



FNSACC527

ASSESSOR GUIDE

Provide management accounting information

Assessment 2 of 3

Case Study



Assessment Details

Task overview

This assessment task is designed to ensure that you can display the skills required to gather, record and analyse operating and cost data, prepare budget reports, and review costing system integrity to calculate and record the costs of products and services.

This case study assessment task is divided into (4) parts:

- Part A. Determining and Establishing the Appropriate System
- Part B. Systematically Coding and Classifying Data
- Part C. Preparing Cost Reports and Budgets
- Part D. Reviewing Costing System Integrity

Read the case study and complete each part.

Additional resources and supporting documents

To complete this assessment, you will need:

- FNSACC527 BurlapAttire-ChartOfAccounts-2023_V2
- FNSACC527 Burlap Attire Budgets and Reports.xls
- FNSACC527_Burlap Attire Style Guide
- Computer with installed software: MS Word, MS Excel, Adobe Acrobat Reader, MYOB
- Safe place to conduct the role play activity [e.g. boardroom]
- At least three (3) volunteers to participate in a roleplay meeting
- Access to:
 - The internet
 - A printer
 - Video recording device, [e.g. camera, mobile phone, computer with web camera, etc.]

The policies and procedures for Burlap Attire, the simulated business used in this case study, is provided for you on the following pages. Refer to these policies and procedures when you complete the tasks included in this assessment. Assessor Instructions for Assessment Task 2 Part A Determining and Establishing the Appropriate System

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.

Purpose of the Task

This assessment task is designed to ensure that the student can display the skills required to gather, record and analyse operating and cost data, prepare budget reports, and review costing system integrity to calculate and record the costs of products and services.

Guidance to Assessors About this Task

Review all evidence and mark using the assessment checklist and assessment marking criteria listed below.

The Assessor Guide provides model answers to all the questions, setting out which key responses must be included as well as indicating where flexibility is acceptable.

Where there is a number of responses required, this is specified to avoid ambiguity. In these cases, the model answer will provide a list of possible answers. For instance, if a question requires the student to list three (3) examples, then their response must include three of the items listed in the model answer.

- You will require Model answers in FNSACC527 Burlap Attire Budgets and Reports_AG.xls

Task Instructions: Part A: Determining and Establishing the Appropriate System

Case Study: Burlap Attire

SCENARIO



Burlap Attire is a Brisbane-based clothing company that releases thirty (30) different fashion pieces every month for women. It offers tops, dresses, sweaters, apparel, swimwear, and accessories.

It started its operations last year. Burlap Attire comes in the form of a partnership. The owners are Joanna Hart and April Knowles.

You are employed as a new accountant in the finance department of Burlap Attire. Your role is to assist the management to prepare and analyse cost reports and budgets to monitor the performance of the company.

This role includes collecting, recording and reporting financial data from several units of an organisation, observe and analyse their budget and suggest their funding and allocation. This also includes estimation of the costs of production, administration and other costs.

Burlap Attire has been doing well, with profits continuously increasing. The management has planned to extend its clothing classifications by selling jeans starting next year.

Relevant Cost Accounting Policies and Procedures

This is an extract.

1. Accounting books and MYOB accounts should be set up properly to accommodate all recording and accounting needs.
 - a. If there is a need to set up new accounts for new clothing classifications, the approval of the senior accountant is needed to do so.
 - b. For new accounts in MYOB, the following pointers should be taken into account:

Account Classification	Account Description	Account Number
Assets	New inventory	1-41XX
Income	Income	4-11XX
Cost of Sales	Cost of Sales	5-11XX

- c. The costing system for each product should be carefully determined, considering accounting principles. Burlap Attire uses the process costing system for its clothing classifications.
- d. Costs of production should be properly researched, costed and approved by management.
- e. Management and marketing have deliberated and approved that in the case of new clothing classifications, mark-up is 300.00% on cost.

Style Guidelines:

- Download a copy of FNSACC527_Burlap Attire Style Guide

Steps

The management has decided to add another clothing classification: Jeans.

1. Complete the table below to determine and establish the appropriate system to generate operating and cost data for the new production line for jeans. *(Approximately 50 to 100 words)*
2. To do so, you may need to go over the policies and procedures of Burlap Attire as listed in the overview section of this case study.

Marking guide	
System to be used	Process costing system
Outline the policies and procedures regarding the costing of items in Burlap Attire	<ul style="list-style-type: none"> a. The costing system for each product should be carefully determined, considering accounting principles. Burlap Attire uses the process costing system for its clothing classifications. b. Costs of production should be properly researched, costed and approved by management. c. Management has deliberated and approved that in the case of new clothing classifications, mark-up is 300.00% on cost.

Submission instructions

Submit via the LMS.

Assessment marking criteria: Part A: Part A Determining and Establishing the Appropriate System

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 Not yet satisfactory (NYS) and requires resubmission.

		S	NYS
1	determined and established the appropriate system to generate operating and cost data	<input type="checkbox"/>	<input type="checkbox"/>

Assessor Instructions for Part B. Systematically Coding and Classifying Data

Purpose of the Task

This part is designed to ensure that the student can show skills in the following areas.

- Identifying and establishing systems required to generate operating and cost data
- Coding, classifying, and systematically checking data according to organisational policies and procedures
- Analysing cost data and identifying cost behaviour characteristics
- Assigning costs to specified products, services and organisational units and reconciling data
- Performing calculations to analyse and compare financial data using a range of mathematical problem-solving techniques
- Researching and analysing complex system data and documentation to gather and derive reporting information
- Using the main features and functions of digital technologies to access, extract and organise complex data
- analysing data and information and provide management accounting information for each of the following:
 - operating and cost data
 - costs for at least two products, services or organisational units

Guidance to Assessors About this Task

Review all evidence and mark using the assessment checklist and assessment marking criteria listed below.

Task Instructions: Part B.

Set up MYOB Data file for Burlap Attire

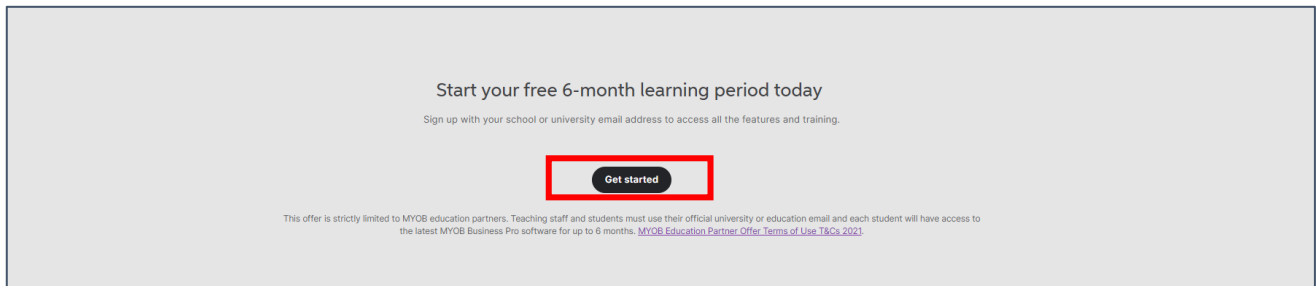
To complete this assessment, you will need to configure a MYOB File.

Follow the instructions below to set up a file for Burlap Attire using MYOB Business.

Use the email address you use to access your Swinburne Open Education course, and when asked, 'What is your role in the business?' select 'Student or teacher'.

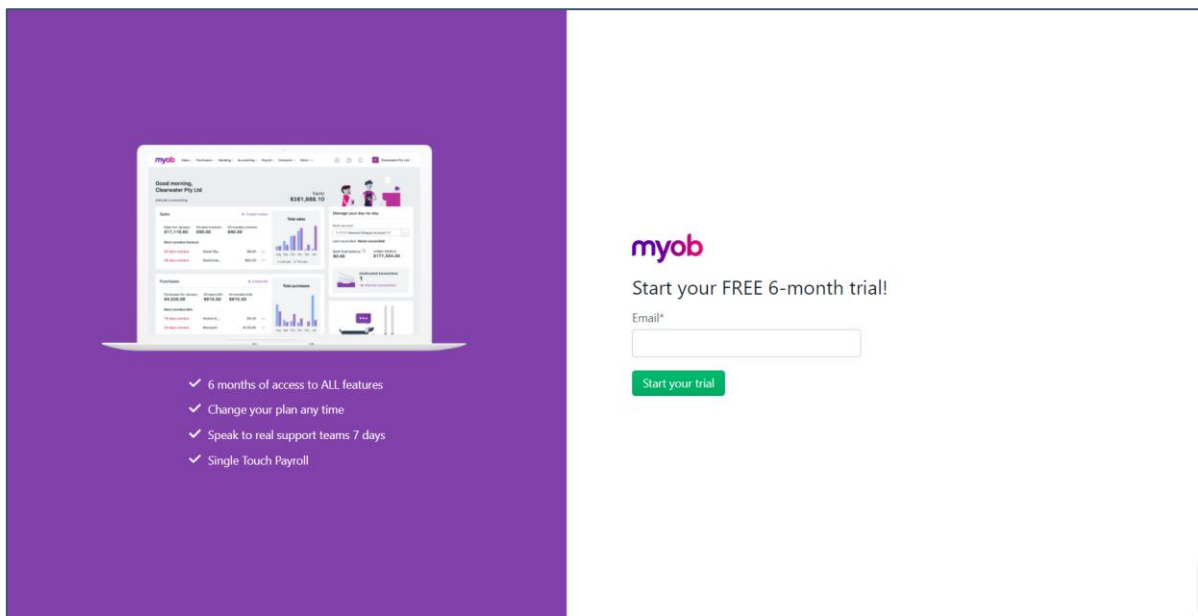
Step 1

Go To <https://www.myob.com/au/campaign/education-trial> and select 'Get started.'



Step 2

Enter the email address you use to access your Swinburne Open Education course and start your trial.



Step 3

Add your first name, last name, and phone number and set your password.

myob

Start your FREE 6-month trial!

Email*

First name*

Last name*

Phone number*

Business name*

[Sign in to create a new trial](#)

myob

Sign in to MYOB

Email address

Password

[Forgotten your password?](#)

[Sign in](#)


Don't have an account? [Sign up](#)

Step 4

Access the MYOB software.

myob

What happens next?




Access your product

Learn the ropes with the help of your own personalised setup activities

[Access your software now](#)

Step 5

Add the ABN 26 0086 721 79 and select next.



1 ABN

2 Business details

3 Personalise

Let's start with your ABN

Adding your Australian Business Number (ABN) helps us to customise your software to your business. You'll save time by having the right setup from the start.

ABN


[Find your ABN ↗](#)

i If you don't have an ABN you can add this in later.

Next

Step 6

- Check the business name is correct [Burlap Attire]
- Tick **Yes**, the business is registered for GST
- From the drop-down menu, select **Partnership** as the business type.



✓ ABN

2 Business details

3 Personalise

Business details

ABN

Business name *

Is this business registered for GST? * **i**

Yes

No

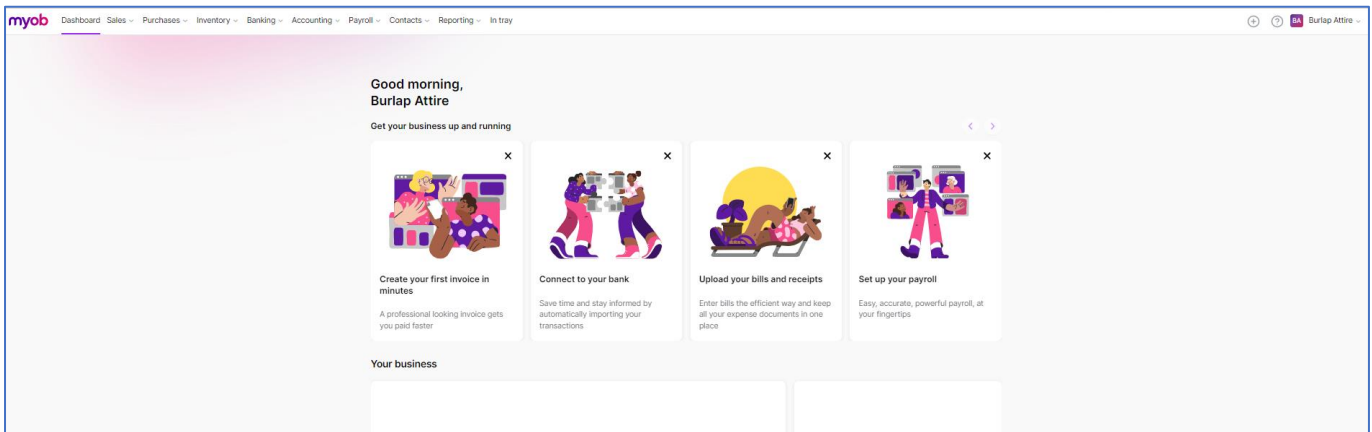
What type of business is this? *

Go back **Next**

Step 7

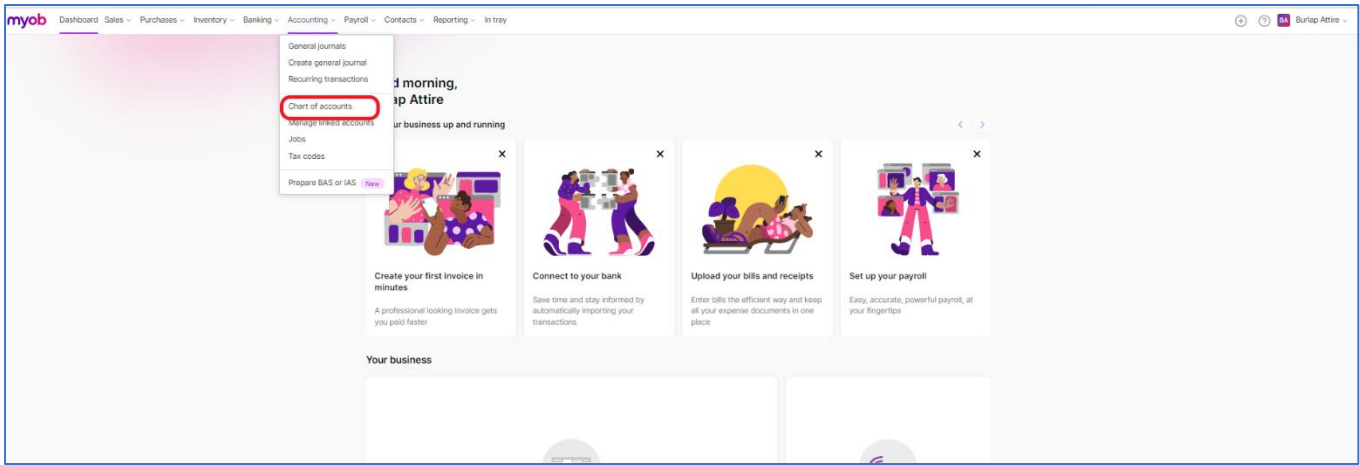
- From the drop-down menu, select **Manufacturing** for your business's industry
- Select **Student or teacher** as your role in the business
- Select **Yes**, the business has employees.

Once you have done this, select **Finish set up**. You will then be redirected to the MYOB dashboard.

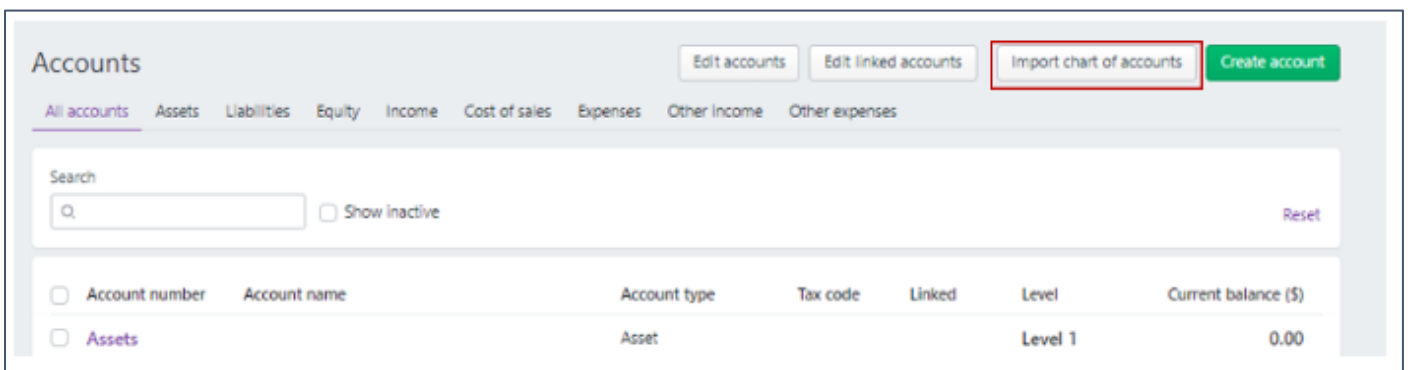


Step 8

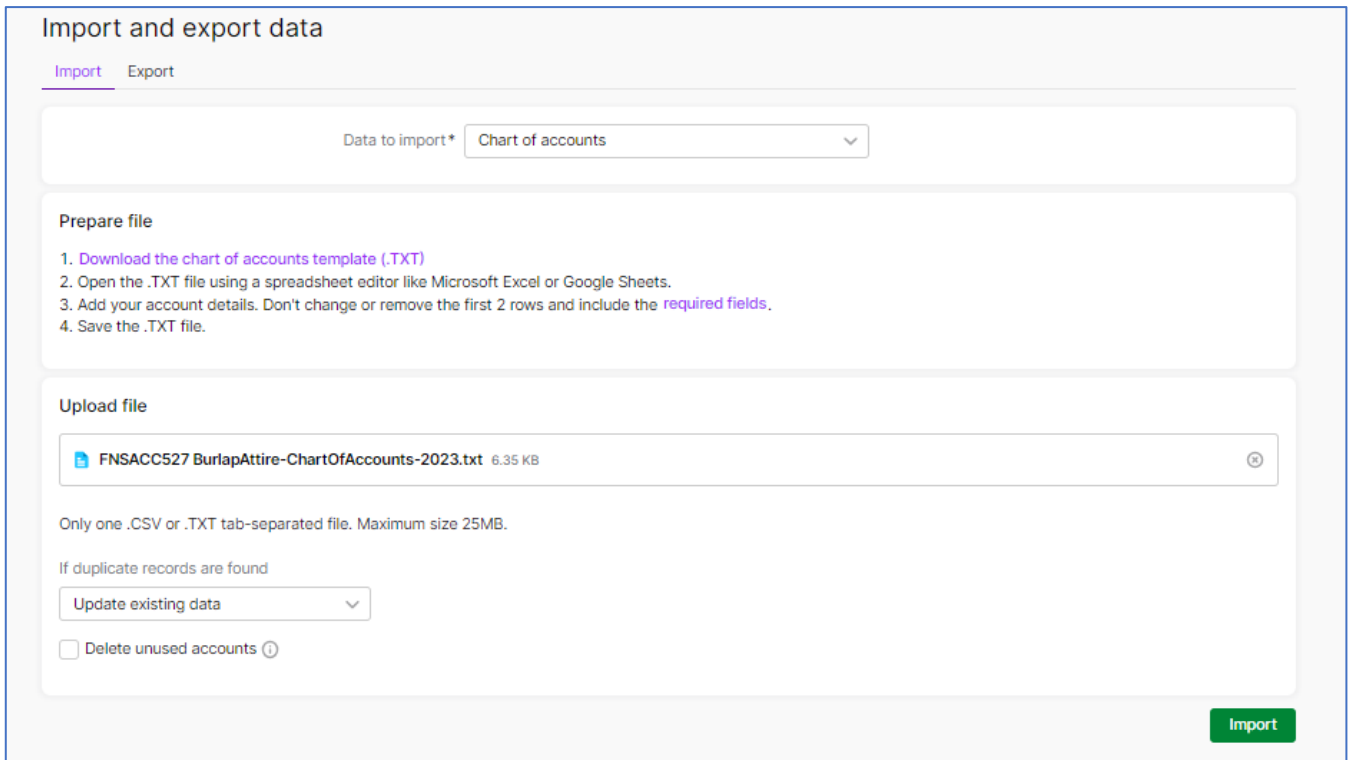
Select the Accounting tab, and from the drop-down menu, select **Chart of accounts**.



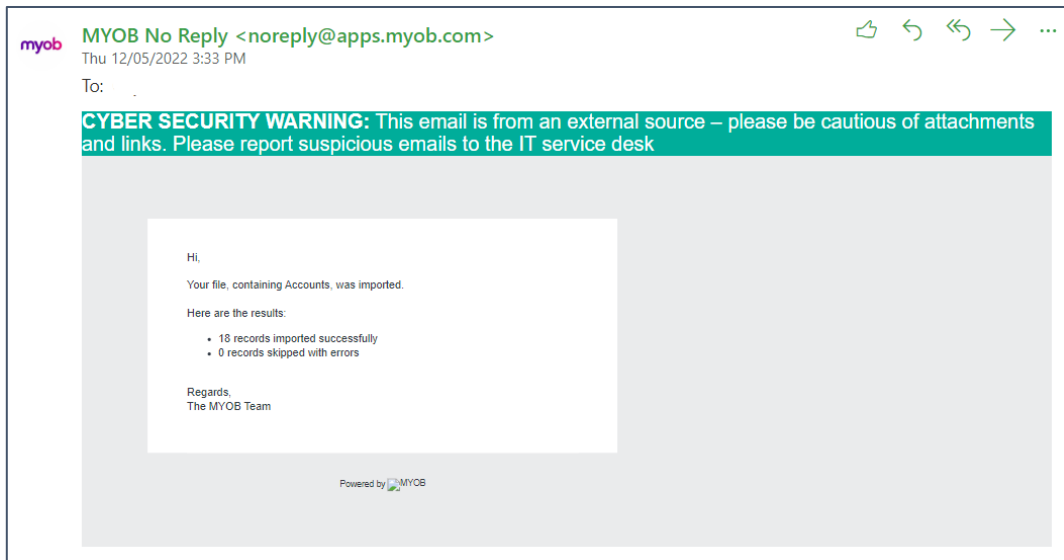
And then, select Import chart of accounts.



Download and Import the Chart of Accounts - [FNSACC527 BurlapAttire-ChartOfAccounts-2023_V2](#)



You will receive an email from MYOB once your file has been imported.



Systematically Coding and Classifying Data

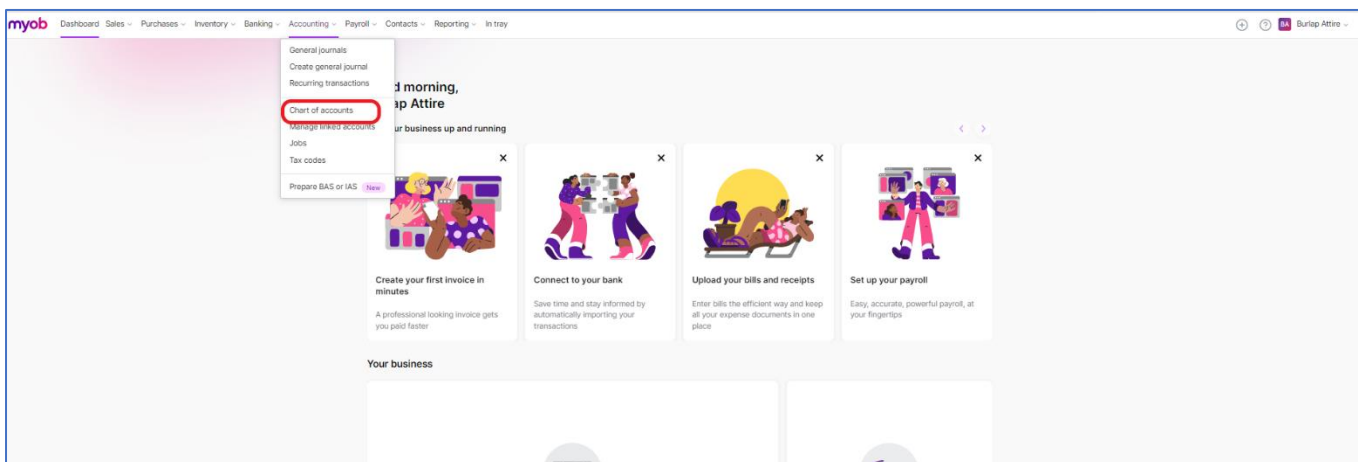
Currently, Burlap Attire has six (6) clothing classifications, and they are tops, dresses, sweaters, apparel, swimwear, and accessories. Since the management has decided to add a new clothing classification, you need to reflect this in the MYOB file used by Burlap Attire to properly account for costs and revenues.

To do so, you are tasked to add three (3) new accounts in MYOB, particularly:

Income Account	Cost of Sales Account	Inventory Account
4-1170 Sales - Jeans	5-1170 Cost of Sales - Jeans	1-4170 Burlap Jeans

Step 1. Adding MYOB Accounts

Select the Accounting tab, and from the drop-down menu, select **Chart of accounts**.



Click the Create account tab. create new accounts to accommodate your list in the table above. Make sure you have the correct account type, number, and name.

The screenshot shows the 'Accounts' page with a navigation bar containing 'Edit accounts', 'Edit linked accounts', 'Import chart of accounts', and a highlighted 'Create account' button. Below the navigation bar is a search bar and a table of accounts.

Account number	Account name	Account type	Tax code	Linked	Level	Current balance (\$)
Assets		Asset			Level 1	683,035.41
1-1000	Current Assets	Asset			Level 2	641,356.12
1-1100	Bank Accounts	Asset			Level 3	207,356.12
1-1110	Bank of Brisbane	Bank	N-T	Linked	Level 4	207,356.12
1-1170	Undeposited Funds Account	Bank	N-T	Linked	Level 3	0.00
1-1171	Electronic Clearing Account	Bank	N-T	Linked	Level 3	0.00
1-1210	Other Receivables	Account receivable	N-T		Level 3	0.00

Generate an Account list report with the report options identified below.

The screenshot shows the 'Accounts' page with a 'Reports' dropdown menu open. The 'Reports' option is highlighted with a red circle. The dropdown menu includes options like 'Favourite reports', 'Reports', 'Custom reports', 'Exceptions dashboard', 'Report packs', 'BAS', and 'PDF style templates'.

The screenshot shows the 'Accounts list report' page. The 'Report options' panel on the right is highlighted with a red circle. The panel includes options for 'Year-end adjustments', 'Display negative amounts', and 'Display' settings.

Report options

- Accounts: 62 selected
- Year-end adjustments:
 - Include
 - Exclude
 - Only show year-end adjustments
- Display negative amounts:
 - In brackets (100)
 - With a minus sign -100
- Display:
 - Accounts with zero balances
 - Currency symbols
 - Cents
 - Header accounts
 - Subtotals

Export it as a PDF file and save as: FNSACC527 Burlap Attire Printout 1 Accounts List

Submission instructions

Submit your assessment via the LMS.

Assessment marking criteria Step 1

Marking guide:

Candidate must submit a pdf copy of the Accounts List [Summary] as follows:

Burlap Attire (2)

Accounts list report

14 Sep 2023

Account number	Account name	Level	Type	Balance (\$)	Tax code	Status
1-0000	Assets	1	Asset	683,035.41		Active
1-1000	Current Assets	2	Asset	641,356.12		Active
1-1100	Bank Accounts	3	Other asset	207,356.12		Active
1-1110	Bank of Brisbane	4	Bank	207,356.12	N-T	Active
1-1170	Undeposited Funds Account	3	Bank	0.00	N-T	Active
1-1171	Electronic Clearing Account	3	Bank	0.00	N-T	Active
1-1200	Trade Debtors	3	Accounts receivable	0.00	N-T	Active
1-1210	Other Receivables	3	Accounts receivable	0.00	N-T	Active
1-1300	Stock on hand	3	Other current asset	0.00	N-T	Active
1-1305	Inventory - Raw Materials	3	Other current asset	0.00	N-T	Active
1-1310	Inventory - Burlap Tops	3	Other current asset	50,000.00	N-T	Active
1-1320	Inventory - Burlap Dresses	3	Other current asset	60,000.00	N-T	Active
1-1330	Inventory - Burlap Sweaters	3	Other current asset	54,000.00	N-T	Active
1-1340	Inventory - Burlap Apparel	3	Other current asset	160,000.00	N-T	Active
1-1350	Inventory - Burlap Swimwear	3	Other current asset	60,000.00	N-T	Active
1-1360	Inventory - Burlap Accessories	3	Other current asset	50,000.00	N-T	Active
1-1370	Inventory - Burlap Jeans	3	Other current asset	0.00	N-T	Active
1-1700	Prepayments	2	Asset	3,600.00	N-T	Active
1-1962	Deposits To Suppliers	2	Asset	0.00	N-T	Active
1-2100	Property, Plant & Equipment	3	Fixed asset	38,079.29		Active
1-2110	Plant & Equipment	4	Fixed asset	42,300.00	CAP	Active
1-2120	Accum. Depr. Plant & Equipment	4	Fixed asset	(4,220.71)	N-T	Active
Total				683,035.41		
2-0000	Liabilities	1	Liability	680.00		Active
2-0010	Current Liabilities	2	Liability	680.00		Active
2-1140	Accounts Payable	3	Accounts payable	0.00	N-T	Active
2-1150	Accrued Wages	3	Other current liability	680.00	N-T	Active
2-1211	GST Liabilities	3	Other current liability	0.00		Active
2-1212	GST Collected	4	Other current liability	0.00	N-T	Active
2-1213	GST Paid	4	Other current liability	0.00	N-T	Active

Account number	Account name	Level	Type	Balance (\$)	Tax code	Status
2-1240	Tax Refunds/Payments	3	Other current liability	0.00	N-T	Active
2-1350	PAYG Withholding Payable	3	Other current liability	0.00	N-T	Active
2-1355	Superannuation Payable	3	Other current liability	0.00	N-T	Active
2-1365	ABN Withholding	3	Other current liability	0.00	N-T	Active
2-1370	Luxury Car Tax Payable	3	Other current liability	0.00	N-T	Active
2-1375	Voluntary Withholding Payable	3	Other current liability	0.00	N-T	Active
2-1385	Luxury Car Tax	3	Other current liability	0.00	N-T	Active
2-1390	Fuel Tax Credits Accrued	3	Other current liability	0.00	N-T	Active
2-1395	Voluntary Withholding	3	Other current liability	0.00	N-T	Active
2-1399	Wine Equalisation Tax	3	Other current liability	0.00	N-T	Active
2-1410	Income Tax Payable	3	Other current liability	0.00	N-T	Active
2-2000	Non Current Liabilities	2	Liability	0.00		Active
2-9000	Suspense/Query	3	Other liability	0.00	N-T	Active
Total				680.00		
3-0000	Equity	1	Equity	682,355.41		Active
3-1000	Owner's Capital Introduced	2	Equity	682,355.41	N-T	Active
3-2000	Owner's Drawings/Personal Expenses	2	Equity	0.00	N-T	Active
3-8000	Retained Earnings	2	Equity	0.00	N-T	Active
3-9000	Current Year Earnings	2	Equity	0.00	N-T	Active
3-9999	Historical Balancing	2	Equity	0.00	N-T	Active
Total				682,355.41		
4-0000	Income	1	Income	0.00		Active
4-1000	Sales	2	Income	0.00	GST	Active
4-1110	Sales - Tops	2	Income	0.00	GST	Active
4-1120	Sales - Dresses	2	Income	0.00	GST	Active
4-1130	Sales - Sweaters	2	Income	0.00	GST	Active
4-1140	Sales - Apparel	2	Income	0.00	GST	Active
4-1150	Sales - Swimwear	2	Income	0.00	GST	Active
4-1160	Sales - Accessories	2	Income	0.00	GST	Active
4-1170	Sales - Burlap Jeans	2	Income	0.00	GST	Active
4-1400	Sales	2	Income	0.00	GST	Active
Total						
5-0000	Cost Of Sales	1	Cost of sales	0.00		Active
5-0100	Opening Stock/Inventory	2	Cost of sales	0.00	N-T	Active
5-0200	Closing Stock/Inventory	2	Cost of sales	0.00	N-T	Active
5-0600	Cost Of Sales	2	Cost of sales	0.00	N-T	Active
5-1110	Cost of Sales - Tops	2	Cost of sales	0.00	N-T	Active

Account number	Account name	Level	Type	Balance (\$)	Tax code	Status
5-1120	Cost of Sales - Dresses	2	Cost of sales	0.00	N-T	Active
5-1130	Cost of Sales - Sweaters	2	Cost of sales	0.00	N-T	Active
5-1140	Cost of Sales - Apparel	2	Cost of sales	0.00	N-T	Active
5-1150	Cost of Sales - Swimwear	2	Cost of sales	0.00	N-T	Active
5-1160	Cost of Sales - Accessories	2	Cost of sales	0.00	N-T	Active
5-1170	Cost of Sales - Burlap Jeans	2	Cost of sales	0.00	N-T	Active
Total						
6-0000	Expenses	1	Expense	0.00		Active
6-1110	Accounting & Bookkeeping	2	Expense	0.00	GST	Active
6-1120	Advertising & Marketing	2	Expense	0.00	GST	Active
6-1300	Depreciation	2	Expense	0.00	N-T	Active
6-1540	Insurance Expenses	2	Expense	0.00		Active
6-1550	Business Insurance	3	Expense	0.00	GST	Active
6-4000	Payroll Expenses	2	Expense	0.00		Active
6-4100	Payroll - Wages & Salaries	3	Expense	0.00	N-T	Active
6-4200	Superannuation	3	Expense	0.00	N-T	Active
6-4310	Rent & Utilities	2	Expense	0.00	GST	Active
6-4450	Sundry Expenses	2	Expense	0.00	GST	Active
Total						
8-0000	Other Income	1	Other income	0.00		Active
8-0060	Rounding & Adjustments	2	Other income	0.00	N-T	Active
8-1000	Interest Received	2	Other income	0.00	FRE	Active
Total						
9-0000	Other Expenses	1	Other expense	0.00		Active
9-1000	Bank Fees	2	Other expense	0.00	FRE	Active
9-2000	Income Tax Expense	2	Other expense	0.00	N-T	Active
Total						

Step 2. Analysing and Classifying Costs

Initial forecasted costs by Anne McElhone, also an accountant, are indicated in the table below and forwarded to you.

You were tasked to determine the proper classification of the forecasted costs accordingly.

Use the guide below to complete the table.

Cost classification can be:

1. Direct material
2. Direct labour
3. Factory overhead

Cost behaviour can be:

- a. Fixed
- b. Variable

c. Mixed

Marking guide:		
	Cost classification	Cost behaviour
Denim fabric	Direct material	Variable
Rivets	Factory overhead	Fixed
Thread	Factory overhead	Fixed
Zippers	Factory overhead	Fixed
Factory utilities	Factory overhead	Variable
Factory rent	Factory overhead	Fixed
Depreciation of sewing machines	Factory overhead	Fixed
Sewing operators' wages	Direct labour	Variable
Line manager's salary	Factory overhead	Fixed
Wages of maintenance and janitorial workers	Factory overhead	Fixed
Building and machine maintenance	Factory overhead	Variable

Step 3. Computing Cost and Selling Price

Karyn UMBER, another accountant, has asked you to do computations. She has forwarded the data in the table below.

You are to compute the following:

- a. Direct material
- b. Direct labour
- c. Factory overhead
- d. Total unit cost
- e. Total selling price per unit

Round up decimal places to the nearest dollar.

	Allocated cost per unit
Denim fabric	\$15.00
Rivets	0.50
Thread	0.30
Zippers	0.80
Factory utilities	0.75
Factory rent	0.20
Depreciation of sewing machines	0.20
Sewing operators' wages	5.00
Line manager's salary	1.50
Wages of maintenance and janitorial workers	2.00
Building and machine maintenance	0.75

Marking guide:

	Amounts
Direct material	
Denim fabric	15.00
Direct labour	
Sewing operators' wages	5.00
Factory overhead	

Rivets	0.50
Threads	0.30
Zippers	0.80
Factory utilities	0.75
Factory rent	0.20
Depreciation of sewing machines	0.20
Line manager's salary	1.50
Wages of maintenance and janitorial workers	2.00
Building and machine maintenance	0.75
Total cost per pair	\$ 27.00
Add: Mark-up (at 300.00%)	\$ 54.00
Total selling price per pair	\$ 81.00

Step 4. Setting up Inventory Items in MYOB

Burlap Attire have decided they want to start tracking their on-hand inventory quantities.

Select the Inventory tab, and from the drop-down menu, select **Create item**.

Use the information below to create inventory items in MYOB for each of the items listed and for the new clothing classification.

The new clothing classification inventory item needs to coincide with the accounts created in Step 1 of this task and the cost and selling price information computed in Step 3.

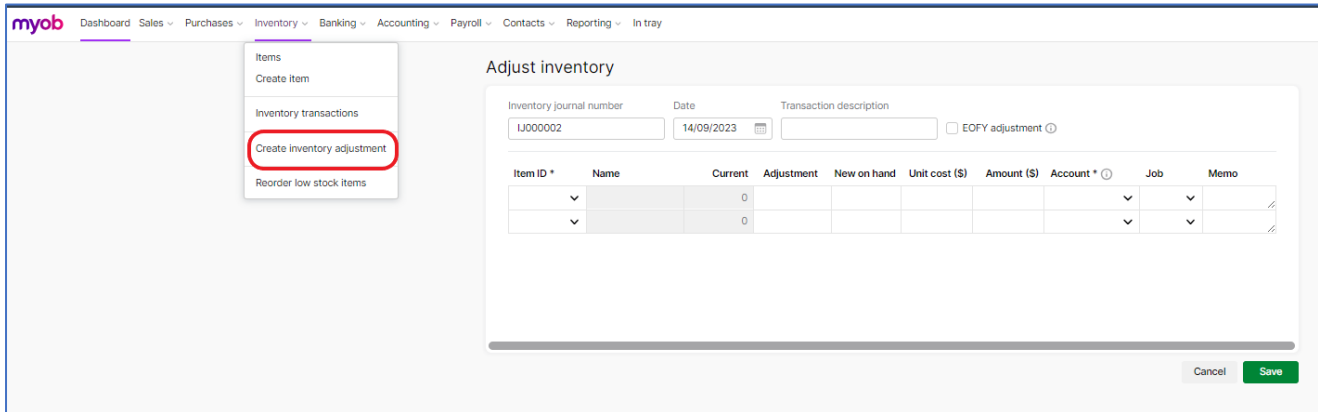
Item ID	Item	Actual Selling Price (tax inclusive)	Tax Code When Sold	Quantity on Hand
A1	Burlap Tops	\$100.00	GST	500
A2	Burlap Dresses	\$150.00	GST	400
A3	Burlap Sweaters	\$180.00	GST	300
A4	Burlap Apparel	\$400.00	GST	400
A5	Burlap Swimwear	\$200.00	GST	300
A6	Burlap Accessories	\$250.00	GST	200
7A	Burlap Jeans	<i>Based on the computed amount in Step 3</i>	GST	0

Ensure that you check the following:

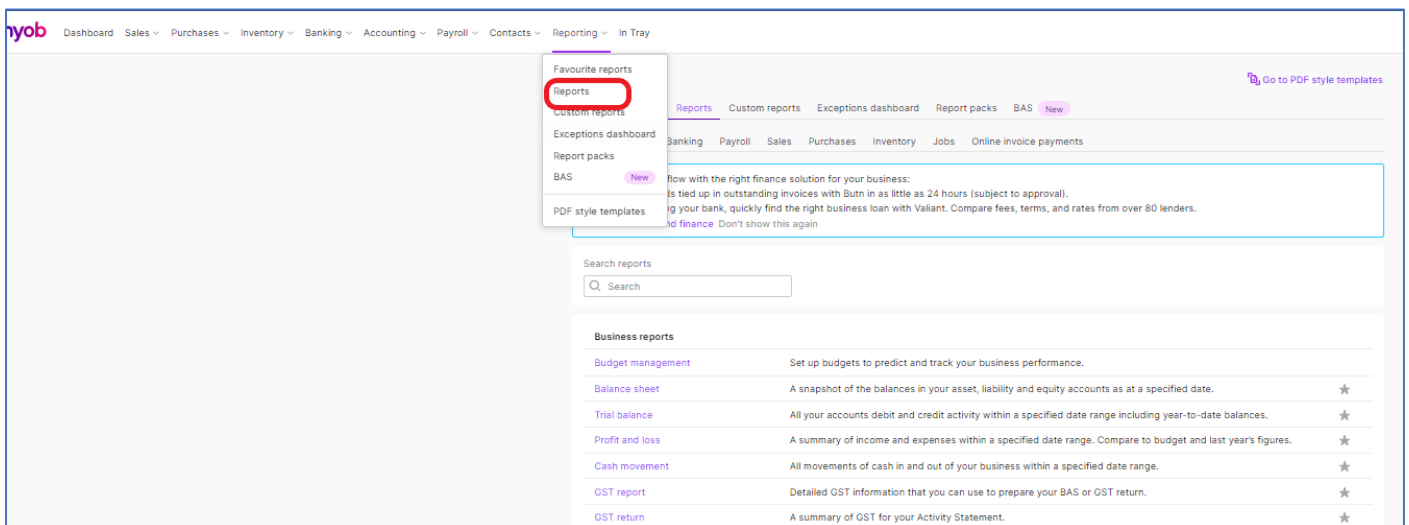
- Details tab:
 - Use item description on sales and purchases
- Inventory tab:
 - I track stock for this item and the tracking inventory account aligns to the correct asset account.
- Selling tab:
 - I sell this item

- Unit of measure = each
- The correct tax code is entered
- The income account for tracking sales aligns to the correct income account
- The cost of sales account aligns to the correct cost of sales account.

Adjust the inventory to recognise the quantity on hand. Use the quantity on hand and unit cost figures from the table above.



Prepare a printout of the Items Register Report. You don't need to physically print this report rather export it as a PDF file.



Save the file as FNSACC527 Burlap Attire Printout 2 Items Register

Submission instructions

Submit your assessment via the LMS.

Marking guide:

Candidate must submit a pdf of the Items Register Report as follows:

Items register report

14 Sep 2023 - 14 Sep 2023

Item number	Item name				Quantity changed	Amount (\$)		
1A	Burlap Tops							
Date	Transaction source	Reference no.	Memo	Starting quantity	Quantity changed	Amount (\$)	On hand	Current value (\$)
14/09/2023	Inventory	IJ000001		0	0	0.00	0	0.00
14/09/2023	Inventory	IJ000002		0	500	50,000.00	500	50,000.00
Total					500	50,000.00		
A2	Burlap Dresses							
Date	Transaction source	Reference no.	Memo	Starting quantity	Quantity changed	Amount (\$)	On hand	Current value (\$)
14/09/2023	Inventory	IJ000002		0	400	60,000.00	400	60,000.00
Total					400	60,000.00		
A3	Burlap Sweaters							
Date	Transaction source	Reference no.	Memo	Starting quantity	Quantity changed	Amount (\$)	On hand	Current value (\$)
14/09/2023	Inventory	IJ000002		0	300	54,000.00	300	54,000.00
Total					300	54,000.00		
A4	Burlap Apparel							
Date	Transaction source	Reference no.	Memo	Starting quantity	Quantity changed	Amount (\$)	On hand	Current value (\$)
14/09/2023	Inventory	IJ000002		0	400	160,000.00	400	160,000.00
Total					400	160,000.00		
A5	Burlap Swimwear							
Date	Transaction source	Reference no.	Memo	Starting quantity	Quantity changed	Amount (\$)	On hand	Current value (\$)
14/09/2023	Inventory	IJ000002		0	300	60,000.00	300	60,000.00
Total					300	60,000.00		
A6	Burlap Accessories							
Date	Transaction source	Reference no.	Memo	Starting quantity	Quantity changed	Amount (\$)	On hand	Current value (\$)
14/09/2023	Inventory	IJ000002		0	200	50,000.00	200	50,000.00

Item number	Item name				Quantity changed	Amount (\$)		
A6	Burlap Accessories							
Date	Transaction source	Reference no.	Memo	Starting quantity	Quantity changed	Amount (\$)	On hand	Current value (\$)
Total					200	50,000.00		
Grand total							2100	434,000.00

Assessment marking criteria: Part B. Systematically Coding and Classifying Data

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 Not yet satisfactory (NYS) and requires resubmission.

		S	NYS
1	Adding MYOB Accounts: Saving the file as FNSACC527 Burlap Attire Printout 1 Accounts List	<input type="checkbox"/>	<input type="checkbox"/>
2	Analysing and Classifying Costs: Completed the table with Cost classification and Cost behaviour	<input type="checkbox"/>	<input type="checkbox"/>
3	Computing Cost and Selling Price: Completed the table	<input type="checkbox"/>	<input type="checkbox"/>
4	Adding to the MYOB Inventory List: Saving the file as FNSACC527 Burlap Attire Printout 2 Items Register Report.	<input type="checkbox"/>	<input type="checkbox"/>

Assessor Instructions for Part C Preparing Cost Reports and Budgets [Observation]

Step 1. Role play Activity

The student will provide you with a recording which you will assess against the criteria in the observation checklist.

You will need to confirm that the student:

Determined changes in budget assumptions by directing and asking relevant questions

Determined the needed reports and budgets by the business managers and their specifications

Asked about the relevant source of information for the creation of the reports and budgets

Asked about the relevant style guides or format including templates, if any

Asked about the availability of manuals or user guides that can facilitate the preparation of reports and budgets

Demonstrated active listening techniques during their meeting with the department heads [volunteers], by:

- asking questions
- responding appropriately

Used tone and pace, appropriate for the meeting with department heads [volunteers]

Task Instructions: Part C: Preparing Cost Reports and Budgets [Observation]

Step 1. Role play Activity

This Role play Activity will require you to speak to people from different parts of the organisation to obtain cost information advice when formulating cost reports and budgets.

To complete this part of the assessment, you will need access to:

1. At least three [3] volunteers who will roleplay as the following: [divide the roles between them, some people will have more than one role]
 - Sales and Marketing Head
 - Accounting Head
 - Production Head
 - Administration Head
 - Human Resources Head
2. Video camera or a mobile phone with video and audio recording capabilities.

Role play instructions

The role-play/meeting must include at least three [3] participant/s, must not exceed [10] 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.

Option 2: Fellow student/s participant

Fellow student/s 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.

Student/s 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 participant/s 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 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.

Steps to take:

1. Divide the roles between your volunteers, some people will have more than one role]
2. Distribute the Discussion guide to the volunteers and brief them on how you would like them to help you with this task.
3. **Give the volunteers a copy of the FNSACC527_Burlap Attire Style Guide**
4. Gather your volunteers and roleplay the meeting where you will obtain cost information advice when formulating cost reports and budgets.
5. In the meeting, you must be able to:
 - ✓ Update budget assumptions by asking relevant questions.
 - ✓ Ask about cost reports and budgets that need to be prepared.
 - ✓ Ask about the relevant sources of data.

- ✓ Ask about the availability of related manuals or user guides that can be used to prepare cost reports and budgets.
- ✓ Ask about the relevant style guide or formats including templates, if any.
- ✓ Ask for suggestions to improve the cost assignment and budgeting processes.

6. Once complete save and submit your video recording as: FNSACC527 Roleplay Activity

Submission instructions

Submit your assessment via the LMS.

Discussion guide for the candidate:

In the meeting:

- When updating budget assumptions, direct and ask the following relevant questions to the proper individual.

Questions	Individuals
<ul style="list-style-type: none"> ▪ Will prices be kept the same, lowered or raised? 	Sales and Marketing Head
<ul style="list-style-type: none"> ▪ Will cost of goods change? 	Production Head
<ul style="list-style-type: none"> ▪ Do products need to be enhanced to keep current customers? 	Sales and Marketing Head
<ul style="list-style-type: none"> ▪ Are we hiring? Does the staff need further training? 	Human Resources Head
<ul style="list-style-type: none"> ▪ Are we planning to pursue other special projects or initiatives? 	All heads
<ul style="list-style-type: none"> ▪ Are there changes in expenses? 	Administration Head

- You will ask about the specifics of the reports and budgets regarding type, the relevant sources of information and the relevant style guides or format including templates, if any. You can use the following guide questions:
 - What are the reports and budgets that are needed by the individuals enumerated above?
 - Where can I source the data to be used in the reports and budgets?
 - Is there a manual or a guide I can use to facilitate the preparation of the reports and budgets?
 - Are there any style guides or format, including templates that I should use to prepare the reports and budgets?

Discussion guide for the volunteers:

In the meeting:

When updating budget assumptions and asked relevant questions, the volunteers will answer accordingly.

Questions	Individuals	Answer
a. Will prices be kept the same, lowered or raised?	Sales and Marketing Head	Prices will be the same as the current year. Economic conditions are forecasted to be stable. However, for the new clothing classification: jeans, a 300.00% mark-up on cost is considered based on the policies and procedures.
b. Will cost of goods change?	Production Head	Based on consultation with accounting, costs will remain the same. Economic indicators are at good margin levels and there is no need to increase costs for that matter.
c. Do products need to be enhanced to keep current customers?	Sales and Marketing Head	Designs need to be updated monthly. The release of new designs, however, should be reviewed and planned closely considering that customers ask or inquire about previously launched designs. It may be beneficial to the organisation to slow down a bit in terms of changing designs frequently.
d. Are we hiring? Does the staff need further training?	Human Resources Head	Yes, and these should be incorporated in the budget already. We plan to have at least two (2) training within the year.
e. Are we planning to pursue other special projects or initiatives?	All heads	There is a plan to expand the clothing classifications in the future. We just have to allocate funds properly to give way to these in the near future.
f. Are there changes in expenses?	Administration Head	Yes. They are: a. Office and sales salaries increased by 5% b. Office supplies increased by \$3,000.00 c. utility expenses increased by 15% d. Depreciation expense increased by \$17,100.00 e. Rent is the same f. Bank charges increased by 10% g. Sundry expenses increased by 7.5%

When asked about the needed reports and budgets, the volunteers will say that the usual budgets should be prepared, namely the following:

- a. Sales budget for the year
- b. Production budget for the year
- c. Operating expenses budget for the year

When asked about the relevant source of information, the volunteers will point out the following:

- a. FNSACC527 Burlap Attire Policies and Procedures (as indicated in the overview of the case study)
- b. Part B Parts 2 and 3

- When asked about manuals or guides that can be used to facilitate the preparation of the reports and budgets, the volunteers will refer the candidate to access user guides available on the Internet.
- When asked about the relevant style guides or format including templates, the volunteers will point out the Burlap Attire Style Guide.

Assessment marking criteria: Part C Step 1 – Role Play Activity: Obtaining Cost Information Advice Observation checklist

Marking guide:

Candidate must submit a video, no more than ten (10) minutes long to demonstrate the obtaining of cost information advice to formulate cost reports and budgets.

Candidate’s submission must satisfactorily meet all criteria items in the checklist provided below.

Check ‘S’ if the candidate has demonstrated the following in the video submission. Include comments where applicable.

Where the candidate has not been able to demonstrate a criteria item, the assessor must tick ‘NO’ and provide written comments explaining so. The assessor may also provide additional guidelines and further instructions to assist the candidate to satisfactorily complete this activity.

During the demonstration of skills, the student has satisfactorily (S) or Not yet satisfactorily (NYS) facilitated a discussion and debate on ideas with team members and:

			S	NYS
In the video submission, the candidate...				
1	Stated their name and the unit they are taking		<input type="checkbox"/>	<input type="checkbox"/>
2	Determined changes in budget assumptions by directing and asking relevant questions		<input type="checkbox"/>	<input type="checkbox"/>
3	Determined the needed reports and budgets by the business managers and their specifications		<input type="checkbox"/>	<input type="checkbox"/>
4	Asked about the relevant source of information for the creation of the reports and budgets		<input type="checkbox"/>	<input type="checkbox"/>
5	Asked about the relevant style guides or format including templates, if any		<input type="checkbox"/>	<input type="checkbox"/>
6	Asked about the availability of manuals or user guides that can facilitate the preparation of reports and budgets		<input type="checkbox"/>	<input type="checkbox"/>
7	Demonstrate active listening techniques during their meeting with the department heads (volunteers), by: <ul style="list-style-type: none"> • asking questions • responding appropriately 		<input type="checkbox"/>	<input type="checkbox"/>
8	Used tone and pace, appropriate for the meeting with department heads (volunteers)		<input type="checkbox"/>	<input type="checkbox"/>

Step 2. Spreadsheet Template

Burlap Attire prepares budgets and reports annually. They use Microsoft Excel to organise and summarise their data.

You are provided with a .xlsx file that you need to download by accessing the link below:

FNSACC527 Burlap Attire Budgets and Reports

You are required to complete a series of tasks to produce an Income Statement in Part C and Variance Analysis Reports in Part D.

1. Open the FNSACC527 Burlap Attire Budgets and Reports.xlsx file you have downloaded and proceed to complete the Sales Budget in Sheet 2. Take note of the following:
 - Forecasted sales units For Jeans are at 840, which are sold evenly throughout the year.
 - Unit selling price remains fixed for the whole year.
 - Forecasted data for the other clothing classifications are on the table below:

Clothing Classification	Number of Units	Unit Selling Price	Unit Cost
Tops	2,500	60.00	20.00
Dresses	2,200	90.00	30.00
Sweaters	1,500	108.00	36.00
Apparel	1,500	240.00	80.00
Swim wear	1,200	120.00	40.00
Accessories	1,000	150.00	50.00

- Obtain the figures for the clothing classification Jeans from Part B.

2. After that, complete the following steps:

- Make sure that the table in this sheet is properly labelled as:

Burlap Attire

Sales Budget

For the Year Ended 31 December 20XX

- Change the tab name to Sales Budget.
- Format this table according to the Burlap Attire Style Guide.
- When you are finished, save the file. Change the file name, and save as: FNSACC527 Budgets and Reports

Marking guide: See AG completed template

**Burlap Attire
Sales Budget
For the Year Ended 31 December 20XX**

	TOPS	DRESSES	SWEATERS	APPAREL	SWIMWEAR	ACCESSORIES	JEANS	TOTAL
Forecasted unit sales	2,500	2,200	1,500	1,500	1,200	1,000	840	
Multiply by: Unit Selling Price	60.00	90.00	108.00	240.00	120.00	150.00	81.00	
Budgeted Sales	150,000.00	198,000.00	162,000.00	360,000.00	144,000.00	150,000.00	68,040.00	1,232,040.00

3. Using the same file in Step 1, prepare the Production Budget in Sheet 3.

Considering the following information:

- Planned ending inventory units are 5% of the forecasted unit sales.
- Beginning finished goods inventory is 10% of last year's forecasted unit sales.

	Last year's forecasted unit sales
Tops	2,400
Dresses	2,100
Sweaters	1,400
Apparel	1,400
Swimwear	1,100
Accessories	900

4. After that, do the following accordingly:

- Make sure that the table in this sheet is properly labelled as:

Burlap Attire

Production Budget

For the Year Ended 31 December 20xx

- Change the tab name to Production Budget.
- Format this table according to the Burlap Attire Style Guide.

5. When you are finished, save the file. Maintain the file name as: FNSACC527 Budgets and Reports

Marking Guide

Burlap Attire

Production Budget

For the Year Ended 31 December 20XX

	TOP S	DRESS ES	SWEATE RS	APPAR EL	SWIM WEAR	ACCESSORI ES	JEAN S
Forecasted unit sales	2,500	2,200	1,500	1,500	1,200	1,000	840
Plus: Planned ending inventory units	125	110	75	75	60	50	42
Total Production Required	2,625	2,310	1,575	1,575	1,260	1,050	882
Less: Beginning finished goods inventory	240	210	140	140	110	90	0
Units to be manufactured	2,385	2,100	1,435	1,435	1,150	960	882

6. Using the same file in Steps 1 and 2, prepare an operating expenses budget in Sheet 4 using the information below:

	Last year's amounts
Office salaries	\$ 159,000.00
Office supplies	9,000.00
Sales salaries	241,000.00
Communications expense	15,000.00
Depreciation expense	37,800.00
Rent expense	60,000.00
Utilities expense	72,000.00
Bank charges	5,500.00
Miscellaneous expenses	18,500.00

Changes in operating expenses were enumerated by the Administration Head during the meeting with all section heads of the organisation. See previous task part for the details.

7. After that, do the following accordingly:

- Make sure that the table in this sheet is properly labelled as:

Burlap Attire

Operating Expenses Budget

For the Year Ended December 31, 20xx

- Change the tab name to Operating Expenses Budget.
- Format this table according to the Burlap Attire Style Guide.

8. When you are finished, save the file. Maintain the file name as: FNSACC527 Budgets and Reports

Marking Guide

Burlap Attire
Operating Expenses Budget
For the Year Ended 31 December 20XX

Office salaries	\$ 166,950.00
Office supplies	12,000.00
Sales salaries	253,050.00
Communications expense	17,250.00
Depreciation expense	54,900.00
Rent expense	60,000.00
Utilities expense	82,800.00
Bank charges	6,050.00
Miscellaneous expenses	19,887.50
Total operating expenses	\$ 672,887.50

9. Prepare the projected income statement by referring to the amounts from the budgets you have created in Steps 1, 2 and 3.

For the Projected Production Costs figure, consider the amounts in the Production Budget in Part C Step 2 Item 2 and the Unit Costs given in the table in Part C Step 2 Item 1.

10. After that, do the following accordingly:

- Make sure that the table in this sheet is properly labelled as:

Burlap Attire

Income Statement

For the Year Ended 31 December 20xx

- Change the tab name to Income Statement.
- Format this table according to the Burlap Attire Style Guide.

11. When you are finished, save the file. Maintain the file name as: FNSACC527 Budgets and Reports

Marking guide

Burlap Attire
Income Statement
For the Year Ended 31 December 20XX

Projected Sales	\$ 1,232,040.00
Projected Production Costs	\$ 400,644.00
Projected Gross Profit	\$ 821,360.00
Projected Operating Expenses	672,887.50
Projected Net Income	\$ 148,472.50

Submission instructions

Submit your assessment via the LMS.

Assessor Instructions for Assessment Task 2 Part D. Reviewing Costing System Integrity

Purpose of the Task

This part is designed to ensure that the student can analyse data and information and provide management accounting information and report on variance between budgeted and actual data, and review integrity of costing systems.

Guidance to Assessors About this Task

Review all evidence and mark using the assessment checklist and assessment marking criteria listed below.

Task Instructions: Task 2 Part D. Reviewing Costing System Integrity

Step 1. Computing Variances

The year passed, and you are to calculate and analyse variances against budgets. Consider the information in the table below:

Clothing Classification	Units Sold for the Year
Tops	2,712
Dresses	2,289
Sweaters	1,361
Apparel	1,607
Swimwear	1,185
Accessories	980
Jeans	850

Expenses	Amounts
Office salaries	164,300.00
Office supplies	14,900.00
Sales salaries	251,000.00
Communications expense	18,600.00
Depreciation expense	54,900.00
Rent expense	60,000.00
Utility expense	86,180.00
Bank charges	6,900.00
Miscellaneous expenses	21,491.00
Total operating expenses	678 271.00

Marking Guide

Sales

	Budgeted Sales	Actual Sales	Variance	
Tops	150,000.00	162,720.00	- 12,720.00	Favourable
Dresses	198,000.00	206,010.00	-8,010.00	Favourable
Sweaters	162,000.00	146,988.00	-15,012.00	Unfavourable
Apparel	360,000.00	385,680.00	- 25,680.00	Favourable
Swim wear	144,000.00	142,200.00	-1,800.00	Unfavourable
Accessories	150,000.00	147,000.00	3,000.00	Unfavourable
Jeans	68,040.00	68,850.00	-810.00	Favourable

Operating Expenses

	Budgeted	Actual	Variance	
Office salaries	166,950.00	164,300.00	2,650.00	Favourable
Office supplies	12,000.00	14,900.00	- 2,900.00	Unfavourable
Sales salaries	253,050.00	251,000.00	2,050.00	Favourable

Communications expense	17,250.00	18,600.00	- 1,350.00	Unfavourable
Depreciation expense	54,900.00	54,900.00	-	
Rent expense	60,000.00	60,000.00	-	
Utilities expense	82,800.00	86,180.00	- 3,380.00	Unfavourable
Bank charges	6,050.00	6,900.00	- 850.00	Unfavourable
Miscellaneous expenses	19,887.50	21,491.00	- 1,603.50	Unfavourable
Total operating expenses	672,887.50	678,271.00	- 5,383.50	Unfavourable

Step 2. Analysis variances

Analyse and interpret the variances **collectively** in Step 1 using the table below:

To complete the table, take note of the following guidelines:

- Interpret the variances in 50 words or less.
- List at least two (2) possible causes for the variance.
- List at least two (2) control mechanisms that can be done to minimise or eliminate each variance.

Sales			
	Interpretation	Possible causes	Control mechanisms
Unfavourable variances	Guidance: Indicate whether actual costs are greater than the standard or expected costs. Relate this to profits, spending or business operations.	Possible answers include, but are not limited to: <ul style="list-style-type: none"> ▪ Unplanned price reduction to attract additional business ▪ Unexpected fall in demand due to the recession ▪ Failure to satisfy demand due to production difficulties 	Sales control through: <ul style="list-style-type: none"> ▪ Sales analysis (by Territory, by salesperson, by product line, by customer) ▪ Marketing cost analysis ▪ Sales management audit
Favourable variances	Guidance: Indicate whether actual costs are greater than the standard or expected costs.	Possible answers include, but are not limited to:	Sales control through: <ul style="list-style-type: none"> ▪ Sales analysis (by Territory, by

	Relate this to profits, spending or business operations.	<ul style="list-style-type: none"> ▪ Unplanned price increases ▪ Increased demand due to reduced price 	<p>salesperson, by product line, by customer]</p> <ul style="list-style-type: none"> ▪ Marketing cost analysis ▪ Sales management audit
Operating expenses			
Unfavourable variances	Guidance: Indicate whether actual costs are greater than the standard or expected costs. Relate this to profits, spending or business operations.	<p>Possible answers include, but are not limited to:</p> <ul style="list-style-type: none"> ▪ Inflation ▪ Volume of units produced or sold ▪ Increase or decrease in overhead costs 	<p>Possible answers include, but are not limited to:</p> <ul style="list-style-type: none"> ▪ Embrace technology ▪ Outsourcing ▪ Telecommuting ▪ Pay invoices early or on time ▪ Identify inefficiencies to decrease costs ▪ Cancel unused services ▪ Go green to reduce operating costs
Favourable variances	Guidance: Indicate whether actual costs are greater than the standard or expected costs. Relate this to profits, spending or business operations.	<p>Possible answers include, but are not limited to:</p> <ul style="list-style-type: none"> ▪ Inflation ▪ Volume of units produced or sold ▪ Increase or decrease in overhead costs 	<p>Possible answers include, but are not limited to:</p> <ul style="list-style-type: none"> ▪ Embrace technology ▪ Outsourcing ▪ Telecommuting ▪ Pay invoices early or on time ▪ Identify inefficiencies to decrease costs ▪ Cancel unused services ▪ Go green to reduce operating costs

Step 3. Review cost-effectiveness of the cost assignment process

In step three you will perform an overhead analysis by completing the values in the tables that follow:

Take into account the additional information below.

- Direct labour hours are used as the basis for recovery.
- Each pair of jeans takes 45 minutes to complete.
- 9,600 jeans were produced.
- Actual overhead incurred totalled \$68,041.60.
- Actual direct labour hours: 7,280.

1. Compute the overhead recovery rates.

Variable overhead	14,400.00
Add: Fixed overhead	60,000.00
Total budgeted overhead	74,400.00
Budgeted capacity in hours	7,200
Overhead recovery rate (variable + fixed)	10.33
Variable	2.00
Fixed	8.33

2. Compute the under or over applied overhead.

Actual overhead incurred	68,041.60
Actual direct labour hours	7,280
Actual overhead incurred	68,041.60
Less: Applied overhead (actual DL hours x overhead recovery rate)	75,226.67
Overapplied overhead	7,185.07

3. Calculate spending and capacity variances.

Spending Variance		
Actual overhead incurred		68,041.60
Flexible budget at? Direct labour hours		

Variable overhead (actual DL hours x V recovery rate)	14,560.00	
Fixed overhead (budgeted)	<u>60,000.00</u>	<u>74,560.00</u>
		<u>6,518.40</u>
Capacity Variance		
Flexible budget at actual DL hours		74,560.00
Applied overhead (actual DL hours x OH recovery rate)		<u>75,226.67</u>
Capacity Variance		<u>666.67</u>

4. Interpret the spending and capacity variances.

- Interpret each variance in 50 words or less.
- List one (1) possible cause for the variance.
- List one (1) control mechanism that can be done to minimise or eliminate each variance

	Interpretation	Possible causes	Control mechanism
Spending variance	Guidance: Indicate whether actual costs are greater than the standard or expected costs. Relate this to profits, spending or business operations.		
Capacity variance	Guidance: Indicate whether actual costs are greater than the standard or expected costs. Relate this to profits, spending or business operations.		

5. Reconcile amounts with total under or over applied overhead.

Reconciliation		
Spending variance		6,518.40
Capacity variance		<u>666.67</u>
Over applied overhead		<u>7,185.07</u>

Submission instructions

Submit your assessment via the LMS.

Assessment marking criteria: Task 2 Part D. Reviewing Costing System Integrity

Marking guide

1) Compute the overhead recovery rates.

Variable overhead	14,400.00
Fixed overhead	<u>60,000.00</u>
Total budgeted overhead	<u>74,400.00</u>

Direct labour hours are used as the basis for recovery. Budgeted capacity is 7,200 direct labour hours. Therefore, the overhead recovery rate is $\$74,400.00 / 7,200 = \10.33 per direct labour hour.

Variable recovery rate is $\$14,400.00 / 7,200 = \2.00 per direct labour hour

Fixed recovery rate is $\$60,000.00 / 7,200 = \8.33 per direct labour hour.

The actual overhead incurred was \$68,041.60 and the actual direct labour hours were 7,280.

2) Compute the under or over applied overhead.

Actual overhead incurred		68,041.60
Applied overhead [actual DL hours x overhead recovery rate]		<u>75,226.67</u>
Overapplied overhead		<u>7,185.07</u>

3) Calculate spending and capacity variances.

Spending variance

The over applied overhead can be broken down into spending and capacity variances.

Actual overhead incurred		68,041.60
Flexible budget		
Variable overhead [actual DL hours x V recovery rate]	14,560.00	
Fixed overhead [budgeted]	<u>60,000.00</u>	<u>74,560.00</u>
Spending Variance		<u>6,518.40</u> <u>Favourable</u>

It can be seen from the activity level that the company spent \$6,518.40 less on overhead than was allowed under the budget. This may be the result of incorrect forecasting.

Capacity Variance		
Flexible budget at actual DL hours		74,560.00
Applied overhead (actual DL hours x OH recovery rate)		<u>75,226.67</u>
Capacity Variance		<u>666.67</u> Favourable

- 4) Interpret the spending and capacity variances.
- Interpret each variance in 50 words or less.
 - List one (1) possible cause for the variance.
 - List one (1) control mechanism that can be done to minimise or eliminate each variance

	Interpretation	Possible causes	Control mechanism
Spending variance	The variance of 6,518.40 is favourable, which means that the budgeted costs were higher than actual costs. The cost of goods sold of the product was less than expected.	Savings in costs incurred (a decrease in the general price level of indirect supplies) More efficient cost control (e.g. optimising electricity consumption through the installation of energy efficient equipment) More economical use of overheads (economies of scale) Planning error (e.g. failing to take into account the learning curve effect which could have reasonably be expected to result in a more efficient use of indirect materials in the upcoming period)	Budgetary control Efficient cost controls
Capacity variance	The actual capacity per unit period is greater than the budgeted capacity. This results in a gain on account of the operations being carried at greater capacity than as planned.	Labour force is working more efficiently Labour force working overtime	Hiring highly efficient individuals Enough training for employees

- 5) Reconcile amounts with total under or over applied overhead.

Reconciliation		
Spending variance		6,518.40
Capacity variance		<u>666.67</u>
Over applied overhead		<u>7,185.07</u>

The overhead recovery rate has been over applied because the actual direct labour hours were 80 more than the budgeted figure.

Assessment checklist:

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

Part A: Determining and Establishing the Appropriate System		
1	Completed the table to determine and establish the appropriate system to generate operating and cost data for the new production line for jeans	<input type="checkbox"/>
Part B: Part B. Systematically Coding and Classifying Data		
1	Adding MYOB Accounts: Saving the file as FNSACC527 Burlap Attire Printout 1 Accounts List	<input type="checkbox"/>
2	Analysing and Classifying Costs: Completed the table with Cost classification and Cost behaviour	<input type="checkbox"/>
3	Computing Cost and Selling Price: Completed the table	<input type="checkbox"/>
4	Adding to the MYOB Inventory List: Saving the file as FNSACC527 Burlap Attire Printout 2 Items Register	<input type="checkbox"/>
Part C: Preparing Cost Reports and Budgets		
1	Role play Activity: Video recording as: FNSACC527 Roleplay Activity	<input type="checkbox"/>
2	Spreadsheet Template : FNSACC527 Budgets and Reports	<input type="checkbox"/>
Part D: Reviewing Costing System Integrity		
1	Computing Variances	<input type="checkbox"/>
2	Analysis variances : Completed the table	<input type="checkbox"/>
3	Review cost-effectiveness of the cost assignment process: Completed the table	<input type="checkbox"/>

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 Not yet satisfactory (NYS) and requires resubmission.

Part A: Determining and Establishing the Appropriate System		S	NYS
1	Completed the table to determine and establish the appropriate system to generate operating and cost data for the new production line for jeans	<input type="checkbox"/>	<input type="checkbox"/>
Part B: Part B. Systematically Coding and Classifying Data		S	NYS
1	Adding MYOB Accounts: Saving the file as FNSACC527 Burlap Attire Printout 1 Accounts List	<input type="checkbox"/>	<input type="checkbox"/>

2	Analysing and Classifying Costs: Completed the table with Cost classification and Cost behaviour	<input type="checkbox"/>	<input type="checkbox"/>
3	Computing Cost and Selling Price: Completed the table	<input type="checkbox"/>	<input type="checkbox"/>
4	Adding to the MYOB Inventory List: Saving the file as FNSACC527 Burlap Attire Printout 2 Items Register	<input type="checkbox"/>	<input type="checkbox"/>
Part C: Preparing Cost Reports and Budgets		S	NYS
1	Role play Activity: Video recording as: FNSACC527 Roleplay Activity	<input type="checkbox"/>	<input type="checkbox"/>
2	Spreadsheet Template : FNSACC527 Budgets and Reports	<input type="checkbox"/>	<input type="checkbox"/>
Part D: Reviewing Costing System Integrity		S	NYS
1	Computing Variances	<input type="checkbox"/>	<input type="checkbox"/>
2	Analysis variances : Completed the table	<input type="checkbox"/>	<input type="checkbox"/>
3	Review cost-effectiveness of the cost assignment process: Completed the table	<input type="checkbox"/>	<input type="checkbox"/>



Congratulations you have reached the end of Assessment 2!

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