

Activity 2B

Estimated Time	25 minutes
Objective	**To provide you with an opportunity to identify taxation principles and requirements relevant to the business, and follow procedures to ensure compliance, and identify and carefully maintain legal documents and maintain and update relevant records to ensure their ongoing security and accessibility.**
Activity	**1. Define a sole trader, an incorporated company and a trust.** • Sole trader is an indivual running a business who is legally responsible for all aspects of the business. • Incorporated company is a corporate entity that's assets & income is seperate from its owners and/or investors. • A trust is an obligation imposed on a person or other entity to hold property for the benefit of beneficiaries. **2. What legal documents may you have to maintain?** • Contractor Aggreements • Insurance documents • Income records • Financial records • Business Name • Australian Business Number • Licences • Taxation Registrations

Activity 2C

Estimated Time	**20 minutes**
Objective	**To provide you with an opportunity to monitor provision of products and services of the business to protect legal rights and to comply with legal responsibilities and conduct investigations to identify areas of non-compliance with legal and regulatory requirements, and take corrective action where necessary**
Activity	**1. Suggest three options that could likely cause an error in compliance. For the areas identified, give your recommendations on ways to eliminate future occurrences.** • Performing duties outside of my authorised expertise. Outsource work to the correct licenced contractors. Know your limitations • Miss-placed/lost Income records. Improved systems such as digital storage & accounting software to keep track of everything • OH&S breach onsite. Implement OH&S procedures & plans to ensure complience & safety.

Activity 3A

Estimated Time	**25 minutes**
Objective	**To provide you with an opportunity to seek legal advice on contractual rights and obligations, if required, to clarify business liabilities, investigate and assess potential products or services to determine procurement rights and ensure protection of business interests where applicable**
Activity	**1. In pairs, groups or individually list five contractual rights and obligations that could give cause to potential business liabilities.** • Performing work outside the scope of works in the contractual agreement. • Failure to perform with the applicable standard of duty. • Failure to provide duty of care. • Anticipatory Breach of contract • Damages to building / property as a result of works carried out

Activity 3B

Estimated Time	30 minutes
Objective	To provide you with an opportunity to seek legal advice on contractual rights and obligations, if required, to clarify business liabilities, Investigate and assess potential products or services to determine procurement rights and ensure protection of business interests where applicable.
Activity	1. List five products or services to determine procurement rights and ensure protection of the business interests where applicable. • Obtaining goods which are of a satisfactory quality and fit for purpose • Ensuring the right quantities are ordered for the job • Establish a firm Risk Analysis • Financial management & tracking • Allow for variations

Activity 3C

Estimated Time	30 minutes
Objective	**To provide you with an opportunity to negotiate and secure contractual procurement rights for goods and services including contracts with relevant people, as required, in accordance with the business plan**
Activity	**1. Create a five point plan on negotiating for securing contractual procurement rights for goods and services contracts.** 1. Thoroughly research & know the clients & products 2. Talk to multiple suppliers 3. Offer discounts for larger deposits on orders. 4. Build strong communication & relationships. 5. Don't accept the 1st Offer.

Activity 3D

Estimated Time	25 minutes
Objective	To provide you with an opportunity to identify options for leasing/ownership of business premises and complete contractual arrangements in accordance with the business plan
Activity	1. What would be your choice, to either lease or purchase premises for a small business in your capital city, and why? I would choose to lease a premises for a number of reasons. Firstly, as I'm a small business starting out, Capital & Cash flow ~~are~~ are issues so I would not commit to purchasing straight away. Secondly, leasing gives the business flexibility to relocate or upsize to a different building/larger building if the business becomes increasingly successful.

Activity 4A

Estimated Time	20 minutes
Objective	**To provide you with an opportunity to identify potential internal and external risks to the business**
Activity	**1. Give examples of internal and external risks that may affect your organisation.** Internal risks that may affect my organisation are: (1) • Limited money & resources (2) • Health & wellbeing - as I'm a soletrader, If I'm sick or ~~my~~ have health issues then my business suffers. (3) • I'm solely liable for anything and everthing that happens to the business which includes my person assets. External risks are (4) • Economy downturns so people stop spending money (5) • Customers & Suppliers can be limiting to the business (6) • Changes in Politics & Goverment Policy

Activity 4B

Estimated Time	30 minutes
Objective	To provide you with an opportunity to assess the probability and impact of identified risks
Activity	1. For each risk you identified in Activity 4A, assess its probability and impact. 1. Theres always a probability & the impact of loss of finances could mean closing the business. 2.- Can only control my health & wellbeing as much as possible by exercising & eating healthy & regular check ups. Impact can be loss of income but can manage that by hiring staff. 3.- Probability is low if I have a good business plan & follow laws & regulations. Impact could be loss of business & or personal assets to recover costs. 4. Always a probability, Impact could mean changing business structure to remain in business. 5. Low probability in my field. & Low impact, can always source more suppliers. 6.- High probability in this country. Change business structure if need be.

Activity 4C

Estimated Time	25 minutes
Objective	**To provide you with an opportunity to prioritise risks for treatment**
Activity	**1. Create probability-impact matrix and determine which risk has the highest priority.**

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Impact category	Financial Impact	Health Impact	Business Impact
Minor	Minimal Financial Loss 1	1st Aid needed, no days lost	Barely any impact
Moderate	Some financial loss, may disrupt business 5 4	Medical treatment and days lost	Short term delays + problems (several days) 2
Major	Large financial loss, unlikely to be covered by insurance 6	Hospitalisation or permanent injury; large amount of days lost	Delays + problems for up to weeks
Catastophic	Complete financial loss 3	Death or severe, permanent injury / disability	Delays or problems for long term

Activity 4D

Estimated Time	**25 minutes**
Objective	**To provide you with an opportunity to develop actions to mitigate risks including identifying insurance requirements and adequate cover**
Activity	**1. You are about to take out an insurance policy. Thinking about the likely risks to your business, suggest the approach and cover you would likely use to insure against the following risks.** • Firstly assess all business inventory/ assets and determine a valuation. • Understand the types of work my business will be conducting • Speak to my insurance broker to assess the correct policys & level of cover the business requires. • Once the business is insured, make sure it operates with in the appropriate level of coverage & update policies if needed in the future.

Skills and Knowledge Activity

Estimated Time	60 Minutes
Objective	**To provide you with an opportunity to demonstrate your knowledge of the foundation skills, knowledge evidence and performance evidence.**
Activity	**Complete the following individually and attach your completed work to your workbook.** The answers to the following questions will enable you to demonstrate your knowledge of: ➢ Reading ➢ Writing ➢ Oral Communication ➢ Numeracy ➢ Navigate the world of work ➢ Interact with others ➢ Get the work done ➢ Outline business registration and licensing requirements ➢ Identify commonwealth, state/territory and local government legislative requirements relating to business operation ➢ Explain creation and termination of relevant legal contracts ➢ Summarise relevant cultural differences and legal implications ➢ Describe legal rights and obligations of alternative ownership structures ➢ Outline necessary record keeping to meet minimum legal and taxation requirements ➢ Summarise relevant consumer legislation and industry codes of practice ➢ Outline the key steps in the risk management process ➢ Explain relevant insurance requirements and products **1. What texts may you have to read to assess the legal and risk management requirements of the business?** **2. What reports and workplace documentation may you have to write?** **3. What skills are needed to communicate effectively during communications?** **4. What information might you need to determine insurance costs?** **5. What are organisational policies which may apply to your ethical behaviour?** **6. Why may you need to seek legal advice?** **7. What sort of information may you need to store securely?** **8. What are the benefits of being on the Australian Business Register (ABR)?** **9. What local, state/territory, commonwealth and international legislation, regulations and codes of practice may affect business operations?** **10. What elements must be present for a legally enforceable contract?** **11. How can you manage diversity and cultural differences within a workplace?** **12. What alternative ownership structures exist?** **13. What records will you need to keep in order to meet taxation regulation?** **14. What is the purpose of the Australian Competition and Consumer Commission?** **15. How would you assess risks within an organisation?** **16. What insurance requirements may your organisation have?**

Major Activity

Estimated Time	60-120 Minutes
Objective	To provide you with an opportunity to demonstrate your knowledge of the entire unit.
Activity	**This is a major activity – your instructor will let you know whether you will complete it during class or in your own time.** **Attach your completed answers to the workbook.** You must individually, answer the following questions in full to show your competency of each element: 1. Identify and implement business legal requirements 2. Comply with legislation, codes and regulatory requirements 3. Negotiate and arrange contracts 4. Identify and treat business risks **1. Which business legal structure do you believe is the most appropriate? Note the positive and negative aspects of your chosen structure in relation to your business needs.** **2. What kind of permissions do you need to secure and maintain for your business?** **3. Pick three elements of general reporting on Section 1.3 of the Learner Guide and explain them in the context of your company, describing what you need to do in order to satisfy this requirement.** **4. What measures do you have in place regarding WHS policies and procedures? Explain why they are effective. If your company has not yet been opened or established, write about what you may need to implement and why.** **5. Which description in section 2.2 of the Learner Guide applies to your business? Explain how this works in relation to your business.** **6. What kind of records do you keep in relation to finance? Explain why each system you use is appropriate for your needs.** **7. What legislation may affect any contracts associated with the running of your business?** **8. What measures could you put in place to detect incidences of non-compliance?** **9. What can you do to ensure legal co-operation with contractual rights and obligations?** **10. What systems can you implement to ensure you are sourcing the right item, from the right supplier at the right time?** **11. Through the general running of your business, who can you expect to have contracts with? How does each person or company fit into your business plan?** **12. Is renting or buying more ideal for your business needs? Explain why and how you made this decision and detail the options that are available to you in this endeavour.** **13. What is the difference between internal and external threats?** **14. What are likely or certain risks within your business?** **15. How can you prioritise risks?** **16. What compulsory insurance must you obtain in order to run your business?**

	What extra or voluntary insurance could you also get, and why?