
BUS1AFB
Individual Assignment
15 marks total

General information and requirements

This is an individual assignment due for submission on **Wednesday 9th December at 11.59pm**, 2020.

Assignment Length

Each question provides a guide as to the approximate word length of each answer. It is recommended you are close to these limits, but you do not need to achieve them exactly.

Please ensure your overall assignment is +/- 10% of the total word limit. Assignments that vary significantly from these guidelines will be marked down.

Submission

All submissions must be typed in a minimum 11 font, with 1.5 line spacing using word and **submitted via the Turnitin link on LMS as a pdf file**. Please refer to the online marking rubric for marking guidance.

Referencing

All submissions will be reviewed by a program called “Turnitin” and this will identify instances of plagiarism (copying). This is a very serious offence and can result in you receiving no marks for the assessment task. Refer to the subject learning guide for additional details regarding plagiarism.

Please ensure if you have copied information you use quotation marks and appropriate referencing.

If you reword someone else’s work, you still need to refer to the author(s) in your sentence. For example, Ashman (2020) discusses how..... – whilst this is not a quote you need to reference the idea. The library provides specific guidance for referencing.

This assignment requires you to analyse real events. If you copy financial reports from the internet it will be obvious and no marks will be awarded, even if correctly referenced. The purpose of the assignment is to develop your critical thinking and creative problem-solving skills and to develop your business writing skills. A small amount of referenced information will be acceptable, the focus is to be on your interpretation.

Assignment Presentation

Refer to the “Assignment Presentation Guide” available under the “Assignment” tab for guidance.

Graduate Capabilities

This subject assesses the following graduate capabilities:

Writing	5 marks
Critical thinking	5 marks
Creative Problem-solving	5 marks

Late Assignment Penalty

“The standard penalty for late submission of assessment tasks is 5% of the marks for that task for each delay in submission of a day or partial day up to a maximum of five (5) working days after the due date.”

Presentation

Assignments must be presented in accordance with the “Assignment Presentation Guide” available under the “Assignment” tab. **(2 marks)**

Question 1 (2 marks)

The “Online” group has developed a series of webinars for student focussing on ‘How to be motivated in the online environment’. Their package delivers 12 x 1 hour per week motivational webinars targeted to students around the world due to the Covid-19 pandemic and the fact that many courses have moved to virtual classrooms. “Online” has asked you to research customer preferences and to recommend a pricing policy. There are limited price differences relating to the timing of webinars in the Northern Hemisphere, however for Southern Hemisphere webinars running a class at or below 45 students (normal class size is 50) costs significantly more for “Online” to run.

Required (200 words):

- a. In addition to customer preferences, what information would you like to gather before recommending a pricing policy? Explain why each item you list is relevant.
- b. Explain why it is important to understand customer preferences before investing in the infrastructure to run the system.
- c. Is the need to consider customer preferences different for this organisation than for another type of organisation? Why or why not?

Question 2**(3 marks)**

Given you are constrained to your house due to Covid-19, you have decided to try and launch your own small business.

Required (200 words):

a. Design a small business and document 1 key product that you are selling. Name your business and product with a brief description of its purpose. In a table (please use the one below) list a maximum of 10 costs that will be involved in selling your product and explain why they are either a variable or fixed cost and their unit value.

Name of Cost	Fixed/Variable	\$Value <u>per item</u>	Explanation as to why fixed or variable

b. Estimate a reasonable selling price per unit for your product with an explanation as to how you determined your selling price.

c. Using your figures calculate your Breakeven point, in both units and dollars (\$) showing all calculations.

d. State whether you require a profit of either \$10,000, \$20,000 or \$30,000 and then calculate your new breakeven point, in both units and dollars (\$) showing all calculations (note: only select 1 profit figure to use in your calculations).

e. Define and calculate the 'Margin of Safety', in both units and dollars, assuming you sell 40,000 units. Ensure you include all calculations.

An example of a Business could be "Keep your pets happy" with your specialty being chew toys for your dog delivered to your door. Your product is "Chewy the bone" and some example costs are purchasing 2 parts to make the toy, electricity to run your business in your shed, internet to be able to take your orders, petrol costs to run your car for delivery.

Please keep this reasonably simple to demonstrate your knowledge. I do realise there are many more costs involved but you don't need to list everyone, up to 10 is what I am looking for to maximise your mark.

Question 3**(5 marks)**

Air New Zealand and Qantas are two well-known airlines providing flights in the Australian tourism market. They are both listed on the Australian Stock Exchange with Air New Zealand trading under the code AIZ and Qantas trading under the code (QAN). In the table below is an extraction of ratios as at 30 June 2019.

2019 Air New Zealand and Qantas			
Ratio Category	Ratio Name	Air NZ	Qantas
Profitability Ratios	Profit Margin (%)	4.67	5.12
	ROE (%)	12.92	26.25
	ROA (%)	4.19	5.49
Asset Efficiency Ratios	Days Inventory	5.11	7.55
	Days Receivables	27.76	20.14
	Days Payables	36.91	51.23
Liquidity Ratios	Current Ratio	0.68	0.49
	Quick Ratio	0.65	0.45
Capital Structure Ratios (Solvency Ratios)	Gross Gearing (D/E) (%)	124.32	152.04
	Net Interest Cover (interest coverage ratio)	13.06	7.89
Market Performance Ratios	PER (Price earnings ratio)	11.34	9.82

Required (350 words):

Write a report briefly describing each ratio and which company is performing best based on each ratio. Include an overall conclusion as to which company you would recommend based only on the data you have been provided in this question and justify your selection.

Question 4**(3 marks)**

'Overnight Housing' is a not-for-profit enterprise who provide emergency housing for those who find they are without a safe place to stay overnight. They also have a motel with excellent sea views that they are trying to determine whether they should expand and add an additional 10 rooms as their customers cross subsidise their emergency housing service. Any empty motel rooms are also utilised to provide overnight housing. 'Overnight Housing' have performed the calculations and found the following:

Method	Result
Accounting Rate of Return	2.85%
Payback Period	12-13 years
Net Present Value	\$9,545 positive

Required (250 words):

- Explain each method listed above and what it tells the business, determine and list the decision rule that applies for each method (you need to determine a reasonable number) and include one advantage and one disadvantage of each method (do not repeat advantages or disadvantages).
- Review the results individually, compare them with your estimated decision rule, and determine whether you can individually accept the proposed project for each method.
- Draw an overall conclusion as to whether, based on the 3 methods, you would recommend the project.

NOTE: when providing your answer to part (c) you need to give consideration to the type of business that is being run by 'Overnight Housing'.