



Australian Government

Department of Education, Employment and Workplace Relations

AURA454516A Determine retail rates for work

Release: 1

AURA454516A Determine retail rates for work

Modification History

Not Applicable

Unit Descriptor

Unit descriptor	This unit of competency covers the competence to calculate fixed and variable costs to determine retail rates for jobs performed. It also involves calculating the effects of discount on overall profitability.
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Application of the Unit

Application of the unit	This unit is applicable to the administration and repair sectors of the automotive industry. It includes: • work undertaken in-house • work involving subcontracting • costing of purchased parts for sale. Work is carried out in accordance with award provisions
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Licensing/Regulatory Information

Not Applicable

Pre-Requisites

Prerequisite units		

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. Determine fixed costs	1.1. Identify components of fixed costs 1.2. Use historical records and business knowledge to estimate fixed costs for next period 1.3. Calculate administrative and business operation overhead costs 1.4. Allocate proportion of fixed cost to be included in labour rate
2. Determine labour rate	2.1. Identify cost components of labour rate 2.2. Using historical records identify average chargeable hours of each category of staff 2.3. Calculate subcontractor cost component of jobs 2.4. Calculate applicable hourly retail rate for labour, including provision for fixed costs
3. Determine variable cost	3.1. Identify components of variable cost for job 3.2. Estimate and record materials required for the job 3.3. Use accounting records and details of job undertaken to calculate variable cost
4. Determine retail price of goods for resale	4.1. Research local market price for items 4.2. Estimate turnover volume of items 4.3. Calculate margins and mark-ups for each category of goods 4.4. Calculate effect of various discounts, loss leaders and specials on items based on retail price, volume and overall business flow-on 4.5. Calculate effect of high pricing strategy on some items 4.6. Monitor effects of price changes on business levels and profitability

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

REQUIRED SKILLS AND KNOWLEDGE

- collect, organise and understand information related to determining retail rates
- communicate ideas and information to establish appropriate retail rates for work
- plan and organise activities to comply with requirements for determining business retail rates
- work with others and in a team to allocate charges
- use mathematical ideas and techniques to support the business operation
- solve problems to establish business
- use workplace technology to optimise performance

Required knowledge

- basic mathematical concepts, addition, subtraction, percentages and fractions

Evidence Guide

EVIDENCE GUIDE	
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.	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	- Calculate cost for a range of retail service and repair jobs, including fixed, variable and component pricing. - Determine effect of price changes on overall business profitability. - Gathering cost estimates from external service providers and documenting quotations.
Context of and specific resources for assessment	Accounts payable and cash disbursement records, payroll records, equipment cost and asset register, pricing impact charts, stock turnover records, calculator or computer.
Method of assessment	Practical assessments: - determine hourly charge-out rate for classes of labour using proportion of fixed, variable and labour cost - determine on-cost for parts and components - determine effect of change in price on business profitability.
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.	
Calculations	Calculation will include:

RANGE STATEMENT	
	- overheads may be calculated for a specific job or be a constant component based on historical records and projections - overheads will include accommodation costs, utilities, depreciation, insurance, licence and other business charges - labour costs will include on-costs, such as leave provision, superannuation, training and workers' compensation - chargeable hours/productive hours based on total hours worked less acknowledged non-chargeable hours
Work requirements	Work requirements may include: - written and verbal communication - sourcing and costing parts and consumables - estimating costs - documentation - specific requirements
External service providers	External service providers may be: - other departments - specialist businesses
Resources	Resources may include: - enterprise stationery, telephone and appropriate forms/business documents - repair order and job cards - component price lists - accounting records - purchasing records - computer, calculator and software - standard repair times
Information/ documents	Sources of information/documents may include: - manufacturer/component supplier specifications - enterprise operating procedures - customer requirements - state/territory/industry OHS legislation - industry/workplace codes of practice

Unit Sector(s)

Unit sector	Administration
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Co-requisite units

Co-requisite units		

Competency field

Competency field	
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