



FNSACC412

ASSESSOR GUIDE

Prepare operational budgets.

Assessment 2 of 2

Project



Introduction

This assessment assumes a simulated workplace – Ace Finance. Required workplace documents can be downloaded from the learning platform under the Assessment 2 tab.

The assessment involves knowledge obtained in the learning platform, understanding workplace documents that have been provided, and additional research to be completed.

For this assessment, you will play the role of Patresia Florence, a trainee accountant at Ace Finance. Andrew Black will be your manager and will provide you with directions for each task in the form of an email.

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

Assessment Instructions

This assessment is divided into the following:

- Six (6) case study tasks.

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

- The templates provided in this assessment document.
- FNSACC412_A2_Excel Workbook.
- FNSACC412_02_Project_Bondi Bikes Budget 2024_Template

The Excel workbook and template can be downloaded from the learning platform under the Assessment 2 tab.

In this assessment, you must submit a role-play video recording of yourself and two other participants. Your role-play video 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 the following:

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

Submission requirements

To be eligible to be deemed competent in this assessment, you are required to submit the following documents.

- Completed Assessment 2 document
- Completed Project Excel Workbook
- Completed Bondi Bikes Budget 2024

Please save these to your computer and upload them onto the LMS once you have completed all required tasks.



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.

Student Instructions

This assessment uses a simulated business called Ace Finance. To complete the assessment tasks, you must access information, documents, and templates associated with one of Ace Finance's clients, Elite Manufacturing. These documents can be downloaded from the learning platform under the Assessment 2 tab.

- For this assessment, you will role-play Patresia Florence, a trainee accountant with Ace Finance. Andrew Black is your manager. To be assessed as competent, you must complete all tasks in the spaces provided in this assessment document, the FNSACC412_02_Project Excel Workbook or the FNSACC412_02_Project_Bondi Bikes Budget 2024_Template.

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

Task 1: Prepare budgets for Elite Manufacturing



To: Patresia Florence (p.florence@acefinance.com.au)
From: Andrew Black (a.black@acefinance.com.au)
Subject: Preparing budgets for Elite Manufacturing
Attachments:

Good morning Patresia

I would like you to assist me with one of our key clients, Elite Manufacturing Pty Ltd.

The business is a privately owned company with two (2) manufacturing plants that produce and sell two (2) products:

- Product A
- Product B.

They also have two (2) subsidiary companies:

- Sunrise Rice Bubbles
- Mountain Air Fruit Bran.

Elite Manufacturing is moving into its annual budget cycle. They have decided to introduce a new comprehensive budgeting system from 1 July 2022 to 30 June 2023 and asked us to assist them in preparing their operational budgets using their complex financial data.

Elite Manufacturing has provided us with the following information.

Elite Manufacturing operational information

	Product A	Product B
Sales forecast units	600,000	175,000
Selling price per unit	\$ 27	\$ 42
Finished goods, 1 July 2022 (units)	26,400	14,400
Required finished goods 30 June 2023 (units)	32,400	20,400
Direct materials 1 July 2022 (kg)	54,000	14,400
Required materials inventory, 30 June 2023 (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

Please prepare the following budgets for the coming financial year using the budget templates provided in the Excel workbook [FNSACC412_02_Project_Excel Workbook](#).

- Sales budget
- Production budget
- Direct materials budget
- Direct labour budget

- Factory overhead budget

Please reach out if you have any questions.



Warm regards

Andrew | Manager

andrew@ace.finance

Student Instructions

Download a copy of [FNSACC412_02_Project_Excel Workbook](#).

Use the information provided in Andrew Black's email to prepare Tab 1 Budgets for Elite Manufacturing. The specific budgets you need to prepare are:

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

MARKING GUIDE

Candidates must use the information provided in the email from Andrew Black and the templates provided in Tab 1 of [FNSACC412_02_Project_Excel Workbook](#) to prepare a:

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

The candidates' responses must match the benchmark answer provided below.

Sales Budget

Product	A	B
Budgeted sales units	600000	175000
Budgeted price per unit	\$ 27.00	\$ 42.00
Budgeted Sales	\$ 16,200,000.00	\$ 7,350,000.00

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	\$ 3,003,840.00	\$ 1,778,760.00	\$ 4,782,600.00

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	\$ 4,363,200.00	\$ 2,150,280.00	\$ 6,513,480.00

Factory Overhead Budget

Product	A	B	Total
Total cost of production = Production required x Cost of production per unit	\$ 9,090,000.00	\$ 4,669,800.00	\$ 13,759,800.00
Raw materials cost = Cost of purchase	\$ 3,003,840.00	\$ 1,778,760.00	\$ 4,782,600.00
Direct labour costs	\$ 4,363,200.00	\$ 2,150,280.00	\$ 6,513,480.00
Total prime costs (Direct labour costs + Raw materials cost)	\$ 7,367,040.00	\$ 3,929,040.00	\$ 11,296,080.00
Factory overhead = Total cost of production - Total prime cost	\$ 1,722,960.00	\$ 740,760.00	\$ 2,463,720.00

Total cost of production = Production required x Cost of production per unit:

- A = 606,000 x \$15.00
- B = 181,000 x \$25.80

Task 2: Budgeted Statement of financial performance



To: Patresia Florence (p.florence@acefinance.com.au)
From: Andrew Black (a.black@acefinance.com.au)
Subject: Budgeted Statement of Financial Performance for Elite Manufacturing
Attachments:

Good morning Patresia

Thank you for completing the budgets for Elite Manufacturing. I have some follow up tasks for you.

Elite Manufacturing's organisational goals and forecasts for the 2023 financial year include the following:

- Sales revenue to break even = \$23,000,000.
- Total budgeted expenses are not to exceed \$2,300,000 (10% of sales revenue).
- Net profit to be at least \$1,200,000.

Using the information provided in my previous email (Task 1) and the information above, create a budgeted statement of financial performance for the year ending 30 June 2023.

Once you have developed the budgeted Statement of financial performance, analyse the data to assess whether the six budget milestones are consistent with Elite Manufacturing's organisational goals and forecasts for 2023.

Prepare an email for Sam English, the Financial Controller at Elite Manufacturing. In the email:

- a. confirm whether the six budget milestones are consistent with their organisational goals and forecasts for 2023
- b. include a copy of the completed budgeted Statement of financial performance
- c. identify the six budget milestones to be followed in the 2023 financial year budget cycle
- d. identify two key performance indicators to measure sales and expense productivity.

Please reach out if you have any questions.



Warm regards
Andrew | Manager
andrew@ace.finance

Student Instructions

Access [FNSACC412_02_Project_Excel Workbook](#) and navigate to Tab2. Prepare a budgeted statement of financial performance for the year ending 30 June 2023.

Once you have prepared the budgeted Statement of financial performance, use the email template below to draft an email to Sam English. In the email, ensure you:

- Confirm whether the six budget milestones are consistent with their organisational goals and forecasts for 2023
- Include a copy of the completed budgeted Statement
- Identify the six budget milestones to be followed in the 2023 financial year budget cycle
- Identify two key performance indicators to measure sales and expense productivity.

Approximate word count: 250-300 words

Task 2 MARKING GUIDE

Candidates must draft and email to Sam English, the Financial Controller at Elite Manufacturing. The wording may differ; however, the candidate's response **must reflect** the benchmark answer provided below. Where indicated, the information provided by the candidate **must match** the benchmark answer provided below.

Email Template

To:	Sam English
From:	Patresia Florence (p.florence@acefinance.com.au)
Subject:	Budgeted Statement of financial performance for Elite Manufacturing
Attachments:	

Good Afternoon Sam

I have prepared the Budgeted Statement of Financial Performance for Elite Manufacturing for the year ending 30 June 2023.

Upon careful analysis of the data, I would like to confirm the following:

(The candidate's response must match the three points below)

- The budgeted sales revenue meets the minimum requirement of \$23,000,000. The budgeted sales revenue is \$31,300,000.
- The budgeted expenses exceed the 10% sales revenue target. The budgeted expenses are \$2,310,000, which is above \$2,300,000.
- The budgeted net profit of \$1,211,520 meets the minimum requirement of \$1,200,000.

Please find below a copy of the completed budgeted Statement of Financial Performance. This document provides a detailed breakdown of our financial projections for the specified period.

(The candidate's response must match the figures in the Budgeted Statement of Financial Performance below)

**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			
Direct Materials	9,000,000	4,515,000	13,515,000
Direct Labour	4,363,200	2,150,280	6,513,480
Gross Profit	2,836,800	684,720	3,521,520
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	\$ 1,456,800	-\$ 245,280	\$ 1,211,520

The identified six budget milestones to be followed in the 2023 financial year's budget cycle are as follows:

(The candidate's response must match the six budgeted milestones below).

1. Setting objectives
2. Analysing available resources
3. negotiating to estimate budget components
4. Coordinating and reviewing budget components
5. Obtaining final approval
6. Distributing the approved budget

To measure sales and expense productivity, we recommend tracking the following two key performance indicators:

(The candidate's response must include the two key performance indicators listed below).

- Gross profit margin = Gross profit/Sales
- Net profit margin = Net profit/Sales

Please feel free to reach out if you require any further clarification or discussion.

Kind regards



Patricia Florence | Trainee Accountant
p.florence@acefinance.com.au

Task 3: Budgeted Statement of cash flows



To: Patresia Florence (p.florence@acefinance.com.au)
From: Andrew Black (a.black@acefinance.com.au)
Subject: Budgeted cash flow statement for Elite Manufacturing
Attachments:

Good morning Patresia

Thank you for the draft budgeted Statement of financial performance for Elite Manufacturing.

Elite Manufacturing has also asked for a budget cash flow statement for the first two quarters of the financial year ending 30 June 2023.

Please use the information below to prepare this. Include your workings, as these will be used in our upcoming presentation to Elite Manufacturing management.

Revenue figures are in the table below.

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

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

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

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

Elite Manufacturing plans to buy equipment in the first quarter of 2023 for \$48,000. They will pay off a \$72,000 loan, which will mature during the second quarter of 2023. 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

Please reach out if you have any questions.

Warm regards



Andrew | Manager

andrew@ace.finance

Student Instructions

Access [FNSACC412_02_Project_Excel Workbook](#) and navigate to Tab 3.

Prepare a budgeted Statement of Cash Flows for Elite Manufacturing for quarters 1 & 2 of 2023 FY. Include your workings.

Task 3 MARKING GUIDE

Candidates must produce a budgeted Statement of Cash Flow for Elite Manufacturing for quarters 1 & 2. (September and December 2022). The response must include all the candidate's workings and match the benchmark answer below.

Budgeted Statement of Cash Flows for Elite Manufacturing for Q1 and Q2 2023

	September	December	Total
<i><u>Cashflow from operating activities:</u></i>			
Receipts from customers	\$398,400.00	\$348,000.00	
Payments to suppliers and employees	-\$313,200.00	-\$286,800.00	
Interest paid		-\$8,400.00	
Net cash from operating activities:	\$85,200.00	\$52,800.00	\$138,000.00
<i><u>Cashflow from investing activities:</u></i>			
Purchase of equipment	-\$48,000.00		
Net cash from investing activities	-\$48,000.00		-\$48,000.00
<i><u>Cashflow from financing activities:</u></i>			
Repayment of borrowings		-\$72,000.00	
Net cash from financing activities		-\$72,000.00	-\$72,000.00
Net increase/[decrease] in cash held	\$37,200.00	-\$19,200.00	\$18,000.00
Cash at the beginning of the quarter	\$36,000.00	\$73,200.00	\$36,000.00
Cash at the end of the quarter	\$73,200.00	\$54,000.00	\$54,000.00

WORKINGS

Receipts from Customers

Q2 2022	Q3 2022	Q4 2022	Q1 2023	Total Q1 2023
\$288,000.00	\$264,000.00	\$336,000.00	\$456,000.00	
5%	10%	25%	60%	
\$14,400.00	\$26,400.00	\$84,000.00	\$273,600.00	\$398,400.00

Q3 2022	Q4 2022	Q1 2023	Q2 2023	Total Q2 2023
\$264,000.00	\$336,000.00	\$456,000.00	\$312,000.00	
5%	10%	25%	60%	
\$13,200.00	\$33,600.00	\$114,000.00	\$187,200.00	\$348,000.00

Staff Payments

Q4 2022	Q1 2023	Total Q1 2023
\$192,000.00	\$120,000.00	
30%	70%	
\$57,600.00	\$84,000.00	\$141,600.00

Q1 2023	Q2 2023	Total Q2 2023
\$120,000.00	\$144,000.00	
30%	70%	
\$36,000.00	\$100,800.00	\$136,800.00

Advertising and promotion expenses

	Q1 2023	Q2 2023
Revenue	\$456,000.00	\$312,000.00
%	15%	15%
% revenue	\$68,400.00	\$46,800.00
per Qtr	\$36,000.00	\$36,000.00
Total	\$104,400.00	\$82,800.00

Administrive expenses

	Q1 2023	Q2 2023
per Qtr	\$96,000.00	\$96,000.00
less Dep	\$28,800.00	\$28,800.00
Total	\$67,200.00	\$67,200.00

Task 4: Budget Variances for Elite Manufacturing



To: Patresia Florence (p.florence@acefinance.com.au)
From: Andrew Black (a.black@acefinance.com.au)
Subject: Budgeted variances for Elite Manufacturing
Attachments:

Hi Patresia,

Thank you for completing Elite Manufacturing's cash flow statement.

Before our presentation to the Elite Manufacturing management team, please use the information below to calculate the budget variances and assess whether they are favourable or unfavourable.

Budget variances report supporting information.

Sales

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

Material

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

Labour

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

Variable Overheads

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

Fixed Overheads

Actual fixed overhead	420,000
Fixed overhead rate	\$20.00
Budgeted production hours (2 locations)	10,000

Standard production hours (2 locations)	9,500
Actual production hours (2 locations)	10,100

The management of Elite Manufacturing has implemented a plan to grow the business. They must hit their sales milestones to ensure they have the capital to fund their plan. Their objective is to achieve at least a \$2,500 favourable variance for their total sales variance.

Once you have completed the variance calculations, conduct a thorough analysis of the sales variance to determine if Elite Manufacturing is on track to achieve its objective.

Using the email template below, compose an email to Sam English, the Financial Controller and Jordyn James, the bookkeeper at Elite Manufacturing, outlining the total sales variance. Additionally, offer your perspective on whether the company is on track to achieve the milestone. Include a copy of the budget variances in the body of the email.

If there are unfavourable variances, we must consult Sam English for guidance on further investigation and potential responses.

Please ensure you send the email within 48 hours of completing the variance calculations.



Warm regards

Andrew | Manager

andrew@ace.finance

Student Instructions

Access [FNSACC412_02_Project_Excel Workbook](#) and navigate to Tab 4.

Use the Budget variances report supporting information in the email to calculate the following:

- Sales variance
- Material variance
- Labour variance
- Variable overhead variance
- Fixed overhead variances.

Once you have calculated the variances:

- analyse each variance to identify whether it is favourable or unfavourable
- determine whether Elite Manufacturing is on track to achieve its objective.

Use the email template below to draft an email to Sam English. In the email, you must cover the following:

- the total sales variance milestone
- the variance reports
- highlight any unfavourable variances
- seek direction to address any unfavourable variances.

Task 4 MARKING GUIDE

Candidates must use the information in the email from Andrew Black to calculate the following variances in tab 4 of the FNSACC412_02_Project_Excel Workbook:

- Sales variance
- Material variance
- Labour variance
- Variable overhead variance
- Fixed overhead variances

They must then analyse each variance to identify whether it is favourable or unfavourable and determine if Elite Manufacturing is on track to achieve its objective of achieving at least a \$2,500 favourable variance for their total sales variance.

Following the variance analysis, candidates must draft and email to Sam English, the Financial Controller and Jordyn James, the bookkeeper at Elite Manufacturing. The email must cover the following:

- the total sales variance milestone
- the variance reports
- highlight any unfavourable variances
- seek direction to address any unfavourable variances.

The wording may differ; however, the candidate's response **must reflect** the benchmark answer provided below. Where indicated, the information provided by the candidate **must match** the benchmark answer provided below.

Email Template

To:	Sam English, Jordyn James
From:	Patresia Florence (p.florence@acefinance.com.au)
Subject:	Budgeted variances for Elite Manufacturing
Attachments:	

Good Afternoon Sam

As part of our ongoing financial analysis, I have calculated the following variances based on the information you provided in Andrew Black.

Upon thorough examination, here are the findings:

(Candidates' response must include an analysis of whether Elite Manufacturing will meet its total sales variance milestone)

Total sales variance of \$3,700 [favourable], which is a combination of sales price variance of -\$8,300 [unfavourable] and sales volume variance of \$12,000 (favourable). This exceeds the goal of a \$2,500 favourable variance. Elite Manufacturing is on track to achieve its objectives.

Candidates' responses must include a screenshot of the:

- *Sales Variance*
- *Material Variance*
- *Labour Variance*
- *Variable Overhead Variance*
- *Fixed Overhead Variancesriance*

a) Sales Variance

Sales price variance = (Actual selling price - Budgeted selling price) x Actual units sold	
Product A	\$1,600.00
Product B	-\$9,900.00
Sales price variance	-\$8,300.00
Sales volume variance = (Actual quantity - Budgeted quantity) x Budgeted selling price	
Product A	-\$12,000.00
Product B	\$24,000.00
Sales volume variance	\$12,000.00

Favourable
Unfavourable
Unfavourable
Unfavourable
Favourable
Favourable

Workings for Assessor
(\$6.20 - \$6.00 x 8,000)
(\$7.70 - \$8.00 x 33,000)

(8,000 vs 10,000 x \$6.00)
(33,000 vs 30,000 x \$8.00)

b) Materials Variance

Total materials variance	
Standard quantity x Standard price	\$120,000.00
Actual quantity x Actual price	\$112,000.00
	\$8,000.00
Material price variance	\$2.00
Material price variance	
(Standard price - Actual price) x Actual quantity	-\$32,000.00
(Standard quantity - Actual quantity) x Standard price	\$40,000.00

Favourable
Unfavourable
Favourable

Workings for Assessor
(24,000 x \$5)
(16,000 x \$7)

(\$7 - \$5)

((-\$5 - \$7) x 16,000)
((24,000 - 16,000) x \$5)

c) Labour Variance

Total labour variance	
Standard quantity x Standard price	\$252,000.00
Actual quantity x Actual price	\$336,000.00
	-\$84,000.00
Labour price variance	\$1.00
Labour quantity variance	
(Standard price - Actual price) x Actual quantity	\$42,000.00
(Standard quantity - Actual quantity) x Standard price	-\$126,000.00

Unfavourable
Unfavourable
Favourable
Unfavourable

Workings for Assessor
(28,000 x \$9)
(42,000 x \$8)

(\$9 - \$8)

((-\$9 - \$8) X 42,000)
((28,000 - 42,000) x \$9)

d) Variable Overheads Variance

Variable overheads price variance	
Actual variable overhead	\$13,000.00
Budgeted adjusted actual hours	\$10,000.00
Price variance	-\$3,000.00
Variable overheads efficiency variance	
Budgeted adjusted actual hours	\$10,000.00
Budgeted adjusted to standard hours	\$12,000.00
Efficiency variance	\$2,000.00

Unfavourable
Favourable

Workings for Assessor

(2,500 x \$4)

(3,000 x \$4)

e) Fixed Overheads Variance

Fixed overhead budget variance	
Actual fixed overhead	\$420,000.00
Budgeted fixed overhead	\$400,000.00
Budget variance	-\$20,000.00
Volume variance	
Budgeted fixed overhead	\$400,000.00
Standard fixed overhead	\$380,000.00
Volume variance	-\$20,000.00
Fixed overhead efficiency variance	
(Standard hours vs Actual hours) x Standard fixed overhead rate	-\$24,000.00
Fixed overhead pure volume variance	
(Actual hours - Budgeted hours) x Standard fixed overhead rate	\$4,000.00

Unfavourable
Unfavourable
Unfavourable
Unfavourable
Favourable

Workings for Assessor

((10,000 x 2) x \$20)

((9,500 x 2) x \$20)

((9,500 x 2) - (10,100 x 2) X \$20)

((10,100 x 2) - (10,000 x 2) X \$20)

(Candidates' responses must highlight unfavourable variances and ask for direction on how to respond)

Our variance analysis has identified the following unfavourable variances:

- Sales Variance
 - Sales price variance (Product B)
 - Sales volume variance (Product A)
- Material Variance
 - Material price variance
- Labour Variance
 - Labour price variance
 - Labour quantity variance
- Variable overhead price variance
 - Price variance
- Fixed overhead b variance
 - Fixed overhead budget variance
 - Volume variance
 - Fixed overhead efficiency variance

These require further investigation to determine whether they are one-off events or trends that require a planned response.

Please provide instructions on whether you want me to look into all unfavourable variances or identify priorities for investigation.

Kind regards



Patricia Florence / Trainee Accountant
p.florence@acefinance.com.au

Task 5: Role Play



To: Patresia Florence (p.florence@acefinance.com.au)
From: Andrew Black (a.black@acefinance.com.au)
Subject: Meeting with Elite Manufacturing
Attachments:

Hi Patresia,

Thank you for sharing the Budgeted Variance Report with Sam English and Jordyn James. Sam has contacted me regarding the possibility of managing their budgeting function in-house and has suggested a meeting with himself and Jordyn to discuss this. The focus of the discussion will be on:

- Developing an internal financial administration policy and procedure, particularly in the context of budgeting.
- Utilising MYOB to support budget preparation.

Regrettably, I won't be available for this meeting. However, I've outlined below the key points that I believe should be addressed in Elite Manufacturing's internal policy and procedure:

- Budget Frequency (e.g., annual, quarterly).
- Budget Centers.
- Types of budget reports.
- Forecasts.
- Review and sign-off responsibilities.

To prepare for the meeting, please conduct research so we can offer Sam informed advice on what should be included in Elite Manufacturing's Budgeting Policy and Procedure. Additionally, research the following aspects of budgeting in MYOB:

- Considerations when defining business goals.
- Methods for creating a budget by importing data.
- Techniques for comparing performance against the budget.

Your efforts in gathering this information will significantly contribute to the discussion with Sam. Let me know if you have any questions or need anything else.



Warm regards

Andrew | Manager

andrew@ace.finance

Instructions to Students

This is a role-play activity. To complete this task, you will need to meet with Sam English, the Financial Controller and Tan Xong, the bookkeeper at Elite Manufacturing, to discuss:

- Developing an internal financial administration policy and procedure, particularly in the context of budgeting.
- Utilising MYOB to support budget preparation.

Role Play Instructions

The role play/meeting must include at least number three (3) participants, must not exceed 15 minutes in 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. Peers who you are already working within the industry your qualification relates to.
2. Fellow students who will play the role of a team member. Please contact your fellow students via the Discussion Forum and coordinate your role-play with them directly.

If you are unable to find participants to play the roles of the other team members, contact your assessor via the Discussion Forum, who will discuss options for pairing up with another student to complete this task.

Option 1: Peer/s participant

Should you complete this task with your Peers, you must fully brief all participants, 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.

Option 2: Fellow student/s participant

Fellow students participating in the recording must be provided with context to their role and responsibilities in the session and 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.

Recording instructions

Your role play must be recorded with all participants 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 with their name and job title to inform consent.

"This session/presentation is being recorded for assessment purposes for my course with Colab. 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. Save the recording as 'FNSACC412 Role-Play 1_YourName_DDMMYYYY'

Include this recording as part of your assessment submission.

Instructions for Participants

Participant 1: You will play the role of Patresia Florence, a trainee accountant with Ace Finance.

The purpose of the meeting is to meet with Sam English, the Financial Controller and Jordyn James, the bookkeeper at Elite Manufacturing, to discuss:

- Developing an internal financial administration policy and procedure, particularly in the context of budgeting.
- Utilising MYOB to support budget preparation.

Before the role-play meeting

To prepare for this meeting, please provide the participants role-playing Sam English (Participant 2) and Jordyn James (Participant 3) with a copy of the role-play scenario.

This will allow them to prepare and contribute to the meeting.

During the role-play meeting

This meeting is to be a discussion and must not exceed 15 minutes in duration. You will be assessed by demonstrating the criteria outlined below:

- Introduce yourself.
- Use active listening skills.
- Use questioning techniques to elicit the views and opinions of others and to confirm requirements.
- Builds rapport during discussions, collaborations and negotiations
- Discussed each key feature that must be included in Elite Manufacturing's budgeting and forecasting policies and procedures. Key features must include:
 - Frequency (annual, quarterly, etc.)
 - Budget centres
 - Types of budget reports
 - Forecasts
 - Review and sign off (who is responsible)
- Explain MYOB's approach to working with budgets, including
 - Three (3) considerations when defining your business goals.
 - Three (3) ways to create a budget by importing data.
 - How to compare performance against the budget.

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During the meeting, you must ask the Finance officer the following two questions:

1. Who at Elite Manufacturing will be responsible for planning, monitoring and reporting the budget?
2. Who signs off on the budget?

The answers to these questions must be considered when discussing the key features of the budget.

During the meeting, you must answer the following questions:

1. Does MYOB have budgeting functionality?
2. Can you explain briefly how to create a budget in MYOB?
3. What impact does defining our business goals have when budgeting in MYOB?

Participants' briefing instructions:

Role-play context for the participant role-playing Sam English.

Participant 2: You will play the role of Sam English, the Financial Controller at Elite Manufacturing.

Scenario

Elite Manufacturing Pty Ltd is a privately owned manufacturing company with two dedicated manufacturing plants, producing and selling two distinct products: Product A and Product B.

Previously, Elite Manufacturing enlisted the services of Ace Finance to assist with its annual budget cycle. However, looking ahead, they are considering bringing this process in-house. To ensure a smooth transition and accurate budgeting, the company is keen on establishing robust policies and procedures.

You are meeting with Patresia Florence, a trainee accountant with Ace Finance, to discuss:

- developing an internal budgeting policy and procedure
- utilising MYOB to support budget preparation.

Before the role-play meeting

Familiarise yourself with role-play scenario.

During the role-play meeting

During the meeting, Patresia Florence will ask the following questions:

1. Who at Elite Manufacturing will be responsible for planning, monitoring, and reporting the budget?

Your response:

"I, along with the two manufacturing managers, are responsible for planning the budget. Additionally, I hold the responsibility for monitoring and reporting on the budget."

2. Who signs off on the budget?

Your response:

"The company CEO is the individual responsible for signing off on the budget."

Please note: The student being assessed will be recording this meeting and submitting the recording for assessment.

During the meeting, the student must address all elements of the Observation Checklist below.

Observation Checklist

During the meeting, the student must:
Introduce themselves.
Use active listening skills.
Use questioning techniques to elicit the views and opinions of others and to confirm requirements.
Builds rapport during discussions, collaborations and negotiations.
Discuss each key feature that must be included in Elite Manufacturing's budgeting and forecasting policies and procedures. Key features must include: <ul style="list-style-type: none">• Frequency (annual, quarterly, etc.)

- Budget centres
- Types of budget reports
- Forecasts
- Review and sign off (who is responsible).

Explain MYOB's approach to working with budgets.

Role-play context for the participant role-playing Jordyn James.

Participant 3: You will play the role of Jordyn James, the bookkeeper at Elite Manufacturing.

Scenario

Elite Manufacturing Pty Ltd is a privately owned manufacturing company with two dedicated manufacturing plants, producing and selling two distinct products: Product A and Product B.

Previously, Elite Manufacturing enlisted the services of Ace Finance to assist with its annual budget cycle. However, looking ahead, they are considering bringing this process in-house. To ensure a smooth transition and accurate budgeting, the company is keen on establishing robust policies and procedures.

You are meeting with Patresia Florence, a trainee accountant with Ace Finance, to discuss:

- developing an internal budgeting policy and procedure
- utilising MYOB to support budget preparation.

Before the role-play meeting

Familiarise yourself with role-play scenario.

During the role-play meeting

During the meeting, you must ask Patresia Florence the following questions:

1. Does MYOB have budgeting functionality?
2. Can you explain briefly how to create a budget in MYOB?
3. What impact does defining our business goals have when budgeting in MYOB?

Please note: The student being assessed will be recording this meeting and submitting the recording for assessment.

During the meeting, the student must address all elements of the Observation Checklist below.

Observation Checklist

During the meeting, the student must:

Introduce themselves.

Use active listening skills.

Use questioning techniques to elicit the views and opinions of others and to confirm requirements.

Builds rapport during discussions, collaborations and negotiations
Discuss each key feature that must be included in Elite Manufacturing's budgeting and forecasting policies and procedures. Key features must include: <ul style="list-style-type: none"> • Frequency (annual, quarterly, etc.) • Budget centres • Types of budget reports • Forecasts • Review and sign off (who is responsible.
Explain MYOB's approach to working with budgets.

MARKING GUIDE

Candidates must submit a video recording of the role-play/meeting between themselves and at least two (2) participants. The meeting must not exceed fifteen minutes in duration and must address all elements of the Observation Checklist below.

Observation Checklist

Observation Checklist		
The student was observed demonstrating the following during their meeting:	Satisfactory /Not Yet Satisfactory S/NYS	Assessor Comment
<p>1. Introduce themselves</p> <p>This can be demonstrated by the student clearly stating their name and role.</p> <p>For example, "Hello Sam & Jordyn, my name is Patresia Florence, a trainee accountant with Ace Finance. I have been working with Andrew to update Elite Manufacturing's 2023 budget".</p>		
<p>2. Used active listening skills.</p> <p>This can be demonstrated by the student by:</p> <ul style="list-style-type: none"> • Paying close attention to what Sam English and Jordayn James are saying. • Showing that they are engaged by making eye contact, nodding, and providing verbal cues. • Not interrupting Sam English and Jordayn James when they are speaking. • Paraphrasing and summarising what Sam English and Tan Xong are saying. 		
<p>3. Use questioning techniques to elicit the views and opinions of others and to confirm requirements.</p> <p>This can be demonstrated by the student by:</p> <ul style="list-style-type: none"> • Asking the Sam English: 		

<ul style="list-style-type: none"> ○ Who at Elite Manufacturing will be responsible for planning, monitoring and reporting the budget? ○ Who signs off on the budget? ● Asking clarifying questions. ● Summarising what Sam English and Jordayn James have said, for example: "If I understand correctly, The CEO is responsible for signing off the annual budget, you and the manufacturing managers plan the budget and you and Tan monitor and report the budget." 		
<p>4. Builds rapport during discussions, collaborations and negotiations</p> <p>This can be demonstrated by the student by:</p> <ul style="list-style-type: none"> ● Using non-verbal cues like nodding and smiling to convey attentiveness. ● Acknowledging and validating others' contributions by responding positively to their ideas or comments. ● Being flexible in finding common ground and understanding different perspectives. ● Encourage open dialogue by being approachable and receptive to diverse opinions. ● Actively listening. 		
<p>5. Discuss each key feature that must be included in Elite Manufacturing's budgeting and forecasting policies and procedures.</p> <p>Frequency This can be demonstrated by the student explaining:</p> <ul style="list-style-type: none"> ● Budgets are usually prepared annually. ● Quarterly interim budget cycles can be useful for sales forecasting and cash flow forecasting. <p>Budget Centres This can be demonstrated by the student explaining:</p> <ul style="list-style-type: none"> ● Budget centres are functional units headed by a manager responsible for that unit's activities. These can be: <ul style="list-style-type: none"> ○ Revenue centres ○ Expense centres ○ Profit centres ○ Investment centres. <p>Budget Reports This can be demonstrated by the student explaining:</p> <ul style="list-style-type: none"> ● A sales budget is a financial plan that estimates the total revenue a company 		

<p>makes in a specific period. Companies measure this in both dollars and units and use it as a tool to predict the future performance of their business.</p> <ul style="list-style-type: none"> • A materials budget calculates the materials that must be purchased by time period to fulfil the requirements of the production budget. • A labour budget calculates the total number of labour hours required to manufacture the units in the production budget. • Variable overhead costs are costs that change as the volume of production changes or the number of services provided changes. Variable overhead costs decrease as production output decreases and increase when production output increases. • Fixed overhead costs are costs that do not change even while the volume of production activity changes. Fixed costs are fairly predictable and necessary to keep a company operating smoothly. <p>Forecasts This can be demonstrated by the student explaining:</p> <ul style="list-style-type: none"> • Forecasts are primarily used to prepare sales budgets. <p>Review and sign off. This can be demonstrated by the student explaining:</p> <ul style="list-style-type: none"> • Budgets are usually prepared by the Accountant/ Finance Manager and signed off by the Finance Director/Chief Financial Officer. 		
<ul style="list-style-type: none"> • Explain MYOB's approach to working with budgets. <p>This can be demonstrated by the student explaining:</p> <ul style="list-style-type: none"> • Before you dive into budgets, it's important to understand what you want to achieve. Do you want to grow sales, are you planning to expand, or do you need to keep an eye on cash flow? • When you've decided on your goals, you need to translate them into figures. There's a lot of information you already have that can make sure these figures are as realistic as possible. <p>Three (3) considerations when defining your business goals. The student may mention you could look at the following:</p>		

- Business plans for sales, marketing, production, staffing and product lines.
- What you made and spent in other years, by looking at bank and activity statements.
- What you're planning to buy, like plant or equipment, you're going to buy or dispose of any major events that will impact the budget period, such as opening or closing a business location.
- Existing budgets that you can use as a basis for this period's goals.

Three (3) ways to create a budget by importing data.

The student **may mention**:

You can use Microsoft Excel or another spreadsheet application to prepare your budget. You can do this by exporting the budget as a CSV file, working on it in Excel and then importing it back into MYOB.

The student **must mention** you can import:

- The previous year's actual figures. If you have been using MYOB for more than 12 months, you can import last year's actual figures into the budget and make any adjustments for the new year.
- A saved budget. If you have an existing budget in MYOB, **you** can use it as a template for the new budget.
- A CSV file. You can use Microsoft Excel or another spreadsheet application to prepare your budget. You can do this by exporting the budget as a CSV file, working on it in Excel and then importing it back into MYOB.

How to compare performance against the budget.

The student **must mention**

You should compare your actual performance to your budget at least monthly. This will enable you to identify areas that aren't going as well as you were hoping or expecting. You can then take action to rein in the expenses or boost your sales.

The student **may mention**:

The **Profit and loss report** enables you to compare your budget and your actual figures side by side in a table or graph format. You can quickly identify the areas that need your attention, with the variance shown as dollar and percentage amounts.

Compare your results to a budget that's for the period you're reviewing. Just select the **Budget** option and then select the budget you want to compare from the drop-

down list. The report will show the variance in both dollar and percentage terms.

Assessor: For additional information

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Task 6: Case Study- Bondi Bikes

Bondi Bikes, a small trading company that manufactures and sells bikes, seeks your assistance in reviewing their sales budget for the current year.

Business owner Bob Keaton has asked you to analyse the information provided in order to make the necessary adjustments in the unit sales and selling prices for the next financial year. He feels like the business is not selling as much as it is expected to.

The production team intends to add new features to the Deluxe bikes so it would attract more youth customers.

Consider the following:

- Based on the actual 2023 quarterly sales, Bob wants to increase the expected unit sales for each quarter by 15 per cent. However, the third quarter will be increased by 25 per cent to meet expected demands.
- An additional markup of 40 per cent will be added to the production cost to determine the quarterly selling price. Since production cost is likely high in the third quarter, the markup is at 50 per cent.
- Prices during the third quarter are relatively high as this is the peak season for Bondi Bikes.

Complete the following tasks to prepare the operational budget for Bondi Bikes.

Student Instructions

Download the following documents.

- FNSACC412_02_Bondi Bikes Operational Budget
- FNSACC412_02_Project_Bondi Bikes Budget 2024_Template

a. Review the information provided in the Bondi Bikes Operational Budget - Sales tab.

In FNSACC412_02_Project_Bondi Bikes Budget 2024_Template, create the sales budget for the 2024 financial year based on the sales forecast and project objectives for Deluxe bikes. Your sales budget must include the following:

- Expected quarterly unit sales. Assume that actual sales for quarter 4, 2023, are 187 units.
- Unit selling price per quarter. This can only be determined after completing parts b to d.
- Quarter total cost and the annual total sales.

Ensure that:

- Your budget is broken down into seasonal periods to determine the peak and off-peak seasons.
- Unit sales must be rounded off to the nearest unit.
- All other amounts must be rounded to two decimal places.

Marking guide

Candidates must create the **sales budget** for the 2024 financial year based on the following:

- Based on the **actual quarterly sales** for year 2023:
 - The expected quarterly unit sales for Q1, Q2, and Q4 must be increased by 15%
 - The expected quarterly unit sales for Q3 must be increased by 25%
- Unit selling price per quarter is production cost per unit for year 2023 plus:
 - 40% markup on Q1, Q2, and Q4
 - 50% markup on Q3.

A Benchmark answer has been provided in the Sales budget for 2024 in FNSACC412_AG_02_Project_Bondi Bikes Budget 2024.

b. Review the information provided in the Bondi Bikes Operational Budget - Production tab.

In FNSACC412_02_Project_Bondi Bikes Budget 2024_Template, create the production budget for the 2024 financial year.

Use the following guidelines to calculate the values required in the template:

- **Budgeted Unit Sales** are to be determined from the sales budget of the 2024 financial year
- **Desired Ending Inventory:**
 - If the following quarter falls in an off-peak season, calculate using the budgeted unit sales of the following quarter increased by 5%.
 - If the following quarter falls in the peak season, calculate using budgeted unit sales of the following quarter increased by 15%
 - To determine the desired ending inventory for Q4 2024, forecast the Budgeted Unit Sales for the following quarter by assuming that the expected sales for Q4 2024 will be hit and increase by 10 per cent.
- **Total Required Units:** total Budgeted Unit Sales and the Desired Ending Inventory.
- **Beginning Inventory:** based on the Desired Ending Inventory of the previous quarter.
 - The beginning inventory for Q1 2024 is based on the final inventory of the previous quarter.
- **Required units for production:** total units less beginning inventory
- **Production cost per unit:** total unit production cost divided by required units for production
- **Total unit production cost:** total cost of the units to be produced based on the total cost of direct materials, direct labour and factory overhead
 - This can only be determined after completing c and d.
- **Annual total cost:** total production cost within the year.

Ensure that:

- Your budget is broken down into seasonal periods to determine the peak and off-peak seasons.
- Unit sales must be rounded off to the nearest unit.
- All other amounts must be rounded to two decimal places.

Marking guide

Candidates must create the production budget for the 2024 financial year based on the production budget of the previous year and the sales budget for the 2024 financial year.

A Benchmark answer has been provided in the Production budget for 2024 in FNSACC412_AG_02_Project_Bondi Bikes Budget 2024.

c. Review the information provided in Bondi Bikes Operational Budget – Direct Labour and Factory Overheads tabs.

In FNSACC412_02_Project_Bondi Bikes Budget 2024_Template, create the direct labour budget and the factory overhead budget for the 2024 financial year. When creating the budgets, you must consider:

- The bike mechanic's rate per hour is estimated to increase to \$21.50 an hour.
- One unit can be completed in approximately 2.5 hours.
- Other labour costs amount to \$550 per quarter.
- The factory overhead budget is 50 per cent of the total labour cost for the year.

Ensure that:

- Your budget is broken down into seasonal periods to determine the peak and off-peak seasons.
- All amounts must be rounded to two decimal places.

Marking guide

The candidate must create the direct labour budget and the factory overhead budget for the 2024 financial year.

A Benchmark answer has been provided in the Direct Labour Budget and Factory Overhead Budget for 2024 in FNSACC412_AG_02_Project_Bondi Bikes Budget 2024.

d. Review the information provided in the Bondi Bikes Operational Budget – Direct Materials tabs.

In FNSACC412_02_Project_Bondi Bikes Budget 2024_Template, create the direct materials budget for the 2024 financial year. Consider the following:

- There is an expected increase of 2 per cent in the cost per unit of the raw materials.
- The beginning cost of raw materials available for next year refers to the ending cost of materials available from the current year.

Ensure that:

- Your budget is broken down into seasonal periods to determine the peak and off-peak seasons.
- Unit sales must be rounded off to the nearest unit.
- All other amounts must be rounded to two decimal places.

Marking guide

Candidates must create the direct materials budget for the 2024 financial year.

The beginning cost of raw materials available is \$3330.00 (see Actual Direct Materials Schedule for 2023).

A Benchmark answer has been provided in the Direct Materials Budget for 2024 in FNSACC412_AG_02_Project_Bondi Bikes Budget 2024.

e. Review the information provided in the Bondi Bikes Operational Budget – General & Admin tab.

In FNSACC412_02_Project_Bondi Bikes Budget 2024_Template, use the budget figures you have calculated to prepare the 2024 Budget Estimate. Consider the following:

- Rent and Utilities will increase quarterly by 2.5%.
- Advertising will increase quarterly by 10%.
- Salaries are expected to increase quarterly by 5%.
- Miscellaneous expenses are expected to double.

Ensure that your budget is broken down into seasonal periods to determine the peak and off-peak seasons. All amounts must be rounded off to the nearest dollar.

Save the six (6) completed budgets to your desktop using the filename FNSACC412_02_Project_Bondi Bikes Budget 2024 and upload it to the LMS when you have finished this assessment.

Marking guide

Candidates must create a budget estimate for the 2024 financial year. A Benchmark answer has been provided in Budget Estimate 2024 in FNSACC412_AG_02_Project_Bondi Bikes Budget 2024.

Congratulations, you have reached the end of Assessment 2!

Assessment checklist

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

Task 1	FNSACC412_02_Project_Excel Workbook <ul style="list-style-type: none"> • Sales budget (Tab 1) • Production budget (Tab 1) • Direct materials budget (Tab 1) • Direct labour budget (Tab 1) • Factory overhead budget (Tab 1) 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Task 2	FNSACC412_02_Project_Excel Workbook <ul style="list-style-type: none"> • Budgeted Statement of financial performance for Elite Manufacturing (Tab 2) • Email Template 	<input type="checkbox"/> <input type="checkbox"/>
Task 3	FNSACC412_02_Project_Excel Workbook <ul style="list-style-type: none"> • Budgeted cash flow statement for Elite Manufacturing (Tab 3) 	<input type="checkbox"/>
Task 4	FNSACC412_02_Project_Excel Workbook <ul style="list-style-type: none"> • Budgeted variances for Elite Manufacturing (Tab 4) • Email Template 	<input type="checkbox"/> <input type="checkbox"/>
Task 5	Recording of Role play meeting to discuss the budgeting function	<input type="checkbox"/>
Task 6	FNSACC412_02_Project_Bondi Bikes Budget 2024 <ul style="list-style-type: none"> • six (6) completed budgets 	<input type="checkbox"/>
<p>Save all documents on your computer with the naming convention:</p> <p>FNSACC412_Assessment 2_Student name</p> <p>When you have completed your assessment, upload it to the platform where you downloaded this assessment from.</p>		

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