

FORUM AND TERM PAPER ASSIGNMENTS

Unit 2: Finance in the Hospitality Industry

Unit code: R/601/1789

QCF level: 4

Credit value: 15

AIM

This unit will enable learners to develop practical understanding of the accounting techniques used to control costs and profits, and to support managers in making effective short-term decisions.

UNIT ABSTRACT

Learners will gain understanding of the sources of funding and income generation for business and services industries. They will also understand business in terms of the elements of cost and how to analyse business performance by the application of ratios. Learners will have opportunities to investigate control systems, income generation and methods of measuring and analysing performance. On completion of the unit, learners will be able to evaluate business accounts and apply the concept of marginal costing. Learners must ensure that their evidence relates to the hospitality industry.

LEARNING OUTCOMES

On successful completion of this unit a learner will:

1. Understand sources of funding and income generation for business and services industries
2. Understand business in terms of the elements of cost
3. Be able to evaluate business accounts
4. Be able to analyse business performance by the application of ratios
5. Be able to apply the concept of marginal costing.

ASSIGNMENT FOUR

LO 4: Be able to analyse business performance by the application of ratios

PART ONE

LO 3. Course Content

Sales profitability ratios:

- Gross and net profit;
- Return On Capital Employed (ROCE);

Liquidity ratios:

- Current;
- Acid test

Efficiency ratios:

- Debtors and creditors payment periods;
- Stock turnover

Financial ratios:

- Debtors and creditors payment periods;
- Stock turnover

THE OBJECTIVES OF THE ASSIGNMENT ARE TO:

For AC 4.1 Calculate and analyse all ratios to offer a consistent interpretation of historical business performance

For AC 4.2 Recommend appropriate future management strategies for a given business and services operation

ASSIGNMENT TASKS AND INSTRUCTIONS FOR LO4:

In Teams of three (3) carry out the following activities. Please refer to the course outline and resources provided. Reference your work thoroughly. Plagiarism found anywhere in your work results in a Fail Grade for the entire unit. Include at least four (4) references for each task. Use Harvard Referencing Style through-out the work.

DISCUSSION FORUM AND TERM-PAPER ASSIGNMENT

SELECT A PARTNER (2 MEMBER TEAM) AND CARRY OUT THE FOLLOWING TASKS FOR LO 4
TO MEET THE GROUP DISCUSSION AND TERM-PAPER REQUIREMENTS CONGRUENTLY

Janet owns some shares in a company. She has received the most recent financial statements that the company has produced, which are shown below. You have agreed to prepare an analysis of the financial performance and liquidity of the company for her.

Quadrop

Income statements for the year ended 31 May

	2008		2007	
	\$000	\$000	\$000	\$000
Sales revenue		1,886		1,150
Cost of sales		(940)		(680)
Gross profit		946		470
Administration costs	(349)		(223)	
Distribution costs	(185)		(115)	
Interest payable	(68)		(13)	
		(602)		(351)
Profit before tax		344		119
Taxation		(95)		(55)
Profit for period		249		64

Statements of financial position as at 31 May

	2008		2007	
	\$000	\$000	\$000	\$000
Assets				
<i>Non-current assets</i>				
Property, Plant & Equipment	950		530	
Intangibles	400	1,350	-	530
<i>Current assets</i>				
Inventory	240		130	
Receivables	165		85	
Bank	-	405	300	515
Total assets		1,755		1,045

Equity and liabilities

Equity

Share capital and reserves

Ordinary share capital		400		400
Share premium		150		150
Revaluation reserve		50		50
Retained earnings		118		100
Total equity		718		700

Liabilities

Non-current liabilities

Loans		650		150
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Current liabilities

Payables	187		145	
Taxation	80		50	
Overdraft	120	387	-	195
Total equity and liabilities		1,755		1,045

a) See the Income Statement and the Statement of Financial Positions for Quadrop Company provided.. Calculate the ratios for sales, liquidity, efficiency, and financial to determine the capabilities of the firm.

- **Sales profitability ratios:** 1) Gross and net profit; & 2) Return On Capital Employed (ROCE);
- **Liquidity ratios:** 3) Current; & 4) Acid test
- **Efficiency ratios:** 5) Debtors and creditors payment periods; & 6) Stock turnover
- **Financial ratios:** 7) Interest Earned; & 8) Gearing

b) Analyse each of the eight (8) ratios to determine the historic performance of the business.

DEADLINE TO SUBMIT LO4 ASSIGNMENT: August 31

RESOURCES FOR LO 4

The following Reading Assignments are for lead discussion at the group meetings and to assist with carrying out the assignments:

- ❖ Financial Ratios (Explanation)
LINK: <https://www.accountingcoach.com/financial-ratios/explanation/1>
- ❖ Financial Ratio Analysis
LINK: <http://www.accountingverse.com/managerial-accounting/fs-analysis/financial-ratios.html>
- ❖ Financial Ratio Analysis
LINK: <http://accountingexplained.com/financial/ratios/>

ASSIGNMENT FIVE

LO 5: Be able to apply the concept of marginal costing

PART TWO

LO 5. Course Content

Costs categorisation and contribution:

- Fixed and variable costs;
- Contribution calculation eg product/customers, cost/profit/volume relationship);

Application:

- Break-even;
- Profit/loss potentials;
- Setting selling price and discounting

THE OBJECTIVES OF THE ASSIGNMENT ARE TO:

For AC 5.1 Categorize costs as fixed, variable, and semi-variable for a given scenario

For AC 5.2 Calculate contribution per product/customer and explain the cost/profit/volume relationship for a given scenario

For AC 5.3 Justify short-term management decisions based on profit/loss potentials and risk (break-even) calculations for a given business and services operation

ASSIGNMENT TASKS AND INSTRUCTIONS FOR LO4:

In Teams of 6 carry out the following activities. Please refer to the course outline and resources provided. Reference your work thoroughly. Plagiarism found anywhere in your work results in a Fail Grade for the entire unit. Include at least four (4) references for each task. Use Harvard Referencing Style through-out the work.

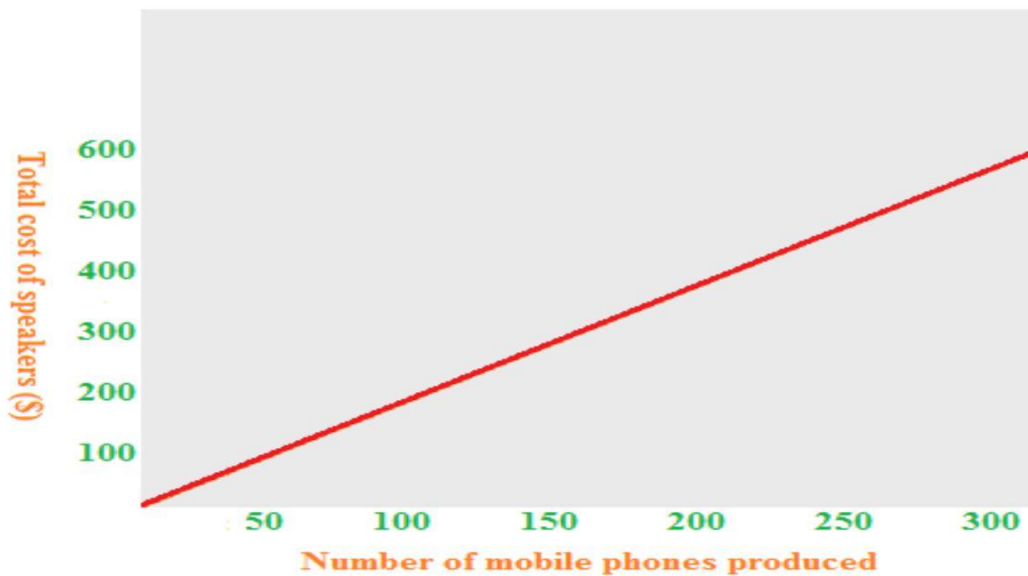
DISCUSSION FORUM AND TERM-PAPER ASSIGNMENT

SELECT A PARTNER (2 MEMBER TEAM) AND CARRY OUT THE FOLLOWING TASKS FOR LO 4
TO MEET THE GROUP DISCUSSION AND TERM-PAPER REQUIREMENTS CONGRUENTLY

ABC Mobile Phone LTD is a manufacturing company that purchases speakers from another company at a cost of \$2 per speaker. The speaker is a direct materials cost for mobile phone manufacturing company. One speaker is used to complete a mobile phone.

The total and per unit cost of speakers at various levels of activity is given below:

No. of Mobile Phones Produced	Cost of One Speaker	Total Cost of Speakers
1	\$2.00	\$2
50	\$2.00	\$100
100	\$2.00	\$200
150	\$2.00	\$300
200	\$2.00	\$400
250	\$2.00	\$500
300	\$2.00	\$600
350	\$2.00	\$700



Monthly Rent of the Building	No. of Mobile Phones Produced	Average Cost Per Mobile Phone
\$5,000	1	$\$5,000/1 = \$5,000$
\$5,000	50	$\$5,000/50 = \100
\$5,000	100	$\$5,000/100 = \50
\$5,000	150	$\$5,000/150 = \33.33
\$5,000	200	$\$5,000/200 = \25
\$5,000	250	$\$5,000/250 = \20
\$5,000	300	$\$5,000/300 = \16.67

Figure 1

Revenues and Costs	Alternate 1	Alternate 2
Revenues	1,400,000	\$1,600,000
Cost of goods sold	700, 000	800, 000
Cost of rental	160, 000	90,000
Overtime pay	30, 000	80,000
Depreciation expenses	100, 000	160, 000
Telephone expenses	120, 000	110, 000

Figure 2

Revenues	Alternate 1	Alternate 2	Differential Costs & Revenues
Cost of goods sold	\$1,400,000	\$1,600,000	\$200, 000
Cost of rental	700, 000	800, 000	100, 000
Overtime pay	160, 000	90, 000	(70, 000)
Depreciation expenses	30, 000	80, 000	50, 000
Telephone expenses	100, 000	160, 000	60, 000
	120,000	110, 000	(10,000)
Total	\$1,110, 00	\$1,240,000	\$130,000
Net Operating Income	\$290, 000	\$360,000	\$70,000

TASK ONE. In the Case of ABC Mobile Phone LTD:

For AC 5.1 Categorize costs that are likely fixed, variable, and semi-variable

For AC 5.2 Calculate contribution per product/customer and explain the cost/profit/volume relationship in the given scenario. The cost/expense are to be treated as variable costs.

TASK TWO. In the Case of ABC Mobile Phone LTD:

For AC 5.3 Justify short-term management decisions based on profit/loss potentials and risk (break-even) calculations for the business and services operation.

The management has two alternatives to choose from. From the Computation of differential revenue, differential cost, and differential net operating income from the information of two alternatives given below. Management decision is alternative 2. Justify this decision.

TEAM MEMBER PARTICIPATION AND REQUIREMENTS

This assignment is part of the final term paper for LO 4 & 5. ALL members of the Discussion Forum Group **MUST** attend and participate in ALL four required group meetings, in identifying the resources to support the answers, organizing and submitting the drafts of the assignment, and compiling, editing and submitting the group assignment.

DEADLINE TO SUBMIT LO5 ASSIGNMENT: August 31

RESOURCES FOR LO5

The following Reading Assignments are for lead discussion at the group meetings and to assist with carrying out the assignments:

- ❖ Introduction to cost classification
LINK: <http://opentuition.com/fia/ma1/cost-classification/>
- ❖ Cost-Volume-Profit Analysis
LINK: <https://www.cliffsnotes.com/study-guides/accounting/accounting-principles-ii/cost-volume-profit-relationships/cost-volume-profit-analysis>

DEADLINES AND RESTRICTIONS FOR ASSIGNMENTS

EARLY DEADLINES

Students are expected to submit coursework on or before the deadline published in the assignment. All dates given are early deadlines.

LATE SUBMISSION WITH LATE FEES

There is a further extension of no later than three weeks from the published deadline for the submission of late work. Contact Student Services if you are unsure of the late deadline.

LATE FEE IS \$12.00

Late Fee of \$12.00 is applied per assignment eg. \$12 for the late term-paper; and \$12 for the late Discussion Forum.

RESTRICTIONS ON SUBMITTING WORK

No Assignment is acceptable after the late deadline under ANY Circumstances (excluding extenuating circumstances). Thereafter the student will be awarded a FAIL GRADE for the assignment.

CORRECTION OF GROUP WORK WITH REFERRED GRADE

TERM PAPER

Group work that is returned to the student with Referred Grade must be resubmitted as individual work ONLY.

GROUP DISCUSSION FORUM

For group forum work that is returned to the student with Referred Grade, the student will take the Replacement Paper / Re-sit Exam which is a supervised open book written exam. Alternate paper might be an oral exam. Either way, both are individual assessments.

FEE FOR RESIT OF ASSIGNMENTS WITH REFERRED GRADE See the term-paper instruction pages.

TIMELINE TO SUBMIT THE CORRECTIONS ON REFERRED GRADES

At the end of the full duration of the program, students have a grace period of four months (One Semester) to make all corrections. Students only pay for the referred units submitting to be corrected. Continuing fee is not charged to the students during the four months grace period.

MARKERS' RETAINER FEE

Once the four months grace period expires and students remain with outstanding work to be assessed, the continuing fee of \$360 (Markers' Retainer Fees) is charged to the student for the school year. Students also pay for the referred units submitting to be corrected.

TENURE EXPIRATION

Students must complete and pass all units on the program within 36 Months of the college start date and receive the Diploma from Pearson. After this 36 Months period has expired, the student must retake all classes and courses in the program.

EXTENUATING CIRCUMSTANCES

Students are encouraged to submit/sit assessments at the prescribed time, yet accommodations are made in extenuating circumstances as follow:

1. **Medical Reasons.** If the students fail to submit course-work on time due to medical conditions verified by a doctor's certificate, the work is treated same as referred in terms of revised deadlines, grading restrictions and referred fees. It is important that students seeking exemption for medical reasons advise Student Services before the deadline expires.
2. **The death of an immediate family in the household.** Evidence must be provided of the relationship and death.
3. **Jury Duty.** Evidence must be provided of the request, and also the service started or completed.

RESIT PRIVILIGE

1. For students to qualify for Resit they **MUST ATTEMPT ALL** assessments in the unit and earn at least a Referred Grade.
2. A student who has taken ill during an examination or assignment submission dateline may also qualify for Resit after proper written evidence is collected and assessed by the Faculty and submitted to the Head of Faculty for approval.
3. Resit fees apply in all circumstances under which new assessments are approved or extensions granted beyond the late deadlines.

RESIT APPROVAL AND FEE

All evidences must be collected by the Faculty and produced to Student Services no later than 5 days after the examination/deadline expires. The outcome is communicated directly to the student by email. If approved, the Resit Fee of \$45.00 (per assignment) is paid by the student and receipt emailed to Student Services. The supplementary dateline will be communicated to the student by email.

REFERRED / RESIT GRADE

Students earn a Referred Grade if the submitted assignment fails to achieve the criteria for PASS.

- ❖ Hospitality Students must earn a PASS GRADE on all Assessment Criteria (AC) on the term-paper to pass the course.
- ❖ Business and Aviation Students must earn a PASS Grade on all Assessment Criteria with P e.g. P1, P2 etc. to pass the course.

FAILING THE COURSE

1. Students who did not sit an examination and did not withdraw formally will receive a Failing grade.
2. Students who differed for financial reasons or illness will earn an IC – Incomplete Grade. Incomplete Grades then are changed to Fail Grades at end of the semester.
3. Students who fail the discussion forum but pass the term-paper or vice versa. You must earn a Referred OR Pass Grade on both the Forum and Term-Paper to avoid retaking the course unit.
4. If you fail the course you must retake the class when it is offered next. The cost per course unit is listed on the Tuition Page of the website.

THESE COMMON CIRCUMSTANCES DO NOT QUALIFY AS EXTENUATING CIRCUMSTANCES

LOSS OF DATA

Please back-up your work consistently on independent media. Computer malfunctioning or errors are common but not acceptable reasons for special considerations. Special considerations are granted only for extenuating circumstances discussed above and no other factor.

JOB RESPONSIBILITIES

Working Students are advised to take 2-3 courses per semester. Four courses as recommended to complete the program on the published deadline. However, if taking full-time coursework will hinder you from meeting your required course-work deadlines or meeting quality standards, it is best that you take three courses and extend your tenure by one semester.

Job responsibilities are not acceptable reasons for special considerations because we have only one standard for everyone in the institution. Special considerations are granted only for extenuating circumstances discussed above and no other factor.

STUDENT SATISFACTION SURVEY

To develop and maintain a collegiate environment to sustain Higher Education, students are encouraged to participate at end of each semester in the Online Satisfaction Survey. Your input will help us to improve our programs and personnel. A degree today is like citizenship and good College education is a platform for you to: develop the required competencies for a degree, social skills, but also to enjoy learning. So, tell us what we can do to make your college experience better. Be respectful, yet be honest. The Form is accessible here:

<http://www.studyaimusa.org/student-feedback-form.html>