



FNSACC523

ASSESSOR GUIDE

MANAGE BUDGETS AND FORECASTS

Assessment 3 of 3

Case Study 2: Project: Bob's Business Machines

Assessment Details

Task overview

For this assessment you will need to complete a series of tasks which will demonstrate your ability to manage budgets and forecasts through a case study organisation Bob's Business Machines.

This assessment task is divided Three parts:

- **Part A:** Part A: Preparing Budget Objectives, Sales Budget, Production Budget, Direct Materials Budget, Manufacturing Overhead and Monthly Operating Expenses Budget, and Budgeted Income Statement.
- **Part B:** Preparing Milestones and KPIs, Assumptions and Parameters, Cashflow Budget, Distributing Budget Report, Analysing Variances
- **Part C:** Roleplay for observation

Read each question carefully before typing your response in the space provided.

The assessment for your two practical project tasks, use case studies, or hypothetical situations which will not require you to have access to a workplace, although, your past and present workplace experiences may help with the responses you provide.

You will be expected to encounter similar situations to these in the future as you work in a business organisation. In real life, accountants will be required to manage budgets and forecasts. This assessment will help you demonstrate skill requirements in such situations.

For this assessment you will need to complete a series of tasks which will demonstrate your ability to manage budgets and forecasts through a case study organisation Bob's Business Machines.

This assessment task is divided Three parts:

- **Part A:** Part A: Preparing Budget Objectives, Sales Budget, Production Budget, Direct Materials Budget, Manufacturing Overhead and Monthly Operating Expenses Budget, and Budgeted Income Statement.
- **Part B:** Preparing Milestones and KPIs, Assumptions and Parameters, Cashflow Budget, Distributing Budget Report, Analysing Variances
- **Part C:** Roleplay for observation

Read the case study below and each task carefully and complete the tasks:

- Conduct any research needed to complete each task.
- Draw on your workplace skills and knowledge to assist in completing each task.
- Provide detailed responses to each task to demonstrate your skills and knowledge specific to each listed point.

Assessment Information

Submission

You are entitled to three (3) attempts to complete this assessment satisfactorily. Incomplete assessments will not be marked and will count as one of your three attempts.

All questions must be responded to correctly to be assessed as satisfactory for this assessment.

Answers must be typed into the space provided and submitted electronically via the LMS. Hand-written assessments will not be accepted unless previously arranged with your assessor.

Reasonable adjustment

Students may request a reasonable adjustment for assessment tasks.

Reasonable adjustment usually involves varying:

- the processes for conducting the assessment (e.g. allowing additional time)
- the evidence gathering techniques (e.g. oral rather than written questioning, use of a scribe, modifications to equipment)

However, the evidence collected must allow the student to demonstrate all requirements of the unit.

Refer to the Student Handbook or contact your Trainer for further information.



Please consider the environment before printing this assessment.

Case Study 2: Bob's Business Machines

You work as an accountant for **Accountability Now** and have a new client **Bob's Business Machines**, a medium-sized business that manufacture and retails business machines across Australia.

The business sells all year, however, demand peaks between Dec – Feb due to new business ventures commencing at the beginning of the year and May – Jul due to end of financial year purchases.

Bob Nguyen, the business owner, asks you to prepare the sales, production, direct materials, manufacturing overhead and operating expenses budget for the next financial year.

He provides you with the forecasted sales units per month, selling prices, production costs, and operating expense assumptions for the next financial year in the Bob's Business Machines Budget 20XX Template that is aligned with historical data from the previous and current financial year.

Complete the series of tasks that follow to prepare the required budgets for **Bob's Business Machines**.

Refer to the following documents to assist you in completing each task

Additional resources and supporting documents

To complete this assessment, you will need:

- MS Excel
- One (1) volunteer to assume the role of:
 - Business owner, Bob Nguyen
- Two or more other (2+) volunteers to assume the roles of:
 - Sales staff member of Bob's Business machines
 - Marketing staff member of Bob's Business machines
- A video recording device
- Bob's Business Machines Budget and Forecasts Policy and Procedure
- Bob's Business Machines Budget 20XX Template
- BRIGHT Electricity Gas Water Invoice
- Tallianz Business insurance Invoice

Assessor Instructions for Assessment 3

Purpose of the Task

This assessment is designed to ensure that the student can fulfil the part of the performance evidence requirements to prepare and manage at least **two different budgets** and forecasts for at least **two different clients**.

The student will prepare:

- one budget and forecast this practical assessment 2
- A second budget and forecast in practical assessment 3

In Both assessment tasks the student must document and present each budget and forecasting estimate according to:

- industry-standard accounting principles and practices
- organisational policies and procedures
- legal and ethical requirements
- establish processes to monitor the budget outcome, analyse variances and their possible causes, and make required changes in response.

This assessment supports the industry requirement in a business organisation. In real life, accountants will be required to manage budgets and forecasts. This assessment will help the candidate demonstrate skill requirements in such situations.

Benchmark answers are found in this document and:

- AG_Bob's Business Machines Budget 20XX

Guidance to Assessors About this Task

There is no submission due date for this task. You will need to approve the presentation submitted by the students. Review all evidence and mark using the assessment checklist and assessment marking criteria listed below.

Task Instructions: Part A: Preparing Budget Objectives, Sales Budget, Production Budget, Direct Materials Budget, Manufacturing Overhead and Monthly Operating Expenses Budget, and Budgeted Income Statement.

Task 1: Budget Objectives

Review the case study and the organisational procedure/policy document.

List two [2] budget objectives that you must consider when creating the sales budget based on the organisation's policy and procedures. Approximate word count: 20 – 50 words

Assessor guide: Candidate must list two [2] budget objectives that you must consider when creating the sales budget based on the organisation's policy and procedures. Answer must contain any two [2] of the following from the policy and procedures document:

- It must be based on the priorities outlined by the owner.
- In addition, the budget proposal must be aligned with historical data from the previous and current financial year.
- It must be able to ensure sustainability of operations across all departments and functions of the organisation.
- It must undertake risk management procedures to minimise the organisation's risk exposure.

[Source: Bob's Business Machines Budget and Forecast Policy and Procedure]

Task 2: Sales Budget

Complete tab "1" of Bob's Business Machines Budget 20XX Template:

Cover	Assumptions	1	2	3	4	5	6	7
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- A) Use the "Sales budget" template [screenshot below] to calculate the monthly sales budget [per product and total]. The first month, July, has already been completed for you as a guide. Use EXCEL formulas and link to the data already provided [in the assumptions tab] to ensure data accuracy when performing calculations.

Assessor guide: Candidates must complete the table in the budget template provided. Benchmark answers are found in this document: AG_Bob's Business Machines Budget 20XX

Sales Budget	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL	Jul
Photocopier - Kyocera 809 ci														
Budgeted sales volume (units)	20												20	
Budgeted selling price	\$ 2,300												\$ 2,300	
Total sales	\$ 46,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,000	\$ -
Photocopier - Monochrome MZ300														
Budgeted sales volume (units)	40												40	50
Budgeted selling price	\$ 1,899												\$ 1,899	\$ 1,899
Total sales	\$ 75,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,960	\$ 94,950
Multi-function - MFp 200z														
Budgeted sales volume (units)	30												30	40
Budgeted selling price	\$ 2,999												\$ 2,999	\$ 2,999
Total sales	\$ 89,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,970	\$ 119,960
3D printer - RV800														
Budgeted sales volume (units)	10												10	25
Budgeted selling price	\$ 579												\$ 579	\$ 579
Total sales	\$ 5,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,790	\$ 14,475
Label/barcode printer 6-inch industrial - A200														
Budgeted sales volume (units)	50												50	60
Budgeted selling price	\$ 636												\$ 636	\$ 636
Total sales	\$ 31,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,800	\$ 38,160
Total sales	\$ 249,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,930	\$ 267,545

B) Use the completed Sales budget to calculate the total “peak” and “off peak” sales targets (dollars) for the year that can be monitored and measured to motivate the sales team.

Assessor guide: Candidates must complete the table below using the sales budget prepared in [a] above to set the seasonal sales targets for the year. The correct answers are provided in the table below:

	Off Peak Performance Indicators	Peak Performance Indicators
Sales Target (Total \$)	= \$1 247 600 + \$499 040 = \$1 746 640	= \$1 009 635 + \$673 090 = \$1 682 725

C) Use the “Monthly Cash Collection Budget” template (screenshot below) to calculate the monthly cash collected. Use the cash collections assumptions (provided below and, in the template), to calculate the cash collected from the sales. Use EXCEL formulas and link to the data already provided to ensure data accuracy when performing calculations

Cash Collections Assumptions:

- 20% of sales are paid in cash and received within the current month and 80% are paid using credit terms
- Of the 80% of sales paid using credit terms:
 - 40% of credit sales will be received as cash within the month of sale
 - 60% of credit sales will be received as cash the following month

Cash Collections Budget	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
Opening Accounts Receivable*	\$ 53,000	\$ 119,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,000
Add: Cash sales	20% \$ 49,904	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,904
Add: Cash collected from credit sales	32% \$ 79,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,846
Total Cash collected	\$ 182,750	\$ 119,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,750
Ending Accounts Receivable	48% \$ 119,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*Last month's credit sales that will be paid in cash this month



Cash Collections and Payments	Percentage	
Percentage of sales paid in cash	20%	
Percentage of sales paid in credit	80%	
Collected in month of sale		40%
Collected the following month		60%

Guidance:

- All amounts must be rounded off to the nearest dollar.
- The completed template is to be submitted at the end of Part B.

Assessor guide: Candidates must prepare the sales budget and monthly cash collections budget according to the benchmark answer provided in AG_Bob's Business Machines 20XX_.xls

Task 3: Production Budget (units)

Complete tab "2" of Bob's Business Machines Budget 20XX Template:



A) Use the "Production budget by product" template (screenshot below) to calculate the monthly production units [per product]. The first month, July, has already been completed for you as a guide. Use EXCEL formulas and link to the data already provided to ensure data accuracy when performing calculations.

Production Budget	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL	Jul	Aug
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Photocopier - Kyco 809 ci																
Budgeted sales volume (units)		20												20	30	20
Target Ending Inventory	50%	0												0	10	
Total Finished Goods Required		20												20	40	
Less Beginning Inventory		10												10	0	
Total Production Units		10	0	0	0	0	0	0	0	0	0	0	0	10	40	

Photocopier - Monochrome MZ300																
Budgeted sales volume (units)		40												40	50	40
Target Ending Inventory	50%	0												0	20	
Total Finished Goods Required		40												40	70	
Less Beginning Inventory		20												20	0	
Total Production Units		20	0	0	0	0	0	0	0	0	0	0	0	20	70	

Multi-function - MFp 200z																
Budgeted sales volume (units)		30												30	40	30
Target Ending Inventory	50%	0												0	15	
Total Finished Goods Required		30												30	55	
Less Beginning Inventory		15												15	0	
Total Production Units		15	0	0	0	0	0	0	0	0	0	0	0	15	55	

3D printer - RV800																
Budgeted sales volume (units)		10												10	25	10
Target Ending Inventory	50%	0												0	5	
Total Finished Goods Required		10												10	30	
Less Beginning Inventory		5												5	0	
Total Production Units		5	0	0	0	0	0	0	0	0	0	0	0	5	30	

Label/barcode printer 6-inch industrial - A200																
Budgeted sales volume (units)		50												50	60	50
Target Ending Inventory	50%	0												0	25	
Total Finished Goods Required		50												50	85	
Less Beginning Inventory		25												25	0	
Total Production Units		25	0	0	0	0	0	0	0	0	0	0	0	25	85	

Use the inventory assumptions (below and in the template) to calculate the monthly target ending inventory value for each product.

Inventory Policies	
Ending inventory of finished goods is to be 50% of the next month's Sales requirements	50%

Assessor guide: Candidates must prepare the Production budget according to the benchmark answer provided in Bob's Business Machines Budget 20XX_AG.xls (tab 2)

Task 4: Direct Materials and Cash Payment Budget

Complete tab "3" of Bob's Business Machines Budget 20XX Template:

Cover	Assumptions	1	2	3	4	5	6	7
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A) Use the "Direct Material Budget" template (screenshot below) to calculate the monthly direct material costs. The first month, July, has been completed for you as a guide. Use EXCEL formulas and link to the data already provided to ensure data accuracy when performing calculations.

Direct Materials Budget	Cost	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL	Jul
Photocopier - Kyco 809 ci	\$ 230.00	10	0	0	0	0	0	0	0	0	0	0	0	10	40
Photocopier - Monochrome MZ300	\$ 189.90	20	0	0	0	0	0	0	0	0	0	0	0	20	70
Multi-function - MFp 200z	\$ 299.90	15	0	0	0	0	0	0	0	0	0	0	0	15	55
3D printer - RV800	\$ 57.90	5	0	0	0	0	0	0	0	0	0	0	0	5	30
Label/barcode printer 6-inch industrial - A200	\$ 63.60	25	0	0	0	0	0	0	0	0	0	0	0	25	85
Total Machines Manufactured		75	0	0	0	0	0	0	0	0	0	0	0	75	280

Direct Materials cost	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL	Jul
Photocopier - Kyco 809 ci	\$ 2,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,300	\$ 9,200
Photocopier - Monochrome MZ300	\$ 3,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,798	\$ 13,293
Multi-function - MFp 200z	\$ 4,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,499	\$ 16,495
3D printer - RV800	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ 8,997
Label/barcode printer 6-inch industrial - A200	\$ 7,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,498	\$ 25,492
Total Direct Materials Cost	\$ 10,597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,597	\$ 38,988

Target Ending Direct Materials Inventory	25%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,747
Less Beginning Direct Materials Inventory		\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Purchases of Direct Materials		-\$ 7,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,747

B) Use the "Cash Payments Budget" template (screenshot below) to calculate the monthly cash payments. Use the cash collections assumptions (provided below and, in the template), to calculate the cash collected. Use EXCEL formulas and link to the data already provided to ensure data accuracy when performing calculations.

Cash Payments Budget	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
Cash payment for current months purchases	20% -\$ 1,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 469
Cash payment for previous months purchases	80% \$ 18,000	-\$ 5,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,077
Total cash payments	\$ 16,519	-\$ 5,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,546

Cost of Goods sold - Direct Material Cost	Cost	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
Photocopier - Kyco 809 ci	\$ 230.00	\$ 4,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,600
Photocopier - Monochrome MZ300	\$ 189.90	\$ 7,596	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,596
Multi-function - MFp 200z	\$ 299.90	\$ 8,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,997
3D printer - RV800	\$ 57.90	\$ 579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 579
Label/barcode printer 6-inch industrial - A200	\$ 63.60	\$ 3,180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,180
Total Direct Material Cost of Product Sold		\$ 24,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,952

*Beginning Direct Materials Inventory 1 Jul 20XX

\$ 18,000

Cash Collections Assumptions:

- 100% of the direct materials are paid with credit terms
 - 20% of purchases are paid in the month of purchase
 - 80% of purchases are paid in the month following purchase

Percentage of Direct Materials purchased on credit	100%	
Accounts Payable Policy:		
Percentage of suppliers Paid in month of purchase	20%	
Percentage of Suppliers Paid in the month following purchase	80%	

Guidance:

- All amounts must be rounded off to the nearest dollar.
- The completed template is to be submitted at the end of Part B.

Assessor guide: Candidates must prepare the direct materials budget according to the benchmark answer provided in Bob's Business Machines Budget 20XX_AG.xls (tab 3)

Task 5: Manufacturing Overhead and Operating Expenses Budget

Complete tab "4" of Bob's Business Machines Budget 20XX Template:

Cover	Assumptions	1	2	3	4	5	6	7
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A) Use the "Manufacturing Overhead Budget" template (screenshot below) to calculate the monthly manufacturing overhead expenses (variable and fixed). The first month, July, has been completed as a guide. Use EXCEL formulas and link to the data already provided (i.e., production figures from previous sheet and assumptions at the bottom of the sheet) to ensure data accuracy when performing calculations.

Manufacturing Overhead Budget		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
Note: Use accrual based accounting to prepare the following budgets														
Variable Overhead Costs:														
Indirect Labour	\$ 40.80	per machine manufactured	\$ 3,060											\$ 3,060
Indirect Materials	\$ 54.50	per machine manufactured	\$ 4,088											\$ 4,088
Machining cost	\$ 25.00	per machine	\$ 1,875											\$ 1,875
Total Variable Overhead Costs			\$ 7,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,148
Fixed Overhead Costs:														
Electricity, water and gas	\$ 400	per month, paid quarterly*	\$ 400											\$ 400
Manufacturing Insurance	\$ 14,500	per year, paid annually in July	\$ 1,208											\$ 1,208
Manufacturing Team's Salary	\$ 400,000	per year, paid monthly	\$ 33,333											\$ 33,333
Factory Maintenance	\$ 15,000	per quarter, paid per quarter*	\$ 1,250											\$ 1,250
Property, Plant and Equipment Depreciation	\$ 40,000	per year, evenly through out the year	\$ 3,333											\$ 3,333
Total Fixed Overhead Costs			\$ 39,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,525

Assumptions:

Manufacturing Overhead Costs	Cost	Basis	Cost Type
Electricity, water and gas	\$ 400.00	per month, paid quarterly*	Fixed
Manufacturing Insurance	\$ 14,500.00	per year, paid annually in July	Fixed
Manufacturing Team's Salary	\$ 400,000.00	per year, paid monthly	Fixed
Factory Maintenance	\$ 15,000	per quarter, paid per quarter*	Fixed
Property, Plant and Equipment Depreciation	\$ 40,000	per year, evenly through out the year	Fixed
Indirect Labour	\$ 40.80	Per machine manufactured	Variable
Indirect Materials	\$ 54.50	Per machine manufactured	Variable

*Paid March, June, September & December

B) Use the "Monthly Operating Expenses Budget" template (screenshot below) to calculate the monthly operating expenses. The first month, July, has been completed as a guide. Use the operating expense assumptions provided (below and in the template) to provide realistic estimates of the monthly operating expenses.

Monthly Operating Expenses Budget		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
Electricity, water and gas	\$ 500	per month, paid quarterly*	\$ 500											\$ 500
Business Insurance	\$ 25,000	per year, paid annually in Oct	\$ 2,083											\$ 2,083
Administrative Wages	\$ 8,000	per month, paid monthly	\$ 8,000											\$ 8,000
General Office Expenses	\$ 500	per month, paid monthly	\$ 500											\$ 500
Total Operating Expenses			\$ 3,650	\$ 3,650	\$ 3,650	\$ 28,650	\$ 3,650	\$ 3,650	\$ 3,650	\$ 3,650	\$ 3,650	\$ 3,650	\$ 3,650	\$ 246,000

Operating Expenses	Cost	Basis
Electricity, water and gas	\$ 500.00	per month, paid quarterly*
Business Insurance	\$ 25,000.00	per year, paid annually in Oct
Administrative Wages	\$ 8,000.00	per month, paid monthly
General Office Expenses	\$ 500.00	per month, paid monthly

*Paid March, June, September & December

Guidance:

- All amounts must be rounded off to the nearest dollar.
- The completed template is to be submitted at the end of Part B.

Assessor guide: Candidates must prepare the manufacturing overhead and monthly operating expenses budget according to the benchmark answer provided in Bob's Business Machines Budget 20XX_AG.xls (tab 4)

Task 6: Budgeted Income Statement

Complete tab "5" of Bob's Business Machines Budget 20XX Template:

Cover	Assumptions	1	2	3	4	5	6	7
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- A) Use the "Budgeted Income Statement" template (screenshot below) to calculate the full year budgeted income statement and set a targeted Net Income for the financial year. Use EXCEL formulas and link to the data already provided and calculated in previous tabs complete this budget and to ensure data accuracy when performing calculations.

Budgeted Income Statement

Bob's Business Machines Budgeted Income Statement FY 20XX	
Sales	
Less cost of goods sold	
Gross margin	\$ -
Less Operating expenses	
Electricity, water and gas	
Business Insurance	
Administrative Wages	
General Office Expenses	
Total Operating Expenses	\$ -
Net Income	\$ -

Guidance:

- To calculate the Cost of Goods Sold, add the total variable overhead, fixed overhead and total direct material cost of product sold (tab 3) for the 12-month period.
- All amounts must be rounded off to the nearest dollar.
- The completed template is to be submitted at the end of Part B.

Assessor guide: Candidates must prepare the budgeted income statement budget according to the benchmark answer provided in Bob's Business Machines Budget 20XX_AG.xls (tab 5)

Assessment checklist Part A:

Students must have completed all four activities within this assessment before submitting. This includes:

Student has submitted:		Yes	No
Task 1	Two [2] budget objectives	<input type="checkbox"/>	<input type="checkbox"/>
Task 2	Sales and Cash Collections Budgets	<input type="checkbox"/>	<input type="checkbox"/>
Task 3	Production Budget	<input type="checkbox"/>	<input type="checkbox"/>
Task 4	Direct Materials and Cash Payment Budget	<input type="checkbox"/>	<input type="checkbox"/>
Task 5	Manufacturing overhead and monthly operating expenses budget	<input type="checkbox"/>	<input type="checkbox"/>
Task 6	Budgeted Income Statement	<input type="checkbox"/>	<input type="checkbox"/>

Assessment marking criteria: Part A:

Assessor instructions: All sections/questions must be completed. Refer to the template for sample answers and benchmarks.

The evidence submitted demonstrates that the student has satisfactorily (S) covered the following criteria or the evidence is unsatisfactory (U) and requires resubmission.

		S	U
Task 1	Candidate must list two [2] budget objectives that you must consider when creating the sales budget based on the organisation's policy and procedures. Responses will vary but must correspond with the scenario and Bob's Business Machines budget and forecasts policy.	<input type="checkbox"/>	<input type="checkbox"/>
Task 2	Candidates must complete the table below using the sales budget prepared in (b) above to set the seasonal sales targets for the year.	<input type="checkbox"/>	<input type="checkbox"/>
Task 3	Candidates must prepare the Production budget according to the benchmark answer provided in Bob's Business Machines Budget 20XX_AG.xls [tab 2]	<input type="checkbox"/>	<input type="checkbox"/>
Task 4	Candidates must prepare the Direct materials budget according to the benchmark answer provided in Bob's Business Machines Budget 20XX_AG.xls [tab 3]	<input type="checkbox"/>	<input type="checkbox"/>
Task 5	Candidates must prepare the manufacturing overhead and monthly operating expenses budget according to the benchmark answer provided in Bob's Business Machines Budget 20XX_AG.xls [tab 4]	<input type="checkbox"/>	<input type="checkbox"/>
Task 6	Candidates must prepare the budgeted income statement budget according to the benchmark answer provided in Bob's Business Machines 20XX_AG.xls [tab 5]	<input type="checkbox"/>	<input type="checkbox"/>

Task Instructions: Part B: Preparing Milestones and KPIs, Assumptions and Parameters, Cashflow Budget, Distributing Budget Report, Analysing Variances

Task 1: Milestones and KPIs

Based on the completed sales and inventory budgets, prepared in Part A:

- A) Identify two [2] milestones that you can use to monitor Bob’s Business Machines financial performance:
 - One [1] milestone must be relevant to sales
 - One [1] milestone must be relevant to inventory
- B) Identify two [2] key performance indicators that you can use to monitor Bob’s Business Machines financial performance.

Assessor Guide: Candidate must identify two [2] milestones that can be used to monitor next year’s financial performance. One must relate to sales and the other must relate to inventory. Candidate must identify two [2] key performance indicators that can be used to monitor the milestone.

Assessor’s professional experience and judgement must be used to ensure that the milestones are relevant. Examples are provided below:

Budgetary Milestones for Year 20xx Approximate word count: [40 – 60 words]	Key Performance Indicators for Year 20xx Approximate word count: [40 – 60 words]
a. One [1] milestone must be relevant to sales, e.g., achieve 60% of sales goal by the 2nd month of every quarter.	• Meet or exceed the sales goal (\$) for each month.
b. One [1] milestone must be relevant to inventory, e.g. ensure the ending inventory of any given month is equal to 25% of next month’s total sales.	• Inventory cost must not exceed the budgeted cost.

Task 2: Assumptions and Parameters

- Research relevant information on establishing budget assumptions and parameters.
- Identify two [2] budget assumptions that can affect next year's budgets. Your assumptions may be based on any area of the budgets prepared.
- Provide at least one [1] parameter for each assumption so that you can ensure that the overall budget goals will be achieved should these assumptions occur.
- Refer to the organisation's policies and procedures to ensure that your assumptions and parameters are accurate, relevant, and compliant.

Bob's Business Machines Budget Variance Analysis Policy and Procedure.docx

- Ensure to write your responses using clear and concise language, and that these are grammatically correct, and have been spell checked.

Assessor Guide Candidate must identify assumptions and parameters in line with the budgets they have completed in the previous tasks. Responses will vary. However, the assessor must evaluate if the candidate's responses are accurate, relevant, and compliant with the organisation's policies and procedures. Check if their responses are using clear and concise language, and that these are grammatically correct, and have been spell checked.

Refer to sample benchmark answers below:

<p style="text-align: center;">Assumptions</p> <p style="text-align: center;">Approximate word count: [20 – 40 words]</p>	<p style="text-align: center;">Parameters</p> <p style="text-align: center;">Approximate word count: [20 – 40 words]</p>
<p>1.</p> <p>Two [2] assumptions that can affect next year's budgets must be provided. These can be based on any area of the budgets prepared, e.g.</p> <ul style="list-style-type: none"> ○ Increase in salaries affecting the operating expenses and achievement of net profit targets 	<p>1.</p> <p>At least one [1] parameter for each assumption specified must be provided, e.g.</p> <ul style="list-style-type: none"> ● Reduce other operating expenses or increase sales sufficiently to cover the increase in salary costs and ensure the achievement of the net profit target for the year.
<p>2.</p> <ul style="list-style-type: none"> ○ 20% of sales are paid for in cash within the month of sales 	<p>1.</p> <ul style="list-style-type: none"> ○ Make a contingency for a lower level of cash sales so the business does not experience cash difficulties.

Task 3: Monthly Cashflow Budget

Complete tab "6" of Bob's Business Machines Budget 20XX Template:

Cover	Assumptions	1	2	3	4	5	6	7
-------	-------------	---	---	---	---	---	---	---

- A. Use the "Monthly Cashflow Budget" template (screenshot below) to calculate the monthly cash balance for Bob's Business Machines. The first month, July, has already been provided as a guide. Use EXCEL formulas and link to the data already provided and calculated (cash collections budget – tab 1 and cash payments for direct materials inventory – tab 3) to ensure data accuracy when performing calculations.

Monthly Cashflow Budget	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
Opening Cash Balance*	\$ 25,000												\$ 25,000
Cash Receipts:													
Sales revenue	\$ 182,750												\$ 182,750
Total Cash Available	\$ 207,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,750
Cash Payments:													
Direct Materials	\$ 16,519												\$ 16,519
Variable Overhead Costs:													
Indirect Labour	\$ 3,060												\$ 3,060
Indirect Materials	\$ 4,088												\$ 4,088
Machining cost	\$ 1,875												\$ 1,875
Fixed Overhead Costs:													
Electricity, water and gas													\$ -
Manufacturing Insurance	\$ 14,500												\$ 14,500
Manufacturing Team's Salary	\$ 33,333												\$ 33,333
Factory Maintenance													\$ -
Operating Costs:													
Electricity, water and gas													\$ -
Business Insurance													\$ -
Administrative Wages	\$ 8,000												\$ 8,000
General Office Expenses	\$ 500												\$ 500
Total Payments	\$ 81,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,875
Cash on Hand	\$ 125,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,875

* Beginning Cash Balance 1st July 20XX \$ 25,000

Use the operating expense assumptions provided (below and in tab 4) to provide realistic estimates of when the cash will leave the business. Please assume that all operating expenses are paid in cash according to the information provided below.

Assumptions:

Manufacturing Overhead Costs	Cost	Basis	Cost Type
Electricity, water and gas	\$ 400.00	per month, paid quarterly*	Fixed
Manufacturing Insurance	\$ 14,500.00	per year, paid annually in July	Fixed
Manufacturing Team's Salary	\$ 400,000.00	per year, paid monthly	Fixed
Factory Maintenance	\$ 15,000	per quarter, paid per quarter*	Fixed
Property, Plant and Equipment Depreciation	\$ 40,000	per year, evenly through out the year	Fixed
Indirect Labour	\$ 40.80	Per machine manufactured	Variable
Indirect Materials	\$ 54.50	Per machine manufactured	Variable

*Paid March, June, September & December

Operating Expenses	Cost	Basis
Electricity, water and gas	\$ 500.00	per month, paid quarterly*
Business Insurance	\$ 25,000.00	per year, paid annual in Oct
Administrative Wages	\$ 8,000.00	per month, paid monthly
General Office Expenses	\$ 500.00	per month, paid monthly

*Paid March, June, September & December

Guidance:

- All amounts must be rounded off to the nearest dollar.

- The completed template is to be submitted at the end of Part B.

Assessor guide: Candidates must prepare the monthly cashflow budget according to the benchmark answer provided in Bob's Business Machines Budget 20XX_AG.xls [tab 6]

- B. Provide support for the following operational expense estimates by using the source documents provided. Complete the table below by outlining if the expense has been verified with a source document and include the document name and date verified. [Approximate word count: 20 - 40]:

Assessor guide: Candidates must complete the table below according to answer provided below:

Operating Expense	Estimated expense	Source Document Name	Date expense verified
Electricity, water, and gas	\$1 500 per quarter	BRIGHT Electricity Gas Water Invoice_Jan -Mar 20XX.pdf	3/8/2022
Business Insurance	\$25 000 per year	Tallianz Business Insurance Invoice_Oct 20xx.pdf	3/8/2022

- C. Identify two [2] financial risks associated with the cashflow budget and propose [1] protection strategy for each risk by completing the table below. Refer to the organisation's policies and procedures to ensure that you identify risks and propose protection strategies according to the organisation's requirements:

Bob's Business Machines Budget and Forecasts Policy.docx

Assessor guide: Candidates must complete the table below according to the sample answer provided below. Responses will vary. However, the assessor must evaluate if the candidate's responses are accurate, relevant, and the financial risks identified have an appropriate protection strategy listed.

Financial Risk [Word Count 40 – 60 words]	Protection Strategy [Word Count 40 – 60 words]
Two [2] financial risks that can affect the cashflow budgets must be provided. These can be based on any area of the budgets prepared, e.g. 1. A lower percentage of customers pay in cash delaying the inflow of cash into the business. This may cause the business to need to borrow money to cover shortfall months.	One [1] protection strategy for each risk specified must be provided, e.g. Promote cash sales and incentivize with a small discount
2. Suppliers increase the direct material price unexpectedly and cause the COGS to increase	Ensure the supplier agreement includes the direct material price agreed for the 12-month period

- D. Bob Nguyen, the business owner, has just received some updated market growth information regarding one of the products the business sells. He has asked you to check the sales projections for the "3D printer – RV800" to ensure that there is a 200% increase in forecasted sales when the business goes into its peak season.

Assessor guide: Candidates must complete the table below. The correct answers are provided below:

Product Description	Off Peak Forecasted Sales Units per month	Peak Season Forecasted Sales Units per month	% Increase from off peak to peak	Does the forecast agree with market growth data Y/N
3D printer – RV800	20	30	=25-10/10 =150%	N

Task 4: Distribute Budget Report for approval

a) In the email template below, write an email to business owner Bob Nguyen informing him of the following, approximate word count: 150 – 200 words:

- Your completion of the budget reports and requirement to seek his approval. Including a graphical presentation of the following:
 - Monthly Forecasted Sales by Product for 20XX (line graph)
 - Breakdown of Budgeted Fixed Manufacturing Costs 20XX (pie graph)

Use the charts already set-up in the “charts” tab and check that the data and graphical representations are correct based on the budgets that you have prepared.



Provide a brief description of each of your graphs.

- A brief summary of the following that will be used to monitor financial performance:
 - Milestones
 - Key performance indicators
 - Assumptions
 - Parameters
- To notify him as to whether the sales projections for the 3D printer – RV 800 are feasible given the market growth information he received. Please make provide recommendations on action that should be taken where appropriate.
- Ensure to write your email using clear and concise language, it is grammatically correct, and has been spell checked.

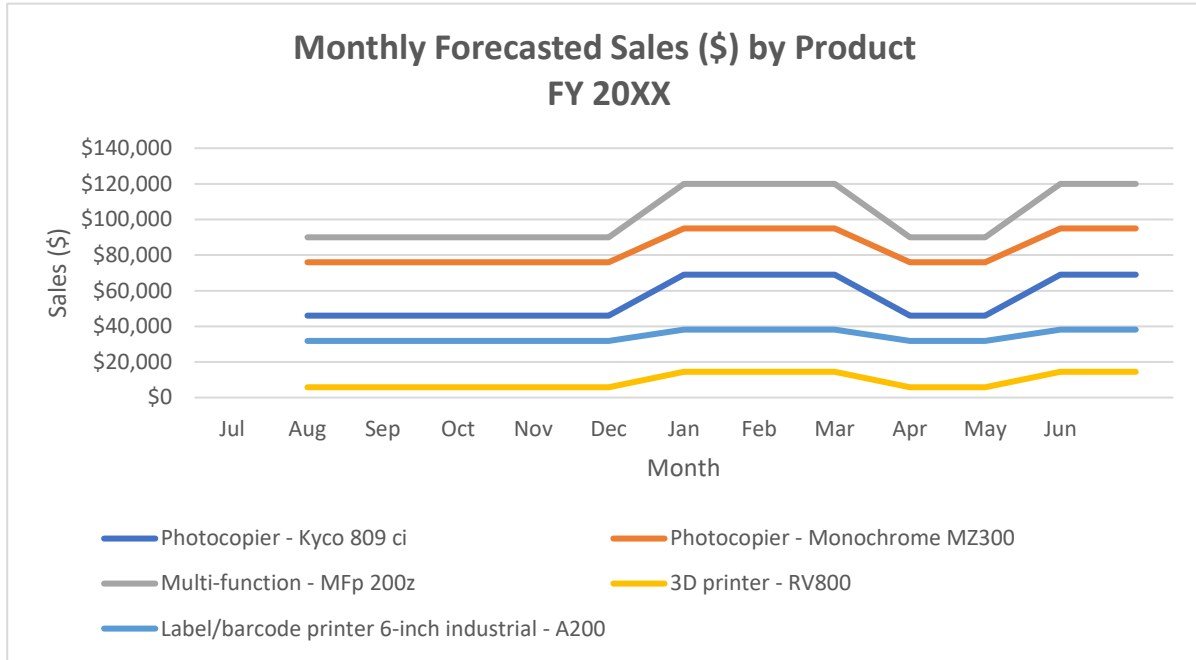
Guidance: There is **no need** to send an actual email and to copy the completed budgets here.

To	bob@bobsbusinessmachines.com.au
From	<Candidate's email address>
Subject	Any relevant subject heading is acceptable
Message	

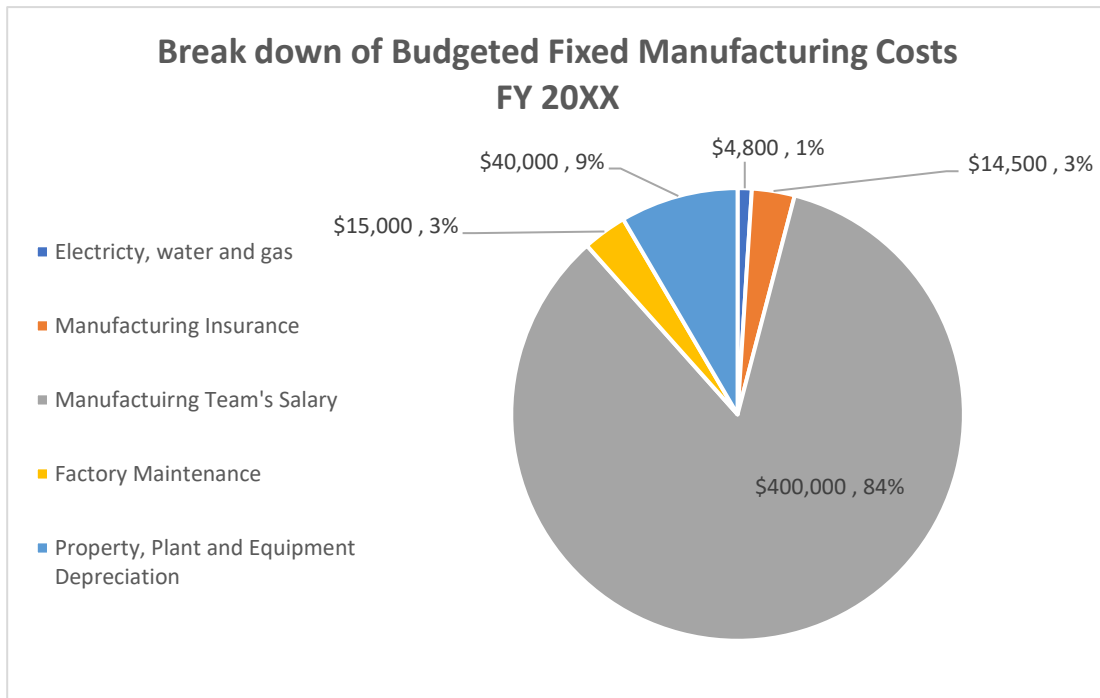
Assessor guide: Candidate must write an email to business owner Bob Nguyen informing him that the budgets have been prepared and that they are seeking his approval before the budgets are executed.

Candidates are to include a graphical presentation of the following and provide a brief description of the graphs:

Monthly Forecasted Sales by Product for FY 20xx (line graph)



Breakdown of Budgeted Fixed Manufacturing Costs FY 20xx (pie graph)



A brief summary of the following that will be used to monitor financial performance must be provided based on their responses to the previous tasks:

- Milestones (Task 1)
- Key performance indicators (Task 1)
- Assumptions (Task 2)
- Parameters (Task 2)

Candidates will notify Bob that the sales projections for the 3D printer – RV800 are lower [150% growth from off peak to peak] than what the growth data indicates [200%]. Recommended action: The sales projections should be increased for this product to meet the market growth data.

Check if their written responses use clear and concise language, and that these are grammatically correct, and have been spell checked.

Task 5: Analyse Variances

The first quarter (Q1) of the FY 20XX has passed, and you are to calculate and analyse variances against the cashflow budget.

Complete tab “7” of Bob’s Business Machines Budget 20XX Template:

Cover	Assumptions	1	2	3	4	5	6	7
-------	-------------	---	---	---	---	---	---	---

- A) Use the “Q1 Cashflow variance analysis and forecast” template [screenshot below] to calculate the Q1 variances. Complete the template by:
- Calculating the variance between the budgeted sales revenue, direct materials payments and operating expenses against the Q1 actual costs provided.
 - Calculate the (\$) variance and (%) variance for each
 - Classify each variance as whether it is favourable or unfavourable.
 - Refer to the organisation’s policies and procedures to determine variance interpretations.

Q1 Cashflow variance analysis and forecast	Q1 Budget	Q1 Actuals	Q1 Variance (\$)	Q1 Variance (%)	F = Favourable U = Unfavourable	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Budget	FY Forecast	FY Forecast Variance
Opening Cash Balance	\$ 25,000	\$ 25,000				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000	0
Cash Receipts:																	
Sales revenue	\$ 182,750	\$ 450,350				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,750	\$ 450,350	267,600
Total Cash Available	\$ 207,750	\$ 475,350				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,750	\$ 475,350	267,600
Cash Payments:																	
Direct Materials	\$ 16,519	\$ 65,400				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,519	\$ 65,400	(\$48,881)
Variable Overhead Costs:																	
Indirect Labour	\$ 3,060	\$ 18,500				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,060	\$ 18,500	(\$15,440)
Indirect Materials	\$ 4,088	\$ 32,500				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,088	\$ 32,500	(\$28,412)
Maching cost	\$ 1,875	\$ 12,000				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,875	\$ 12,000	(\$10,125)
Fixed Overhead Costs:																	
Electricity, water and gas	\$ -	\$ 1,200				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200	(\$1,200)
Manufacturing Insurance	\$ 14,500	\$ 3,000				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,500	\$ 3,000	11,500
Manufacturing Team's Salary	\$ 33,333	\$ 120,000				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,333	\$ 120,000	(\$86,667)
Factory Maintenance	\$ -	\$ 14,950				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,950	(\$14,950)
Operating Costs:																	
Electricity, water and gas	\$ -	\$ 1,500				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500	(\$1,500)
Business Insurance	\$ -	\$ 25,000				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	(\$25,000)
Administrative Wages	\$ 8,000	\$ 24,000				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000	\$ 24,000	(\$16,000)
General Office Expenses	\$ 500	\$ 1,500				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 1,500	(\$1,000)
Total Payments	\$ 81,875	\$ 319,550				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,875	\$ 319,550	(\$237,675)
Cash on Hand	\$ 125,875	\$ 155,800				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,875	\$ 155,800	29,925

Assessor guide: Candidates must prepare the Q1 cashflow variance analysis and forecast according to the benchmark answer provided in Bob's Business Machines Budget 20XX_AG.xls (tab 7)

B) Identify two [2] quarter one [Q1] variances and provide a recommended action to address the variances:

Assessor guide: Candidates must complete the table provided below. Two [2] Q1 variances must be provided. These can be from any area of the budgets prepared, income or expenses. Any of the Q1 variances identified in the screenshot below will be accepted One [1] recommended action must be specified for each variance. The action must clearly link to the variance identified. Example answers are provided below:

Variance (Provide in \$ and %) (Word Count 10 – 20 words)	Recommended Action: (Word Count 30 – 60 words)
\$1231 440 unfavorable variance in sales revenue	Determine whether the decrease in sales is likely to continue and then update forecast for the remaining months of the year to reflect this more accurate sales forecast. Did the business lose a key customer, where there less sales staff or was there a new competitor that entered the market?
\$7 975, 33% unfavorable variance in indirect materials	Confirm with the supplier if their cost has increased. Ensure what was agreed in the supplier agreement is being charged. Find an alternative supplier if costs have increased significantly.

C) Reflect the following anticipated changes (confirmed by Bob Nguyen) by updating the forecast report with the following:

- The manufacturing Team's salary has increased by \$20 000 per quarter. Forecast this additional cost evenly across the remaining months.
- The remaining \$11 500 that has not been paid for the Manufacturing Insurance will be paid in November.

Assessor guide: Candidates must add the anticipated changes to the Q1 cashflow variance analysis and forecast according to the benchmark answer provided in Bob's Business Machines Budget 20XX_AG.xls (tab 7)

Q1 Cashflow variance analysis and forecast	Q1 Budget	Q1 Actuals	Q1 Variance (\$)	Q1 Variance (%)	F = Favourable U = Unfavourable	FORECAST										FY Budget	FY Forecast	FY Forecast Variance
						Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun				
Opening Cash Balance	\$ 25,000	\$ 25,000	0	0%		\$ 443,033	\$ 586,301	\$ 749,822	\$ 934,169	\$ 1,176,008	\$ 1,422,595	\$ 1,612,776	\$ 1,776,297	\$ 1,978,344	\$ 25,000	\$ 25,000	0	
Cash Receipts:																		
Sales revenue	\$ 681,790	\$ 450,350	(\$231,440)	-34%	Unfavourable	\$ 249,520	\$ 249,520	\$ 294,773	\$ 336,545	\$ 336,545	\$ 291,292	\$ 249,520	\$ 294,773	\$ 336,545	\$ 3,320,823	\$ 3,089,383	(\$231,440)	
Total Cash Available	\$ 706,790	\$ 475,350	(\$231,440)			\$ 692,553	\$ 835,821	\$ 1,044,595	\$ 1,270,714	\$ 1,512,553	\$ 1,713,887	\$ 1,862,296	\$ 2,071,070	\$ 2,314,889	\$ 3,345,823	\$ 3,114,383	(\$231,440)	
Cash Payments:																		
Direct Materials	\$ 51,923	\$ 65,400	(\$13,477)	-26%	Unfavourable	\$ 21,373	\$ 22,813	\$ 26,232	\$ 28,211	\$ 26,771	\$ 23,532	\$ 22,813	\$ 26,232	\$ 28,211	\$ 278,110	\$ 291,587	(\$13,477)	
Variable Overhead Costs:																		
Indirect Labour	\$ 18,360	\$ 18,500	(\$140)	-1%	Favourable	\$ 6,120	\$ 7,242	\$ 8,364	\$ 8,364	\$ 7,242	\$ 6,120	\$ 7,242	\$ 8,364	\$ 8,364	\$ 85,782	\$ 85,922	(\$140)	
Indirect Materials	\$ 24,525	\$ 32,500	(\$7,975)	-33%	Unfavourable	\$ 8,175	\$ 9,674	\$ 11,173	\$ 11,173	\$ 9,674	\$ 8,175	\$ 9,674	\$ 11,173	\$ 11,173	\$ 114,586	\$ 122,561	(\$7,975)	
Maching cost	\$ 11,250	\$ 12,000	(\$750)	-7%	Unfavourable	\$ 3,750	\$ 4,438	\$ 5,125	\$ 5,125	\$ 4,438	\$ 3,750	\$ 4,438	\$ 5,125	\$ 5,125	\$ 52,563	\$ 53,313	(\$750)	
Fixed Overhead Costs:																		
Electricity, water and gas	\$ 1,200	\$ 1,200	0	0%		\$ -	\$ -	\$ 1,200	\$ -	\$ -	\$ 1,200	\$ -	\$ -	\$ 1,200	\$ 4,800	\$ 4,800	0	
Manufacturing Insurance	\$ 14,500	\$ 3,000	11,500	79%	Favourable	\$ -	\$ 11,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,500	\$ 14,500	0	
Manufacturing Team's Salary	\$ 100,000	\$ 120,000	(\$20,000)	-20%	Unfavourable	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 400,000	\$ 480,000	(\$80,000)	
Factory Maintenance	\$ 15,000	\$ 14,950	50	0%		\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 15,000	\$ 60,000	\$ 59,950	50	
Operating Costs:																		
Electricity, water and gas	\$ 1,500	\$ 1,500	0	0%		\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 1,500	\$ 6,000	\$ 6,000	0	
Business Insurance	\$ -	\$ 25,000	(\$25,000)	100%	Unfavourable	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000	0	
Administrative Wages	\$ 24,000	\$ 24,000	0	0%	Favourable	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 96,000	\$ 96,000	0	

- D) In the email template below, write an email to business owner Bob Nguyen informing him of the following:
- Your completion of the variance analysis and forecast report
 - Include the table you prepared above to outline two [2] variances and recommended action to address them.

Approximate word count: (150 – 250 words)

To	bob@bobsbusinessmachines.com.au
From	<Candidate's email address>
Subject	Any relevant subject heading is acceptable
Message	
<p>Assessor guide: Candidate must write an email to business owner Bob Nguyen informing him that the variance analysis has been completed. The two variances and recommended actions prepared in b) above needs to be included.</p> <p>Check if their written responses use clear and concise language, and that these are grammatically correct, and have been spell checked.</p>	

Task 6: Review budget processes and implement changes as required

In this task you are to review the budget processes involved in preparing this assessment. To complete this task:

- A) In the space below, write a statement of 150 to 250 words reflecting on your impression of the budget processes that you have followed in preparing the budgets and variances reports for Bob's Business Machines.

Assessor guide: Candidates must write responses using clear and concise language, and that these are grammatically correct, and do not show any spelling errors. Candidates must submit a statement of 150 to 250 words reflecting on their impression of the budget process

- A) Implement two [2] specific changes to *Bob's Business Machines Budget and Forecasts Policy and Procedure* by adding two [2] new procedures to this policy and procedure document to improve the variance analysis reporting. In the space below, include the two new procedures that you would add to this document. . [Approximate word count: 50 – 100 words]

Assessor guide: Candidates are to include two [2] new procedures that they would add to Bob's Business Machines Budgets and Forecasts Policy and Procedure document. Acceptable responses are provided below, but not limited to:

1. The variance reports must be distributed and communicated to the CEO of the business each month in the monthly planning meeting held on the 1st Monday of the month. Specify who is responsible for distributing the report.
2. Variances less than 5% can still be investigated if time permits.

Candidates must write responses using clear and concise language, and that these are grammatically correct, and do not show any spelling errors.

Submission instructions

- Ensure you complete and submit the reports for the specified periods and projects within timeframes specified on the LMS or by your assessor
- Submit your assessment via the LMS.

Assessment checklist Part B:

Students must have completed all six activities within this assessment task before submitting. This includes:

Student has submitted:		Yes	No
Task 1	Two [2] milestones to monitor financial performance: Two [2] key performance indicators to monitor the financial performance.	<input type="checkbox"/>	<input type="checkbox"/>
Task 2	Two [2] assumptions that can affect the achievement of the budgets	<input type="checkbox"/>	<input type="checkbox"/>
Task 3	Cashflow Budget	<input type="checkbox"/>	<input type="checkbox"/>
Task 4	Email to business owner including graphs	<input type="checkbox"/>	<input type="checkbox"/>
Task 5	Variance Analysis	<input type="checkbox"/>	<input type="checkbox"/>
Task 6	Review budget process and implement process changes	<input type="checkbox"/>	<input type="checkbox"/>

Assessment marking criteria: Part B:

Assessor instructions: All sections/questions must be completed. Refer to the template for sample answers and benchmarks.

The evidence submitted demonstrates that the student has satisfactorily (S) covered the following criteria or the evidence is unsatisfactory (U) and requires resubmission.

		S	U
Task 1	<p>Candidate must identify two (2) milestones that can be used to monitor next year's financial performance.</p> <p>Candidate must identify two (2) key performance indicators that can be used to monitor the next financial year's financial performance.</p>	<input type="checkbox"/>	<input type="checkbox"/>
Task 2	<p>Candidate must identify assumptions and parameters in line with the budgets they have completed in the previous tasks. Responses will vary. However, the assessor must evaluate if the candidate's responses are accurate, relevant, and compliant with the organisation's policies and procedures. Check if their responses are using clear and concise language, and that these are grammatically correct, and have been spell checked.</p> <p>Refer to sample benchmark.</p>	<input type="checkbox"/>	<input type="checkbox"/>
Task 3	<p>A) Candidates must prepare the monthly cashflow budget according to the benchmark answer provided in Bob's Business Machines Budget 20XX_AG.xls [tab 6]</p> <p>B) Candidates must complete the table below according to the benchmark answer provided, including the date they verified the expense.</p> <p>C) Candidates must complete the table below.</p> <p>D) Candidates must complete the table below.</p>	<input type="checkbox"/>	<input type="checkbox"/>
Task 4	<p>Candidate must write an email to business owner Bob Nguyen informing him that the budgets have been prepared and that they are seeking his approval before the budgets are executed.</p> <p>Candidates are to include a graphical presentation of the following and provide a brief description of the graphs:</p> <p>A brief summary of the following that will be used to monitor financial performance must be provided based on their responses to the previous tasks:</p> <ul style="list-style-type: none"> • Milestones (Task 1) • Key performance indicators (Task 1) • Assumptions (Task 2) • Parameters (Task 2) <p>Check if their written responses use clear and concise language, and that these are grammatically correct, and have been spell checked.</p>	<input type="checkbox"/>	<input type="checkbox"/>
Task 5	<p>A) Candidates must prepare the Q1 cashflow variance analysis and forecast according to the benchmark answer provided in Bob's Business Machines Budget Template 20XX_AG.xls [tab 7]</p> <p>B) Candidates must complete the table identifying two (2) quarter one (Q1) variances and provide a recommended action to address the variances</p> <p>C) Candidates must add the anticipated changes to the Q1 cashflow variance analysis and forecast according to the benchmark answer provided below and in Bob's Business Machines Budget Template 20XX_AG.xls [tab 7]</p>	<input type="checkbox"/>	<input type="checkbox"/>

	<p>Candidate must write an email to business owner Bob Nguyen informing him that the variance analysis has been completed. The two variances and recommended actions prepared in b) above needs to be included.</p> <p>Check if their written responses use clear and concise language, and that these are grammatically correct, and have been spell checked.</p>		
Task 6	<p>A) Candidates must write responses using clear and concise language, and that these are grammatically correct, and do not show any spelling errors.</p> <p>Candidates submit statement of 150 to 250 words reflecting on their impression of the budget process</p> <p>B) Candidates are to include two (2) new procedures that they would add to Bob's Business Machines Budgets and Forecasts Policy and Procedure document.</p>	<input type="checkbox"/>	<input type="checkbox"/>

Task Instructions: Part C: Roleplay for observation

Task 1: Roleplay Activity

This task will require you to roleplay a meeting with the business owner Bob Nguyen, and at least two other staff members of Bob's Business machines to discuss your findings on the budget variances.

You will require access to:

- One (1) volunteer to assume the role of:
 - Business owner, Bob Nguyen
- Two or more other (2+) volunteers to assume the roles of:
 - Sales staff member of Bob's Business machines
 - Marketing staff member of Bob's Business machines
- Video camera or a mobile phone with video recording capabilities
- A safe environment to conduct the roleplaying activity

Read the instructions carefully before proceeding.

Tasks to take:

- a) You will conduct the roleplaying activity by:
- Describing your findings on the budget variances from Part B: Task 5
 - Providing two (2) potential causes of the budget variances
 - Providing two (2) recommendations on how to turn the unfavourable aspects of the budget to favourable on the next financial year

There are no specific tasks for the volunteers. However, you must ensure that your data presentation is clear for them to understand.

- b) Ensure to demonstrate and discuss the requirements outlined in the Assessor's Checklist below.

Reminder: You must introduce yourself at the start of the video to confirm your identity as the Candidate.

Role play instructions

The role-play/meeting must include at least Number 3 (three) participant/s, must not exceed 10 (ten) minutes duration and must address all elements of the Observation Checklist below.

In this task, you will participate in a role/play meeting with others. These may be resourced using one of the following options:

1. Peer/s who you are already working with, in the industry your qualification relates to.
2. Fellow student/s who will play the roles of Bob or team members. Please contact your fellow student/s via the Discussion Forum and coordinate your role play with them directly.

If you are unable to find a participant/s to play the role of the other team member/s, contact your assessor via the Discussion Forum, who will discuss options for pairing up with another student/s to complete this task.

Option 1: Peer/s participant

Should you complete this task with your Peer/s, you must fully brief all participant/s, providing them with the context of the role play/meeting, a role outline to play and a copy of the observation checklist so that they can prepare for the recording.

Peer/s will need to state their name and job title at the start of the recording to inform consent.

Recording instructions

Your role play must be recorded with all participant/s captured in a virtual room using a system such as Zoom, Skype or Teams.

Consent to participate in the recording must be captured for all participant/s 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 participant/s 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.

Guidelines:

- To demonstrate your completion of this activity, the roleplay must be recorded. Save and submit the recorded video. Use the filename: FNSACC523 Case Study 2 Roleplay Activity
- Your video submission must be no longer than 10 minutes. Any submission longer than this will be marked as not satisfactory.

Marking guide

Candidate must submit a video recording, no more than 10 minutes long, of their meeting with Bob Nguyen and two or more team members.

Refer to the Assessor's Checklist for the points of discussion to be included the candidate's submission.

Assessment marking criteria: Part C: Observation checklist

Assessor instructions: All sections/questions must be completed.

During the demonstration of skills, the student has satisfactorily (S) or unsatisfactorily (U) roleplayed a discussion with the business owner discussing findings on the budget variances and:

		S	U
1	Introduced themselves at the start of the video.	<input type="checkbox"/>	<input type="checkbox"/>
2	Discussed their findings on the variances between the actual and budgeted costs. This must reflect the responses in Part B: Task 5.	<input type="checkbox"/>	<input type="checkbox"/>
3	Provided two (2) potential causes of the budget variances. Responses will vary. However, these must be related to their responses in the previous tasks, e.g. based on their assumptions, or the KPIs not being met.	<input type="checkbox"/>	<input type="checkbox"/>
4	Provided two (2) recommendations on how to turn the unfavourable aspects of the budget to favourable on the next financial year.	<input type="checkbox"/>	<input type="checkbox"/>

	Responses will vary. However these must be related to their responses in the previous tasks, e.g. minimise cost on operating expenses, control inventory costs, etc.		
5	Used clear and concise language and concepts appropriate to the audience and purpose. Candidate demonstrated these by: <ul style="list-style-type: none"> • Not using jargon. • Explaining each part of the data for clarification. • Describing how the variances were calculated. 	<input type="checkbox"/>	<input type="checkbox"/>
6	Used active listening and questioning techniques to elicit and convey information. Candidate demonstrated these by: <ul style="list-style-type: none"> • Listening attentively to the speaker. • Using appropriate non-verbal communication (e.g. nodding head, proper posture) when responding and asking questions. • Clarifying points of discussion. • Asking relevant questions. 	<input type="checkbox"/>	<input type="checkbox"/>
7	Uses collaborative and inclusive techniques to build rapport and establish and maintain positive relationships Candidate demonstrated these by: <ul style="list-style-type: none"> • Where appropriate, looks at the speaker. • Addresses people by name (or job role). • Provides appropriate feedback. • Agrees and disagrees appropriately. 	<input type="checkbox"/>	<input type="checkbox"/>



Congratulations, you have reached the end of Assessment 3

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