

Level 2: Certificate in Financial Education
(CeFE) 601 / 1239 / 6

Unit 3 – Financial Capability, Work and Enterprise
(FCWE) F / 505 / 4692

May 2018

**Pre-release
Case Study Information and Data**

Instructions to learners:

This material has been designed to provide background information / research material for the examination. It is intended to help candidates familiarise themselves with the enclosed material prior to the examination.

The information and data is made up of:

- Case study 1 information and data.

At the beginning of the examination, it is recommended that candidates review the case study in conjunction with the question paper.

Please note:

- You may annotate the case study material.
- The figures and products featured in the case study information and data were correct at the time of writing. Candidates are not expected to know current interest rates of specific products and services, nor to have detailed knowledge of changes to products and services.
- Although this material contains certain information relating to the examination scenarios and questions, the actual scenarios / questions are provided in the examination question paper.

Case study information and data begins on page 3

Background

Nathan has been working in his family's business, since leaving university a few years ago. The business is owned by his older brother, Tamar, and their father, Saul. The business provides gardening services, such as lawn mowing, weeding, planting, small scale bush trimming and fence repairs. They pride themselves on behaving ethically by providing good customer service, recycling the waste from their gardening jobs and helping a local care home by offering a discount for their services. The business makes enough money to pay the three of them a reasonable wage.

Nathan is certain that there is more income and more profit to be made by developing their bush trimming service into a tree trimming, cutting and removal business. However, his brother and father have no interest in tree cutting and removal, so Nathan has suggested leaving the family business and setting up by himself. He is keen to become his own boss and make his own decisions. The current business has a wide area of satisfied customers, many with their own properties that have trees in the front and rear gardens, which Nathan will use as a starting point for his new business, which he will call NTC Ltd.

Nathan has looked into what resources he would need, how he would staff the business and how he would fund NTC. Nathan will be able to use his own hybrid van. His challenges are: to start his business as a limited company without too much borrowing; run it profitably as soon as possible; and maintain his ethical values.

Starting a business

Although he has had a lot of on-the-job training regarding health and safety and simple bush cutting, Nathan has seen a course near where he lives that offers a fast-track route to becoming qualified to use the equipment and learn the right way to cut down small trees. This will cost him around £2,600 and will take three weeks to complete.

Besides assessing jobs and pricing them up for customers, Nathan also undertook most of the marketing for his family business, so he knows the most effective ways to create and distribute fliers, as well as place advertisements in local newspapers to attract business. Using his experience, Nathan plans to contact local councils that

have parks departments and residential areas with large gardens. These will be sources of repeat business.

Nathan will take a small salary from his business in order to keep costs down. He is thinking about employing his friend Joseph, who is used to working outside and is strong. Joseph will be employed on a fixed-term contract. Also Nathan will employ his younger sister, Adina, as she is keen to work and will be leaving college after completing her business studies examinations later in the year. Adina will earn the minimum wage and be on a zero-hours contract to start off with.

Nathan's list of resources include some large and expensive pieces of equipment, such as:

Petrol chainsaw	£175
Portable scaffolding	£350
Extending ladders	£190
Chipper	£3,300
Trailer	£1,700
Safety clothing and equipment	£800
Other sundry costs	£500

Adding this cost to the cost of the courses he will need to go on, he realises he will have to approach a bank for a small business loan. He hopes to pay any borrowing off within a short space of time from his profits. He thinks he will have income of £200–£300 a day to start with.

Nathan has a garage at his home where he can store the equipment securely, although this may not be enough space if the business grows in the future. It is possible that if the business is a success he will need to seek extra equipment and this will certainly require more storage space.

He also realises that the nature of the business NTC Ltd will be conducting is potentially a dangerous one. In order to protect himself, his business and his customers, Nathan will need to insure himself against losses through insurance products via an insurance provider.

His mother, Anna, does the accounts for Nathan's father's business and says that she may have enough time to do his accounts as well for a few hours a week, once NTC Ltd gets started. Nathan will pay her for any work she does, but, like his sister, he will only be able to pay the minimum wage to start with.

Nathan is anxious to dispose of cuttings quickly and with as little damage to the environment as possible. His local council waste tip takes green garden waste (leaves, small branches, etc), while they also offer to dispose of any chipped wood waste and recycle it for a small fee. He likes this idea as it is better than burning any waste.

While Nathan knows he will have to learn quickly, he does have a number of skills that will be valuable for the business. And he has family members who can help as members of staff.

Developing the business in the future

Nathan thinks that once he has worked for a year in NTC Ltd he will be in a position to consider how to develop and grow the business further. Apart from the physical resources he will need, he will have to consider more staff and this means he will have to ensure that, like him, they have taken appropriate courses so that they can work by themselves in small teams, on short-term contracts.

Level 2 Command Word Definitions

COMMAND WORD	WHAT DOES IT MEAN?
Define	Give a brief explanation of exactly what something means
Describe	Provide a detailed explanation of the main features of something and how and why something happens
Explain	Clarify a topic by giving a detailed account as to how and why it occurs, or what is meant by the use of the term in a particular context. Justify with relevant evidence
Calculate	To solve a mathematical problem using the information provided
List / State / Identify	To create a list of a specified number of key points. To specify in clear terms the key aspects relating to a topic without being descriptive. Short bullet points may be used. Note: if a question asks a student to list say 5 features of something, only the first 5 points will be marked irrespective of the number of points the student lists.
Suggest	State a possible reason or course of action (no development required)
Outline	To give the main features of something rather than emphasising minute detail

Please note that the command word definitions will not appear in the exam copy of the case study.