

ASSESSMENT 3 (online assessment) – Research and questioning (verbal)

- It is mandatory that you do 25% (at least 5 hours per week) of course study online outside the scheduled class time. For this purpose numbers of study materials including a list of online study resources links have been uploaded on the BIA e-learning site.
- Please use your online study time and uploaded study materials to answer following questions.
- You must achieve “Satisfactory” result for this activity to be overall “Competent” for the unit/subject.
- Upload your answer sheet on the e-learning site and also submit a printed copy to your Trainer with the “Assessment Cover Sheet”
- The Trainer/ Assessor will also ask any of these questions and you must adequately explain it according to your submitted answers.
- The Trainer/ Assessor may further prompt and question in order to receive answers of appropriate quality.

Assessment questions:

1. In your own words, describe responsibility accounting?
2. Detail 4 different types of budgets, and their purposes.
3. What information would you require to plan and prepare a budget for a new business? Detail where this information would come from.
4. Describe what external factors should be taken into consideration when planning and preparing a budget.
5. What are the financial reporting cycles relevant to your Industry?
6. Describe 2 different capital investment evaluation techniques
7. What steps would you take to effectively implement the budget into a team environment?
8. What are INCOTERMS? Describe the following INCOTERMS codes.
 - Departure (Group E)
FCA – Free Carrier
 - Main Carriage Paid By Seller (Group C)
CIF – Cost, Insurance And Freight
 - Arrival (Group D)

DAF – Delivered At Frontier

9. What is the trades practice Act?
10. What is the Warsaw Convention?
11. What is the World Trade Organisation?
12. What are Bilateral and Regional Free Trade Agreements?
13. What is meant by financial probity?
14. What records need to be kept for the ATO for a small business with an annual turnover of less than \$2million (cash basis)
15. Consider the following information:

As an accountant to a large production firm, John looks at a proposal to purchase a \$900,000 stamping machine to increase output. He determines the following information:

- The new machine can do 100 more units per hour
- The 4 workers currently doing the stamping can be replaced
- The units will be higher quality because they are more uniform

John calculates the selling price of the 100 units per hour multiplied by the number of production hours per month, plus adding the 3% that aren't rejected due to the increased quality of the machine output vs. manual stamping. He adds the monthly wages of the workers that are no longer required and in the end you have a healthy benefit calculated.

John then calculates the monthly cost of the machine by dividing the purchase price by 12 months per year and divides that by 10 years the machine should last. The manufacturer's specs state the power consumption of the machine and John calculates the cost of that as well. He subtracts the total cost figure from the total benefit figure and this shows a healthy benefit calculated.

- a. Consider the above example of cost benefit analysis. Do you think John has done a good job in calculating the benefit of the machine? Has he used the information at his disposal correctly?
- b. Consider the costs of the new machine. Has John factored in all associated costs? If not, what has he left out?

16. Calculate the Equivalent Annual Cost of the following 2 machine purchases to determine which would be the better investment.

Machine 1:

- Investment Cost: \$50,000
- Expected Lifespan: 3 years
- Annual Maintenance: \$13,000

Machine 2:

- Investment Cost: \$150,000
- Expected Lifespan: 8 years

- Annual Maintenance: \$13,000
- : \$7,500

Cost of Capital = 5%

17. Identify and compare a minimum of 3 commercially available financial management software for its appropriateness within their current employer or projected business.

You need to consider their-

- Price
- Usability
- Features and functions
- Compatibility with other programs
- Compatibility with other specialists