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Module Code: ACMA 5007

Management and Sustainability

One

- a) To make a legally binding contract, 5 elements must be satisfied: Offer, acceptance, consideration, intention and capacity.

A contract involves 2 or more parties who are competent to enter into a legally binding agreement*

- b) Offer and acceptance analysis is a traditional approach in contract law used to determine whether an agreement exists between 2 parties. An offer is an indication by one person to another of their willingness to make a contract on certain terms without further negotiations. The contract is then formed if there is express or agreement.

Two

a) $£80 \times 20 = £1600$

$$1600 \times 12 = £19,200$$

$$£19,200 + 24,000 + 26,000 + 14,000 + 180,000 + 14,000 + 3000 = £280,200$$

$$\text{Total Cost} = £280,200$$

②

b)

$$25\% \text{ of } 280200 = £70,050$$

$$280200 + 70,050 = £350,250$$

£350,250

c) Flexible Budget is a budget that adjusts ~~of~~ and flexes with alternations of volume and activity.

Zero based budgeting involves a method where budgeting includes all expenses and how they must be justified for each new time period.

Incremental budgeting is based on the idea that the current budget is used as a base to which incremental assumptions are added or subtracted from the base amounts to determine new budget amounts.

Three

(a) ① A Seven-step process to use as a risk assessment would begin with Identification. This is a chance to document all the things that might go wrong. The diverse perspectives help to develop a list of risks.

② Secondly Analysis. This will develop context information for each risk such as moment of risk.

③ Probability and Impact. We use this to assess the probability and ~~risk~~ impact of each risk. They can be a probability distribution to model costs for each risk.

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① Risk Treatment must be used for planning a treatment. Risks that are both low impact and low probability aren't usually treated.

② Residual risk will be assessed including secondary risks that result from risk mitigation transfer or sharing.

③ Risk Control is implemented to control any risk of mitigation, sharing, avoidance and transfer.

④ Lastly Monitor and Review to continuously identify new risks as things progress, monitor implementation of controls and communicate risk to stakeholders.

(6) The 4T's may be used in to in projects, the 'tolerate' aspect could be used when the risk is low for example being told to use correct safety equipment for example safety goggles.

The second 'T' 'Terminate' could be used when there's a higher risk. for example the withdraw of a product that may cause a rise to unacceptable risk.

'Treat' may be used present in a situation where action needs to take place, a situation where ~~elimination~~ ^{engineer} of a ~~member~~ of may injure himself on a machine, the correct steps should be in place to deal with the situation.

'Transfer' may be used when insurance isn't available, transferring the financial consequences to third parties, for example through the ~~contract~~ terms and conditions of a partnership agreement that enables the ~~company~~ ^{company/person} to get back the payment in certain situations.

(c) A risk matrix is based on 2 intersecting factors, the likelihood that the risk event will occur, and the 2nd second factor which is the potential impact that the risk will have on the business. It is a tool that helps visualize the probability and severity of a potential risk.

* (1a) To make a legally binding contract, the contract must begin with the party making an offer, followed by the other parties acceptance. Each party will then provide consideration to each other. This could include:-
- a promise to pay money
- Anything of valuable consideration.

Both parties will then have to be legally bound by the agreement to continue to the final step, which is Contractual Capacity. Both parties are legal entities recognized by law, such as companies. Once all of these elements exist, you finally have a legally binded contract.