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: Wayne edwards____

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Email:

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Employer: tilecorp____

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: Wayne Edwards

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Date: 14/07/20____

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: ____

Signed: ____

Learner 2: ____

Signed: ____

Learner 3: ____

Signed: ____

Competency Record to be completed by Assessor

Learner Name: Wayne Edwards

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Date of Assessment: 14/07/20____

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	*Less taxation* *Funding opportunities* *Reduce costs and improve products and services* *Democratic organization* *Obtaining capital through investors* *Lack of membership and participation*	*Lack of secrecy* *Lack of business acumen* *Lack of interest* *Corruption* *Lack of mutual interest*
Trust	*Provides asset protection* *Limits liability in relation to business* *Flexible for tax purposes*	*Requires a lot of paperwork* *Record keeping* *Transfer taxes* *Difficulty refinancing trust property* *No cutoff or creditors claims*
Association or not-for-profit legal structure	*Strength in numbers* *Access to services*	*Guilt by association* *Fees and dues*

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.** *The legislation and regulations that are required for a business are subjected to* *.Duty of care and diligence* *.WHS codes of practice* *.planning and other permissions* *. environmental legislation* *. duty to prevent insolvent trading* *.duty to act in good faith* *. improper use of position* *.business registration including ABN* *.relevant acts and codes of practice* *.licensing*

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.** To comply with relevant legislation and regulations a company should, . maintain a register of its members . keep a record of members and director . record minutes of meetings including resolutions. .Keep proper financial records .hold AGM once every calander year . comply with all financial reporting

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.** **A company should along with its name include either its ABR or ABN on all public documents and every eligible negotiable instrument [e.g. cheques] issued by the company.** **A company should establish systems to ensure the legal rights and responsibilities of the business would require those people tasked with the responsibility to implement systems for,** **.recording, accounting, data storage and retrieval, reporting.** **A business must comply with all WHS requirements which may include,** **WHS codes of practice.** **Establish and maintain a WHS management system.** **Establish hazard management to assess and control risks and to develop safe work procedures.** **Establish WHS record keeping in accordance with regulatory requirements.** **WHS duty of care responsibilities [law of torts]** **Companies need a good computer system with qualified operators using up to date software and be kept up to date on all current legislation.** **All books, registers and accounts/ records must be kept for 7 years and be available for inspection by any authorized person when requested.** **Diversity management is extremely important in allowing for,** **Identifying workforce and customer cultural diversity and putting systems in place to measure/ assess the level of cultural competency.** **A company should check for all state/ federal laws/ regulations to see if any permits or license is required including environment: e.g. the sea, importing, heritage issues, hazardous materials/ waste, fuel quality]**

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.** **A sole trader is someone who trades on their own and controls/ manages the business.** **An incorporated company is a distinct legal entity that pays its own income tax separate from an individuals income tax and is regulated by ASIC.** **A trust is an obligation imposed on a person to hold property or income for the benefit of others.**

2. What legal documents may you have to maintain?

Financial records
Certificate of incorporation
Constitution of documents
Franchise agreements
Partnership agreements
Statutory books for companies, such as register of members, register of directors and minute books.
Records [whs, environmental, personal, taxation]

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.** *Policy; WORKER COLABERATION; all policies that are put in place need to have thorough thought and consideration and be continually monitored and discussed with workers to get their feedback and input.* *Procedure; MONITORING; as with all procedures, you must continually monitor and ensure that that any and all works are being done in a safe manner taking into account WHS as part of your legal responsibility to your workers.* *Governance; WORK CULTURE; by giving praise and offering assistance to those who require it a company can create a great work ethic / culture where upon all workers will take pride in their work and responsibility.*

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.** *You should always clarify your contractual obligations and rights to the following,* *Purchase orders* *Supply contracts* *Partnership agreement* *franchise agreements* *leases*

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.** **Purchase order correct** *Obtain the correct material* *The right supplier* *Freight / delivery* *Delivery date and address* *Procedures for delivery*

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. Prepare effectively; do internet searches on suppliers who have the product that you require.* *2. Understand the needs and interests of all parties ; by doing classes or courses you can improve your understanding in negotiating.* *3. Manage the impact of your personal negotiating style ; make specifications as generic as possible letting the supplier use their expertise in getting the best solution for you.* *4. Generate greater value through creativity;* *5. Consider suppliers history with after sales service.*

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 lease a premise on a short term lease to begin with so as to see how my business is going in 12 months with an option of a longer lease if everything is going well to keep my overheads at a minimum and to allow me to change where my busines is located if required.*

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;* *Theft by employees* *Union strikes*

	Supply chain failure *Loss af computer data* *External risks;* *Burglary* *Fire* *Flood*

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.** *Internal risks;* *Theft by employee ;unlikely, loss of product, loss of time finding who is stealing.* *Union strikes; likely , loss of production and income.* *Supply chain failure ;unlikely ; loss of production and loss of income.* *Loss of computer data; likely; loss of production also loss of ability to invoice and order materials, loss of income.* *External risks;* *Burglary ; likely without security precautions, loss of time and income.* *Fire; unlikely, could destroy everything leaving you without any income until insurance claim comes through, also leaving employees out of work.* *Flood; unlikely, lost time and income cleaning, fixing once insurance claim comes through.*

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.** **Impact cat, finance .2 health .4 business .6** **.7 Minor** **.5 Moderate** **.3 Major** **.1 catastrophic** **Flood, fire, theft by employee, supply chain failure all rate .14 or very low** **Union strike, burglary, loss of data all rate .6 which is quite high risk**

wActivity 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.** *I feel I would get professional liability insurance to cover any work being done by my employees.* *I would get comprehensive cover for my vehicle and property including tools and machinery.* *I would check to make sure the the insurances cover me for flood, fire, burglary and theft. Third party vehicle is covered on motor registration.*

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? establish legal and risk management requirements for small business [training.gov.au]** 2. **What reports and workplace documentation may you have to write? Documents you should write are/ financial records, constitution of documents, franchise agreements, partnership agreements, minutes of meetings, register of directors, WHS reports, environmental reports, taxation records.** 3. **What skills are needed to communicate effectively during communications? negotiation skills are very important to communicate effectively** 4. **What information might you need to determine insurance costs? the probability and impact of risks.** 5. **What are organisational policies which may apply to your ethical behaviour? Ethics in the workplace [vpsc.vic.gov.au] Australian community workers ethic sand good practice guide [acwa.org.au]** 6. **Why may you need to seek legal advice? You may seek legal advice before signing a contract, before signing a lease agreement, to clarify business liabilities and assess potential products or services and to protect business interests.** 7. **What sort of information may you need to store securely? Financial records, contracts, personal documents, taxation records, minutes of meetings, Whs records.** 8. **What are the benefits of being on the Australian Business Register (ABR)? Prospective clients can check to see if your business is registered and your license is up to date.** 9. **What local, state/territory, commonwealth and international legislation, regulations and codes of practice may affect business operations? A business must have an ABN and be on the ABR, a business must be licensed, a business must follow all tax regulations and WHS codes of practice.** 10. **What elements must be present for a legally enforceable contract? For a contract to be legally binding it must have an offer, an acceptance, an intention to create a legal relationship and a consideration [usually money].**

	11. How can you manage diversity and cultural differences within a workplace? Diversity management is an ongoing process to create awareness within an organization and assist the knowledge and understanding within mixed cultures. 12. What alternative ownership structures exist? Sole trader has full control of profit and debt , partnership both have responsibility for debts and profit, company pty ltd are a separate entity. 13. What records will you need to keep in order to meet taxation regulation? TFN, ABN, PAYG, GST. 14. What is the purpose of the Australian Competition and Consumer Commission? To administer the trades practices act 1974 and the prices surveillance act 1983. It promotes competition and fair trade in the marketplace. 15. How would you assess risks within an organisation? Summarise risk assessment into event category and likely hood category with the estimated impact to business as the conclusion. 16. What insurance requirements may your organisation have? You need to insure your business in the likely hood that something will probably happen if your risk assessment deems it likely, [e.g. professional liability, workers compensation, comprehensive motor vehicle and building and contents insurance.

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.** **For me personally, sole trader is my preferred option as I will be the owner/ operator. Positive;-less overheads, no employee to worry about with sickness or holidays and not showing up. Negative;- if I don't work I don't earn money, 1 person to quote do the work and do invoicing. If I'm sick the jobs don't get done.** 2. **What kind of permissions do you need to secure and maintain for your business?** **you must secure your business license, register your business on the ABR which will get you ABN ,register with the ATO for taxation and GST.** 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.** **Notify the ATO of any change to my business e.g. from sole trader to partnership, change of business address. Keep proper financial records and see my accountant every quarter to ensure everything is up to date. Comply with financial reporting, by ensuring everything is up to date.** 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.** **When my business starts up the WHS procedures will be as follows, use correct PPE at all times when necessary e.g. safety glasses when cutting tiles, dust mask when cutting tiles and mixing glue, ear protection when cutting tiles . not using these items could lead to eye sight loss, hearing loss, lung problems and ongoing repiritory problems. Regular test and tag of all electrical items will also be done when required. An injury from not wearing the appropriate PPE could lead to major lost time and money.** 5. **Which description in section 2.2 of the Learner Guide applies to your business? Explain how this works in relation to your business.** **sole trader is the description that suits my business, I will be the person who quotes the work, who does the work and does the invoicing.** 6. **What kind of records do you keep in relation to finance? Explain why each system you use is appropriate for your needs.** **Accounts receivable, so I know who owes me money, tax invoices, to show amount of tax and gst I've paid when buying products. Accounts payable, so I know who I owe money too,** 7. **What legislation may affect any contracts associated with the running of**

	your business? business registration laws , fair trading laws, contractors laws will all play a part in my business. 8. What measures could you put in place to detect incidences of non-compliance? All financial and taxation related bookwork will be double checked with my accountant to ensure that I am compliant at all times. Any contracts will be checked by my solictitor to ensure compliance. 9. What can you do to ensure legal co-operation with contractual rights and obligations? Ensure I seek legal advice from my solicitor about any contracts that I sign. 10. What systems can you implement to ensure you are sourcing the right item, from the right supplier at the right time? Use suppliers who I have used before and who I have done a thorough back ground research on. 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? Builders;- whom I do work for. Suppliers;- whom supply my materials. subcontractors;- whom do works for me on a contract basis. 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. As I am just starting my business I would rent a small shed as a place to store materials and extra bulky tools which I don't use every day. I could use a storage unit as such as they're quite inexpensive and you can rent on a month to month basis. 13. What is the difference between internal and external threats? Internal threats come from within a company; eg. theft, cashflow, loss of data on computer, external threats; eg. Burglary, fire, floods. 14. What are likely or certain risks within your business? the risks involved with my business will be;- cash flow if the people I do work for don't pay on time, supply chain if the businesses I buy materials through run out of stock, flood/ fires would make getting to my jobs difficult. 15. How can you prioritise risks? By doing a risk matrix to guide me on which risk carries the greater need. 16. What compulsory insurance must you obtain in order to run your business? What extra or voluntary insurance could you also get, and why? The insurances I will be taking out for my business are;- professional liability, income protection, comprehensive insurance for my motor vehicle and tools.