

I. ASSESSMENT RECAP

Word Limit: 800 words excluding tables, figures, and references.

Overview:

- The task involves applying concepts learned in the first four weeks, focusing on cost behavior, Cost-Volume-Profit analysis, budget preparation, and analysis.
- Students are required to create a budgeting plan for a business type assigned based on the last two digits of their student ID.
- The business types include fashion shops, coffee shops, restaurants, and supermarkets.
- The budget plan should cover from quarter 3 of 2023 to quarter 2 of 2024, including sales, cost, profit, and cash budgets.

Criteria:

- The assignment consists of several questions, each carrying specific marks, totaling 20 marks.
- Students are expected to demonstrate their understanding of strategic, tactical, and operational decisions, distinguish between fixed and variable costs, and analyze market changes affecting business costs.
- The assignment includes budget planning, contribution margin calculation, operating profit before and after tax, net cash flow, and a decision on equipment purchase.
- Students also need to analyze the budget plan, prepare a SWOT analysis, and make a decision regarding business expansion.

II. WORD EXPLANATION

Strategic Decisions: These are long-term choices made by the top management of a company, which fundamentally impact the company's direction. They often involve large-scale investment and affect the overall growth and sustainability of the business.

Tactical Decisions: These decisions are medium-term and are generally taken by middle-level management. They are focused on the implementation of strategies set by top management and often involve how resources are allocated and managed.

Operational Decisions: These are short-term decisions, usually made on a day-to-day basis. They are focused on the operations of the company, such as scheduling, inventory management, and maintenance.

Fixed Costs: These are expenses that do not change with the level of goods or services produced by the business. Examples include rent, salaries, and insurance.

Variable Costs: Costs that vary depending on the level of production or service delivery. These include costs for raw materials, utility expenses that vary with usage, and commission-based wages.

Inflation: The rate at which the general level of prices for goods and services is rising, and, subsequently, the purchasing power of currency is falling.

Contribution Margin: This is the selling price per unit, minus the variable cost per unit. It represents the portion of sales revenue that is not consumed by variable costs and contributes to covering fixed costs.

Operating Profit: This is the profit earned from a firm's normal core business operations. It excludes deductions for interest and taxes.

Net Cash Flow: The amount of cash generated or lost over a specific period. This is calculated by taking the sum of cash inflows and outflows from various business activities.

SWOT Analysis: A strategic planning technique used to identify Strengths, Weaknesses, Opportunities, and Threats related to business competition or project planning.

Revenue Growth: The increase in a company's sales over a period. It's an indicator of how fast a company is expanding.