



FNSACC412

# Prepare operational budgets

Assessment 1 of 2

Knowledge based questions



## Introduction

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

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

## Assessment Instructions

### Overview

To be assessed as competent for this unit of competency, you must demonstrate your skills and knowledge to use a range of routine calculation methods and techniques when performing routine calculations and checking calculation outcomes.

This assessment is divided into six (6) knowledge-based questions and mathematical calculation. Read each question carefully before typing your response into the spaces provided.



### 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.



## Additional resources and supporting documents.

To complete this assessment, you will need:

- A computer with internet and email access and a working web browser
- Computer Software:
  - MS Word

## Submission requirements

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

Word documents will not be accepted. Please save any Word documents as PDF files before submitting.

*Most modern web browsers can open and display a PDF file. If you have an older operating system, however, you may need a PDF reader installed on your device such as the Acrobat Reader, available from [Adobe](#).*

### Windows: Word 2013 and newer

Choose File > Export > Create PDF/XPS.

### Windows: Word 2010

1. Click the **File** tab
2. Click **Save As**
  - To see the **Save As** dialog box in Word 2013 and Word 2016, you have to **choose a location and folder**
3. In the **File Name** box, enter a name for the file, if you haven't already
4. In the **Save as type** list, click **PDF (\*.pdf)**.
  - If you want the file to open in the selected format after saving, select the *Open file after publishing* check box.
  - If the document requires high print quality, click *Standard* (publishing online and printing).
  - If the file size is more important than print quality, click *Minimum size* (publishing online).
5. Click **Options** to set the page to be printed, to choose whether markup should be printed, and to select output options. Click **OK** when finished.
6. Click **Save**.

### macOS: Office for Mac

To save your file as a PDF in Office for Mac follow these easy steps:

1. Click the **File**
2. Click **Save As**
3. Click **File Format** towards the bottom of the window
4. Select **PDF** from the list of available file formats
5. Give your file a **name**, if it doesn't already have one, then click **Export**

For more detailed instructions refer to [Microsoft Support](#).

Assessment Requirements:	
<input type="checkbox"/>	Knowledge based questions 1 to 6

### QUESTION 1

List the five [5] principles of budgetary control. [Approximate word count 40 – 60 words]

#### MARKING GUIDE

The answer provided by the candidate must match the exemplar answer 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. [Approximate word count 90 – 120 words]

#### MARKING GUIDE

The answer provided by the candidate must match any three of the exemplar answers below.

- 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? [Approximate word count 40 – 60 words]

#### MARKING GUIDE

The answer provided by the candidate must reflect the exemplar answers below.

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 two [2] key principles of statistical analysis? [Approximate word count 60 – 80 words]

#### MARKING GUIDE

The answer provided by the candidate must match the exemplar answers below.

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.

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? [Approximate word count 60 – 80 words]

### MARKING GUIDE

The answer provided by the candidate must 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 three (3) key principles of measures of variance in the context of financial data analysis and operational budgets? [Approximate word count 60 – 80 words]

### MARKING GUIDE

The answer provided by the candidate must match the exemplar answers below.

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

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