



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **FNSACCT607B Evaluate business performance**

**Release: 1**

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### **Modification History**

Not applicable.

### **Unit Descriptor**

This unit covers the competency to determine the performance of an organisations business operations.

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### **Application of the Unit**

This unit requires the application of skills and knowledge required to evaluate business performance using standard accounting techniques. The unit encompasses analysing trends in performance, developing performance indicators and identifying options for improvement. The unit has application across all sectors of the financial services sectors and could be used by business analysts, accountants and project managers.

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### **Licensing/Regulatory Information**

Not applicable.

### **Pre-Requisites**

Not applicable.

### **Employability Skills Information**

The required outcomes described in this unit of competency contain applicable facets of employability skills. The Employability Skills Summary for the qualification in which this unit of competency is packaged, will assist in identifying employability skills requirements. The required outcomes described in this unit of competency contain applicable facets of employability skills. The Employability Skills Summary for the qualification in which this unit of competency is packaged, will assist in identifying employability skills requirements.

## Elements and Performance Criteria Pre-Content

Elements define the essential outcomes of a unit of competency.

Performance Criteria describe the required performance needed to demonstrate achievement of the Element. **Bold, italicised** terms are elaborated in the Range Statement. Assessment of performance is to be consistent with the Evidence Guide.

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## Elements and Performance Criteria

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Element	Performance Criteria
1 Analyse trends in performance	<p>1.1 <b>Data</b> relating to program and organisational performance is gathered and analysed using <b>standard accounting techniques</b> to identify past, current and future performance</p> <p>1.2 Variations from <b>targets</b> and divergences from trends are researched and evaluated to determine margins of errors and/or repeating patterns</p> <p>1.3 Trends in performance are assessed in terms of organisational <b>short and long term objectives</b></p>
2 Develop performance indicators	<p>2.1 <b>Performance indicators</b> are developed that link organisational processes, resource uses and organisational objectives to <b>environmental factors</b></p> <p>2.2 Performance indicators are developed using processes that are planned, inclusive and realistic within available timeframes and resources</p> <p>2.3 Components of performance indicators are regularly reviewed for relevance against performance trends and organisational capacities</p>
3 Identify options for improvement	<p>3.1 <b>Factors inhibiting performance</b> are identified, minimised or eliminated</p> <p>3.2 Organisational programs are reviewed to include factors that promote performance in line with available resources</p>

- 3.3 Value is added through the use of standard financial management techniques such as capital budgeting
- 3.4 **Communication strategies** are developed and implemented to facilitate the extension of improvement options in line with operational goals and needs

## Required Skills and Knowledge

### REQUIRED KNOWLEDGE&SKILLS

#### **Knowledge requirements include:**

principles of cost-benefit analysis and use of forecasting techniques  
principles of capital budgeting analysis and investment analysis  
options, methods and practices for deductions, benefits and depreciations  
ethical considerations (eg conflict of interests, confidentiality, disclosure requirements)  
principles and methods of valuation

#### **Skills requirements include:**

interpersonal skills and communication skills (eg liaising, listening, consulting)  
report writing and preparation  
numeracy and statistical skills for calculation of data  
organisational structures and lines of management authority  
estimating, forecasting and assessment skills  
reading, interpreting financial statements and reports

## Evidence Guide

### EVIDENCE GUIDE

Assessment of performance requirements in the unit should be undertaken in an industry context. The Evidence Guide identifies the critical aspects, knowledge and skills to be demonstrated to confirm competency for the unit. Competency is demonstrated by performance of all stated criteria including the Range Statement applicable to the workplace.

#### Overview of assessment requirements

To achieve competency in this unit, a person must be able to demonstrate:

- knowledge of standard accounting techniques
- ability to analyse trends in performance
- ability to develop performance indicators
- identify options for improvements
- knowledge of organisational objectives
- knowledge of organisational policies and procedures

#### Critical aspects of evidence

##### Evidence required for demonstration of consistent performance:

Competence in this unit must be assessed over a period of time in order to ensure consistency of performance over the Range Statement and contexts applicable to the work environment.

##### Delivery/assessment relationship to other units:

Prerequisite units:  
FNSACCT503B Manage budgets and forecasts.

#### Assessment requirements

##### Method of assessment:

For valid and reliable assessment of this unit, evidence should be gathered through a range of methods to indicate consistent performance.

Assessment of this unit of competence will usually include observation of processes and procedures, oral and/or written questioning on underpinning knowledge and skills and other methods as required.

##### Context of assessment:

Assessment of performance requirements in

this unit should be undertaken within the financial services industry context and should cover aspects of personal/financial responsibility and accountability.

Aspects of competency, including the attainment of relevant knowledge and skills, may be assessed in a relevant workplace, a closely simulated work environment, or other appropriate means that clearly meet industry competency requirements.

**Resources required for assessment:**

Assessment of this unit of competence requires access to suitable resources to demonstrate competence.

Assessment instruments, including personal planner and assessment record book.

Access to registered provider of assessment services.

## Range Statement

The Range Statement relates to the unit of competency as a whole. It allows for different work environments and situations that will affect performance.

The following variables 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. If **bold italicised** text is shown in Performance Criteria, details of the text are provided in the Range Statement.

**Data** may include:

- budgets and forecasts
- financial statements and reports
- market valuations
- Australian Bureau of Statistics (ABS) economic data
- financial markets monitoring services (eg Reuters)
- credit ratings
- investment plans
- capital equipment and development plans

**Standard accounting techniques** may include:

- discounted cash flows
- deprival asset valuations
- rates of return
- pay back periods
- impact statements
- pro-rata and percentage apportionment
- direct allocation
- ratio analysis
- working capital management
- capital budgeting

**Targetsmay include:**

- budgeted expenditures
- profits and losses
- rate of investment returns
- sales
- budgeted revenue
- working capital levels

	asset turnover
	capital expenditure management
	cost of capital
<b>Short and long term objectives may include:</b>	budgetary targets (eg quarterly, half yearly, annual)
	sales and revenues targets
	monthly cash flows
	investment realisations
	client development
	profit growth
	investment levels and returns
	asset management
<b>Performance indicators may include:</b>	reports (daily, weekly, monthly, quarterly, half yearly, annual)
	compliance with scheduled payment dates
	profits and losses
	debt reduction targets
	investment levels
	debt to equity ratios
	target cost of capital
<b>Environmental factors may include:</b>	inflation
	competitors' behaviour
	market share
	consumer demand
	cost of debt
	skills shortages
	government financial policies
	community service obligations
<b>Factors inhibiting performance may include:</b>	financial monitoring
	internal procedures
	staff skills
	information management systems
	financial management techniques and tools



client opinions and interface

market share

**Communication strategies** may include:

staff meetings

newsletters

memos

documented procedures and staff manuals

workshops

## **Unit Sector(s)**

Not applicable.

## **Relationship to other units**

This unit replaces FNSACCT607A.

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