**SITXFIN005 Manage Physical Assets - Project 1**

| **Criteria** | **Answer** |
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| Identified the business that was the focus of the activity: | The Righteous Inn |
| Described nature of business (hotel, club, restaurant etc). | The Righteous Inn is a hotel that consist of a restaurant, bar and 250 rooms. |
| Provided details of goals and objectives of the business for the next five years. | The goals and objectives of the business for the next five years is to increase the income by 30% with the increase of profit by 10% and the number of customers as well as to provide a world class quality service to all area. |
| Indicated the financial position of the business in relation to liquidity, financial stability and cash flow for the period. | The financial situation for the business is in a well perform situation, the business is very stable at the moment. The cash flow is very positive according to previous performance in the past 5 years. |
| Detailed customer base and general needs, wants and expectations. | The customers of The Righteous Inn are from different wide variety background. Most of the customers are on holiday as a family. There are some customers as a large group from business and corporate as well.  The majority of the guests are the domestic guests. |
| Identified and described infrastructure and other assets the new assets need to integrate with/assimilate into. | The infrastructure will be in the bar and the asset will be used with other equipment and also it should be compatible with the electricity supply. |
| The following criteria relate to: Identified the physical asset to be acquired and replaced: |  |
| Gave generic description of Asset 1. | Commercial 3 group Espresso machine |
| The following criteria relate to: Provided a plan for acquisition of Asset 1: |  |
| Described organisational need for the asset identifying relevant factors (as applicable) such as proposed use, capacity, location, need to integrate with other assets, operational parameters etc. | * The machine is used to make espresso coffee. * Twin boiler machine with rotation pump and pump in only water distribution. * The machine located at the bar at the front side of the restaurant. * The machine will be used in the hotel restaurant kitchen at the bar area. |
| Produced a detailed specification for the asset to guide the acquisition process providing justification for each element included in the specification. | Dimension  -width 93 cm  -depth 56 cm  -height 45.5 cm  Weight  66 kg  Brand : La Marzocco  Machine type : Twin Boiler  Group head : Volumetric  Temp Control PID  Pump : Rotary  Pump location : External  Water location : Plumb in only  -Voltage: 2x 200 single / 3 phase & 380 3 phase  -4800-6100 Watts  -5L Coffee Boiler  -11L Steam/Water Boiler |
| Identified three potential suppliers/manufacturers for the asset justifying the decision for their inclusion as potential suppliers/manufacturers in each case. | 1. Petra Equipment  <https://www.petraequipment.com.au/la-marzocco-3gp-linea-classic-commercial-coffee-machine-3-group?GST=1&gclid=Cj0KCQjw2K3rBRDiARIsAOFSW_42J4OTI1LsFcdy8bNy4pCq25RRDDRFNypGVoLugCBUj-Ku7TdaxlQaAvFvEALw_wcB>  2. Coffee Part  <https://www.coffeeparts.com.au/lamarzocco-linea-av-3gr>  3.Crema Coffee Garage  <https://cremacoffeegarage.com.au/la-marzocco-linea-classic-3-group-lmlc3g.html> |
| Included technical and other promotional or sales and operational information for the asset as provided by each of the three suppliers/manufacturers. | 1. **Petra Equipment**  * none   **2. Coffee Part**   * free temping mat * free tamping seat * free 250g coffee bean   **3. Crema Coffee Garage**   * free delivery * free 1 kg of coffee |
| Identified total cost price for the item from each of three suppliers/manufacturers including all associated costs (as appropriate) such as removal and disposal of old/existing asset, delivery, installation, commissioning, etc. | 1. **Petra Equipment**   $1,7490 inc GST  $178.18 delivery fee  **Total $17,668.18**   1. **Coffee Part**   $18,295 inc GST  $64.43 delivery fee  **Total $18,359.43**   1. **Crema Coffee Garage**   $17,600 inc GST  free delivery  **Total $17,600** |
| Described financial situation and objective/s of the business with regard to acquisition of the asset. | As in the comparison above, Crema Coffee Garage is the best option to buy espresso machine from because they provide free delivery and also 1 kg free coffee bean.  The Final cost of the selected machine is $17,600 |
| Provided evidence of having consulted with a financial specialist to obtain advice on acquisition options for the asset. | I have a meeting discuss with a finance controller. |
| Identified most applicable acquisition option for the asset providing rationale for same. | The most applicable supplier is Crema Coffee Garage because   * Lowest price * Free Delivery * Free 1kg of coffee bean |
| Included some form of cost-benefit or other comparative analysis to help determine the best option for asset acquisition from the options presented by each of the three suppliers/manufacturers. | 1.Purchase with one off payment of $17,600  2.Lease for $60 per week for 3 years with additional $6 per months fee and pay off to own the machine  3 years payment = $9,540($60x159wks)  pay off to own = $8,060 + $216(fee)  total of $17,816 |
| Prepared a written recommendation (with rationale for decisions made) to management to support the acquisition of the preferred asset from the nominated supplier/manufacturer as identified during the selection process. | Lease purchase costs more than the one off payment. Although the maintenance cost of the purchased asset have to be responsible by us, the total cost for purchase option should still be lower than the lease purchase option. |
| The following criteria relate to: Provided a maintenance plan for Asset 1: |  |
| Identified the asset by name and description. | La Marzocco Linea classic 3 group coffee machine  93cm(W) x 56cm(D) x 45.5cm(H) |
| Included copies of the supplier/manufacturer maintenance requirements for the asset. | Not applicable |
| Attached warranty and guarantee provided by each supplier/manufacturer for the asset. | Not applicable |
| The following criteria relate to: Generated an internal preventative maintenance schedule for the asset reflecting supplier/manufacturer requirements, business objectives and warranty and guarantee for the item – detailing as appropriate to the individual nature of the asset: |  |
| Daily maintenance requirements. | * Brush and scrub away any remaining coffee grounds from the brewing head * Clean the steam wand |
| Weekly maintenance requirements. | clean the drain, clean the chemical wand with chemical |
| Fortnightly maintenance requirements. | clean the machine with coffee machine cleaning chemical |
| Monthly maintenance requirements. | Need to be checked by the supervisor regarding with the water temperature |
| - Quarterly maintenance requirements. | Need to be checked by the supervisor regarding with the electricity in the machine |
| Half-yearly maintenance requirements. | Need to be checked by the specialist regarding with the coffee test making if it is still in the right for making a coffee. |
| Annual maintenance requirements. | Clean the whole machine and sterilized as well as function checking need to be check by the specialist |
| Other time-related maintenance requirements as applicable to ‘effective life’ of the asset. | We have to check some situations that might affect the effective life of the machine such as   * Power shortage * Water shortage * when being used by the lack of experience staffs. |
| Scheduled maintenance provision at times to lower impact on venue operation, minimise inconvenience to customers and reduce effect on sales. | The machine must be checked before and after the daily service. |
| Incorporated environmentally-friendly practices into maintenance services provided to the item. | - use environmentally friendly chemical |
| Included checklist/form to provide evidence asset has been maintained as and when required. | * Safety data sheet * Product manual * Maintenance checklist report |
| Included name and contact details of supplier/manufacturer. | Crema Coffee Garage  Tel : 1300 232 626  Email : [sales@dremagarage.com.au](mailto:sales@dremagarage.com.au)  Opening hour : 7.00-14.00 Mon-Fri |
| Included location within venue where ‘Service Manual’ and/or similar for the item is located for further reference if required. | The service manual is in the drawer inside the folder with “Bar Equipment” labeled. |
| The following criteria relate to: Provided a plan for replacement of Asset 1: |  |
| Determined the effective life of the asset giving justification for same. | 10 years |
| Outcome Identified the depreciation method rate to be applied to the asset justifying the decision. | We check the effectiveness of the machine by checking if the machine is:   * leaking * heating properly * can make coffee properly |
| Calculated the residual value, payout amount and date for a leased item (where applicable) assuming the asset will be replaced at the end of its effective life. | The residual value at the end of the machine effective life (10 years) is |
| Presented disposal plan for the asset being replaced. | * Sell it in lower price * Donate to charity * Join RAD Program which will collecting, recycling the old appliances. (source : <https://www.epa.gov/rad>) |
| Calculated the value of the asset at the end of its effective life for trade-in and/or sale purposes assuming the asset will be replaced at the end of its effective life. | we can sell the machine after 10 years at the price of at least $1889.786 |
| Identified the date by which the asset is to be replaced giving rationale for the decision assuming the asset will be replaced at the end of its effective life. | 02/09/2029 |
| Estimated likely cost of replacement for the asset with a similar item and grounds for figures produced assuming the asset will be replaced at the end of its effective life. | The price of the machine can be increased according to tax and market value, in the next 10 years after the effective life of the current machine, the new machine will cost $21,120 approximately. |
| Assessed the potential of the business to be able to replace the asset by the identified date for its replacement. | There will be a highly potential for the asset to be sold on a secondhand market such as Ebay. |