



FNSACC412 Assessment 1

Assessor Guide

Unit of Competency Details

Code	Title
FNSACC412	Prepare Operational Budgets

Assessment 1

Student Instructions

This is an open book written assessment – you can use your learning materials as a reference.

There are 6 questions, and some questions have sub-parts. You must answer all questions and their parts correctly to achieve a satisfactory outcome for this assessment.

Assessor Instructions

Purpose of the Task

This assessment requires students to answer a set of written questions to demonstrate that they understand the knowledge required of this unit.

Reassessment Arrangements

If students answer any questions in this assessment incorrectly, they will need to be given an appropriate time to resubmit. Students should only redo questions that are incorrect; however, they will need to resubmit the entire assessment.

Guidance to Assessors About this Task

Students can be given the opportunity to answer questions verbally if appropriate. Benchmark responses for each question have been provided.

QUESTION 1

List the 5 principles of budgetary control. 40 – 60 words

Answer

Answers must include the five items listed below:

1. Establishing targets for financial performance relevant to all business activities
2. Recording financial performance
3. Comparing performance with that planned
4. Calculating variances and analysing why variances have occurred
5. Taking action to rectify budget variances.

QUESTION 2

Discuss three (3) common forecasting techniques. 90 – 120 words

Answer

Answers may include any three of the following:

- Time-series forecasting: forecasting based on historical patterns in data observed over equally spaced time intervals. The assumption is that there is a recurring pattern in the data that will repeat in the future.
- Delphi technique: a group of experts preparing and answering questions and using feedback to refine their answers. This process continues until the researchers have a narrow shortlist of opinions relevant to the forecasting information required.
- Financial statements: forecasting is completed using information from Financial Statements such as sales figures and costs from the previous two to three years and after excluding certain one-time costs.
- Cause-effect method: assessing the cause-and-effect relationships of a variable with relevant budget figures such as consumers' disposable incomes, the interest rate, the level of consumer confidence, and unemployment levels. This method uses past time series on many relevant variables to produce the forecast for the variable of interest.

QUESTION 3

What are the principles of double entry bookkeeping? 40 – 60 words

Answer

The basic principle of double entry bookkeeping is that there must be matching debit and credit entries to record every transaction. Under the double - entry bookkeeping system, the full value of each transaction is recorded on the debit side of one or more accounts and also on the credit side of one or more accounts.

QUESTION 4

What are the 2 key principles of statistical analysis? 60 – 80 words

Answer

Answers may include:

1. The key principles are validity and reliability
Validity in statistics is about accuracy and means that we can be certain that a financial measurement actually measures what it claims to measure. Therefore, financial data is accurate and informed conclusions can be drawn.
2. Reliability in statistics means that the financial methods and calculations we use consistently provide comparable results. We can be certain that reliable measurements provide the same result every time it is used to calculate financial data.

QUESTION 5

The learning includes a discussion about key features of financial administration policies and procedures in relation to operational budgeting. What are three examples of key features? 60 – 80 words

Answer

Answers should include any three of the following:

- Financial administration policies and procedures should align with business goals and plans. Thus, if business goals are to expand into a certain area, budgets may be created focusing on the area of growth.
- Financial administration policies and procedures should be flexible to allow for a range of circumstances, as well as changing circumstances.
- Financial administration policies and procedures should be easily interpreted and understood by everyone.
- Financial administration policies and procedures should be written in a step-by-step style so that the order of procedures from beginning to end are followed.
- Financial administration policies and procedures should refer to other associated documents, for example, templates that are to be used for budgets or forecasts.

QUESTION 6

What are the 3 key principles of measures of variance in the context of financial data analysis and operational budgets? 60 – 80 words

Answers may include:

The 3 key principles are:

1. A budget variance is the difference between the budget or target figure and the actual result.
2. A budget variance is favorable when the actual income is higher than the budget estimate and when the cost result is less than the budget estimate.
3. A budget variance is unfavorable when the actual income is lower than the budget estimate and when the cost result is higher than the budget estimate