



FNSACC523

ASSESSOR GUIDE

MANAGE BUDGETS AND FORECASTS

Assessment 2 of 3

Case Study 1: Project: Toll's Toys

Version 1



Assessment Details

Task Overview

For this assessment you will need to complete a series of tasks which will demonstrate your ability to manage budgets and forecasts through a case study organisation Tolls Toys.

This assessment task is divided Three parts:

- **Part A:** Preparing Budget Objectives, Sales Budget, Inventory Budget, Operating Expenses Budget and Budgeted Income Statement
- **Part B:** Preparing Milestones and KPIs, Assumptions and Parameters, Cashflow Budget, Distributing Budget Report, Analysing Variances
- **Part C:** Roleplay for observation

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

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

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

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

This assessment task is divided Three parts:

- **Part A:** Preparing Budget Objectives, Sales Budget, Inventory Budget, Operating Expenses Budget and Budgeted Income Statement
- **Part B:** Preparing Milestones and KPIs, Assumptions and Parameters, Cashflow Budget, Distributing Budget Report, Analysing Variances
- **Part C:** Roleplay for observation

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

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

Assessment Information

Submission

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

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

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

Reasonable adjustment

Students may request a reasonable adjustment for assessment tasks.

Reasonable adjustment usually involves varying:

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

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

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



Please consider the environment before printing this assessment.

Case Study 1: Toll's Toys

You work as an accountant for **Accountability Now** and have a new client *Toll's Toys*, a small/medium-sized educational toy retailer business with one retail store in Queensland.

The business sells all year, however, demand peaks between Nov - Mar due to Christmas and the start of school.

Leo Toll, the business owner, asks you to prepare the sales, inventory, and operating expenses budget for the next financial year.

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

Complete the series of tasks that follow to prepare the required budgets for *Toll's Toys*.

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

Additional resources and supporting documents

To complete this assessment, you will need:

- MS Excel
- One (1) volunteer to participate in a roleplaying activity
- A video recording device
- Tolls Toys Budget and Forecasts Policy and Procedure
- Toll's Toys Budget 20XX Template
- Electricity Gas Water Invoice_Jan- Mar 20XX
- COMMERCIAL LEASE AGREEMENT_Tolls Toys
- Business Insurance Invoice_Oct 20XX

Assessor Instructions for Assessment 2

Purpose of the Task

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

The student will prepare:

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

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

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

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

Benchmark answers are found in this document and:

- AG_Toll's Toys Budget 20XX

Guidance to Assessors About this Task

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

Task Instructions: Part A: Preparing Budget Objectives, Sales Budget, Inventory Budget, Operating Expenses Budget, and Budgeted Income Statement.

Task 1: Budget Objectives

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

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

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

- It must be based on the priorities within the strategic plan.
- The budget proposal must be aligned with historical data from the previous and current financial year.
- It must be able to ensure sustainability of operations across all departments and functions of the organisation.
- It must undertake risk management procedures to minimise the organisation's risk exposure.
- Monthly forecasts for the sales budget are based on the average actual sales of their respective season. Different projections are to be used for the peak months, and for the off-peak months.

(Source: Toll's Toys Budget and Forecast Policy and Procedure)

b) In your own words, define the following budget items

Assessor guide: Candidate must complete the table below to define the three [3] budget items listed. Example answers are provided below. Assessors must use their professional experience and judgement to ensure that the definition is correct.

Budget Item	Definition Approximate words (50 – 100)
Cash	Cash is represented by notes and coins, bank balances and is used to buy goods and pay employees and received when items are sold.
Expenditure	Is an outflow of money that a business incurs to run the business.
Revenue	Is an inflow of money received by a business in exchange for goods or services.

c) Use the table below to identify if the following items are relevant to preparing the budget for Toll's Toys

Assessor guide: Candidates are to complete the table below by added a Y or N into the last column to indicate whether the item is relevant for preparing a budget. The correct answers are provided below.

Item	Is it relevant for preparing a budget? (Y/N)
Current selling price	Y
A new employee is starting next year	Y
The CEO is moving house	N

Task 2: Sales Budget

Complete tab "1" of the Tolls' Toys Budget 20XX Template:

Cover	1	2	3	4	5	6
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- A) Use the "Sales budget by Product" template (screenshot below) to calculate the monthly sales budget (per product and total). Use EXCEL formulas and link to the data already provided (forecasted sales and selling prices) to ensure data accuracy when performing calculations.

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

Sales budget by Product	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year Total
Wooden Montessori Activity Tool Box													\$ -
Wooden marble building blocks													\$ -
Multicultural 20 piece wooden people set													\$ -
1000 piece colourful domino set													\$ -
Sort and count play cups													\$ -
The freckled frog													\$ -
Wooden puzzle stick													\$ -
Rainbow animals													\$ -
Activity cube													\$ -
Wooden fruit and vegetable pack													\$ -
Total sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

	Off Peak (May -Sep) Performance Indicators	Peak (Oct - Apr) Performance Indicators
Sales Target (Total \$)	= \$2 250 x 5 = \$11 250	= \$2 699 x 7 = \$18 893
Sales Target (Total Units)	= 370 x 5 = 1 850 units	= 475 x 7 = 3 325 units

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

Cash Collections Assumptions:

- 90% of sales are paid in cash and received within the current month and 10% are paid using credit terms
- Of the 10% of sales paid using credit terms:
 - 20% of credit sales will be received as cash within the month of sale
 - 80% of credit sales will be received as cash the following month

Monthly Cash Collections Budget		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year Total
Opening Accounts Receivable		\$ 3,500												\$ 3,500
Add: Cash sales	90%													\$ -
Add: Cash collected from credit sales	2%													\$ -
Total Cash collected		\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500

Ending Accounts Receivable	8%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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Cash collections Assumptions:		
Percentage of sales paid in cash	90%	
Percentage of sales paid in credit	10%	
Percentage of Credit Sales Collected in month of sale		20%
Percentage of Credit Sales Collected the following month		80%

The opening accounts receivable 1 July 20XX is \$3 500
 All amounts must be rounded off to the nearest dollar.

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

Assessor guide: Candidates must prepare the sales budget and monthly cash collections budget according to the benchmark answer provided in AG_Toll's Toy Budget 20XX_xls

Task 3: Inventory Budget

Complete tab "2" of the Tolls' Toys Budget 20XX Template: Cover 1 2 3 4 5 6

A) Use the "Inventory Cost budget by product" template (screenshot below) to calculate the monthly inventory cost (per product and total). Use EXCEL formulas and link to the data already provided (forecasted sales and wholesale prices) to ensure data accuracy when performing calculations.

Inventory cost budget by Product	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year Total
Wooden Montessori Activity Tool Box													\$ -
Wooden marble building blocks													\$ -
Multicultural 20 piece wooden people set													\$ -
1000 piece colourful domino set													\$ -
Sort and count play cups													\$ -
The freckled frog													\$ -
Wooden puzzle stick													\$ -
Rainbow animals													\$ -
Activity cube													\$ -
Wooden fruit and vegetable pack													\$ -
Total Inventory Cost of units sold	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Target Ending Inventory													
Less Beginning Inventory													
Total Inventory Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Use the inventory assumptions (below and in the template) to calculate the target ending inventory value (i.e the average inventory cost per unit x 25% of next month's sales units).

Inventory Assumptions:	
Target Ending Inventory	25% of next months total sales
Beginning Inventory Balance 1 July 20XX	\$ 120.00
Average inventory cost	\$ 18.68

B) Use the completed Inventory budget to calculate the total "peak" and "off peak" total inventory purchases (dollars) for the year that can be monitored and measured to motivate the inventory management team.

Assessor guide: Candidates must complete the table below using the inventory cost budget prepared in (b) above to set the seasonal sales targets for the year. The correct answers are provided below:

	Off Peak (May - Sep)	Peak (Oct - Apr) Performance Indicators
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	Performance Indicators	
Total Inventory Purchases Target (\$)	= \$50 980	= \$92 598

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

Cash Collections Assumptions:

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

Monthly Cash Payments Budget	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year Total
Cash payment for current months purchases													\$ -
Cash payment for previous months purchases	\$ 18,000												\$ 18,000
Total cash payments	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000

Inventory Assumptions:

Target Ending Inventory 25% of next months total sales
 Beginning Inventory Balance 1 July 20XX \$ 120.00
 Average inventory cost \$ 18.68

Cash Payments Assumptions:

	Percentage
Percentage of Inventory purchased on credit	100%
Accounts Payable Policy:	
Percentage of suppliers with 30 payment terms	20%
Percentage of Suppliers with 60 day payment terms	80%

Accounts payable balance 1 July 20XX \$ 18,000

Guidance:

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

Assessor guide: Candidates must prepare the Inventory budget and monthly cash purchases budget according to the benchmark answer provided in AG_Toll’s Toy Budget 20XX_.xls

Task 4: Operating Expenses Budget

Complete tab “3” of the Tolls’ Toys Budget 20XX Template:

Cover	1	2	3	4	5	6
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A) Use the “Operating Expenses Budget” template (screenshot below) to calculate the monthly and total operating expenses for the year. Use EXCEL formulas and link to the data already provided to ensure data accuracy when performing calculations.

Operating Expenses Budget			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year Total
Electricity, water and gas	\$ 120	per month, paid quarterly Jul, Oct, Jan, Apr													\$ -
Salaries and Wages	\$ 5,600	per month													\$ -
Business Insurance	\$ 1,200	per year, paid annually in Oct													\$ -
Rent	\$ 2,000	per month, paid monthly													\$ -
General Office Expenses	\$ 60	per fortnight													\$ -
Total Operating Expenses			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Use the operating expense assumptions provided (below and in the template) to provide realistic estimates of the monthly operating expenses.

Operating Expense Assumptions:

1. Electricity, water, and gas \$120 per month (paid quarterly July, Oct, Jan, Apr)
2. Salaries and Wages \$5 600 per month (paid monthly)
3. Business Insurance \$1 200 per year (paid annually in Oct)
4. Rent \$2 000 per month (paid monthly)
5. General Office Expenses \$60 per fortnight (paid monthly)

Guidance:

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

Assessor guide: Candidates must prepare the operating expenses budget according to the benchmark answer provided in AG_Toll's Toy Budget 20XX_.xls

Task 5: Budgeted Income Statement

Complete tab "4" of the Tolls' Toys Budget 20XX Template:

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

Budgeted Income Statement

Tolls Toys Budgeted Income Statement FY 20XX		
Sales		\$ -
Less cost of goods sold		\$ -
Gross margin		\$ -
Less Operating expenses		
Electricity, water and gas	\$ -	
Salaries and Wages	\$ -	
Business Insurance	\$ -	
Rent	\$ -	
General Office Expenses	\$ -	
Total Operating Expenses		\$ -
Net Income		\$ -

Guidance:

- To calculate the Cost of Goods Sold, use the total inventory cost of the units sold for the 12-month period.
- All amounts must be rounded off to the nearest dollar.
- The completed template is to be submitted at the end of Part B.

Assessor guide: Candidates must prepare the budgeted income statement according to the benchmark answer provided in AG_Toll's Toy Budget 20XX_.xls

Assessment checklist Part A:

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

Student has submitted:	Yes	No
Task 1: Budget Objectives	<input type="checkbox"/>	<input type="checkbox"/>
Task 2: Sales Budget	<input type="checkbox"/>	<input type="checkbox"/>
Task 3: Inventory Budget	<input type="checkbox"/>	<input type="checkbox"/>
Task 4: Operating Expenses Budget	<input type="checkbox"/>	<input type="checkbox"/>
Task 5: Budgeted Income Statement		

Assessment marking criteria: Part A:

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

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

		S	U
Task 1: Budget Objectives	Candidate must list two (2) budget objectives that you must consider when creating the sales budget based on the organisation's policy and procedures. Responses will vary but must correspond with the scenario and Toll's Toys budget and forecasts policy	<input type="checkbox"/>	<input type="checkbox"/>
Task 2: Sales Budget	a) Candidates must complete the table using the sales budget prepared in (b) to set the seasonal sales targets for the year. b) Candidates must prepare the sales budget and monthly cash collections budget according to the benchmark answer provided in Toll's Toy Budget 20XX_AG.xls (tab 1)	<input type="checkbox"/>	<input type="checkbox"/>
Task 3: Inventory Budget	a) Candidates must prepare the sales budget and monthly cash collections budget according to the benchmark answer provided in Toll's Toy Budget 20XX_AG.xls (tab 1) b) Candidates must complete the table using the inventory cost budget prepared in (b) above to set the seasonal sales targets for the year. c) Candidates must prepare the Inventory budget and monthly cash purchases budget according to the benchmark answer provided in Toll's Toy Budget 20XX_AG.xls (tab 2)	<input type="checkbox"/>	<input type="checkbox"/>
Task 4: Operating Expenses Budget	Candidates must prepare the operating expenses budget according to the benchmark answer provided in Toll's Toy Budget 20XX_AG.xls (tab 3)	<input type="checkbox"/>	<input type="checkbox"/>
Task 5: Budgeted Income Statement	Candidates must prepare the operating expenses budget according to the benchmark answer provided in Toll's Toy Budget 20XX_AG.xls (tab 4)		

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

Task 1: Milestones and KPIs

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

- A) Identify two [2] milestones that you can use to monitor Toll's Toys financial performance:
 - One [1] milestone must be relevant to sales
 - One [1] milestone must be relevant to inventory
- B) Identify two [2] key performance indicators that you can use to monitor Toll's Toys progress for meeting the milestone identified in [a] above.

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

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

Budgetary Milestones for Year 20xx Approximate word count: [40 – 60 words]	Key Performance Indicators for Year 20xx Approximate word count: [40 – 60 words]
a. One [1] milestone must be relevant to sales, e.g., achieve 60% of sales goal by the 2nd month of every quarter.	<ul style="list-style-type: none"> • Meet or exceed the sales goal (\$) for each month.
b. One [1] milestone must be relevant to inventory, e.g. ensure the ending inventory of any given month is equal to 25% of next month's total sales.	<ul style="list-style-type: none"> • Inventory cost must not exceed the budgeted cost.

Task 2: Assumptions and Parameters

For this assessment task, you must complete the table provided below by:

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

Toll's Toys Budget and Forecasts Policy.docx

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

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

Refer to sample benchmark answers below:

Assumptions Approximate word count: [20 – 40 words]	Parameters Approximate word count: [20 – 40 words]
<p>1.</p> <p>Two (2) assumptions that can affect next year's budgets must be provided. These can be based on any area of the budgets prepared, e.g.</p> <ul style="list-style-type: none"> ○ Increase in salaries affecting the operating expenses and achievement of net profit targets 	<p>1.</p> <p>List one (1) parameter for each assumption specified must be provided, e.g.</p> <ul style="list-style-type: none"> ● Reduce other operating expenses or increase sales sufficiently to cover the increase in salary costs and ensure the achievement of the net profit target for the year.
<p>2.</p> <ul style="list-style-type: none"> ○ There may be an increase in demand for wooden educational toys and this will affect the sales forecast and inventory budget 	<p>1.</p> <ul style="list-style-type: none"> ○ Control inventory levels by ensuring 25% of next month's sales is held in inventory at the end of each month.

Task 3: Monthly Cashflow Budget

Complete tab "5" of the Tolls' Toys Budget 20XX Template:

Cover	1	2	3	4	5	6
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- A. Use the "Monthly Cashflow Budget" template (screenshot below) to calculate the monthly cash balance for Toll's Toys. Use EXCEL formulas and link to the data already provided and calculated (cash collections budget – tab 1 and cash payments for inventory – tab 2) to ensure data accuracy when performing calculations.

Monthly Cashflow Budget	OFF PEAK			PEAK SEASON						OFF PEAK			Year Total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Opening Cash Balance*	\$ 25,000												\$ 25,000
Cash Receipts:													
Sales revenue													\$ -
Total Cash Available	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Cash Payments:													
Inventory	\$ 18,000												\$ 18,000
Operating Costs:													
Electricity, water and gas													\$ -
Salaries and Wages													\$ -
Business Insurance													\$ -
Rent													\$ -
General Office Expenses													\$ -
Total Payments	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000
Cash on Hand	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,000

Assumptions:

* Opening cash balance from the balance sheet \$ 25,000

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

Operating Expense Assumptions:

1. Electricity, water, and gas \$120 per month (paid quarterly July, Oct, Jan, Apr)
2. Salaries and Wages \$5 600 per month (paid monthly)
3. Business Insurance \$1 200 per year (paid annually in Oct)
4. Rent \$2 000 per month (paid monthly)
5. General Office Expenses \$60 per fortnight (paid monthly)

Guidance:

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

Assessor guide: Candidates must prepare the monthly cashflow budget according to the benchmark answer provided in AG_Toll's Toys Budget 20XX.xls

- B. Provide support for the following operational expense estimates by using the source documents provided in the "Operational Expense Folder". Complete the table below by outlining if the expense has been verified with a source document and include the document name and date verified. (Approximate word count: 20 – 40)

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

Operating Expense	Estimated cost	Source Document Name	Date verified
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Electricity, water, and gas	\$360 per quarter	Electricity Gas Water Invoice_Jan -Mar 20XX.pdf	3/8/2022
Business Insurance	\$1 200 per year	Business Insurance Invoice_Oct 2022.pdf	3/8/2022
Rent	\$2 000 per month	Commercial Lease Agreement_Tolls Toys.pdf	3/8/2022

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

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

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

- D. Leo Toll, the business owner, has just received some updated market growth information regarding one of the products the business sells. He has asked you to check the sales projections for the "Wooden Montessori Activity Tool Box" to ensure that there is a 50% increase in forecasted sales when the business goes into its peak season. Use the table provided below to complete this task and to calculate the increase in forecasted sales and check whether this increase is in alignment with the growth Leo is expecting.

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

Product Description	Off Peak Forecasted Sales Units per month	Peak Season Forecasted Sales Units per month	% increase from off peak to peak	Does the forecast agree with market growth data Y/N
Wooden Montessori Activity Toolbox	20	30	= $\frac{30-20}{20}$ = 0.5 or 50%	Y

Task 4: Distribute Budget Report for approval

- a) For this assessment task you are to prepare an email (using the template below), to write an email to business owner Leo Toll informing him of the following, approximate word count: 150 – 200 words:
- Your completion of the budget reports and requirement to seek his approval. Include in your email a graphical presentation of the following:
 - Sales Budget for 20XX (line graph)
 - Operating Expenses Budget 20XX (pie graph)

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



Provide a brief description of each of your graphs in the email.

- A brief summary of the milestones, key performance indicators, assumptions and parameters (from Part B: Task 1 and 2) that will be used to monitor financial performance:
- To notify him as to whether the sales projections for Wooden Montessori Activity Tool Box is feasible given the market growth information he received (from Part B: Task 3d).

Ensure to write your email using clear and concise language, it is grammatically correct, and has been spell checked.

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

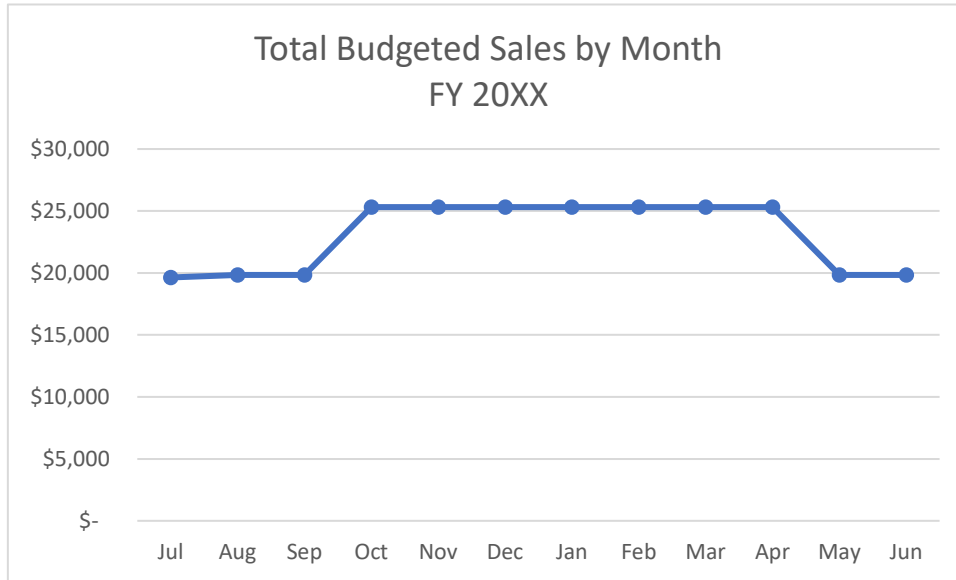
To	leo@tollstoys.org.au
From	<Candidate's email address>
Subject	Any relevant subject heading is acceptable
Message	

Assessor guide

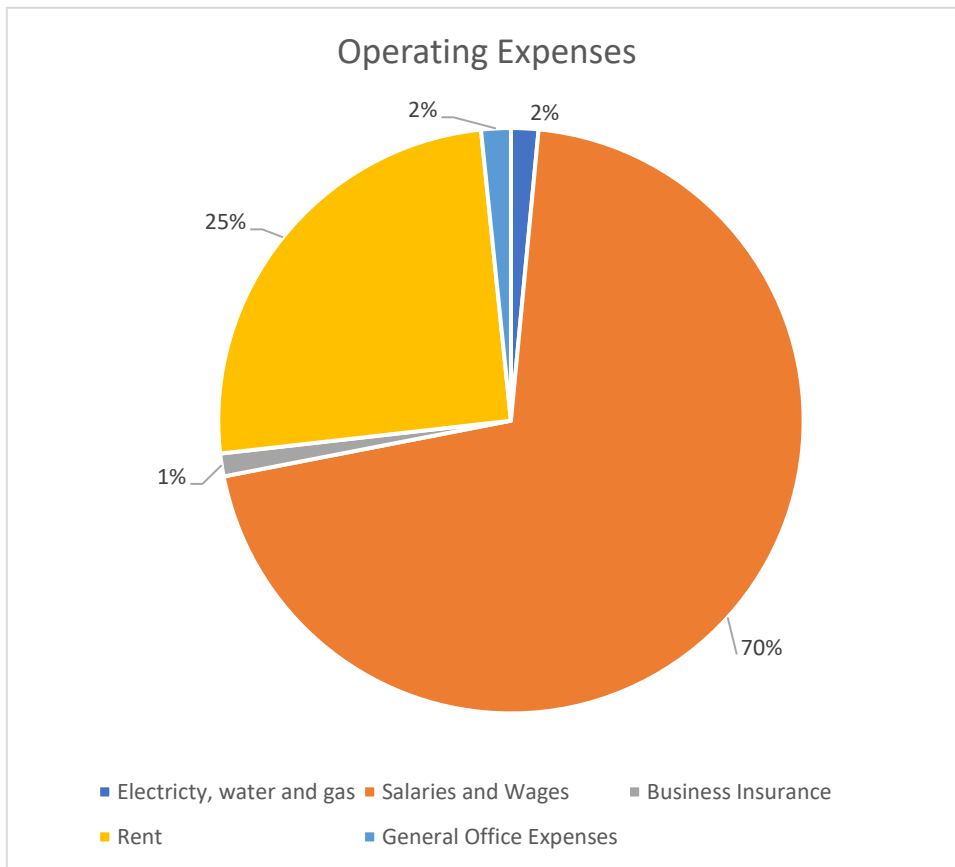
Candidate must write an email to business owner Leo Toll informing him that the budgets have been prepared and that they are seeking his approval before the budgets are executed.

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

- Sales budget for 20xx (line graph)



- Operating Expenses budget for 20xx (pie graph)



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

- Milestones [Task 1]
- Key performance indicators [Task 1]
- Assumptions [Task 2]
- Parameters [Task 2]

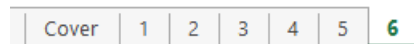
Candidates will notify Leo that the sales projections for Wooden Montessori Activity Tool Box are feasible given the market growth information he received. The sales projections increase by 50% from off peak to peak season.

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

Task 5: Analyse Variances

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

Complete tab “6” of the Tolls’ Toys Budget 20XX Template:



A) Use the “Q1 Cashflow variance analysis and forecast” template (screenshot below) to calculate the Q1 variances. Complete the template by:

- Calculating the variance between the budgeted sales revenue, inventory payments and operating against the Q1 actual costs provided.
- Calculate the (\$) variance and (%) variance for each
- Classify each variance as whether it is favourable or unfavourable.
- Refer to the organisation’s policies and procedures to determine variance interpretations.

Q1 Cashflow variance analysis and forecast	Q1 Budget	Q1 Actuals	Q1 Variance (\$)	Q1 Variance (%)	Classification	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Budget	FY Forecast	FY Forecast Variance
Opening Cash Balance	\$ 25,000	\$ 25,000	0	0%		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000	0
Cash Receipts:																	
Sales revenue	\$ -	\$ 75,000	75,000	#DIV/0!		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000	75,000
Total Cash Available	\$ 25,000	\$ 100,000	75,000			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 100,000	75,000
Cash Payments:																	
Inventory	\$ 18,000	\$ 48,000	(\$30,000)	-167%		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000	\$ 48,000	(\$30,000)
Operating Costs:																	
Electricity, water and gas	\$ -	\$ 370	(\$370)	#DIV/0!		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 370	(\$370)
Salaries and Wages	\$ -	\$ 30,000	(\$30,000)	#DIV/0!		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	(\$30,000)
Business Insurance	\$ -	\$ -	0	100%		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
Rent	\$ -	\$ 6,000	(\$6,000)	#DIV/0!		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	(\$6,000)
General Office Expenses	\$ -	\$ 300	(\$300)	#DIV/0!		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	(\$300)
Total Payments	\$ 18,000	\$ 84,670	(\$66,670)	-370%		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000	\$ 84,670	(\$66,670)
Cash on Hand	\$ 7,000	\$ 15,330	8,330	1		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ 15,330	8,330

Assessor guide: Candidates must prepare the Q1 cashflow variance analysis and forecast according to the benchmark answer provided in AG_Toll’s Toys Budget 20XX.xls

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

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

Variance [Provide in \$ and %] [Word Count 10 – 20 words]	Recommended Action: [Word Count 30 – 60 words]
\$75 000 favorable variance in sales revenue	Determine whether the increase in sales is likely to continue and then update forecast for the remaining months of the year to reflect this more accurate sales forecast.
\$30 000 unfavorable variance in salaries	Determine why salaries increased so significantly – was there an error? Are staff using overtime and it might be more cost effective to hire full time staff to match level of demand.

Q1 Cashflow variance analysis and forecast	Q1 Budget	Q1 Actuals	Q1 Variance (\$)	Q1 Variance (%)	Classification
Opening Cash Balance	\$ 25,000	\$ 25,000	0	0%	
Cash Receipts:					
Sales revenue	\$ -	\$ 75,000	75,000	#DIV/0!	
Total Cash Available	\$ 25,000	\$ 100,000	75,000		
Cash Payments:					
Inventory	\$ 18,000	\$ 48,000	(\$30,000)	-167%	
Operating Costs:					
Electricity, water and gas	\$ -	\$ 370	(\$370)	#DIV/0!	
Salaries and Wages	\$ -	\$ 30,000	(\$30,000)	#DIV/0!	
Business Insurance	\$ -	\$ -	0	100%	
Rent	\$ -	\$ 6,000	(\$6,000)	#DIV/0!	
General Office Expenses	\$ -	\$ 300	(\$300)	#DIV/0!	
Total Payments	\$ 18,000	\$ 84,670	(\$66,670)	-370%	
Cash on Hand	\$ 7,000	\$ 15,330	8,330	\$ 1	

C) In the email template below, write an email to business owner Leo Toll informing him of the following:

- o Your completion of the variance analysis and forecast report
- o Include the table you prepared above (Task 5b) to outline two (2) variances and recommended action to address them.

Approximate word count: [150 – 250 words]

To	leo@tollstoys.org.au
From	<Candidate's email address>
Subject	Any relevant subject heading is acceptable
Message	

Assessor guide: Candidate must write an email to business owner Leo Toll informing him that the variance analysis has been completed. The two variances and recommended actions prepared in b) above needs to be included.

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

Task 6: Review budget processes and implement changes as required

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

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

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

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

Assessor guide: Candidates are to include two (2) new procedures that they would add to the Tolls' Toys Budgets and Forecasts Policy and Procedure document. Acceptable responses are provided below, but not limited to:

- The quarterly variance reports must include an explanation for variances.
- All variances greater than 10% must be investigated and a recommended action included in the variance report.

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

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Submission instructions

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

Assessment checklist Part B:

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

Student has submitted:	Yes	No
Task 1: Milestones and KPIs	<input type="checkbox"/>	<input type="checkbox"/>
<i>Task 2: Assumptions and Parameters</i>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Task 3: Monthly Cashflow Budget</i>	<input type="checkbox"/>	<input type="checkbox"/>
Task 4: Distribute Budget Report for approval	<input type="checkbox"/>	<input type="checkbox"/>
<i>Task 5: Analyse Variances</i>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Task 6: Review budget processes and implement changes as required</i>	<input type="checkbox"/>	<input type="checkbox"/>

Assessment marking criteria: Part B:

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

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

		S	U
Task 1: Milestones and KPIs	<p>a) Candidate must identify two (2) milestones that can be used to monitor next year's financial performance. Responses will vary, however:</p> <p>One (1) milestone must be relevant to sales, e.g., achieve 60% of sales goal by the 2nd month of every quarter.</p> <p>One (1) milestone must be relevant to inventory, e.g. ensure the ending inventory of any given month is equal to 25% of next month's total sales.</p> <p>b) Candidate must identify two (2) key performance indicators that can be used to monitor the next financial year's financial performance. Responses will vary, and may include but are not limited to:</p> <p>Meet or exceed the sales goal (\$) for each month.</p> <p>Inventory cost must not exceed the budgeted cost.</p>	<input type="checkbox"/>	<input type="checkbox"/>
Task 2: Assumptions and Parameters	<p>Candidate must identify assumptions and parameters in line with the budgets they have completed in the previous tasks.</p> <p>Responses will vary. However, the assessor must evaluate if the candidate's responses are accurate, relevant, and compliant with the organization's policies and procedures.</p> <p>Check if their responses are using clear and concise language, and that these are grammatically correct, and have been spell checked.</p> <p>Refer to sample benchmark answers above</p>	<input type="checkbox"/>	<input type="checkbox"/>
Task 3: Monthly Cashflow Budget	<p>a) Candidates must prepare the monthly cashflow budget according to the benchmark answer provided in Toll's Toy Budget 20XX_AG.xls (tab 5)</p> <p>b) Candidates must outline if the expense has been verified with a source document and include the document name and date verified, completing the table according to the benchmark answer provided.</p> <p>c) Candidates must complete the table Identifying two (2) financial risks associated with the cashflow budget and propose (1) protection strategy for each risk, identifying risks and proposing protection strategies according to the organisation's requirements. See the benchmark answer provided.</p> <p>d) Candidates must complete the table and check the sales projections for the "Wooden Montessori Activity Toolbox" to ensure that there is a 50% increase in forecasted sales when the business goes into its peak season. See the benchmark answer provided.</p>	<input type="checkbox"/>	<input type="checkbox"/>
Task 4: Distribute Budget Report for approval	<p>Candidate must write an email to business owner Leo Toll informing him that the budgets have been prepared and that they are seeking his approval before the budgets are executed.</p> <p>Candidates are to include a graphical presentation of the following and provide a brief description of the graphs:</p> <p>Candidate must provide a brief summary of the following that will be used to monitor financial performance must be provided based on their responses to the previous tasks:</p> <ul style="list-style-type: none"> Milestones (Task 1) Key performance indicators (Task 1) 	<input type="checkbox"/>	<input type="checkbox"/>

	<ul style="list-style-type: none"> Assumptions [Task 2] Parameters [Task 2] <p>Candidates will notify Leo that the sales projections for Wooden Montessori Activity Toolbox are feasible given the market growth information he received. The sales projections increase by 50% from off peak to peak season.</p> <p>Check if their written responses use clear and concise language, and that these are grammatically correct, and have been spell checked.</p>		
Task 5: Analyse Variances	<p>a) Candidates must prepare the Q1 cashflow variance analysis and forecast according to the benchmark answer provided in Toll's Toy Budget 20XX_AG.xls [tab 6]</p> <p>b) Candidates must Identify two (2) quarter one (Q1) variances and provide a recommended action to address the variances: See the benchmark answer provided.</p> <p>c) Candidate must write an email to business owner Leo Toll informing him that the variance analysis has been completed. The two variances and recommended actions prepared in b) above needs to be included.</p> <p>Check if their written responses use clear and concise language, and that these are grammatically correct, and have been spell checked.</p>	<input type="checkbox"/>	<input type="checkbox"/>
Task 6: Review budget processes and implement changes as required	<p>a) Candidates must write responses using clear and concise language, and that these are grammatically correct, and do not show any spelling errors.</p> <p>Candidates submit statement of 150 to 250 words reflecting on their impression of the budget process</p> <p>b) Candidates are to include two (2) new procedures that they would add to the Tolls' Toys Budgets and Forecasts Policy and Procedure document. See the benchmark answer provided</p> <p>Candidates must write responses using clear and concise language, and that these are grammatically correct, and do not show any spelling errors.</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Task Instructions: Part C: Roleplay for observation

Task 1: Roleplay Activity

This task will require you to roleplay a discussion with the business owner Leo Toll to discuss with him your findings on the budget variances.

You will require access to:

- One (1) volunteer to assume the role of:
 - Business owner, Leo Toll
- Video camera or a mobile phone with video recording capabilities
- A safe environment to conduct the roleplaying activity

Read the instructions carefully before proceeding.

Tasks to take:

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

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

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

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

Role play instructions

The role-play/meeting must include at least Number 1 participant/s, must not exceed 10 (ten) minutes duration and must address all elements of the Observation Checklist below.

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

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

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

Option 1: Peer/s participant

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

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

Recording instructions

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

ASSESSOR GUIDE

Consent to participate in the recording must be captured for all participant/s at the start of the meeting. This is achieved by the student reading the following statement at the start of the recording, with all participants replying their name and job title to inform consent.

"This session/presentation is being recorded for assessment purposes for my course with Swinburne Open Education. This session will be recorded and submitted through my course online learning platform to my assessor for grading. All participant/s in this session indicate their consent to be included in this recording by stating their name and job title."

The time taken to capture consent at the start of the recording does not count towards the recording time limit.

Include this recording as part of your assessment submission.

Guidelines:

- To demonstrate your completion of this activity, the roleplay must be recorded. Save and submit the recorded video. Use the filename: FNSACC523 Case Study 1 Roleplay Activity
- Your video submission must be no longer than 10 minutes. Any submission longer than this will be marked as not satisfactory.

Marking guide

Candidate must submit a video recording, no more than 10 minutes long, of their meeting with Leo Toll. Refer to the Assessor’s Checklist for the points of discussion to be included the candidate’s submission.

Assessment marking criteria: Part C: Observation checklist

Assessor instructions: All sections/questions must be completed.

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

		S	U
1	Introduced themselves at the start of the video.	<input type="checkbox"/>	<input type="checkbox"/>
2	Discussed their findings on the variances between the actual and budgeted costs. This must reflect the responses in Part B : Task 5.	<input type="checkbox"/>	<input type="checkbox"/>
3	Provided two [2] potential causes of the budget variances. Responses will vary. However, these must be related to their responses in the previous tasks, e.g. based on their assumptions, or the KPIs not being met.	<input type="checkbox"/>	<input type="checkbox"/>
4	Provided two [2] recommendations on how to turn the unfavourable aspects of the budget to favourable on the next financial year. Responses will vary. However these must be related to their responses in the previous tasks, e.g. minimise cost on operating expenses, control inventory costs, etc.	<input type="checkbox"/>	<input type="checkbox"/>
5	Used clear and concise language and concepts appropriate to the audience and purpose. Candidate demonstrated these by:	<input type="checkbox"/>	<input type="checkbox"/>

	<ul style="list-style-type: none"> • Not using jargon. • Explaining each part of the data for clarification. • Describing how the variances were calculated. 		
6	<p>Used active listening and questioning techniques to elicit and convey information.</p> <p>Candidate demonstrated these by:</p> <ul style="list-style-type: none"> • Listening attentively to the speaker. • Using appropriate non-verbal communication (e.g. nodding head, proper posture) when responding and asking questions. • Clarifying points of discussion. • Asking relevant questions. 	<input type="checkbox"/>	<input type="checkbox"/>
7	<p>Uses collaborative and inclusive techniques to build rapport and establish and maintain positive relationships</p> <p>Candidate demonstrated these by:</p> <ul style="list-style-type: none"> • Where appropriate, looks at the speaker. • Addresses people by name (or job role). • Provides appropriate feedback. • Agrees and disagrees appropriately. 	<input type="checkbox"/>	<input type="checkbox"/>



Congratulations, you have reached the end of Assessment 2

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