



Australian Government

Department of Education, Employment and Workplace Relations

FNSICORG517B Prepare financial forecasts and projections

Release: 1

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Modification History

Not applicable.

Unit Descriptor

This unit describes the functions involved in preparing financial forecasts and projections.
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Application of the Unit

This unit requires the application of skills and knowledge required to prepare financial forecasts and projections.

The unit encompasses producing a plan preparation timetable, identifying assumptions and parameters, issuing instructions and relevant aids for preparation of forecasts and projections, collecting, consolidating, modelling and analysing data and documentation results and obtaining approval.

The unit may be applied to any sector of the financial services industry and has application to those job function that have responsibility to produce financial forecasts and projects for example accounts receivable and payable clerks.

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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 Plan preparation timetable	1.1 All critical milestones are identified to ensure financial forecasts and projections can be prepared within timeframes
	1.2 Business plans are reviewed to identified timeframe parameters used
	1.3 Business plans, financial forecasting and processing systems are reviewed to identify all potential conflicts
2 Identify assumptions and parameters	2.1 Business plans and exception reports are reviewed to identify and resolve conflicts in assumptions
	2.2 Assumptions and parameters are reviewed to ensure compliance with company policy and procedures
	2.3 Current and historical financial reports are examined to establish trends
	2.4 External environment is examined to gain an

objective overview

- 3 Issue instructions and relevant aids for preparation of forecasts and projections
 - 3.1 Instructions issued are clear and unambiguous and comply with company format to ensure ease of use and consistency of interpretation
 - 3.2 Types of business are identified to enable effective **models** to be selected
 - 3.3 Training is provided to ensure comprehensive understanding and effective use of financial models by users
- 4 Collect, consolidate, model and analyse data
 - 4.1 Data is reviewed to ensure consistency with actual results and model used
 - 4.2 Analysis results are documented in a clear and unambiguous way
 - 4.3 Data collected are reliable, valid, complete and comprehensive
 - 4.4 Processing is completed in accordance with established timetable
 - 4.5 Data are consolidated in a logical structured format that enables ready analysis
- 5 Document results and obtain approval
 - 5.1 Results are documented in a clear and understandable manner
 - 5.2 Documented results are in a format suitable to meet needs of target **users**
 - 5.3 All approvals are obtained in accordance with management objectives, financial and company policies
 - 5.4 Results are distributed within timetable and according to company policy

Required Skills and Knowledge

REQUIRED KNOWLEDGE&SKILLS

Knowledge requirements include:

company policy and procedures
knowledge or awareness of relevant acts and regulations
legal systems and procedures
industry codes of practice
computer systems
procedure writing

Skills requirements include:

computerised spreadsheet and database
data analysis and interpretation
evaluative and general analytical
negotiation and interpersonal

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 company policies and procedures regarding preparing financial forecasts and projections

knowledge of standard accounting principles and techniques

knowledge of external environmental factors affecting or influencing forecasts and projections

ability to plan preparation timetable

ability to identify assumptions and parameters

ability to issue instructions and relevant aids for preparation of forecasts and projections

ability to collect, consolidate, model and analyse data

ability to document results and obtain approval

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:

This unit may be assessed on its own or it may be assessed with other units that cover related skills and knowledge.

Evidence is most relevant when provided through an integrated activity, which combines the elements of competency for the unit, or a cluster of units of competency.

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:

Unless otherwise specified, there are no significant resource implications for assessment of this unit, apart from access to a relevant workplace or closely simulated office environment and the use of a range of office equipment, technology and consumables. These may include standard commercial computer hardware, software, telephones, facsimiles, and other relevant office equipment.

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.

Forecasts may include:

premium
management expenses
short term (1 year) or long term (5 year)
reinsurance proposed levels
claims
investment income
capital expenditure

Company policy and procedures may include:

operations manuals
internal control guidelines
computer system documentation

Current and historical financial reports may include:

new business reports
loss reports
change in renewal date of policies
customer retention
commission and charges ratios

External environment may include:

market place
activities of competitors
inflation rates
consumer activity
softness/hardness of market
government policy
finance markets

Models may include:

alternative scenarios
sensitivity analysis
format for calculations
cost/profit centre analysis
simulations

models can be stand alone or be driven from computer ledgers. Include account structure at summary level and key ratios

Users may include:

branch managers

product managers

directors

banks

claims managers

Australian Bureau of Statistics

regional/state managers

distribution stream managers

finance section

shareholders

underwriting managers

Unit Sector(s)

Not applicable.

Relationship to other units

This unit replaces FNSICORG517A.

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