

SAMPLE ASSESSMENT MATERIAL

UNIT 5: BASIC BUSINESS AND FINANCIAL PRINCIPLES FOR THE HOSPITALITY INDUSTRY



This example assignment has been developed by AQA-City & Guilds as part of a QCDA funded project and has been reviewed by practitioners, representatives of sector and awarding organisations and QCDA.

Hospitality Diploma

Level 2 Unit 5 Basic business and financial principles for the hospitality industry

Sample assessment material – information for teachers

This assignment brief is provided as an example only. Consortia may wish to produce their own assignment briefs in line with the assessment section of the unit, based on their local delivery circumstances. In this event, the exemplar material should be used as a benchmark to establish the standard required for a controlled assessment.

Teachers should endeavour to motivate learners as much as possible by setting scenarios in local companies or organisations with which the learners can identify. For example, the scenario below is based on an event which will take place in a hotel. As an alternative a consortium might want to set up another event, such as raise money for a local care home using a hall instead of a hotel. If there is a shortage of hotels in the area the learners may be able to respond better to a situation that is more relevant to their experience.

Overview

The brief for this assessment will involve learners working in teams of three or more to use financial and business planning when arranging an event or situation. Teachers may wish to examine additional opportunities for learners to demonstrate the PLTS associated with team work. The learners will demonstrate their understanding of the relationship between costs, income and profit and their importance to the success of a business in the hospitality industry. This might be easier for them to accomplish if they receive a presentation by an employer, either live or recorded, which emphasises the importance of controlling costs in any operation. In addition, learners should be encouraged to carry out a number of 'mini sales events' to support their understanding of how different selling prices are achieved and how to control costs. Each product sold will have a financial document highlighting costs, gross profit, break-even point etc.

The first task will be the decisions that the learners must make regarding the details of the event that they will plan and the investigation and forecasting of the costs that will be incurred. They will present their findings and the budget for the event in a written report. It is recommended that the report is approximately 5 pages long. This will give sufficient scope for learners to justify their choice of event and describe in some detail the nature of the costs, which they should produce in a way that provides a clear forecast of anticipated income and expenditure. They should also make it clear that they understand the importance of break-even when planning the event and working within budgets at all times.

The second part of the brief will be for learners to carry out an activity which they will then assess for financial success. If it is not possible for an actual event to take place you should provide learners with a set of figures for a hypothetical event with which they can work. Their task is to use the second set of figures to compare with the original so that they can write a report that explains the effects of costs, income and volume upon profit; the meaning and purpose of break-even and its use in determining and evaluating a selling price; and includes any other financial documents that have been used.

Finally learners will be asked to draw conclusions from their findings, supported by reasoned arguments that they will communicate to a variety of audiences. The initial stage of communicating the conclusions may be done verbally to other class members, prior to a written communication of the review to be presented to the manager. This should be no more than one page in length.

Learners should be encouraged to approach this as a real opportunity to make money for a charity. They may record all the different steps in the process in case they wish to repeat something similar later in the course. They should take care not to spend too much time planning one factor (e.g. the buffet) and end up with insufficient time to manipulate the costs. Should there be a need for a learner to catch up on part of the assignment because of (e.g.) illness, it is recommended that the revised set of figures be used, rather than undertaking the practical event.

Time – the control is limited to 9 hours to complete the three tasks

Task 1 - Financial planning – 2 hours: The time allowed for this activity includes time for group discussion and the production of an individual report. Prior to writing the report learners will need to spend time making sure they are familiar with the different types of costs that they will encounter, the importance of managing a budget and the role of break-even in forecasting a profit or loss.

Task 2 – Practical activity – 4 hours: This allows enough time for the learners to actually run the event for approximately 2 hours in order to collect the financial information they will need to produce the report. If they are working on a set of revised figures they should, instead, take this time to read and understand the figures. The report that is produced should take into account a number of different eventualities and clearly demonstrate how changes to any one factor may affect the eventual outcome. This should be recorded through the production of a new break-even chart to produce a revised selling price and may include additional information to support their decisions.

Task 3 – Review – 3 hours: The review of the event should include a careful evaluation of the project and must draw conclusions as to its overall success. For this reason time has been allowed to enable learners to employ a range of arguments to support their conclusions and present them to others. They may wish to make some revisions to their findings following this before they finally produce the written report. If this is in the form of a presentation it should take no longer than 5 minutes.

Resources – limited level of control

Learners will require access to word processing facilities and could also use presentation software for one of the tasks. They will need access to the internet to investigate current costs and should be able to refer to trade magazines and similar resources to substantiate information. If they carry out the event they will need access to practical facilities such as a restaurant or similar accommodation, and will either produce food for the event as part of another unit (such as level 2 units 4 or 8) or liaise with a chef/chef lecturer for its production.

If information from websites is to be issued to learners to refer to, it is strongly recommended that this information is pre-selected and printed off by the teacher and given to the learner with the assessment brief. This is to minimise time spent on research, which is not an assessable outcome of this unit. Learners will find it useful to consult websites to obtain prices for ancillary services such as www.discodirect.com

Supervision – medium level of control

Please note supervision is **not** the same as examination conditions. The majority of this assignment brief can be completed in classroom conditions. The teacher must ensure the tasks are carried out under controlled conditions in accordance with the guidance on pages 107-109 of the specification. Teachers will keep all of the learner's final work for moderation purposes.

Learners should work under the supervision of the teacher when producing the assessable outcomes for the tasks. Learners may work without direct supervision when preparing to undertake the tasks that they will need to perform prior to drafting ideas for a financial plan, such as researching costs and discussing fund raising opportunities. They may also wish to discuss the figures produced by themselves and others in the group before individually writing up their reports.

Collaboration – medium level of control

Learners must be allocated to teams of at least three to carry out this assessment but it is important that learners meet the assessment criteria requirements individually. Teachers assessing the evidence will need to be convinced of its individual authenticity and learners should keep robust evidence of their individual contribution e.g. teacher/assessor witness testimonies, learner's own written accounts or annotated photographic evidence of their contribution.

Marking – medium level of control

Please note that the descriptions in this assessment grid relate to the top of each band. Further guidance on using assessment grids is available in the assessment section of the specification.

Learning outcomes	Band 1	Band 2	Band 3
	The learner has:		
	0 to 3 marks	4 to 6 marks	7 to 9 marks
1 Know the basic financial principles relevant to the hospitality industry	Identified some basic types of costs and used some terminology. Described some basic business financial principles that relate to gross and net profit.	Identified types of costs and some properties of costs using some terminology. Described basic business financial principles in order to determine gross and net profit.	Accurately identified a range of costs and properties of costs use appropriate terminology. Accurately described the application of basic business financial principles in order to determine gross and net profit.
	0 to 4 marks	5 to 8 marks	9 to 12 marks
2 Understand the factors that affect profitability	Explained the importance of some costs and stated a limited number of methods of control. Explained a basic budget. Attempted to describe the basic components of break-even points.	Explained the importance of costs in hospitality establishments and described a number of methods of control. Explained the importance and use of budgets in the hospitality industry. Described the basic purpose and basic components of break-even points.	Accurately explained the importance costs in hospitality establishments giving examples where they might be found and explained in detail methods of control. Explained in detail the importance of working within a budget and the use of budgets in the hospitality industry. Accurately described the purpose and basic components of break-even points.
	0 to 7 marks	8 to 14 marks	15 to 21 marks
3 Understand how financial information is used to inform business decisions	Explained the links between income and costs. Listed the main points of break-even and attempted break-even chart. Identified some costs that may affect break-even and attempted to adapt ideas to changes. Reviewed costs from the break-even chart in relation to determining selling price.	Explained some aspects of the relationship between income, costs and volume. Given basic components of break-even and completed break-even chart. Explained changes to costs that affect break-even point and attempted to adapt ideas to changes. Reviewed costs and drew some conclusions from the break-even chart to determine the selling price.	Explained the relationship between income, costs and volume and their effects on profit. Described the purpose and the main components of break-even, accurately completed break-even chart. Accurately explained changes to costs that affect break-even point and adapted ideas to changes. Reviewed all costs and drew conclusions using the break-even chart to determine and evaluate selling price.

	0 to 6 marks	7 to 12 marks	13 to 18 marks
4 Be able to construct basic financial documents	<p>Constructed basic financial documents and used limited calculations.</p> <p>Communicated simple information to a variety of audiences using some relevant terminology to support conclusions.</p> <p>Attempted to support conclusions using evidence.</p>	<p>Constructed basic financial documents including break-even analysis and used some financial calculations.</p> <p>Communicated basic business financial information to a variety of audiences using relevant terminology to support conclusions.</p> <p>Supported conclusions using appropriate evidence.</p>	<p>Constructed all basic financial documents including break-even analysis and accurately used financial calculations.</p> <p>Clearly communicated basic business financial information to a variety of audiences accurately using relevant hospitality terminology to support conclusions.</p> <p>Supported detailed conclusions, using reasoned arguments and evidence.</p>

Redrafts and resubmissions

Redrafts and resubmissions of internal units are allowed. Further details relating to this can be provided by the subject team at: diplomahospitality@aqa.org.uk

Sample assessment material– information for learners

Assignment overview

In this assignment you will work in small groups to plan an event to make a profit for charity. You will investigate the costs involved in launching the event. You will then calculate how many tickets you will have to sell and the price you will have to charge in order to make a profit. Finally you need to calculate the forecast of your income against your actual profits and examine ways in which you could improve the revenue.

You will be required to:

- investigate prices
- produce a report with a financial plan
- use the costs from the event to calculate the break-even point
- draw conclusions about the event success
- present your conclusions to a variety of audiences

Time

You will have 9 hours to complete the assessment. It is recommended you should spend the following amount of time on each task:

Task 1 – 2 hours

Task 2 – 4 hours

Task 3 – 3 hours

Collaboration

This assessment will require you to work in a team and individually. Your teacher will assign you to a team. This assignment allows you to demonstrate a range of PLTS, such as team worker throughout the tasks: reflective learning (RL6) and independent enquirers (IE6) through the review of the plan.

For task 1 you must work as part of a team to investigate costs and put forward initial draft ideas for a financial plan. You will then individually draft a report on the plan.

For tasks 2 and 3 you must work individually to produce a financial plan for a hospitality event. Finally you will individually review the use of the plan and present your findings.

Assignment Brief

Disco Time



A local hotel supports a different charity each year and the manager has suggested that your group participates in the fund raising activities.

The manager has offered you the use of one of the function rooms which holds a maximum of 100 people. He is charging only a nominal fee of £75 and has promised to match whatever the amount you raise for the charity.

You are keen to make a success of this event and want to make a profit for the charity. You also want to impress the manager as he may offer you future work placements or write a good reference for future employers.

To maximise the opportunity for a significant profit, you are going to offer a buffet as well as a disco and raffle.

The chef at the hotel says that as it is for charity she can produce a buffet for £3, £4 or £5 per head. You will need to check other establishments to see if this is a good price.

You need to research the cost of discos. You can do this on line but you should also check in your local paper.

You have been allowed a small advance of £50 to cover the cost advertising and purchasing of books of raffle tickets.

You will need to do some financial modelling in order to decide what the ticket price will be. You will also need to think about what else will affect profits e.g. raffle ticket sales, raffle prizes, cost of the buffet and any other ideas of your own.

Tasks

The manager of the hotel wants to know that you understand how to plan the event to make a profit. He has asked you to produce a financial report for the event, using appropriate terminology, which should be no more than 5 pages long.

You will need to produce a financial plan for the event. Once the manager is satisfied with this you will then either run the event and record the financial figures or use a set of figures given to you by your teacher. Finally you will review the activity. The review should be about 1 page long.

Task 1 - Financial Planning

You should present your financial plan for the event in a written report. Although you are working in a group you must write up your report independently. This is to allow the manager to see your individual understanding as he may offer some future work placements to those whose impress him.

In order to include the information the manager has asked for, the report should:

- include a costing sheet for each item sold, identify the types of costs that will be incurred for running the event and work out the budget for the event (including gross profit and a predicted selling price for the tickets)
- describe the basic financial principles that will determine whether you will make a profit or a loss at the disco
- using the costs you have identified, explain where savings can be made to increase the profit you make for the charity
- explain the importance of using and working within a budget for this event
- describe the purpose of break-even when planning the event

Task 2 - Practical Activity

Once the manager is satisfied with your report, you should now run the event and record the actual figures. (If you are not able to actually run the event your teacher will give you a revised set of figures to use.)

It is important that the manager knows you are in control of making a profit from the event and can make decisions based on changes in the finances. You should use the actual figures from your event (or that the teacher has given you) to continue to write your report. Your report should:

- explain how changes in income, costs and volume affect profits from the event
- describe the purpose of a break-even chart and complete one for the event
- use your break-even chart to explain how changes to costs can affect the break-even point and explain how you adapt your ideas when changes occur
- use the break-even chart to calculate and evaluate a new selling price
- include other financial documents that you have made to help make the event profitable

Task 3 - Review of Plan

Finally, the manager would like you to review your business and financial planning of the event. He will use your conclusions to help him to run similar events in the future. So, at the end of your report, you should draw conclusions from the findings above. Make sure you:

- support your conclusions using reasoned arguments
- use appropriate business, financial and hospitality terminology.

Before you present your review to the manager you should check it with other members of your group plus the representative of the charity who will benefit from the fund raising event. When

you have done this communicate the report to the hotel manager. Do this by letter or email (of no more than 1 page long) or in a 5 minute presentation.

Your teacher will assess how well you communicate the financial information to your group members and the manager.