



**FNSACC412**

**ASSESSOR GUIDE**

# **Prepare Operational Budgets**

**Assessment 2 of 2**

Project



### Introduction

This assessment assumes a simulated workplace – Ace Finance. The assessment involves knowledge obtained in the learning platform, understanding workplace documents that have been provided, and additional research to be completed.

In this simulated workplace, you will assume the role of a junior accountant. Andrew will be your manager and will provide you with the direction of the tasks in the form of an email.

As per Andrew's instruction, you are required to engage with fictitious clients of Ace Finance. For this assessment, the client is Elite Manufacturing.

### Assessment Instructions

This assessment is divided into:

- Six (6) case study tasks

Each task will provide instructions on where you are to provide your answer. These will include:

- The templates may have been provided.
- The spreadsheets that are hyperlinked. Alternatively, the spreadsheet can also be located in the assessment section of your learning portal.

In this assessment, you will be required to submit a recording of yourself. 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.

### Resources required for assessment

To complete the assessments students, need to have access to:

- A computer with Internet and email access and a working web browser
- Computer Software:
  - MS Word
  - Adobe Acrobat Reader
  - Microsoft Excel

### 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 submitting and uploading your documents onto the LMS once you believe you have successfully completed all required tasks.

This assessment 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 following naming convention: <b><i>FNSACC412_Assessment2_Student name</i></b> When you have completed your assessment. upload it into the platform where you downloaded this assessment from.		



## 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.

## Assessment 2

### Task 1- Preparing Budgets for Elite Manufacturing

Please read the following email and follow the task instructions provided by Andrew.

	<b>Subject:</b> <i>Preparing budgets for Elite Manufacturing</i>																																										
Email																																											
<p>Hi there,</p> <p>Elite is stepping into its annual budget cycle. As a junior Accountant, you are required to prepare operational budgets using complex financial data. Certain operational budgets will be prepared as seasonal budgets.</p> <p>Elite manufacturing, a key customer of Ace Finance, has decided to introduce a comprehensive budgeting system for the forthcoming year, which starts as of 1 July 2022. Mulgrave Productions is a privately owned company and has manufacturing plants across the country. The company produces and sells two (2) products:</p> <ul style="list-style-type: none"><li>• Product <b>A</b></li><li>• Product <b>B</b>.</li></ul> <p>You are provided with the following information and templates for each part: Elite Manufacturing has the following two (2) subsidiary companies:</p> <ul style="list-style-type: none"><li>• Sunrise Rice Bubbles</li><li>• Mountain Air Fruit Bran</li></ul> <p><b>Elite Manufacturing - operational information</b></p> <table border="1"><thead><tr><th></th><th>Product A</th><th>Product B</th></tr></thead><tbody><tr><td>Sales forecast units</td><td>600,000</td><td>175,000</td></tr><tr><td>Selling price per unit</td><td>\$ 27</td><td>\$42</td></tr><tr><td>Finished goods, 1Jul 20x1 [units]</td><td>26,400</td><td>14,400</td></tr><tr><td>Required finished goods 30 Jun 20x2 [units]</td><td>32,400</td><td>20,400</td></tr><tr><td>Direct materials 1Jul 20x1 [kg]</td><td>54,000</td><td>14,400</td></tr><tr><td>Required materials inventory, 30 Jun 20x2 [kg]</td><td>42,000</td><td>18,000</td></tr><tr><td>Direct materials required per unit</td><td>1.2kg</td><td>1.8kg</td></tr><tr><td>Material cost per kg</td><td>\$4.20</td><td>\$5.40</td></tr><tr><td>Direct labour time required per unit [hours]</td><td>0.6</td><td>0.9</td></tr><tr><td>Direct labour cost per hour</td><td>\$12.00</td><td>\$13.20</td></tr><tr><td>Cost of production per unit</td><td>\$15.00</td><td>\$25.80</td></tr><tr><td>Budgeted selling and distribution expenses</td><td>\$840,000</td><td>\$450,000</td></tr><tr><td>Budgeted administration expenses</td><td>\$540,000</td><td>\$480,000</td></tr></tbody></table> <p>Can you please prepare the following documents for the coming financial year:</p> <ul style="list-style-type: none"><li>• Sales budget</li><li>• Production budget</li><li>• Direct materials budget</li><li>• Direct labor budget</li><li>• Factory overhead budget</li></ul> <p>To complete this task, please refer to <b>Task 1 tab</b> in the <i>FNSACC412_A2_spreadsheet</i>.</p>			Product A	Product B	Sales forecast units	600,000	175,000	Selling price per unit	\$ 27	\$42	Finished goods, 1Jul 20x1 [units]	26,400	14,400	Required finished goods 30 Jun 20x2 [units]	32,400	20,400	Direct materials 1Jul 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
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Warm regards,

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



**Assessor Instructions**

The following is an Extract of **Task 1 tab** in the FNSACC412\_A2\_spreadsheet that includes the exemplar answers.

## Budgets for Elite Manufacturing

### Sales Budget

Product	A	B
Budgeted sales units	600000	175000
Budgeted price per unit	\$ 27.00	\$ 42.00
Budgeted Sales	\$ 16,200,000	\$ 7,350,000

### Production Budget

Product	A	B	Total
Forecasted sales units	600,000	175,000	775,000
Ending inventory	32,400	20400	52,800
Beginning finished goods	26400	14400	40,800
Production required	606,000	181,000	787,000

### Direct Materials Budget

Product	A	B	Total
Production units required	606,000	181,000	787,000
Materials per unit (kg)	1.2	1.8	
Kg of materials 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
Purchased 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



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

Product	A	B	Total
Total cost of production (1)	9,090,000	4,669,800	13,759,800
Raw materials cost (2)	3,063,840	1,778,760	4,842,600
Direct labour costs	4,363,200	2,150,280	6,513,480
total prime costs	7,427,040	3,929,040	11,356,080
Factory overhead = total cost of production - total prime cost	1,662,960	740,760	2,403,720

**Task 2-** Cash Flow Statement for Elite Manufacturing

Please read the following email and follow the task instructions provided by Andrew.

	<b>Subject:</b> <i>Elite Manufacturing</i>
Email	
<p>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? To complete this task, please refer to <b>Task 2 tab</b> in the <i>FNSACC412_A2_spreadsheet</i>. Some items to take into consideration include: <b>Organisational goals and forecasts for the current year</b></p> <ul style="list-style-type: none"><li>• Sales revenue to break even at 23,000,000.</li><li>• Total budgeted expenses not to exceed \$2,300,00 (10% of sales revenue)</li><li>• Net profit to be at least \$7,500,000.</li></ul> <p>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?</p> <ul style="list-style-type: none"><li>• Confirm whether the six (6) budget milestones are consistent with organisation goals, projects and forecasts.</li><li>• Identify and confirm the key budgetary milestones to be followed in the current year's budget cycle. In addition, identify two (2) key performance indicators to measure sales and expense productivity.</li></ul> <p>Prepare an email to send to Elite Manufacturing addressing the above queries. The email must be sent with the completed budgetary statement.</p> <p>Warm regards, Andrew- Manager <a href="mailto:andrew@ace.finance">andrew@ace.finance</a></p> 	

Use the following email template to prepare your email to Elite Manufacturing. Submit this assessment with the completed email.

**Email Template**

<b>To</b>	
<b>From</b>	
<b>Subject</b>	
<b>Attachments</b>	
Email	
Warm regards,	

Robyn- Junior Accountant  
[robyn@ace.finance](mailto:robyn@ace.finance)




### Assessor Instructions

The following is an Extract of **Task 2 tab** in the FNSACC412\_A2\_spreadsheet that includes the exemplar answers.

Budgeted Statement of Financial Performance for Elite Manufacturing for the year ended 30 June 2023			
Product	A	B	Total
Sales revenue	16,200,000	7,350,000	23,550,000
Cost of goods sold	9,000,000	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

### Task 3- Budgeted Statement for Elite Manufacturing

Please read the following email and follow the task instructions provided by Andrew.

	<b>Subject:</b> <i>Elite Manufacturing</i>
Email	
<p>Hi there,</p> <p>As the Junior Accountant, you are required to prepare operational budgets using complex financial data. Certain operational budgets will be prepared as seasonal budgets.</p> <p>Elite Manufacturing has chosen Ace Finance to prepare its budgets for the forthcoming year which starts on 1 July 2022. It is an export manufacturer and operates from two locations.</p> <p>You are provided with the following information and templates (attached to this email).</p> <p>You are required to prepare the budgeted cash flow statement for the first two (2) quarters of the financial year ending 30 June 2023.</p> <p>Revenue figures are in the table below.</p> <ul style="list-style-type: none"><li>60% of the revenue will be collected during the quarter in which the products are sold</li><li>25% will be collected in the quarter following the sale</li><li>10% will be collected in the quarter following the sale</li><li>5% will be collected in the third quarter following the sale</li></ul> <p>Elite Manufacturing employs staff on contract basis. They are paid according to the following contract terms:</p> <ul style="list-style-type: none"><li>70% of the salaries to staff are paid in quarter in which they worked and the balance is paid in the following</li></ul>	



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.

The 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

To complete this task, please refer to **Task 3 tab** in the *FNSACC412\_A2\_spreadsheet*.

Warm regards,  
Andrew- Manager  
[andrew@ace.finance](mailto:andrew@ace.finance)



### Assessor Instructions

The following is an Extract of **Task 3 tab** in the *FNSACC412\_A2\_spreadsheet* that includes the exemplar answers.

**Budgeted Statement of Cash Flows**  
**for Elite Manufacturing**  
**for Q3 and Q4 2023**

	March	June	Total
<i>Cashflow from operating activities:</i>			
Receipts from customers [1]	398400	348000	
Payments to suppliers and employees [2]	-313200	-286800	
Interest paid		-8400	
Net cash from operating activities:	85200	52800	138000
<i>Cashflow from investing activities:</i>			
Purchase of equipment	-48000		
Net cash from investing activities	-48000		-48000
<i>Cashflow from financing activities:</i>			
Repayment of borrowings		-72000	
Net cash from financing activities		-72000	-72000
Net increase/[decrease] in cash held	37200	-19200	18000
Cash at the beginning of the quarter	36000	73200	36000
Cash at the end of the quarter	73200	54000	54000

**WORKINGS:**

Receipts from Customers

	March	June
0.30*192,000	57,600	0.30*120,000 36,000
0.70*120,000	84,000	0.7*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

	March	June
0.30*192,000	57,600	0.3*120,000 36,000
0.7* 120,000	84,000	0.7*144,000 100,800
Adv. promo. admin	36,000	36,000
0.15*456,000	68,400	0.15*312,000 46,800
96,00-28,800	67,200	67,200
	313,200	286,800

**Task 4** Budgeted Variances for Elite Manufacturing

Please read the following email and follow the task instructions provided by Andrew.



**Subject:** *Elite Manufacturing-Budget Variances*

Email

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.

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.

To complete this task, please refer to **Task 4 tab** in the *FNSACC412\_A2\_spreadsheet*.

Once you have completed the variance calculations, analyse the Sales Variances and confirm whether Elite Manufacturing is on track to achieve its objective. Send them an email with the budget variances attached and explain 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 any further investigation and 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.

See the following supporting information for preparing the budget variances

Sales

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

Materials

<b>Standard quantity</b>	24,000
<b>Standard price</b>	\$5.00
<b>Actual quantity</b>	16,000
<b>Actual price</b>	\$7.00

Labour

<b>Standard quantity</b>	28,000
<b>Standard price</b>	\$9.00
<b>Actual quantity</b>	42,000

<b>Actual price</b>	\$8.00
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Variable Overheads

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

Fixed Overheads

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

Warm regards,  
 Andrew- Manager  
[andrew@ace.finance](mailto:andrew@ace.finance)




**Assessor Instructions**

The following is an Extract of **Task 4 tab** in the FNSACC412\_A2\_spreadsheet that includes the exemplar answers.

Budgeted Statement		
a) Sales Variance		
Sales price variance = (Actual selling price - Budgeted selling price) x Actual units sold		
Product A	1,600	(\$6.20 - \$6.00 x 8,000)
Product B	(\$9,900)	(\$7.70 - \$8.00 x 33,000)
Sales price variance	(\$8,300)	
Sales volume variance = (Actual quantity - Budgeted quantity) x Budgeted selling price		
Product A	(12,000)	8,000 vs. 10,000 x \$6.00
Product B	24,000	33,000 vs. 30,000 x \$8.00
Sales volume variance	12,000	
Total sales variance \$3,700 [favourable], which is a combination of sales price variance \$8,300 [unfavourable] and sales volume variance \$12,000.		
b) Materials Variance		
Total Matieras Variance		
Standard quantity x Standard price	120,000	(24,000 x \$5)
Actual quantity x actual price	112,000	(16,000 x \$7)
	8,000	
Material price variance	\$ 2.00	\$7 - \$5
Material price variance		
(Standard price - Actual price) x actual quantity	(32,000)	(\$5 - \$7) X 16,000
(Standard quantity - Actual quantity) x Standard price	40,000	(24,000 - 16,000) X \$5
c) Labour Variance		
Total Labour Variance		
Standard quantity x Standard price	252,000	(28,000 x \$9)
Actual quantity x actual price	336,000	(42,000 x \$8)
	(84,000)	
Labour price variance	\$ 1.00	\$9 - \$8
Labour Quantity Variance		
(Standard price - Actual price) x actual quantity	42,000	(\$9 - \$8) X 42,000
(Standard quantity - Actual quantity) x Standard price	(126,000)	(28,000 - 42,000) x \$9
d) Variable Overheads Variance		
Variable Overheads Price Variance		
Actual variable overhead	13,000	
Budgeted adjusted actual hours	10,000	(2,500 x \$4)
Price Variance	(3,000)	
Variable Overheads Efficiency Variance		
Budgeted adjusted actual hours	10,000	
Budgeted adjusted to standard hours	12,000	(3,000 x \$4)
Efficiency variance	2,000	
e) Fixed Overheads Variance		
Fixed Overhead Budget Variance		
Actual fixed overhead	420,000	
Budgeted fixed overhead	400,000	(10,000 x 2) x \$20
Budget Variance	(20,000)	
Volume Variance		
Budgeted fixed overhead	400,000	
Standard fixed overhead	380,000	(9,500 x 2) x \$20
Volume variance	(20,000)	
Fixed Overhead Efficiency Variance		
(Standard hours vs actual hours) x standard fixed overhead rate	(24,000)	(19,000-20,200) X \$20
Fixed Overhead Pure Volume Variance		
(Actual hours - Budgeted hours) x standard fixed overhead rate	4,000	(20,200 - 20,000) X \$20


Use the following email template to prepare your email to Elite Manufacturing. Submit this assessment with the completed email.

**Email Template**

<b>To</b>	
<b>From</b>	
<b>Subject</b>	
<b>Attachments</b>	
Email	
<p><b>Email contents</b></p> <p><i>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.</i></p> <p><i>Unfavourable Variances</i></p> <ul style="list-style-type: none"> <li>• <i>Sales price variance</i></li> <li>• <i>Material Variance</i></li> <li>• <i>Labour Variance</i></li> <li>• <i>Fixed Overhead Variance</i></li> <li>• <i>Variable Overhead Variance</i></li> </ul> <p><i>Our variance analysis has identified the above unfavourable variances.</i></p> <p><i>These require further investigation to determine whether they are one off events or trends and to plan a response.</i></p> <p><i>Please give me instructions regarding whether to look into all unfavourable variances or identify priorities for investigation.</i></p> <p>Warm regards,          Robyn- Junior Accountant  <a href="mailto:robyn@ace.finance">robyn@ace.finance</a></p> <div style="text-align: right;">  </div>	

**Task 5-** Role play

Please read the following email and follow the task instructions provided by Andrew.

	<b>Subject:</b> <i>Elite Manufacturing-Budget Variances</i>
Email	
<p>Hi there,</p> <p>Thank you for being so on the ball with the work coming in. Next, we have our upcoming meetings with our client</p>	

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 about using MYOB to support the preparation of budgets.

#### This task is a role play.

Explain three (3) of the following key features that should be included in the new Elite Manufacturing's 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:

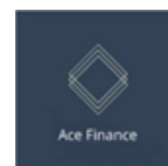
- address all elements of the Observation Checklist below
- clarify the reason for the meeting

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)



# MYOB Advanced

## Project Budget Forecasts

myob

### Role Play Instructions

#### 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.

## Assessor Instructions for Role play

Suitable answer must include the following.


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

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 budget amounts into each account field. Use a simple formula to fill out months using 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

Please read the following email and follow the task instructions provided by Andrew.

	<b>Subject:</b> Meeting with Elite Manufacturing
Email	
Hi there,	
<b>Meeting 2</b>	
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.

<b>Observation Checklist</b>	<b>Yes</b>	<b>No</b>
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 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 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 with 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.

### Assessor Instructions for Role play

*Suitable answer must include the following.*

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



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

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