



Australian Government

Department of Education, Employment and Workplace Relations

FNSACC608A Evaluate organisation's financial performance

Revision Number: 1

FNSACC608A Evaluate organisation's financial performance

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit describes the performance outcomes, skills and knowledge required to evaluate returns to operations, determine short-term and long-term needs and evaluate an organisation's financial position and performance.</p> <p>This unit may apply to job roles subject to licensing, legislative, regulatory or certification requirements so Commonwealth, State or Territory requirements should be confirmed with the relevant body.</p>
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Application of the Unit

Application of the unit	<p>This unit can be applied to all sectors within the financial services industry and has application to job functions that have responsibility for determining the organisation's financial performance such as an accountant.</p>
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		
	FNSACC503A	Manage budgets and forecasts

Employability Skills Information

Employability skills	This unit contains employability skills.
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Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Evaluate returns to operations	<p>1.1. Cash flow and profitability patterns are trended to identify current position and expected returns from investments and projected operations</p> <p>1.2. Averaged returns are disaggregated to assess <i>strengths and weaknesses</i> in organisational performance</p> <p>1.3. Investment returns are evaluated against risk, profit and capital budget requirements</p>
2. Determine short-term and long-term needs	<p>2.1. Resources required by organisation to meet <i>short-term and long-term obligations</i> are identified and costed using <i>standard financial analysis techniques</i></p> <p>2.2. <i>Financial priorities</i> are established and reviewed based on reported performance and identified trends, organisational objectives and expected returns to operations and <i>investments</i></p> <p>2.3. <i>Financial options</i> are reviewed and analysis of a range of possible <i>assets and liabilities</i> to optimise the capital mix is conducted to support operations and trading need</p> <p>2.4. <i>Organisational policies and procedures</i> for expenditures and investments are evaluated to ensure relevance to changing personnel profiles</p> <p>2.5. Debt to equity targets are analysed in terms of organisation's expected performance and established in line with organisational objectives using <i>standard accounting techniques</i></p>
3. Review performance	<p>3.1. Forecasts made are justifiable given observed trends, information, events and assumptions with standard errors calculated to produce levels of accuracy suitable for planning purposes</p> <p>3.2. Forecasts are reviewed regularly in line with actual performance and alternative sources of information</p> <p>3.3. <i>Risk strategies</i> are assessed for long-term viability and harmonised with short-term goals and obligations</p>

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

Required skills

- well-developed communication skills to:
 - evaluate an organisation's financial performance, using questioning of personnel and management for confirmation
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- highly developed research skills for accessing and managing financial services information
- well-developed literacy skills for analysing financial information and performance indicators and preparing forecasts, financial options and clear written advice
- numeracy skills for financial calculations and analysis, estimating and forecasting
- IT skills for developing and using integrated financial systems, spreadsheets and databases and internet information
- learning skills to maintain knowledge of organisational performance best practice principles, processes and procedures
- problem solving skills to identify performance issues that have the potential to impact on organisations and to develop options to resolve these issues when they arise
- organisational skills, including the ability to plan and sequence work and correctly schedule financial performance monitoring and reporting

Required knowledge

- techniques for developing long and short-term plans
- undertaking a SWOT analysis
- duties of auditors
- ethical considerations for compliance purposes
- financial legislation such as:
 - taxable transactions
 - reporting requirements
- principles of cash flow and budgetary control
- principles of cost-benefit analysis and use of forecasting techniques
- principles of internal control including statutory requirements
- principles of risk management
- organisational structures and lines of management authority

Evidence Guide

EVIDENCE GUIDE	
<p>The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.</p>	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> • use standard financial analysis techniques and accounting techniques plus organisational policies and procedures to evaluate returns to operations • determine long and short-term organisational needs • review financial performance across an organisation.
Context of and specific resources for assessment	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> • competency is demonstrated in the context of the financial services work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment • access to and the use of a range of common office equipment, technology, software and consumables • access to an integrated financial software system and data.
Method of assessment	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:</p> <ul style="list-style-type: none"> • evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency • verbal or written questioning on underpinning knowledge and skills which may include formal examinations • setting and reviewing workplace projects and business simulations or scenarios • evaluating samples of work • accessing and validating third party reports.
Guidance information for assessment	

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

<p><i>Strengths and weaknesses</i> may include:</p>	<ul style="list-style-type: none"> • budget estimates • cash flow schedules • financial monitoring • internal control compliance • revenue forecasts • unit costs.
<p><i>Short-term and long-term obligations</i> may include:</p>	<ul style="list-style-type: none"> • capital structure decisions • debt retirement • dividends • periodic payments such as: <ul style="list-style-type: none"> • leases • loans • salaries • superannuation • taxation payments.
<p><i>Standard financial analysis techniques</i> may include:</p>	<ul style="list-style-type: none"> • 'what if' analysis • bivariate and multivariate analysis • break-even analysis • cost-benefit analysis • time series.
<p><i>Financial priorities</i> may include:</p>	<ul style="list-style-type: none"> • cost minimisation: <ul style="list-style-type: none"> • capital • recurrent costs • periodic monitoring and transparency of expenditure • rates of returns • revenue estimates • sales targets
<p><i>Investments</i> may include:</p>	<ul style="list-style-type: none"> • debentures • interest bearing accounts • plant and equipment • preference shares • property

RANGE STATEMENT	
	<ul style="list-style-type: none"> • shares and securities.
<i>Financial options</i> may include:	<ul style="list-style-type: none"> • adjustment of borrowings • asset liquidation • budget absorption • cost recoveries • equity injections • expenditure reprioritisation • long-term investments • purchases.
<i>Assets and liabilities</i> may include:	<ul style="list-style-type: none"> • cash • investments • loans, leases and debts • plant and equipment • property investments • shares, bonds and securities.
<i>Organisational policies and procedures</i> may include:	<ul style="list-style-type: none"> • financial analysis assessments • financial management manuals • price and exchange parameters • recording and filing systems • reporting requirements • standard financial analysis techniques.
<i>Standard accounting techniques</i> may include:	<ul style="list-style-type: none"> • break-even analysis • deprival asset valuations • direct allocation • discounted cash flows • impact statements • pay-back periods • pro rata and percentage apportionment • rates of return.
<i>Risk strategies</i> may include:	<ul style="list-style-type: none"> • capital structure • comparative analysis • decision making authorities • forecasting • periodic reporting • policy statements • quantification of risks.

Unit Sector(s)

Unit sector	Accounting
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		