



Australian Government

Department of Education, Employment and Workplace Relations

FNSACCT608B Evaluate organisation's financial performance

Release: 1

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Modification History

Not applicable.

Unit Descriptor

This unit covers the analysis and estimation process required to determine an organisations financial position and performance.

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Application of the Unit

This unit requires the application of skills and knowledge required to evaluate an organisations financial performance. The unit encompasses evaluating returns to operations, determining long and short term needs and reviewing performance.

This unit can be applied to all sectors with the financial services industry and has application to those job functions that have responsibility for determining the organisations financial performance such as an accountant.

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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 Evaluate returns to operations	1.1 Cash flow and profitability patterns are trended to identify current position and expected returns from investments and projected operations 1.2 Averaged returns are disaggregated to assess strengths and weaknesses in organisational performance 1.3 Investment returns are evaluated against risk, profit and capital budget requirements
2 Determine short and long term needs	2.1 Resources required by organisation to meet short and long term obligations are identified and costed using standard financial analysis techniques 2.2 Financial priorities are established and reviewed based on reported performance and identified trends, organisational objectives and expected returns to operations and investments 2.3 Financial options review and analyse a range of possible assets and liabilities to optimise the capital mix required to support operations and trading need 2.4 Organisational policies and procedures for expenditures and investments are evaluated to ensure relevance to changing personnel profiles 2.5 Debt to equity targets are analysed in terms of organisation's expected performance and

established in line with organisational objectives
using **standard accounting techniques**

3 Review performance

- 3.1 Forecasts are justifiable given observed trends, information, events and assumptions
- 3.2 Standard errors are calculated to produce levels of accuracy suitable for planning purposes
- 3.3 Forecasts are reviewed regularly in line with actual performance and alternative sources of information
- 3.4 **Risk strategies** are assessed for long term viability and harmonised with short term goals and obligations

Required Skills and Knowledge

REQUIRED KNOWLEDGE&SKILLS

Knowledge requirements include:

principles of cash flow and budgetary control
principles of cost-benefit analysis and use of forecasting techniques
principles of internal control (including statutory requirements)
capacity to establish long and short term plans (eg SWOT analysis)
principles of risk management
duties of auditors
financial legislation (eg taxable transactions, reporting requirements)
ethical considerations for compliance
understanding of organisational structures and lines of management authority

Skills requirements include:

planning skills for timetabling and scheduling reports and lodgements
recording, gathering and consolidating financial information
researching and identifying applicable accounting standards and decisions
interpersonal skills and communication skills (eg liaising, listening, consulting)
report writing and preparation
numeracy skills for calculation of data
statistics

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 financial analysis techniques

knowledge of standard accounting techniques

knowledge of organisational policies and procedures

ability to evaluate returns to operations

ability to determine long and short term needs

ability to review performance

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.

Strengths and weaknesses may include:

- cash flow schedules
- budget estimates
- financial monitoring
- unit costs
- revenue forecasts
- internal control compliance

Short and long term obligations may include:

- debt retirement
- salaries
- periodic payments (eg leases, loans)
- taxation payments
- superannuation
- dividends
- capital structure decisions

Standard financial analysis techniques may include:

- cost-benefit analysis
- 'what if' analysis
- time series
- bivariate and multivariate analysis
- break even analysis

Financial priorities may include:

- sales targets
- revenue estimates
- rates of returns
- cost minimisation (capital and recurrent costs)
- periodic monitoring and transparency of expenditure

Investments may include:	property shares and securities, preference shares debentures plant and equipment interest bearing accounts
Financial options may include:	cost recoveries budget absorption purchases adjustment of borrowings asset liquidation long term investments expenditure re-prioritisation equity injections
Assets and liabilities may include:	property investments shares, bonds, securities loans, leases, debts plant and equipment personnel cash investments
Organisational policies and procedures may include:	price and exchange parameters reporting requirements financial analysis assessments recording and filing systems standard financial analysis techniques financial management manuals
Standard accounting techniques may include:	discounted cash flows deprival asset valuations rates of return pay back periods impact statements pro-rata and percentage apportionment

Risk strategies may include:

direct allocation
break-even analysis
quantification of risks
periodic reporting
decision making authorities
policy statements
forecasting
comparative analysis
capital structure

Unit Sector(s)

Not applicable.

Relationship to other units

This unit replaces FNSACCT608A.

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