Level 3 Business concepts 3 (7540-384)

Assignment guide for Candidates

Assignment A

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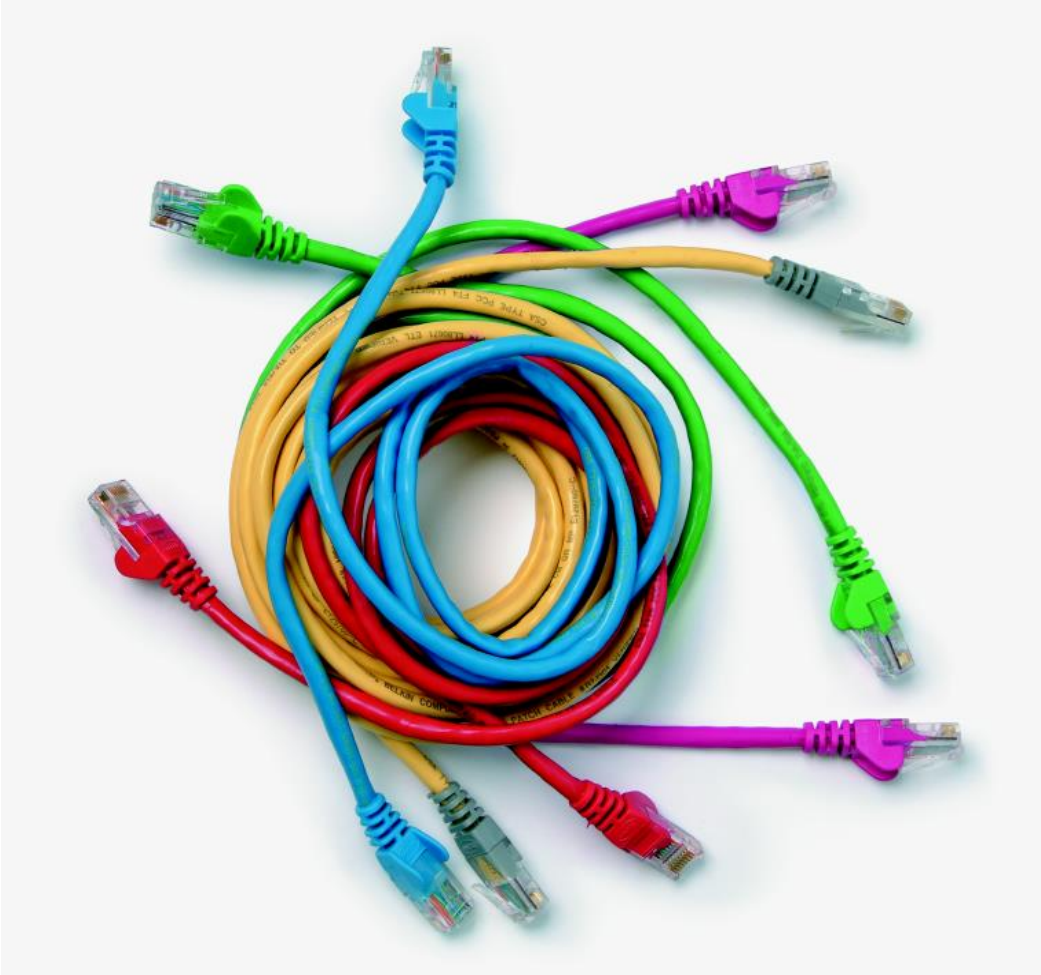

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Level 3 Business concepts 3 (7540-384)
Assignment A
Introduction – Information for Candidates

About this document
This assignment comprises all of the assessment for Level 3 Business concepts 3 (7540-384)

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 **two hours**.

Level 3 Business concepts 3 (7540-384)
Candidate Instructions

Time allowance: 2 hours

Assignment set up:

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

- Task A – Perform financial analysis
- Task B – Describe company requirements under current legislation

Scenario

You work as a finance assistant for Bradwins Ltd a company that owns a depot which supplies wholesale goods to retail shops.

The company currently has a mini computer which is over 20 years old. The computer is used for stock control and financial computing eg payroll, ledgers. There is a contract which is renewable annually for the maintenance of the computer which costs £20,000 per annum plus the cost of labour. The cost of labour has been escalating in recent years and for the previous year was £8000. There is insurance cover for the computer which costs £2500 a year.

The company has just been purchased by new owners. The new owners feel the costs of running the legacy computer system are very high and it would be cheaper to purchase a new computer system based on PCs. The PCs could also be used for everyday office work such as word processing.

Having investigated some systems on the market, the owners have found that for £30,000 they can purchase and install a computer system which has ten PCs linked together via a network and includes two PCs which have cash registers attached. The cash registers would automatically price the goods and reduce the stock figures. The stock control software is included in the price of the system. The payroll, accounting and the minimum office software would need to be purchased at a cost of £3000. The insurance cover for the new computer system would be £800 per annum.

The cost of training employees for the new system would be £5000. Costs of £4000 have been identified for transferring the data to the new system. It is estimated that the increase in productivity would be £6100 over a year.

You have been asked to perform financial analysis for the company and describe the responsibilities required by current legislation.

Profit and loss account	£
Turnover	**11,472,306**
Cost of sales	**(10,694,208)**

Gross profit	**778,098**
Distribution costs	**(133,465)**
Administrative expenses	**(632,959)**
Other operating income	**15,364**

Profit/(loss)	**27,038**

Balance sheet	£	£
Fixed assets		
Tangible assets		**733,070**
Investments		**76,486**

		809,556
Current assets		
Stocks	**744,776**	
Debtors	**698,440**	
Cash in hand	**1,040**	

	1,444,256	
Creditors	**(1,563,274)**	

Net current liabilities		**(119,018)**

Total assets less current liabilities		**690,538**
		==========
Capital and reserves		
Called up share capital		**663,500**
Profit and loss account		**27,038**

Shareholders' funds - equity		**690538**
		==========

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

Task A – Perform financial analysis

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

2 Calculate the payback period showing the formula you have used.

3 Use the profit and loss account and balance sheet given in the scenario to provide the

a) Return on Total Assets (ROTA)
b) Return on Capital Employed (ROCE).

Show the formula you have used in each case.

Task B – Describe company requirements under current legislation

1 Give **four** actions which a company must perform to meet the requirements of the Data Protection Act.

2 Give **four** health and safety responsibilities of a company.

3 State **two** responsibilities of Directors in a private limited company.

4 Give a brief description of **each** of the following security measures that can be used to comply with legislation to maintain integrity of data.

a) Physical locks.
b) Logical lock.
c) Back-up.
d) Virus checking.
e) Firewall.

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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