



ASSESSMENT BRIEF	
Subject Code and Title	BIZ201 Accounting for Decision Making
Assessment	Case Study Part B
Individual/Group	Group (2-3 students)
Length	2,000 words
Learning Outcomes	<ul style="list-style-type: none">a) Explain and evaluate the role and importance of financial information in business decision makingb) Apply relevant accounting concepts to simple business scenariosd) Apply basic costing and budgeting techniques to business decision makinge) Apply capital budgeting techniques to capital investment scenarios
Submission	By 11:55 pm AEST/AEDT Thursday of Module 6 (week 12)
Weighting	40%
Total Marks	100

Context:

This assessment is aimed at consolidating knowledge from Modules 1-6. By prescribing this assessment, you are able to reflect on your understanding of the importance financial information in business decision making and be able to apply costing and capital budgeting techniques to business scenarios like given in this case study.

Instructions:

1. The facilitator will create a group of 2-3 students for this assessment. This assessment should be prepared as a group. One submission per group will be allowed. The members of the group need to be clearly stated in the Business Report.
2. Two files have to be submitted, the Excel Workbook (AU - Crystal Hotel Case Study Workbook Part B student.xlsx) including calculations and the Business Report summarising the tasks and recommendations. This workbook is attached under Assessment Information Section. You can download and work on it. All the calculations should be done in Excel and only the final tables should be included in the report.
3. You should include a reference list to any textbooks, websites or other resources used to prepare the answers including references to suppliers that the costing was based on.



4. For every task you are required to show all workings. The Excel Workbook should include formulas whenever appropriate. Copy pasted numbers with no workings provided are not acceptable.
5. Unless otherwise instructed, numerical answers should be rounded to 2 decimal places.
6. Submit your assessment files using the following naming convention:

First Name_Last Name_BIZ201_Case_Study B_Group_Assessment4_Workbook.xlsx

First Name_Last Name_BIZ201_Case_Study B_Group_Assessment4_Report.doc



Crystal Hotel Case Study

Crystal Hotel Pty Ltd introduced in Part A of the Case Study has a quite flat organisational structure as per the chart below. The General Manager oversees each departmental manager directly.



You have been offered an internship opportunity as a group to show your skills and how you could be of benefit to the organisation. At the end of the internship, there may be an employment opportunity for the members of the group.

You need to choose as a group whether you would like to take on your internship in the Sales and Marketing Department or Functions and Events Department.

Based on your choice, complete the section of the assessment related to the department you have selected.





Sales and Marketing Department Assessment

As per information provided in part A of the case study, the owners of the Crystal Hotel are planning to renovate and refurbish the hotel. A part of the redevelopment plan is to build a Wellness Centre on the rooftop of the hotel. The Sales and Marketing Manager volunteered to help with this project. He is a strong believer that it would bring the hotel up to the next level and also that it would attract additional customers to the hotel.

Due to the location of the hotel being within a close proximity to the business district of Paramatta, he believes that the Wellness Centre should be opened to external clients as well. He suggests employing a full time, in-house trainer and a part-time dietician. He believes selling monthly membership including training sessions and dietary advice will attract additional clients who may then promote the hotel to their employers for accommodation and other business related services.

The marketing manager wants to be well prepared to support the Wellness Centre project and needs help with few tasks from your team.

TASK 1

As part of the Wellness Centre Project, the plan is to build a small gym on the rooftop of the hotel. You have been appointed to help the Sales and Marketing manager to make decision whether to rent or buy specific equipment items. The required items are included in Appendix 1 together with costing information.

The budget for the required equipment is \$45,550 for the life of the equipment. The useful life of the equipment is predicted to be 3 years after which it will need to be replaced. At the end of its useful life, it is expected to be sold for the residual value of 5% of its original cost. From the renting options, choose the one that is the most beneficial for the business. The rent is expected to rise by 3% each year. The rent is paid at the beginning of each period. Servicing of the equipment is included in the rent price.

Assume that servicing its own equipment will cost the hotel additional \$600 every year over the period of its useful life. Assume that servicing is done at the end of each year. Ignore GST for the purpose of this assessment task.

REQUIRED

The manager would like to know whether it would be better for the Hotel to buy the required equipment or to rent it. Explore both options and make a recommendation. Take into account the time value of money at the discount rate of 8%. Base your decision on the total cost of the specified equipment, not on an item by item basis.



All calculations are to be done in Excel. Summarise your findings in the business report. Include advantages and disadvantages of each option and explain your choice.

TASK 2

The Sales and Marketing Manager has an idea of creating monthly memberships for external visitors that he would like to explore further. He is thinking to create two types of membership options. A **Basic Membership** which would include access to the gym, sauna and pool and it would cost clients \$40 a week. A **Full Package Membership** would additionally to the access include a one hour weekly session with the in house personal trainer and a dietician consultation once a month. Clients would pay \$81 per week for this type of membership.

He believes that an initial investment into promoting the centre would be \$35,350 and subsequent cost of continuous promotion would be \$808 a month. At the beginning he would like to make the service more exclusive and cap the membership to 20 basic membership clients and 30 full package membership clients. He wants to create a feeling of exclusivity amongst the clients.

Based on his calculations he believes offering the membership to the external clients would generate total revenue of \$137,360 in the first year increasing by 10% every year after that. The in-house trainer is expected to cost the hotel \$5555 a month and the services of dietician additional \$1515 and both are expected to increase by 3% each year.

REQUIRED

Calculate the net present value of the external membership project over the next 3 years period. Use yearly basis for your calculations. The estimated cost of capital for the hotel is 8%. Assume 30% company tax in Australia when determining the values of the after tax net cash flow for each year.

Based on your analysis would you recommend accepting the project and offer the membership to the external clients? Explain the basis for your recommendation.

TASK 3

Once the Crystal Hotel Wellness Centre is ready for opening, it will need to be promoted to existing and potential new clients. There is already an opening event (luncheon) planned which is handled by the Functions and Events Department. The overall budget for promoting the opening of the centre is \$35,350. The opening luncheon is budgeted to cost \$20,200.

Your team has been appointed to plan additional promotional activities for the remaining \$15,150. The budget is aimed for the promotion of the opening of the centre only. Continuous promotional activities as well as online advertising will be handled separately.



Initial research has been done by the marketing team and the promotional activities to be considered are listed in the Appendix 3. Negotiated pricing has been included as well.

REQUIRED

Your task is to choose suitable promotional activities from the list provided to you and create a promotional budget for the Crystal Hotel Wellness Centre opening. Use the budget template provided in the excel file and adjust it as appropriate. Use Excel formulas to calculate your values. The final budget is to be included in the business report as well.

TASK 4

Marketing team has suggested Crystal Hotel to run a promotion. They are charging \$80 per person for one night's accommodation including breakfast. The variable cost per person is \$35 which includes food, cleaning and utilities. Fixed costs are \$45, 000 per year which include council rates rate, water rates and land taxes.

REQUIRED

They have asked for your expertise to carry out a CVP analysis for this promotion. Calculate the following:

1. The contribution margin per unit of service (a unit of service is one night's accommodation for one guest).
2. The contribution margin ratio.
3. The annual break-even point in units of service and in dollars of service revenue.
4. The number of units of service required to earn a target net profit of \$ 100, 000 for the year (ignore income taxes).
5. Analysis the importance of CVP analysis and comment on effectiveness of this promotion based on your calculations.



Functions and Events Department Assessment

TASK 1

As part of the refurbishment project, the Crystal Hotel would like to introduce fresh plants into the lobby area, function and conference rooms. The management has however dilemma on whether to hire a professional company that will deliver the plants and maintain them or whether to purchase the plants themselves and hire a gardener for the maintenance of the plants. It is estimated that the plants would need to be replaced every three years. From experience, contracting a gardener to take care of the plants would cost the hotel \$252 a week. For simplification purposes assume the gardener's invoice is paid at the end of each year.

The list of the required plants together with costing is included in the Appendix 2 of this document. The hiring contract requires payment at the beginning of the year for the full year.

REQUIRED

Compare the two options and make recommendation to the Hotel on whether to hire or purchase the plants. Take into account the time value of money at the discount rate of 8%. All calculations are to be done in Excel and summarised in the Business Report as well. Include advantages and disadvantages of each option and explain your choice.

TASK 2

As part of the improvement process, the hotel would like to invest into an event management software package which would help to manage the events side of the business. The hotel found a suitable software supplier they are happy with. The software package will significantly improve event management through streamlining processes and decreasing the time spent on booking and quoting events. As a result of the capital investment, an increased revenue and higher efficiency is expected regardless of the type of financing of the software package. The expected useful life of the software package is three years.

Two payment options have been offered to the hotel. The first option is to pay a one-off licence fee of \$6,900 and an upgrade fee of \$300 a year increasing by 3% every year. The second option is a subscription fee of \$181 per month increasing by 3% each year.

REQUIRED

Compare the two options of financing the software package over the expected useful life of the software. Make a recommendation on which option is financially better for the Hotel. Provide explanation for your recommendation. All calculations are required to be made on



yearly basis. Take into account the time value of money and the estimated cost of capital of 8% p.a.

TASK 3

As part of the promoting the Crystal Wellness Centre, your team has been appointed to help to organise the Crystal Hotel Wellness Centre Opening Luncheon. The hotel is expecting 300 guests to attend the event. Your team has been given a list of resources that need to be outsourced which is included in the Appendix 4 of this document. The food and beverages will be provided by the Hotel Restaurant and the price is included in your list. Casual staff will be hired by the hotel at the rate given to you in the Appendix 4. The Audio Visual System and Staging are provided internally and do not need to be budgeted for.

The rest of the required items will need to be outsourced. You are expected to find suitable suppliers online and to complete the event costing. In terms of the entertainment, your team needs to choose an appropriate supplier for this type of event.

The gift hampers are to be given to the hotel's long term corporate clients. Additionally, every visitor will receive a small promotional gift. While the event is planned to last for three hours, the chair covers are required to be hired for 5 hours in total. The overall budget for the resources listed is \$20,500.

REQUIRED

Your task is to do an online search of appropriate suppliers in order to complete the event costing. All calculations need to be included in the Excel Workbook and the summary of the costing provided in the Business Report as well. Provide references to the sources of the quotes and prices you have based the costing on. All costing has to be done from online resources without contacting suppliers directly as this task is purely for the assessment purposes. Links to the supplies used need to be provided as part of the reference list.

TASK 4

Crystal hotel has accepted a corporate meeting to take place in its conference room. They are charging \$100 per person which includes catering. The variable cost per attendee is \$40 which includes food, cleaning and utilities. Fixed costs are \$10,000 which include hiring some furniture and equipment from an outside vendor.

REQUIRED

They have asked for your expertise to carry out a CVP analysis for this meeting. Calculate the following:

1. The contribution margin per unit of service (a unit of service is one seat for one attendee).
2. The contribution margin ratio.



3. The annual break-even point in units of service and in dollars of service revenue.
4. The number of units of service required to earn a target net profit of \$ 50, 000 for the year (ignore income taxes).
5. Analysis the importance of CVP analysis and comment on effectiveness of this meeting based on your calculations.



APPENDIX 1

GYM EQUIPMENT REQUIREMENTS	
 <p>Treadmill Quantity required: 3</p>	<p>Hire Price (per item)</p> <p>3 months: \$697 6 months: \$1141 12 months: \$1970</p> <p>Purchase Price (per item): \$6057</p>
 <p>Elliptical Trainer Quantity required: 2</p>	<p>Hire Price: (per item)</p> <p>3 months: \$379 6 months: \$555 12 months: \$1010</p> <p>Purchase Price (per item): \$4039</p>
 <p>Exercise Bike Quantity required: 4</p>	<p>Hire Price: (per item)</p> <p>3 months: \$351 6 months: \$530 12 months: \$904</p> <p>Purchase Price (per item): \$3332</p>
 <p>Rowing Machine Quantity required: 1</p>	<p>Hire Price: (per item)</p> <p>3 months: \$278 6 months: \$455 12 months: \$838</p> <p>Purchase Price (per item): \$2726</p>



APPENDIX 2

PLANTS REQUIREMENTS	
 <p><i>Zamioculca Zamiifolia</i> (Zanzibar Gem) Quantity required: 20</p>	<p>Hire Price 12 months: \$76 (per item)</p> <p>Purchase Price (per item): \$40</p>
 <p><i>Raphis Excelsa</i> Quantity required: 10</p>	<p>Hire Price 12 months: \$275 (per item)</p> <p>Purchase Price (per item): \$136</p>
 <p><i>Howea Forsteriana</i> (Kentia Palm) Quantity required: 10</p>	<p>Hire Price 12 months: \$199 (per item)</p> <p>Purchase Price (per item): \$57</p>
 <p><i>Chamaedorea Elegans</i> (ParlourPalm) Quantity required: 30</p>	<p>Hire Price 12 months: \$218 (per item)</p> <p>Purchase Price (per item): \$66</p>



APPENDIX 3

The Paramatta Times - Advertising Rates			
	Rate (excl GST)	GST	Rate (incl GST)
Full Page	\$4,950.00	\$495.00	\$5,445.00
Horizontal Half Page	\$2,533.00	\$253.30	\$2,786.30
Quarter Page Strip	\$1,132.00	\$113.20	\$1,245.20
Wrap	\$8,230.00	\$823.00	\$9,053.00
Casual (Per Column Centimetre)	\$25.00	\$2.50	\$27.50

Digital Foyer Advertising (Paramatta Metropolitan Area)			
	Rate (excl GST)	GST	Rate (incl GST)
Weekly rate per panel	\$250.00	\$25.00	\$275.00
Installation (one off cost per panel)	\$30.00	\$3.00	\$33.00
Production Cost (one-off cost per panel)	\$35.00	\$3.50	\$38.50

Bus Shelter Poster (Paramatta Metropolitan Area)			
	Weekly Rate (excl GST)	GST	Rate (incl GST)
Lead Panel	\$650.00	\$65.00	\$715.00
Trail Panel	\$550.00	\$55.00	\$605.00
Installation (one off cost per panel)	\$30.00	\$3.00	\$33.00
Production Cost (one-off cost per panel)	\$35.00	\$3.50	\$38.50



Digital Billboard (Paramatta Metropolitan Area)

	Rate per 4 weeks (excl GST)	GST	Rate (incl GST)
Large Billboard (1.5 m x 2 m)	\$3,700.00	\$370.00	\$4,070.00
Medium Billboard (0.7m x 1.5 m)	\$2,500.00	\$250.00	\$2,750.00
Installation (one off cost per panel)	\$45.00	\$4.50	\$49.50
Production Cost (one-off cost per panel)	\$65.00	\$6.50	\$71.50

Printed Billboard (6m x 3m)

	Rate per 4 weeks (excl GST)	GST	Rate (incl GST)
Rate Card Value (per panel per 4 weeks)	\$4,000.00	\$400.00	\$4,400.00
Installation (one off cost per panel)	\$395.00	\$39.50	\$434.50
Production Cost (one-off cost per panel)	\$600.00	\$60.00	\$660.00

Flyers

	Rate (excl GST)	GST	Rate (incl GST)
Design (one-off cost)	\$350.00	\$35.00	\$385.00
Printing - A6 flyers One sided (cost per thousand)	\$236.00	\$23.60	\$259.60
Printing - A6 flyers Two sided (cost per thousand)	\$259.00	\$25.90	\$284.90
Printing - A5 flyers One sided (cost per thousand)	\$253.00	\$25.30	\$278.30
Printing - A5 flyers One sided (cost per thousand)	\$295.00	\$29.50	\$324.50
Distribution- Letter box delivery (cost per thousand)	\$38.00	\$3.80	\$41.80

Retail Advertising (Paramatta Metropolitan Area)

	Weekly Rate (excl GST)	GST	Rate (incl GST)
Shopalite	\$358.00	\$36	\$393.80
Installation (one off cost per panel)	\$30.00	\$3	\$33.00
Production Cost (one-off cost per panel)	\$35.00	\$4	\$38.50



APPENDIX 4

Resources	Quantity
Chair Cover Hire - Black Lycra with Aqua & Hot Pink Lycra Bands	300 pieces
Gift Hampers	10 pieces
Open Entertainment	3 hours
Balloon centerpieces	30 pieces
Guest Gifts	300 pieces
Food Based on \$30.08 per person	300 people
Beverage based on \$9 per person	300 people
AV system and staging	Provided internally
Event Staff Rate 22\$/hour	70 hours



Learning Rubric: Assessment 4

Assessment Attributes	Fail (Unacceptable) (0-49)	Pass (Functional) (50-64)	Credit (Proficient) (65-74)	Distinction (Advanced) (75-84)	High Distinction (Exceptional) (85-100)
Grade Description (Grading Scheme)	Fail grade will be awarded if a student is unable to demonstrate satisfactory academic performance in the subject or has failed to complete required assessment points in accordance with the subject's required assessment points.	Pass is awarded for work showing a satisfactory achievement of all learning outcomes and an adequate understanding of theory and application of skills. A consistent academic referencing system is used and sources are appropriately acknowledged.	Credit is awarded for work showing a more than satisfactory achievement of all learning outcomes and a more than adequate understanding of theory and application of skills. A consistent academic referencing system is used and sources are appropriately acknowledged.	Distinction is awarded for work of superior quality in achieving all learning outcomes and a superior integration and understanding of theory and application of skills. Evidence of in-depth research, reading, analysis and evaluation is demonstrated. A consistent academic referencing system is used and sources are appropriately acknowledged.	High Distinction is awarded for work of outstanding quality in achieving all learning outcomes together with outstanding integration and understanding of theory and application of skills. Evidence of in-depth research, reading, analysis, original and creative thought is demonstrated. A consistent academic referencing system is used and sources are appropriately acknowledged.
Understanding of buy or hire decisions in business SLO addressed: a) Explain and evaluate the role and importance of financial information in	Students have not understood the concepts of buy or hire decisions and the written answers provided are unsatisfactory. Some or all Excel formulas were missing. Majority of values were incorrect and wrong conclusions have been	Students demonstrated limited knowledge of concepts of buy or hire decisions. Mistakes in Excel formulas were present and some formulas were missing. Due to the mistakes, potentially wrong conclusions have been reached.	Students demonstrated some knowledge of concepts of buy or hire decisions in this question. Correct conclusion was made, however few mistakes occurred in the calculation process.	Students demonstrated good knowledge of concepts of buy or hire decisions, Excel formulas were provided, correct recommendations were reached and explanation has been provided. Minor mistakes in calculations occurred but have not	Excellent knowledge and practical application of concepts of buy or hire decisions in this task. Students applied the time value of money correctly, provided all formulas in Excel. The recommendation regarding buy vs. rent option has been correct and



<p>business decision making</p> <p>b) Apply relevant accounting concepts to simple business scenarios</p> <p>e) Apply capital budgeting techniques to capital investment scenarios</p> <p>22%</p>	<p>reached.</p>			<p>resulted in a wrong decision.</p>	<p>included detailed explanation supported by the analysis.</p>
<p>Understanding of different capital investment options for decision-making</p> <p>SLO addressed:</p> <p>a) Explain and evaluate the role and importance of financial information in business decision making</p> <p>b) Apply relevant accounting concepts to simple business</p>	<p>Students have not understood the two capital investment options and the written answers provided are unsatisfactory. Some or all Excel formulas were missing. Majority of values were incorrect and wrong conclusions have been reached.</p>	<p>Students demonstrated limited understanding of concepts of capital investment options. Mistakes in Excel formulas were present and some formulas were missing. Due to the mistakes, potentially wrong conclusions have been reached.</p>	<p>Students demonstrated some understanding of concepts of capital investment options covered in this question. Correct conclusion was made, however few mistakes occurred in the calculation process.</p>	<p>Students demonstrated good understanding of concepts of capital investment options, Excel formulas were provided, correct recommendations were reached and explanation has been provided. Minor mistakes in calculations occurred but have not resulted in a wrong decision.</p>	<p>Excellent knowledge and practical application of concepts of capital investment options covered in this task. Students applied the time value of money correctly, provided all formulas in Excel. The recommendation regarding the project is correct has been supported by facts and explained in detail.</p>



<p>scenarios</p> <p>e) Apply capital budgeting techniques to capital investment scenarios</p> <p>22%</p>					
<p>Development of activities for business with a budget provided</p> <p>SLO addressed:</p> <p>a) Explain and evaluate the role and importance of financial information in business decision making</p> <p>b) Apply relevant accounting concepts to simple business scenarios</p> <p>e) Apply capital budgeting techniques to capital investment scenarios</p>	<p>Minority of the promotional items or suppliers were suited to the task given. Excel formulas were missing. The template has not been used properly, the numbers are not adding up. Students went over budget.</p>	<p>Some promotional items and suppliers were not suited to the task given. Excel formulas were missing, but overall template has been used correctly. Many mistakes in calculations have been present; however students were still within the budget given to them.</p>	<p>Majority of the promotional items and event suppliers were suited to the task given. Excel formulas have been provided with minor mistakes. Students were in line with the financial constrains given to them.</p>	<p>Majority of the promotional items or event suppliers were well suited to the task given. Excel formulas have been provided with minor mistakes in calculations. Students were in line with the financial constrains given to them.</p>	<p>Students have chosen appropriate promotional activities or event suppliers. Correct quantities were applied and appropriate costing or budget provided. Students were in line with the financial constrains given to them. All required references have been provided. All Excel formulas have been provided with no mistakes in calculations.</p>



22%					
<p>Cost- Volume-Profit Analysis</p> <p>SLO addressed:</p> <ul style="list-style-type: none"> a) Explain and evaluate the role and importance of financial information in business decision making b) Apply relevant accounting concepts to simple business scenarios d) Apply basic costing and budgeting techniques to business decision making 	<p>The importance and application of CVP analysis to scenario is missing. Excel formulas are missing. The template has not been used properly, the numbers are not adding up.</p>	<p>Importance of CVP and application to scenario is not suited. Excel formulas are missing, but overall template has been used correctly. Many mistakes in calculations are present.</p>	<p>Students have performed majority of the required calculations. Satisfactory CVP analysis and application to the scenario is performed. Excel formulas have been provided with minor mistakes.</p>	<p>Students have performed majority of the required calculations. Correct formulas are applied. Students are mostly aware of the importance of CVP analysis and are able to apply it to scenario. Excel formulas have been provided with minor mistakes in calculations.</p>	<p>Students have performed all the required calculations. Correct formulas are applied. Students are well aware of the importance of CVP analysis and are able to apply it to scenario. All required references have been provided. All Excel formulas have been provided with no mistakes in calculations.</p>
22%					
<p>Correct citation of key resources and evidence</p> <p>Overall structure, appearance and referencing of the</p>	<p>Demonstrates inconsistent use of good quality, credible and relevant resources to support and develop ideas.</p>	<p>Demonstrates use of credible and relevant resources to support and develop ideas, but these are not always explicit or well developed.</p>	<p>Demonstrates use of high quality, credible and relevant resources to support and develop ideas.</p>	<p>Demonstrates use of good quality, credible and relevant resources to support and develop arguments and statements. Shows evidence of wide</p>	<p>Demonstrates use of high-quality, credible and relevant resources to support and develop arguments and position statements. Shows evidence</p>



report are assessed. 12%				scope within the organisation for sourcing evidence.	of wide scope within and without the organisation for sourcing evidence.
--	--	--	--	--	--