



**COMPLIANT**  
LEARNING RESOURCES

## FNS50215 Diploma of Accounting



### FNSACC503 Manage budgets and forecasts

V1.1 Produced 19 May 2016

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Version control & document history

| Date         | Summary of modifications made                                                                                    | Version |
|--------------|------------------------------------------------------------------------------------------------------------------|---------|
| 1 March 2016 | Version 1 final produced following transition updates                                                            | 1.0     |
| 19 May 2016  | Updated initial budget estimate on the 'Budget Estimates for the following Financial Year' table on Case Study 2 | 1.1     |

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## INSTRUCTIONS

The questions in this workbook are divided into two categories.

These questions are all in a short answer format. The longer questions requiring creative thought processes are covered in the case studies assessment. **You must answer all questions using your own words.** However you may reference your learner guide to complete this assessment.

### Requirements for satisfactory completion

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**For a 'satisfactory' result for each component of this workbook, all tasks must be addressed to a 'satisfactory' standard. It is important that you:**

- a) Provide responses using complete sentences, making direct reference to the question.
- b) Specifically address all parts of the question providing examples where appropriate.

## WHAT IS COMPETENCY BASED ASSESSMENT

The features of a competency based assessment system are:

- It is focused on what learners can do and whether it meets the criteria specified by industry as competency standards.
- Assessment should mirror the environment the learner will encounter in the workplace.
- Assessment criteria should be clearly stated to the learner at the beginning of the learning process.
- Assessment should be holistic. That is it aims to assess as many elements and/or units of competency as is feasible at one time.
- In competency assessment a learner receives one of only two outcomes – competent or not yet competent.
- The basis of assessment is in applying knowledge for some purpose. In a competency system, knowledge for the sake of knowledge is seen to be ineffectual unless it assists a person to perform a task to the level required in the workplace.
- The emphasis in assessment is on assessable outcomes that are clearly stated for the trainer and learner. Assessable outcomes are tied to the relevant industry competency standards where these exist. Where such competencies do not exist, the outcomes are based upon those identified in a training needs analysis.

## Definition of competency

Assessment in this context can be defined as:

- The fair, valid, reliable and flexible gathering and recording of evidence to support judgement on whether competence has been achieved. Skills and knowledge (developed either in a structured learning situation, at work, or in some other context) are assessed against national standards of competence required by industry, rather than compared with the skills and knowledge of other learners.

## THE BASIC PRINCIPLES OF ASSESSING NATIONALLY RECOGNISED TRAINING

Developing and conducting assessment, in an Australian vocational education and training context, is founded on a number of basic conventions:

### The principles of assessment

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- Assessment must be valid
  - Assessment must include the full range of skills and knowledge needed to demonstrate competency.
  - Assessment must include the combination of knowledge and skills with their practical application.
  - Assessment, where possible, must include judgements based on evidence drawn from a number of occasions and across a number of contexts.
- Assessment must be reliable
  - Assessment must be reliable and must be regularly reviewed to ensure that assessors are making decisions in a consistent manner.
  - Assessors must be trained in national competency standards for assessors to ensure reliability.
- Assessment must be flexible
  - Assessment, where possible, must cover both the on and off-the-job components of training within a course.
  - Assessment must provide for the recognition of knowledge, skills and attitudes regardless of how they have been acquired.
  - Assessment must be made accessible to learners through a variety of delivery modes, so they can proceed through modularised training packages to gain competencies.

## ASSESSMENT WORKBOOK COVER SHEET

|                    |                              |
|--------------------|------------------------------|
| WORKBOOK:          | FNSACC503                    |
| TITLE:             | Manage budgets and forecasts |
| FIRST AND SURNAME: |                              |
| PHONE:             |                              |
| EMAIL:             |                              |

Please read the Candidate Declaration below and if you agree to the terms of the declaration sign and date in the space provided.

By submitting this work, I declare that:

- I have been advised of the assessment requirements, have been made aware of my rights and responsibilities as an assessment candidate, and choose to be assessed at this time.
- I am aware that there is a limit to the number of submissions that I can make for each assessment and I am submitting all documents required to complete this Assessment Workbook.
- I have organised and named the files I am submitting according to the instructions provided and I am aware that my assessor will not assess work that cannot be clearly identified and may request the work be resubmitted according to the correct process.
- This work is my own and contains no material written by another person except where due reference is made. I am aware that a false declaration may lead to the withdrawal of a qualification or statement of attainment.
- I am aware that there is a policy of checking the validity of qualifications that I submit as evidence as well as the qualifications/evidence of parties who verify my performance or observable skills. I give my consent to contact these parties for verification purposes.

Name :

Signature:

Date:

## WRITTEN QUESTIONS

1. Which of the following statements best explain key principles of budgetary control? Select all that apply

|                          |                                                                                                                                                                                              |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | A budget is a plan of action. Budgeting ensures a detailed plan of action for a business over a period of time.                                                                              |
| <input type="checkbox"/> | Budgetary control co-ordinates the various activities of the entity or organisation and secure co-operation of all concerned towards the common goal.                                        |
| <input type="checkbox"/> | Control is necessary to ensure that plans and objectives are being achieved. Control follows planning and co-ordination. No control performance is possible without predetermined standards. |
| <input type="checkbox"/> | None of the above                                                                                                                                                                            |

2. Which of the following statements best describe the differences between forecasting techniques? Select all that apply.

|                          |                                                                                                                                                                                                                                        |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | Exponential Smoothing is a technique similar to the moving average, except that more recent data points are given more weight.                                                                                                         |
| <input type="checkbox"/> | Average approach assumes that the predictions of all future values are equal to the mean of the past data. This is similar with trend estimation, except trend estimation only considers a specific period where a trend is identified |
| <input type="checkbox"/> | Qualitative forecasting techniques are subjective, based on the opinion and judgment of consumers, experts; Quantitative forecasting is a more objective model used to forecast future data as a function of past data.                |
| <input type="checkbox"/> | None of the above                                                                                                                                                                                                                      |

3. Which of the following statements best describe key principles of double-entry bookkeeping? Select all that apply.

|                          |                                                                                               |
|--------------------------|-----------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | There are always two entries for every transaction.                                           |
| <input type="checkbox"/> | It is a record keeping system under which every transaction must be recorded in two accounts. |
| <input type="checkbox"/> | Each transaction must have a credit entry and a debit entry.                                  |
| <input type="checkbox"/> | None of the above                                                                             |

4. Which of the following statements best describe key principles of statistical analysis? Select all that apply.

|                          |                                                                                               |
|--------------------------|-----------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | Statistical analysis involves collection and scrutiny of data sample to draw conclusions      |
| <input type="checkbox"/> | Statistical analysis provides a qualitative description of the data taken as a whole          |
| <input type="checkbox"/> | The goal of statistical analysis is to identify trends.                                       |
| <input type="checkbox"/> | In statistical analysis, a sample is a representative selection drawn from a total population |

## CASE STUDY 1: CERAMICA

### Ceramica Pty Ltd

Ceramica Pty Ltd is a small trading firm that manufactures and sells ceramic frames. The accounting firm you are working for has been approached by Ceramica to review the budgets they are working with in the current year and prepare a master budget for the firm for the coming year.

For the purpose of this assessment, the date today is 1 July 20xx, beginning of the third quarter of the current year.

*Guidance: All amounts are to be rounded to the nearest dollar.*

Robin Taylor, the business manager of Ceramica Pty Ltd noticed that they have not been meeting their sales target the past two quarters. To investigate this further, you were provided with the following tables:

#### 1) Sales budget for the current year (20xx)

| Sales Budget 20XX      |            |           |           |            |           |           |            |           |           |            |           |           |
|------------------------|------------|-----------|-----------|------------|-----------|-----------|------------|-----------|-----------|------------|-----------|-----------|
| Expected Sales (units) | Quarter 1  |           |           | Quarter 2  |           |           | Quarter 3  |           |           | Quarter 4  |           |           |
|                        | January    | February  | March     | April      | May       | June      | July       | August    | September | October    | November  | December  |
| Ceramic Frames         | 3,000.00   | 3,000.00  | 3,000.00  | 3,000.00   | 3,000.00  | 3,000.00  | 3,000.00   | 3,000.00  | 3,000.00  | 3,000.00   | 3,000.00  | 3,000.00  |
| Unit selling price     | 19.95      | 19.95     | 19.95     | 19.95      | 19.95     | 19.95     | 19.95      | 19.95     | 19.95     | 19.95      | 19.95     | 19.95     |
| Sub Total              | 59,850.00  | 59,850.00 | 59,850.00 | 59,850.00  | 59,850.00 | 59,850.00 | 59,850.00  | 59,850.00 | 59,850.00 | 59,850.00  | 59,850.00 | 59,850.00 |
| Quarter Total          | 179,550.00 |           |           | 179,550.00 |           |           | 179,550.00 |           |           | 179,550.00 |           |           |

#### 2) Actual Sales for the current year (20xx)

| Actual Sales (January to June 20XX) |            |           |           |            |           |           |           |        |           |           |          |          |
|-------------------------------------|------------|-----------|-----------|------------|-----------|-----------|-----------|--------|-----------|-----------|----------|----------|
| Actual Sales (units)                | Quarter 1  |           |           | Quarter 2  |           |           | Quarter 3 |        |           | Quarter 4 |          |          |
|                                     | January    | February  | March     | April      | May       | June      | July      | August | September | October   | November | December |
| Ceramic Frames                      | 1,950.00   | 1,845.00  | 1,465.00  | 1,854.00   | 1,865.00  | 2,011.00  |           |        |           |           |          |          |
| Unit selling price                  | 19.95      | 19.95     | 19.95     | 19.95      | 19.95     | 19.95     | 19.95     | 19.95  | 19.95     | 19.95     | 19.95    | 19.95    |
| Sub Total                           | 38,902.50  | 36,807.75 | 29,226.75 | 36,987.30  | 37,206.75 | 40,119.45 | -         | -      | -         | -         | -        | -        |
| Quarter Total                       | 104,937.00 |           |           | 114,313.50 |           |           | -         |        |           | -         |          |          |

Comparing the past two quarters, the business manager noticed that even though the sales in the current year are much higher than last year's, they were still unable to meet this year's quarterly targets. To investigate this further, you were also provided with last year's sales record:

| Actual Sales (Previous Year) |           |           |           |            |           |           |            |           |           |            |            |            |
|------------------------------|-----------|-----------|-----------|------------|-----------|-----------|------------|-----------|-----------|------------|------------|------------|
| Actual Sales (units)         | Quarter 1 |           |           | Quarter 2  |           |           | Quarter 3  |           |           | Quarter 4  |            |            |
|                              | January   | February  | March     | April      | May       | June      | July       | August    | September | October    | November   | December   |
| Ceramic Frames               | 1,213.00  | 1,468.00  | 1,879.00  | 1,894.00   | 1,763.00  | 2,123.00  | 2,999.00   | 2,899.00  | 2,789.00  | 3,675.00   | 6,652.00   | 6,654.00   |
| Unit selling price           | 19.95     | 19.95     | 19.95     | 19.95      | 19.95     | 19.95     | 19.95      | 19.95     | 19.95     | 19.95      | 19.95      | 19.95      |
| Sub Total                    | 24,199.35 | 29,286.60 | 37,486.05 | 37,785.30  | 35,171.85 | 42,353.85 | 59,830.05  | 57,835.05 | 55,640.55 | 73,316.25  | 132,707.40 | 132,747.30 |
| Quarter Total                | 90,972.00 |           |           | 115,311.00 |           |           | 173,305.65 |           |           | 338,770.95 |            |            |

## Task 1: Guide questions

1. Briefly explain why using the average of the previous **year's total sales is not** an accurate method to determine monthly and/or quarterly sales budgets?

Blank response area for question 1.

2. Using the case study scenario as an example, provide two possible seasonal periods that could be affecting the operating trends.

Blank response area for question 2.

## Task 1: Discuss and negotiate budgets with stakeholders

Upon reviewing the data provided to you by Bondi Bikes, you noted that the estimated sales for Q2 of \$57,769 per month is significantly much higher than the actual sales showing on Q2 of the current year: April: \$36,987, May: \$37,207 , and June: \$40,119

After further investigation, you found that the estimated budget for Q2 was based on the actual sales of the previous year, as data for the actual sales for the current year was not yet available when the report was generated.

To correct this you would like to suggest to the business manager to update the sales budget and schedule of receipts to reflect the actual sales for Q2 of the current year.

Write an email explaining what you have discovered, and suggesting the recommended changes on the current budget reports.

Write your email on the space provided below.

|          |  |
|----------|--|
| To:      |  |
| Subject: |  |
| Message: |  |

## ASSESSOR CHECKLIST

When you have completed assessing this workbook, review the candidate's assessment against the checklist below:

The candidate has completed all the assessments in the workbook:

Written Questions

Practical Assessment

▪ Case Study 1

- Sales budget
- Production budget
- Sales forecast

▪ Case study 2

- Budget estimate
- Schedule of receipt
- Cash budget

### IMPORTANT REMINDER

Candidates must achieve a satisfactory result to ALL assessment tasks to be awarded COMPETENT for the units relevant to this cluster.

To award the candidate competent in the units relevant to this subject, the candidate must successfully complete all the requirements listed above according to the prescribed benchmarks.

## FEEDBACK

Well done for completing this workbook. We hope that your training and assessment experience using our resources has been a seamless and fruitful journey. At Compliant Learning Resources, we continually strive to improve our training and assessment resources and heighten the training and assessment experience for you. One way we do this is by seeking feedback. Your experience is important to us and we are very keen to hear any suggestions or complaints you may have. Click on the button below to let us know what you think of us and our learning resources.



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