



# FNSACC412 Assessment 1 *Assessor Guide*

Unit of Competency Details	
Code	Title
FNSACC412	Prepare Operational Budgets
<b>Assessment Method:</b>	Choose an item.

## Submission requirements

To be eligible to be deemed competent in this assessment, you are required to submit the following documents. Do so by saving these to your computer and submit and upload your documents onto the LMS once you believe you have successfully completed all required tasks.

Task 2 Requires:		
Assessment 2 - Project		
<input type="checkbox"/>	Task 1	Prepare 5 budget documents
<input type="checkbox"/>	Task 2	Email Elite Manufacturing and address questions
<input type="checkbox"/>	Task 3	Prepare a cash flow budget
<input type="checkbox"/>	Task 4	Prepare budget variance reports and an email
<input type="checkbox"/>	Task 5	Role play meeting to discuss the budgeting function
<input type="checkbox"/>	Task 6	Role play meeting to discuss the budget variances
Save all documents on your computer with the naming convention:  FNSACC412_Assessment 2_Student name  When you have completed your assessment, upload it into the platform where you downloaded this assessment from.		

## Assessment 2

### Task 1-Preparing Budgets for Elite Manufacturing



#### Preparing budgets for Elite Manufacturing

Hi there,

Elite Manufacturing is stepping into its annual budget cycle. As the Junior Accountant, you are required to prepare operational budgets using complex financial data. Certain operational budgets will be prepared as seasonal budgets.

Elite Manufacturing, a key customer of Ace Finance has decided to introduce a comprehensive budgeting system for the forthcoming year which starts on 1 July 2022. Mulgrave Productions is a privately owned company and has manufacturing plants across the country. The company produces and sells two products: product A and product B. You are provided with the following information and templates for each part:

Elite Manufacturing has two (2) subsidiary companies Sunrise Rice Bubbles & Mountain Air Fruit Bran.

Elite Manufacturing operational information	Product A	Product B
Sales forecast units	600,000	175,000
Selling price per unit	\$ 27	\$ 42
Finished goods, 1 Jul 20x1 (units)	26,400	14,400
Required finished goods 30 Jun 20x2 (units)	32,400	20,400
Direct materials 1 Jul 20x1 (kg)	54,000	14,400
Required materials inventory, 30 Jun 20x2 (kg)	42,000	18,000
Direct materials required per unit	1.2kg	1.8kg
Material cost per kg	\$4.20	\$5.40
Direct labour time required per unit (hours)	0.6	0.9
Direct labour cost per hour	\$12.00	\$13.20
Cost of production per unit	\$15.00	\$25.80
Budgeted selling and distribution expenses	\$840,000	\$450,000
Budgeted administration expenses	\$540,000	\$480,000

Can you please prepare the following documents for the coming financial year:

- Sales budget
- Production budget
- Direct materials budget
- Direct labor budget
- Factory overhead budget

I have provided the budget templates at the end of this email for you to complete.



Warm regards,

Andrew | Manager  
[andrew@ace.finance](mailto:andrew@ace.finance)

## Budgets for Elite Manufacturing



### Sales budget

Elite Manufacturing		– Sales Budget – For the year ending 30 Jun 2023	
Product	A	B	
Budgeted sales units			
Budgeted price per unit			
Budgeted sales			

### Production budget

Elite Manufacturing		– Production Budget – For the year ending 30 Jun 2023		
Product	A	B	Total	
Forecast sales units				
Ending inventory				
Total units needed				
Beginning finished goods				
Production required				

### Direct material budget

Elite Manufacturing		– Direct material budget – For the year ending 30 Jun 2023		
Product	A	B	Total	
Production units required				
Materials per unit				
Kg of material required				
Desired ending materials (kg)				
Kilograms needed				

Beginning materials (kg)			
Purchases required (kg)			
Cost per kg			
Cost of purchases			

### Direct labour budget

Elite Manufacturing		– Direct labour budget – For the year ending 30 Jun 2023		
Product	A	B	Total	
Production units required				
Direct labour hours per unit				
Total hours required				
Labour rate per hour				
Total labour cost				

### Factory overhead budget

Elite Manufacturing		– Factory overhead budget – For the year ending 30 Jun 2023		
Product	A	B	Total	
Total cost of production (1)				
Raw materials cost (2)				
Direct labour costs				
Total prime costs				
Factory overhead = Total cost of production – Total prime costs				

## Budgets for Elite Manufacturing



### Sales budget

Elite Manufacturing – Sales Budget – For the year ending 30 Jun 2023		
Product	A	B
Budgeted sales units	600,000	175,000
Budgeted price per unit	\$27.00	\$42.00
Budgeted sales	\$16,200,000	\$7,350,000

### Production budget

Elite Manufacturing – Production Budget – For the year ending 30 Jun 2023			
Product	A	B	Total
Forecast sales units	600,000	175,000	775,000
Ending inventory	32,400	20,400	52,800
Total units needed	632,400	195,400	827,800
Beginning finished goods	26,400	14,400	40,800
Production required	606,000	181,000	787,000

### Direct material budget

Elite Manufacturing – Direct material budget – For the year ending 30 Jun 2023			
Product	A	B	Total
Production units required	606,000	181,000	787,000
Materials per unit	1.2kg	1.8kg	
Kg of material required	727,200	325,800	1,053,000
Desired ending materials (kg)	42,000	18,000	60,000
Kilograms needed	769,200	343,800	1,113,000
Beginning materials (kg)	54,000	14,400	68,400
Purchases required (kg)	715,200	329,400	1,044,600
Cost per kg	\$4.20	\$5.40	
Cost of purchases	\$3,003,840	\$1,778,760	\$4,782,600

## Direct labour budget

Elite Manufacturing – Direct labour budget – For the year ending 30 Jun 2023			
Product	A	B	Total
Production units required	606,000	181,000	787,000
Direct labour hours per unit	0.6	0.9	
Total hours required	363,600	162,900	526,500
Labour rate per hour	\$12.00	\$13.20	
Total labour cost	\$4,363,200	\$2,150,280	\$6,513,480

## Factory overhead budget

Elite Manufacturing – Factory overhead budget – For the year ending 30 Jun 2023			
Product	A	B	Total
Total cost of production [1]	\$9,090,000	\$4,669,800	\$13,759,800
Raw materials cost [2]	\$3,003,840	\$1,778,760	\$4,782,600
Direct labour costs	\$4,363,200	\$2,150,280	\$6,513,480
Total prime costs	\$7,367,040	\$3,929,040	\$11,296,080
Factory overhead = Total cost of production – Total prime costs	\$1,722,960	\$740,760	\$2,463,720

## Task 2-Cash Flow Statement for Elite Manufacturing



Elite Manufacturing

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Hi there,

Thank you for completing the budgets for Elite Manufacturing .

Next can I get you to create a budgeted statement of financial performances for the year ending June 30 2023. Please find attached to the bottom of the email a template provided for you to complete the statement of financial performances.

Some items to take into consideration

Organisational goals and forecasts for the current year:

- Sales revenue to break even at \$23,000,000
- Total budgeted expenses not to exceed \$2,300,000 (10% of sales revenue)
- Net profit to be at least \$7,500,000

Once you have developed the budgeted statement and taken into consideration the data I have provided can you please do an analysis and address the following queries from Elite Manufacturing .

- Confirm whether the six budget milestones are consistent with organisational goals, projects and forecasts.
- Identify and confirm the key budgetary milestones to be followed in current year's budget cycle. In addition, identify two key performance indicators to measure sales and expense productivity.

Prepare an email to send to Elite Manufacturing  
sent with the completed budgeted statement.

addressing their queries. The email must be



Warm regards,

Andrew | Manager

[andrew@ace.finance](mailto:andrew@ace.finance)

# Budgeted Statement for Elite Manufacturing



Elite Manufacturing – Budgeted statement of financial performance – For the year ending 30 Jun 2023			
Product	A	B	Total
Sales revenue			
<b>Cost of goods sold</b>			
Gross profit			
Selling and distribution expenses			
Administration expenses			
Total budget expenses			
Net profit			

Confirm whether the budget objectives are consistent with organisational goals, projects and forecasts.
Identify and confirm the six key budget milestones to be followed in current year's budget cycle. In addition, identify two key performance indicators to measure sales and expense productivity.



## Email Template

To:  
From:  
Subject:  
Attachments:

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Kind regards



Warm regards,  
Robyn | Junior Accountant  
[robyn@ace.finance](mailto:robyn@ace.finance)

# Budgeted Statement for Elite Manufacturing



Elite Manufacturing – Budgeted statement of financial performance – For the year ending 30 Jun 2023			
Product	A	B	Total
Sales revenue	\$16,200,000	\$7,350,000	\$23,550,000
<b>Cost of goods sold</b>			
<i>600,000 (\$15.00)</i>	\$9,000,000		
<i>175,000 (\$25.80)</i>		\$4,515,000	\$13,515,000
Gross profit	\$7,200,000	\$2,835,000	\$10,035,000
Selling and distribution expenses	\$840,000	\$450,000	\$1,290,000
Administration expenses	\$540,000	\$480,000	\$1,020,000
Total budget expenses	\$1,380,000	\$930,000	\$2,310,000
Net profit	\$5,820,000	\$1,905,000	\$7,725,000

## Email content

<p>Confirm whether the budget objectives are consistent with organisational goals, projects and forecasts.</p> <p><i>A suitable answer must include the following:</i></p> <ul style="list-style-type: none"> <li>▪ <i>The budgeted sales revenue meets the minimum requirement of \$23,000,000. The budgeted sales revenue is \$23,550,000.</i></li> <li>▪ <i>Total budgeted expenses exceed the 10% sales revenue target. The budgeted expenses are \$2,310,000 which are above \$2,300,000.</i></li> <li>▪ <i>Budgeted Net profit (\$7,725,000) exceeds the minimum requirement of \$7,500,000.</i></li> </ul>
<p>Identify and confirm the six key budget milestones to be followed in current year's budget cycle. In addition, identify two key performance indicators to measure sales and expense productivity.</p> <p><i>Students' answers must include six key budgetary milestones listed below and two key performance indicators to measure sales and expense productivity.</i></p> <p><i>Key budgetary milestones:</i></p> <ol style="list-style-type: none"> <li>a. <i>Setting objectives</i></li> <li>b. <i>Analysing available resources</i></li> <li>c. <i>Negotiating to estimate budget components</i></li> <li>d. <i>Co-ordinating and reviewing budget components</i></li> <li>e. <i>Obtaining final approval</i></li> <li>f. <i>Distributing the approved budget</i></li> </ol> <p><i>Key performance indicators:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Gross profit margin = Gross profit/Sales</i></li> <li>▪ <i>Net profit margin = Net profit/Sales</i></li> </ul>

### Task 3 Budgeted statement for Elite Manufacturing



Elite Manufacturing

Hi there,

As the Junior Accountant, you are required to prepare operational budgets using complex financial data. Certain operational budgets will be prepared as seasonal budgets.

Elite Manufacturing has chosen Ace Finance to prepare its budgets for the forthcoming year which starts on 1 Jul 2022. It is an export manufacturer and operates two locations. You are provided with the following information and templates are attached to this email.

You are required to prepare the budgeted cash flow statement for the first two quarters of the financial year ending 30 June 2023. Revenue figures are in the table below.

- 60% of the revenue will be collected during the quarter in which the products are sold
- 25% will be collected in the quarter following the sale
- 10% will be collected in the second quarter following the sale
- 5% will be collected in the third quarter following the sale

Elite Manufacturing employs staff on a contract basis. They are paid according to the following contract terms:

- 70% of the salaries paid to staff are paid in the quarter in which they worked and the balance is paid in the following quarter.

Advertising and promotion expenses are \$36,000 per quarter plus 15% of revenue. Administrative expenses are estimated to be \$96,000 per quarter, which includes \$28,800 of depreciation expense. All expenses except depreciation are paid when incurred.

Elite Manufacturing is planning to buy equipment during the first quarter for \$48,000. They will pay off a \$72,000 loan, which will mature during the second quarter. The interest due at maturity will be \$8,400. Anticipated cash balance on 1 January 2023 is \$36,000.

The estimated revenue from consulting fees and costs of contracted consultants are as follows:

Quarter	Revenue	Staff payments
Q2 2022	\$288,000	\$168,000
Q3 2022	\$264,000	\$144,000
Q4 2022	\$336,000	\$192,000
Q1 2023	\$456,000	\$120,000
Q2 2023	\$312,000	\$144,000

Below can you please complete for me the Budgeted Statement Template to be used in our upcoming presentation and include your workings for our files.



Warm regards,

Andrew | Manager  
[andrew@ace.finance](mailto:andrew@ace.finance)

# Budgeted Statement



## Elite Manufacturing – Budgeted statement of cash flows – For the March and June quarters for the year 2023

Cashflow from operating activities	\$	\$ March	\$	\$	\$ June
Receipts from customers (1)					
Payments to suppliers and employees (2)					
Interest paid					
Net cash from operating activities					
Cashflow from investing activities					
Purchase of equipment					
Net cash from investing activities					
Cashflow from financing activities					
Repayment of borrowings					
Net cash from financing activities					
Net increase/(decrease) in cash held					
Cash at the beginning of the quarter					
Cash at the end of the quarter					

**Workings:**

**1. Receipts from customers**

March	\$	June	\$

**2. Staff payments**

March	\$	June	\$

# Budgeted Statement

## Elite Manufacturing – Budgeted statement of cash flows – For the March and June quarters for the year 2023

Cashflow from operating activities	\$	\$ March	\$	\$	\$ June
Receipts from customers (1)	398,400		348,000		
Payments to suppliers and employees (2)	(313,200)		(286,800)		
Interest paid			(8,400)		
Net cash from operating activities		85,200		52,800	138,000
Cashflow from investing activities					
Purchase of equipment	(48,000)				
Net cash from investing activities		(48,000)			(48,000)
Cashflow from financing activities					
Repayment of borrowings			(72,000)		
Net cash from financing activities				(72,000)	(72,000)
Net increase/(decrease) in cash held		37,200		(19,200)	18,000
Cash at the beginning of the quarter		36,000		73,200	36,000
Cash at the end of the quarter		73,200		54,000	54,000

### Workings:

#### 2. Receipts from customers

March	\$	June	\$
0.05 (288,000)	14,400	0.05 (264,000)	13,200
0.10 (264,000)	26,400	0.10 (336,000)	33,600
0.25 (336,000)	84,000	0.25 (456,000)	114,000
0.60 (456,000)	273,600	0.60 (312,000)	187,200
	398,400		348,000

#### 3. Consultant fees

March	\$	June	\$
0.30 (192,000)	57,600	0.30 (120,000)	36,000
0.70 (120,000)	84,000	0.70 (144,000)	100,800
Adv, promo, admin	36,000		36,000
0.15 (456,000)	68,400	0.15 (312,000)	46,800
[96,000 – 28,800]	67,200		67,200
	313,200		286,800

## Task 4 Budget Variances for Elite Manufacturing



*Elite Manufacturing - Budget Variances*

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Hi there,

Amazing work! Thank you so much for getting onto this so quickly. Next before our presentation to the team we need to calculate the budget variances and analyse them to identify whether they are favourable or unfavourable.

Below can you please complete the report I have attached to this email.

The budget variances report covers:

- a) Sales variance
- b) Material variance
- c) Labour variance
- d) Variable overhead variance
- e) Fixed overhead variances

The managers of Elite Manufacturing want to grow the business. They need to hit their sales milestones to ensure they have the capital to fund their growth plan. Their objective is to achieve at least a \$2,500 favourable variance for their Total Sales Variance.

Once you have completed the variance calculations, analyse the Sales Variance and confirm whether Elite Manufacturing is on track to achieve its objective. Send them an email with the budget variances attached and explaining the Total Sales Variance and your opinion on whether they will achieve the milestone.

If there are unfavourable variances, we will need to seek direction from the client regarding further investigation and any possible responses.

The email must cover the variance reports, the Total Sales Variance milestone and seeking direction on unfavourable variances.

The email must be sent within 48 hours of completing the variance calculations with them attached.



Warm regards,

Andrew | Manager  
[andrew@ace.finance](mailto:andrew@ace.finance)

## Supporting information for preparing the budget variances

### Sales

Sales Information	Product A	Product B
Actual selling price	\$6.20	\$7.70
Budgeted selling price	\$6.00	\$8.00
Actual units sold	8,000	33,000
Budgeted quantity	10,000	30,000
Budgeted quantity		

### Materials

Standard quantity	24,000
Standard price	\$5.00
Actual quantity	16,000
Actual price	\$7.00

### Labour

Standard quantity	28,000
Standard price	\$9.00
Actual quantity	42,000
Actual price	\$8.00

### Variable Overheads

Actual variable overhead	\$13,000
Actual hours	2,500
Variable Overhead Rate	\$4.00
Standard hours	3,000

### Fixed Overheads

Actual fixed overhead	420,000
Fixed overhead rate	\$20.00
Budgeted production hours [2 locations]	10,000
Standard production hours [2 locations]	9,500
Actual production hours [2 locations]	10,100

# Budgeted Statement

Company: Elite Manufacturing



a) Sales Variance Template	
<b>Sales price variance = [Actual selling price – Budgeted selling price] x Actual units sold</b>	
Product A	
Product B	
Sales price variance	
<b>Sales volume variance = [Actual quantity – Budgeted quantity] x Budgeted selling price</b>	
Product A	
Product B	
Sales volume variance	

b) Material Variance Template	
<b>Total material variance</b>	
Standard quantity x Standard price	
Actual quantity x actual price	
Material price variance	
<b>[Standard price – Actual price] x actual quantity</b>	
<b>[Standard quantity – Actual quantity] x Standard price</b>	

c) Labour Variance Template	
<b>Total labour variance</b>	
Standard quantity x Standard price	
Actual quantity x actual price	
Labour price variance	



<b>[Standard price – Actual price] x actual quantity</b>	
Labour quantity variance <b>(Standard quantity – Actual quantity) x Standard price</b>	

<b>d) Variable Overhead Variance Template</b>	
<b>Variable overhead price variance</b>	
Actual variable overhead	
Budgeted adjusted actual hours	
Price variance	
<b>Variable overhead efficiency variance</b>	
Budgeted adjusted actual hours	
Budgeted adjusted to standard hours	
Efficiency variance	

<b>e) Fixed Overhead Variance Template</b>	
Actual fixed overhead	
Budgeted fixed overhead	
Budgeted variance	
<b>Volume variance</b>	
Budgeted fixed overhead	
Standard fixed overhead	
Volume variance	
<b>Fixed overhead efficiency variance</b>	
<b>[Actual hours vs. standards hours] x standard fixed overhead rate</b>	
<b>Fixed overhead pure volume variance</b>	
<b>[Actual hours – Budgeted hours] x standard fixed overhead rate</b>	

## Email Template

To:

From:

Subject:

Attachments:

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Kind regards



*Warm regards,  
Robyn | Junior Accountant  
robyn@ace.finance*

a) Sales Variance Template	
<b>Sales price variance = [Actual selling price – Budgeted selling price] x Actual units sold</b>	
Product A <i>[\$6.20 – \$6.00 x 8,000]</i>	<i>\$1,600 favourable</i>
Product B <i>[\$7.70 – \$8.00 x 33,000]</i>	<i>\$9,900 unfavourable</i>
Sales price variance	<i>\$8,300 unfavourable</i>
<b>Sales volume variance = [Actual quantity – Budgeted quantity] x Budgeted selling price</b>	
Product A <i>[8,000 vs. 10,000 x \$6.00]</i>	<i>\$12,000 unfavourable</i>
Product B <i>[33,000 vs. 30,000 x \$8.00]</i>	<i>\$24,000 favourable</i>
Sales volume variance	<i>\$12,000 favourable</i>

*Total sales variance \$3,700 (favourable), which is a combination of sales price variance \$8,300 (unfavourable) and sales volume variance \$12,000.*

b) Material Variance Template	
<b>Total material variance</b>	
Standard quantity x Standard price <i>[24,000 x \$5]</i>	<i>\$120,000</i>
Actual quantity x actual price <i>[16,000 x \$7]</i>	<i>\$112,000</i>
	<i>\$8,000 favourable</i>
Material price variance	<i>\$2</i>
<b>[Standard price – Actual price] x actual quantity</b>	
<i>[\$5 – \$7] x 16,000</i>	<i>\$32,000 unfavourable</i>
<b>[Standard quantity – Actual quantity] x Standard price</b>	
<i>[24,000 – 16,000] x \$5</i>	<i>\$40,000 favourable</i>

c) Labour Variance Template	
<b>Total labour variance</b>	
Standard quantity x Standard price <i>[28,000 x \$9]</i>	<i>\$252,000</i>
Actual quantity x actual price <i>[42,000 x \$8]</i>	<i>\$336,000</i>
	<i>\$84,000 unfavourable</i>

Labour price variance	\$1
<b>[Standard price – Actual price] x actual quantity</b>	
<i>[\$9 – \$8] x 42,000</i>	<i>\$42,000 favourable</i>
Labour quantity variance (Standard quantity – Actual quantity) x Standard price <i>[28,000 – 24,000] x \$9</i>	<i>\$36,000 unfavourable</i>

#### d) Variable Overhead Variance Template

##### Variable overhead price variance

Actual variable overhead	<i>\$13,000</i>
Budgeted adjusted actual hours <i>[2,500 x \$4]</i>	<i>10,000</i>
Price variance	<i>\$3,000 unfavourable</i>

##### Variable overhead efficiency variance

Budgeted adjusted actual hours	<i>\$10,000</i>
Budgeted adjusted to standard hours <i>[3,000 x \$4]</i>	<i>\$12,000</i>
Efficiency variance	<i>\$2,000 favourable</i>

#### e) Fixed Overhead Variance Template

##### Fixed overhead budget variance

Actual fixed overhead	<i>\$420,000</i>
Budgeted fixed overhead <i>[10,000 x 2 = 20,000 x \$20]</i>	<i>\$400,000</i>
Budgeted variance	<i>\$20,000 unfavourable</i>

##### Volume variance

Budgeted fixed overhead	<i>\$400,000</i>
Standard fixed overhead <i>[9,500 x 2 = 19,000 x \$20]</i>	<i>\$380,000</i>
Volume variance	<i>\$20,000 unfavourable</i>

##### Fixed overhead efficiency variance

(Actual hours vs. standards hours) x standard fixed overhead rate	
<i>[20,200 – 19,000] x \$20</i>	<i>\$24,000 unfavourable</i>

Fixed overhead pure volume variance	
(Actual hours – Budgeted hours) x standard fixed overhead rate	
<i>[20,200 – 20,000] x \$20</i>	<i>\$4,000 favourable</i>

### **Email contents**

*Total sales variance \$3,700 (favourable), which is a combination of sales price variance \$8,300 (unfavourable) and sales volume variance \$12,000. This exceeds the goals of \$2500 favourable variance. Elite Legal Partners is on track to achieve its objective.*

#### *Unfavourable Variances*

- *Sales price variance*
- *Material Variance*
- *Labour Variance*
- *Fixed Overhead Variance*
- *Variable Overhead Variance*

*Our variance analysis has identified the above unfavourable variances.*

*These require further investigation to determine whether they are one off events or trends and to plan a response.*

*Please give me instructions regarding whether to look into all unfavourable variances or identify priorities for investigation.*

## Task 5 Role Play



### Meeting with Elite Manufacturing

Hi there,

Thank you for being so on the ball with the work coming in. Next we have our upcoming meetings with our client Elite Manufacturing.

#### Meeting 1

Their Finance Officer and Bookkeeper want to manage the budgeting function more in-house. They want to learn more about key features of possible policies and procedures and using MYOB to support the preparation of budgets.

**This task is a role play.**

Explain three of the following key features that should be included in the new Elite Manufacturing' organisational policies and procedures for budgeting:

1. Frequency (annual, quarterly, etc.)
  2. Budget centres
  3. Types of budgets reports
  4. Forecasts
  5. Review and sign off (who is responsible).
- Does MYOB have budgeting facilities? If so, can you please explain the key features?
  - What are the key steps of setting up an overall budget in MYOB system?
  - What are the challenges in transitioning from a manual budgeting MS Excel based approach to MYOB system?

**During the meeting:**

- address all elements of the Observation Checklist below
- clarify the reason for the meeting

Observation Checklist	Yes	No
During the meeting, students must demonstrate they have:		
Followed accepted communication practices by introducing themselves and explain the reason for the meeting	<input type="checkbox"/>	<input type="checkbox"/>
Discussed each key features that should be included in organisational policies and procedures budgeting:		
• Frequency (annual, quarterly, etc.)	<input type="checkbox"/>	<input type="checkbox"/>
• Budget centres	<input type="checkbox"/>	<input type="checkbox"/>
• Types of budgets reports (sales budget, materials budget, labour budget, variable overheads budget, and fixed overhead budget)	<input type="checkbox"/>	<input type="checkbox"/>
• Forecasts	<input type="checkbox"/>	<input type="checkbox"/>
• Review and sign off (who is responsible).	<input type="checkbox"/>	<input type="checkbox"/>
Discussed features and challenges of MYOB for budgeting	<input type="checkbox"/>	<input type="checkbox"/>



Warm regards,

Andrew | Manager  
[andrew@ace.finance](mailto:andrew@ace.finance)



**Option 1: Peer participants**

You must complete this task with 2 peers, playing the Finance Officer and the Bookkeeper. Explain the purpose of the role play/meeting and a copy of the Task 5 description and the observation checklist so that they can prepare for the recording.

Your peers will need to state their names and job titles at the start of the recording to confirm informed consent.

**Option 2: Fellow students for participants**

Two fellow students can participate in the recording playing the Finance Officer and the Bookkeeper. They must have reviewed the assessment activity and observation checklist so that they can prepare for the recording.

Students will need to state their name and that they are a student (as their job title) at the start of the recording to inform consent.

Questions to ask during the meeting and who should ask them:

<b>Finance Officer</b>	Does MYOB have budgeting facilities? If so, can you please explain the key features?
<b>Finance Officer</b>	What are the key steps of setting up an overall budget in MYOB system?
<b>Bookkeeper</b>	What are the challenges in transitioning from a manual budgeting MS Excel based approach to MYOB system?

**Recording instructions**

Your role play must be recorded with all participants captured in a virtual room using a system such as Zoom, Skype or Microsoft Teams. The recording must be a video file.

Consent to participate in the recording must be captured for all participants at the start of the meeting. This is achieved by the student reading the following statement at the start of the recording, with all participants replying their name and job title to inform consent.

*"This session/presentation is being recorded for assessment purposes for my course with Swinburne Open Education. This session will be recorded and submitted through my course online learning platform to my Assessor for grading. All participants in this session indicate their consent to be included in this recording by stating their name and job title."*

The time taken to capture consent at the start of the recording does not count towards the recording time limit.

Include this recording as part of your assessment submission.

*"This session/presentation is being recorded for assessment purposes for my course with Swinburne Open Education. This session will be recorded and submitted through my course online learning platform to my Assessor for grading. All participants in this session indicate their consent to be included in this recording by stating their name and job title."*

The time taken to capture consent at the start of the recording does not count towards the recording time limit.

Include this recording as part of your assessment submission.

*Suitable answer must include the following.*

<i>1. Budgets are usually prepared annually. However, quarterly interim budget cycles can be useful for sales forecasting and cash flow forecasting.</i>
<i>2. Budget centres are functional units headed by a manager who is responsible for activities of that unit. These can be:</i> <ul style="list-style-type: none"> <li><i>▪ Revenue centres</i></li> <li><i>▪ Expense centres</i></li> <li><i>▪ Profit centres</i></li> <li><i>▪ Investment centres.</i></li> </ul>
<i>3. Students are required to explain each of the budget reports mentioned and the primary objective of preparing such budget reports.</i>
<i>4. Forecasts are primarily used to prepare sales budgets.</i>
<i>5. Budgets are signed off by the Accountant/Finance Manager. The final sign off should be done through the Finance Director/CFO.</i>

*Suitable answer should include the following:*

- 1. You can use MYOB to prepare budgets using 'budget manager worksheet'. You can only have one overall budget per organisation. However, you can create additional budgets. You'll need the adviser or standard user role to create a budget.*
- 2. Below are the key steps:*
  - In the Accounting menu, select Reports.*
  - Under Financial, click Budget Manager.*
  - Select your start date.*
  - To compare with actuals, set how far back you want to view (3, 6 or 12 months). Select 'None' if you don't want to view actuals.*
  - Select the period you want the budget to cover. You can choose 3, 6 or 12 months.*
  - Click Update to filter the budget by your selections.*
  - Enter budgeted amounts into each account field. Use a simple formula to fill out months using the green arrows.*
  - Click Save at any time to preserve your changes.*
- 3. Some of the challenges include;*
  - Appropriate training*
  - Annual subscriptions to access MYOB adviser or standard module*
  - Setting up budgets and transitioning historical budget records to MYOB+ system.*



## Task 6 Role Play



### Meeting with Elite Manufacturing

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Hi there,

#### Meeting 2

Senior managers want to plan their response to the variance reports to ensure they achieve their financial milestones. Your task is to identify the unfavourable variances regarding company overheads and suggest possible responses to address them.

**This task is a role play.**

#### Instructions to students

In this task, you will participate in a role play meeting with Elite Manufacturing's managers.

#### During the meeting:

- address all elements of the Observation Checklist below
- clarify the reason for the meeting
- discuss each of the unfavourable variances and at least one effective response to address each one.

Observation Checklist	Yes	No
During the meeting, students must demonstrate they have:		
Followed accepted communication practices by introducing themselves and explain the reason for the meeting	<input type="checkbox"/>	<input type="checkbox"/>
Discussed each unfavourable variance related to overheads	<input type="checkbox"/>	<input type="checkbox"/>
Discussed a response to address each unfavourable variance	<input type="checkbox"/>	<input type="checkbox"/>



Warm regards,

Andrew | Manager

[andrew@ace.finance](mailto:andrew@ace.finance)

## Role Play Instructions

### Option 1: Peer participants

You must complete this task with at 2 peers, playing 2 senior managers. Explain the purpose of the role play/meeting and a copy of the Task 6 description and the observation checklist so that they can prepare for the recording.

Your peers will need to state their names and job titles at the start of the recording to confirm informed consent.

### Option 2: Fellow students' participant

Two fellow students can participate in the recording, playing 2 senior managers. They must have reviewed the assessment activity and observation checklist so that they can prepare for the recording.

Students will need to state their name and that they are a student (as their job title) at the start of the recording to inform consent.

Questions to ask during the meeting:

- For each variance - ask for an example of what could cause the variance.
- For each variance - ask for an example of an effective response to address the variance.

One role play participant asks questions about the causes of variances.  
The other role play participant asks questions about effective responses.

### Recording instructions

Your role play must be recorded with all participants captured in a virtual room using a system such as Zoom, Skype or Microsoft Teams. The recording must be a video file.

Consent to participate in the recording must be captured for all participants at the start of the meeting. This is achieved by the student reading the following statement at the start of the recording, with all participants replying their name and job title to inform consent.

*"This session/presentation is being recorded for assessment purposes for my course with Swinburne Open Education. This session will be recorded and submitted through my course online learning platform to my Assessor for grading. All participants in this session indicate their consent to be included in this recording by stating their name and job title."*

The time taken to capture consent at the start of the recording does not count towards the recording time limit.

Include this recording as part of your assessment submission.

Suitable answer must include the following.

<i>Unfavourable variance</i>	<i>Possible response</i>
<i>Variable overhead price variance</i> <i>Price variance \$3,000 unfavourable</i>	<i>Review the casual workforce and allocate work more efficiently</i> <i>Find cheaper suppliers for materials</i> <i>Ensure all equipment has been serviced and maintained to minimise running costs</i>
<i>Fixed overhead budget variance</i> <i>Budgeted variance - \$20,000 unfavourable</i> <i>Volume variance - \$20,000 unfavourable</i>	<i>Negotiate better utility costs or find a cheaper provider</i> <i>Find cheaper insurance policies for buildings and other fixed assets</i> <i>Review FTE workforce for any efficiencies</i>
<i>Fixed overhead efficiency variance</i> <i>[Actual hours vs. standards hours] x standard fixed overhead rate</i> <i>[20,200 - 19,000] x \$20 - \$24,000 unfavourable</i>	<i>Set employee targets for completing tasks to increase efficiency</i> <i>Review operations for streamlining</i>



**Congratulations, you have reached the end of Assessment 2!**