



Creating a work budget challenge

Age range: 16-19



Financial terms: student sheet

In groups or with a partner, look at these financial terms and discuss what you think they mean and use the spaces below to input your answers. You will be given the answers so don't worry if some are unfamiliar.

Financial term	Definition
Credit rating	
Limited liability	
Budget	
Cash flow	
Fixed cost	
Gross profit	
Net profit	
Variable cost	
VAT	
Capital	

Financial terms – answers

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Below are the answers, how many definitions did you get right?

Financial term	Definition
Credit rating	The assessment given to borrowers by a ratings agency according to their level of risk.
Limited liability	Confines an investor's loss in a business to the amount of capital they invested: if a person invests £1,000 in a company and it goes out of business, they will lose only their investment and not more.
Budget	An amount of money that is allocated to a particular activity or resource over a set period of time.
Cash flow	The movement of cash in and out of a business from day to day.
Fixed cost	A cost that does not vary with changing circumstances, e.g. paying for a venue will cost the same regardless of how many people use it.
Gross profit	Sales minus cost of goods or services sold.
Net profit	Normally refers to profit after deduction of all operating expenses including fixed costs and overheads.
Variable cost	A cost that varies according to use, e.g. materials, fuel.
VAT	Tax charged when a registered business sells to either another business or to a non-business customer; the current rate is usually 20%.
Capital	The sum of money committed by owners to start a business or project.

Organising an event: Scenario

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Reece works for a company that specialises in organising staff training events and has been asked to project manage a large training day.



Income from the event must cover all the costs. Reece needs to choose a suitable venue, book lunch and refreshments and print a pack of information for each delegate to receive on the day.

A guest speaker has been invited who won't charge a fee but will need overnight accommodation the night before as she doesn't live close by. Reece needs to include this expense and book a hotel.

- Using the information Reece has gathered, discuss and decide which options he should choose to ensure the costs are covered.
- On the list of items that need to be paid for, identify which costs are fixed and which are variable.
- Work out what the running costs will be in total.
- It is predicted that a maximum of 50 people will attend the conference. It has been agreed that the attendance fee will be £75 per person. Calculate how much income this will generate if 50 places are filled.

Budget template: student sheet

Expenditure	Options chosen	Number of items	Cost per item	Total	Fixed or variable cost
Room hire					
Refreshments					
Lunch					
Hotel					
Printing					
Total expenditure					
Income		Bookings (No.)	Price per ticket	Total	
Bookings taken		50			
Total income		Total expenditure		Money remaining (profit)	
£		£		£	

Organising an event: Information sheet (1/2)

Reece has done some research and picked three venue options that meet his requirements. He wants his company to make a good impression on delegates so he is looking for somewhere with enough space and good facilities.

The Business Centre	The City Hotel	The Stiles Conference Centre
<ul style="list-style-type: none">Room can accommodate 80.Free parking available.Light & airy room with windows.Unlimited tea/coffee: Free.Room hire fee: £300.	<ul style="list-style-type: none">Room can accommodate 100.Free parking available 500m away.Basement room with limited natural light.Unlimited tea/coffee: £1pp.Room hire fee: £250.	<ul style="list-style-type: none">Room can accommodate 70.Limited free parking on site with free off-road parking nearby.Light & airy room with windows.Unlimited tea/coffee: Free.Room hire fee: £275.

Reece needs to provide lunch for the delegates. He thinks it’s important that delegates get the opportunity to network while they have lunch.

The Business Centre	The City Hotel	The Stiles Conference Centre
<ul style="list-style-type: none">Buffet lunch to include a selection of sandwiches, savoury pastries and salad, crisps, fruit platter and cupcakes: £15pp.	<ul style="list-style-type: none">Buffet lunch to include a selection of sandwiches, fruit bowl and chocolate cake: £10pp.Seated hot meal in the restaurant: £15pp.	<ul style="list-style-type: none">Buffet lunch to include a selection of sandwiches, quiche and salads, crisps, fruit salad and selection of mini desserts: £13pp.

Organising an event: Information sheet (2/2)

Each delegate will receive a folder of information. Reece will ask a local print company to do the job for him as he doesn't have time to do this himself.

The Print Shop	The Copy Centre	The Stationery Store
<ul style="list-style-type: none">Printing information and packing into folders.Including delivery to the venue.Colour printing. £4 per set	<ul style="list-style-type: none">Printing information and packing into folders.Customer collects.Colour printing. £3.50 per set	<ul style="list-style-type: none">Printing information and packing into folders.Customer collects.Black and white printing. £3 per set

These three hotels would be suitable for the speaker to stay in, and are all within 5–10 minutes drive of all of the venues.

The Mercury Hotel 5*	The City Hotel 4*	The Dunberry Hotel 4*
<ul style="list-style-type: none">Superior room with dinner, bed & breakfast.Free WiFi in room.Free parking on site. £150	<ul style="list-style-type: none">Double room, bed & breakfast.Free WiFi in lobby and bar.Free parking 500m away. £95	<ul style="list-style-type: none">Double room.Free WiFi in room.Free parking on site.Breakfast additional £15. £105