Level 2 Business concepts 2 (7540-284)

e-Quals
Assignment guide for Candidates
Assignment B

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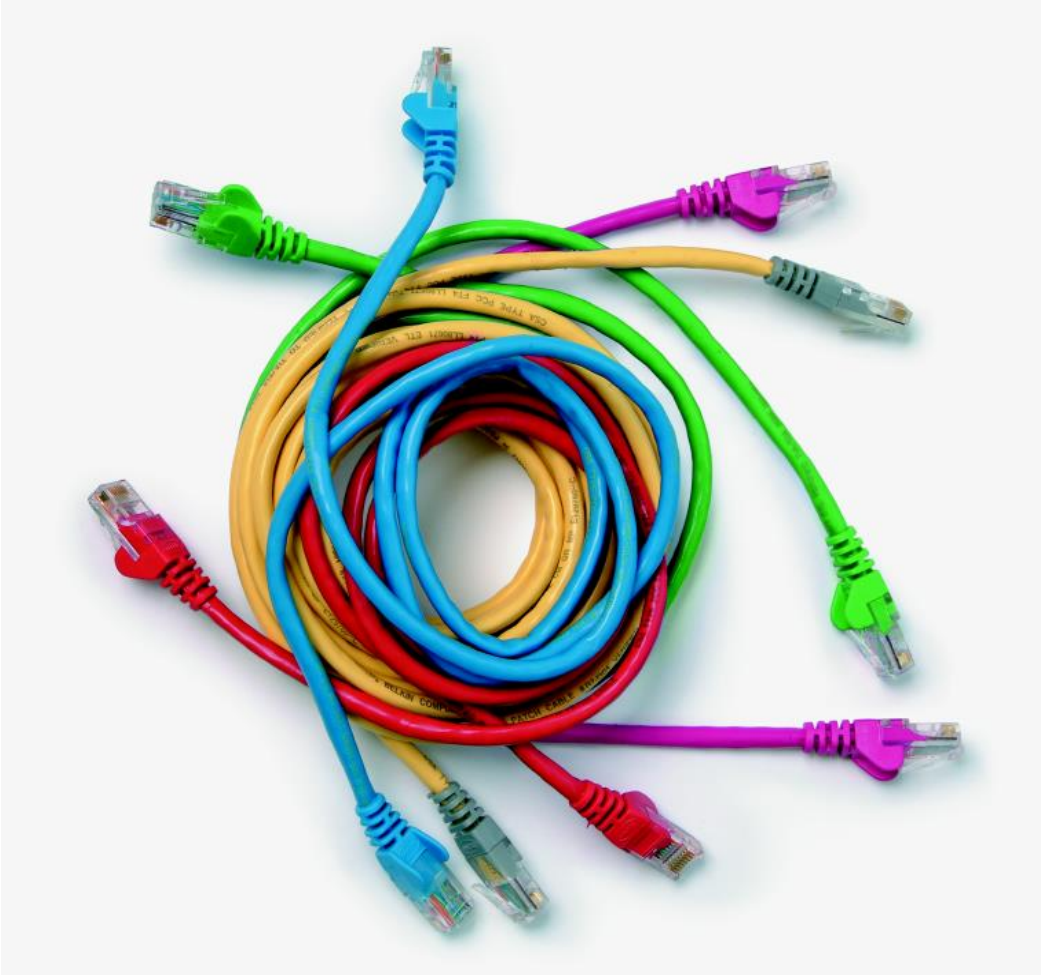

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Level 2 Business concepts 2 (7540-284)
Assignment B
Introduction – Information for Candidates

About this document
This assignment comprises all of the assessment Level 2 Business concepts 2 (7540-284)

Health and safety
You are asked to consider the importance of safe working practices at all times.

You are responsible for maintaining the safety of others as well as your own. Anyone behaving in an unsafe fashion will be stopped and a suitable warning given. You will **not** be allowed to continue with an assignment if you compromise any of the Health and Safety requirements. This may seem rather strict but, apart from the potentially unpleasant consequences, you must acquire the habits required for the workplace.

Time allowance
The recommended time allowance for this assignment is **one and a half hours**.

Level 2 Business concepts 2 (7540-284)
Candidate Instructions

Time allowance: 1½ hours

Assignment set up:

This assignment is made up of **two** tasks

- Task A – Perform a costs and benefits analysis
- Task B – Define company structure and functions

Scenario

You work as a finance assistant for Creative Crafts Ltd a company that imports and sells craft and hobby materials both wholesale, supplying mostly small arts and crafts outlets, and to the public. The company has a single storage and distribution warehouse with a retail shop attached. The company employs 25 people and had a turnover of £1 million in the previous year with a profit of £100,000. The popularity and demand for craft materials appears to be growing and the Managing Director is seeking to increase the market share of the company.

Currently sales are generated through a bulky paper-based catalogue and annual price list, and new business via telephone cold calling. The company has a small web presence to inform potential customers of the product range and how to contact the company for a catalogue. The Managing Director has investigated the possibility of expanding this web presence to provide full on-line ordering capability and therefore potentially increase sales and market coverage. The intention is that existing administration staff will be trained to update and maintain the site as well as handling on-line orders; the existing customer database can be used. As the full product range and price list would be available on-line, the paper catalogue would gradually be phased down to a minimum print run.

The cost of developing the website will be £10,000 plus £3000 for staff training and initial support. The extra cost for hosting the larger website would be £1250 over the next 5 years. The web editing software required would cost £550.

It is estimated that if the new website were implemented there would be a potential increase in sales of £15,000 a year and savings of £5000 a year in printing costs and postage.

You have been asked to perform the following tasks by your manager.

Read all of the instructions carefully and complete the tasks in the order given.

Task A – Costs and benefits analysis

1 Use the data given in the scenario to create a costs and benefits analysis table for the new website and training for staff. The period over which the benefits are to be calculated is 12 months.

2 Calculate the return on investment (ROI) showing the formula you have used.

3 Identify the payback period showing the formula you have used.

Task B – Define company structure and objectives

1 Describe the Creative Crafts organisation in terms of its goal, size and sector.

2 Identify **three** departments within Creative Crafts Ltd and briefly describe a different use of IT in each.

3 Identify **two** types of external factors that may have an effect on Creative Crafts Ltd's sales. Give **one** effect of each **and** state whether they are an opportunity or a threat.

4 State **two** pieces of legislation that will apply to the new on-line ordering system **and** briefly state why.

When you have finished working:

- Sign each document above your name and label all removable storage media with your name.
- Hand all paperwork and removable storage media to your assessor.

If the assignment is taken over more than one period, all paperwork and removable media must be returned to the test supervisor at the end of each sitting.

End of assignment

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