



Ofqual QAN	600/1325/4
Quartz ID	1259
Qualification	Level 4 Diploma in Business

Unit ID	2304
Assessment	Understanding Business Finance
Assessment Type	Global Assignment
Assessment Cycle	<i>SAMPLE</i>

Important notes

- Please refer to the *Assignment Presentation Requirements* for advice on how to set out your assignment. These can be found on the NCC Education website. Hover over 'About Us' on the main menu and then navigate to 'Policies and Procedures' then scroll to the 'Student Support' area.
- You **must** read the NCC Education document *Academic Misconduct Policy* and ensure that you acknowledge all the sources that you use in your work. These documents are available on the NCC Education website. Hover over 'About Us' on the main menu and then navigate to 'Policies and Procedures' then scroll to the 'Student Support' area.
- You **must** complete the *Statement and Confirmation of Own Work*. The form is available on the NCC Education website. Hover over 'About Us' on the main menu and then navigate to 'Policies and Procedures' then scroll to the 'Student Support' area.
- **Please make a note of the recommended word count as stated in the brief. The maximum word count limit is the recommended work count plus 10% leeway. Submissions which exceed the maximum word count limit will be marked only up to the maximum word count limit. Any text that exceeds the maximum word count limit will not be marked. You must follow the note on word count as stated in the Submission Requirements section of the brief.**
- You must submit a paper copy and digital copy (on disk or similarly acceptable medium). Media containing viruses, or media that cannot be run directly, will result in a fail grade being awarded for this assessment.
- All electronic media will be checked for plagiarism.

Introduction

You are a new Business Consultant, and you have been asked to consider the situation and position below and then respond to each of the questions, in a report format.

Scenario:

CoffeeCos is a small but growing café located in Liverpool. Owned by two friends, John and Jane, the business opened in 2022 with an initial investment of £80,000. They used the funds to renovate their premises, buy coffee machines, and cover initial operating costs.

After a successful first year, CoffeeCos is considering opening a second location. However, they've noticed some financial challenges:

- Their monthly cash flow is inconsistent. While sales peak during weekends, weekdays are slower.
- They are unsure if their pricing model is covering all fixed and variable costs.
- The business currently has a short-term loan with monthly repayments of £2,000 and an interest rate of 7%.
- They have not formally tracked their breakeven point, nor created a detailed budget for the next 12 months.
- Jane believes they should use some of their profits to invest in equipment upgrades, while John wants to retain earnings to support the new location.

They've asked a financial advisor to help them make sense of their numbers and assess whether they are in a strong position to expand.

Aim

To demonstrate your understanding of understanding financial accounts in the real world. You should produce a report, structured to address the following 6 tasks:

Task 1 – 20 Marks

Critically assess the importance of cash flow management for a small business like CoffeeCos, and what are the potential risks of not managing it properly?

Task 2 – 10 Marks

Analyse the difference between fixed costs and variable costs in the context of Coffee Collective. Give two examples of each.

Task 3 – 10 Marks

Calculate the breakeven point for CoffeeCos using the following information (assume):

- Average selling price per item: £6
- Variable cost per item: £2
- Monthly fixed costs: £12,000

And evaluate the importance of knowledge of break-even point, to other functions of this business.

Task 4 – 20 Marks

Critically assess two advantages and two disadvantages of using retained earnings to finance business expansion compared to taking out a loan.

Task 5 – 20 Marks

Prepare a simple monthly budget outline for CoffeeCos for one month, including at least five income and expense categories. Then assess the key skills, competencies and behaviours required to manage finances in a business.

Task 6 – 20 Marks

Evaluate whether opening a second location is a financially sound decision at this stage. What financial indicators or tools should Jane and John use to support their decision.

Guidance

Consult with your tutor if you are uncertain about any aspect of this assignment.

Submission requirements

- You must submit a word-processed report.
- Your report should answer all tasks. The word count for your report is **2,500 words**.

Word Count

The word count for this assignment is **2,500 words**. Pay careful attention to the mark allocation for each task so you don't spend too much time on any ONE (1) section.

You **MUST** state the word count in the header of your assignment and declare the number of words on your assignment cover sheet. You **MUST** confirm that you have not exceeded the stipulated word limit by more than 10%.

Any words written beyond the stipulated limit will not be read by the examiners; no marks will be awarded, and no feedback provided for any text beyond the prescribed limit.

In accordance with accepted academic practice, the notion of a word count includes the following without exception:

- All titles or headings that form part of the actual text. This does not include the fly (or cover) page or reference list.
- All words that form the actual essay.
- All words forming the titles for figures, tables, and boxes. However, this does not include the text within boxes, tables, or figures themselves.
- All in-text (bracketed) references.
- All directly quoted material.

Candidate checklist

Please use the following checklist to ensure that your work is ready for submission.

Have you read the NCC Education document *Academic Misconduct Policy* and ensured that you have acknowledged all the sources that you have used in your work?

Have you completed the *Statement and Confirmation of Own Work* form and attached it to your assignment? **You must do this.**

Have you ensured that your work has not gone over or under the recommended word count by more than 10%?

Have you ensured that your work does not contain viruses and can be run directly?