



# **Assessment Tasks**

## **Candidate Guide**

**BSBSMB402A Plan small business finances**

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## Assessment Information

The assessment activities associated with the unit of competency **BSBSMB402A Plan small business finances** are listed below:

<b>Assessment 1: Written</b>	<ul style="list-style-type: none"><li>▪ Written answers to questions</li></ul>
<b>Assessment 2: Project</b>	<ul style="list-style-type: none"><li>▪ Written responses to tasks</li></ul>
<b>Assessment 3: Project</b>	<ul style="list-style-type: none"><li>▪ Written responses to tasks</li></ul>
<b>Assessment 4: Project</b>	<ul style="list-style-type: none"><li>▪ Written responses to tasks</li></ul>

This guide contains all of the assessment tasks required for completion of unit of competency **BSBSMB402A Plan small business finances**.

Prior to commencing the assessments your assessor will explain each task to you. You will be given the opportunity to ask questions and to seek clarification on any of the tasks, and your assessor will remain available to support you through the assessment process.

Your assessor is also available to discuss Recognition of Prior Learning and whether this applies to your circumstances.

## Terms and conditions

### Submitting your evidence portfolio

You are recommended to seek the advice of your assessor when putting together your evidence portfolio in order to confirm that you have provided sufficient evidence of competency.

You should note that your evidence portfolio must be retained by the Registered Training Organisation for audit purposes and will not be returned to you. If you wish to keep any evidence, you should make a copy prior to submission for assessment. You are advised to make sure you clearly label each answer and task and complete all sections of each assessment.

If possible, you should also submit copies of any workplace documents that may be relevant to this unit of competency. In this case you will need to gain approval to provide the copies from your employer.

### Ownership and plagiarism

You are advised by accepting these terms and conditions you have declared the evidence that you submit is your own work or the result of your own research. By signing the declaration below you acknowledge your assessment is your own and contains no material written by another person except where due reference is made. Note that if you quote any source in your evidence, you must provide a reference to the source in order to ensure that you do not breach Copyright legislation. You need to be aware that a false declaration may lead to the withdrawal of a qualification.

### Re-submission of your evidence portfolio

If your evidence meets the requirements of the unit of competency you will be assessed as Competent (**C**) in this unit. If your evidence does not meet the requirements of the unit of competency you will be assessed as Not Yet Competent (**NYC**). If you are assessed NYC, it is important to discuss your re-submission with your assessor as you will be given one opportunity only to revise and re-submit your evidence portfolio.

#### Declaration by Candidate

I confirm that the evidence that I have presented is my own work and/or the result of my own research. It contains no material written by another person except where I have stated the source. I am aware that a false declaration may lead to withdrawal of a qualification.

CANDIDATE NAME (PLEASE PRINT)

CANDIDATE SIGNATURE

DATE

## BSBSMB402A Plan small business finances

### Elements

#### 1. Identify costs, calculate prices and prepare profit statement

*Performance Criteria (PC):*

- 1.1 Identify and document costs associated with the production and delivery of the business' products/services
- 1.2 Calculate prices based on costs and profit margin, as an hourly charge out rate for labour or unit price for products
- 1.3 Calculate break-even sales point to establish business viability and profit margins
- 1.4 Identify appropriate pricing strategies in relation to market conditions to meet business profit targets
- 1.5 Prepare projected profit statement to supplement the business plan

#### 2. Develop a financial plan

*Performance Criteria (PC):*

- 2.1 Set profit targets/goals to reflect owner's desired returns
- 2.2 Identify working capital requirements necessary to attain profit projections
- 2.3 Identify non-current asset requirements and consider alternative asset management strategies
- 2.4 Prepare cash flow projections to enable business operation in accordance with business plan and legal requirements
- 2.5 Identify capital investment requirements accurately for each operational period
- 2.6 Select budget targets to enable ongoing monitoring of financial performance

#### 3. Acquire finance

*Performance Criteria (PC):*

- 3.1 Identify start-up and ongoing financial requirements according to financial plan/budget
- 3.2 Identify sources of finance, including potential financial backers, to provide required liquidity for the business to complement business goals and objectives
- 3.3 Investigate cost of securing finance on optimal terms
- 3.4 Identify strategies to obtain finance as required to ensure financial viability of the business

### Required Skills

- RS 1. analytical skills to interpret financial data
- RS 2. communication skills to secure finance
- RS 3. literacy skills to develop a financial plan and to interpret legal requirements and financial reports
- RS 4. numeracy skills to calculate costs, prices, profit and other financial information
- RS 5. research skills to identify costs and sources of finance.

### Required Knowledge

- RK 1. break-even analysis
- RK 2. costing for the business, including margin/mark-up, hourly charge out rates and unit costs
- RK 3. financial decision making relevant to the business
- RK 4. methods and relative costs of obtaining finance
- RK 5. principles for preparation of balance sheets
- RK 6. principles for preparation of cash flow forecasts
- RK 7. principles for preparation of profit and loss statements
- RK 8. purpose of financial reports
- RK 9. relevant accounting terminology
- RK 10. working capital cycles.

### Critical aspects of evidence

*Evidence of the following is essential:*

- CAE1. development of a financial plan which identifies the financial requirements of the business, including profit targets, cash flow projections and strategies for the acquisition of finance
- CAE2. knowledge of financial decision making relevant to the business.

## Employability Skills

*Industry and enterprise requirements for the qualification:*

- ES 1. Communication
  - conducting research to collect and analyse information in a range of reports
  - consulting with others to develop a range of plans and reports
  - liaising with stakeholders and promoting participative workplace arrangements
  - negotiating solutions to new and emerging issues
- ES 2. Teamwork
  - contributing to the development of other team members
  - providing feedback on team performance to colleagues and managers
- ES 3. Problem solving
  - applying risk management processes to business operations
  - assessing financial viability of new opportunities and matching organisational capability with market needs
- ES 4. Initiative and enterprise
  - encouraging creative and innovative workplace solutions
  - identifying new and emerging opportunities for the business and developing strategies to capitalise on them
  - managing, fostering and facilitating change
- ES 5. Planning and organising
  - developing systems that are flexible and responsive to changing circumstances
  - planning for contingencies and performance of staff and systems
- ES 6. Self management
  - dealing with contingencies
  - managing own time and priorities
  - taking responsibility as required by work role and ensuring all organisational policies and procedures are adhered to
- ES 7. Learning
  - assisting others to acquire new knowledge and skills to improve team and individual performance
- ES 8. Technology
  - using electronic communication devices and processes such as internet, intranet, email to produce written correspondence and reports
  - using technology to assist the management of information and to assist the planning process

**If at any stage of the assessments, you believe that the safety of anyone is in jeopardy, you should abort the assessment session.**

## Assessment 1: Written Test

Candidate name:

### Instructions to Candidate

You are required to answer the following questions to confirm your knowledge in relation to unit **BSBSMB402A Plan small business finances**.

You may refer to your training materials and other research while completing the answers.

Write your answers in the spaces below using a blue or black pen. Alternatively type a document and provide a printed copy. If you re-type the document, repeat each question in the document and type your answer under the question.

Questions and Candidate's answers		Satisfactory (✓)
Question 1.	Break even analysis or cost-volume-profit analysis is a management tool used to determine the effect changes in volume of production will have on profits. What else can be calculated using a break even analysis?	
Question 2.	A mark-up can be a standard figure for a group of goods or for the whole business. Name the two items that are considered when calculating the mark up figure?	
Question 3.	A mark-up is added to the cost price to calculate the selling price of an item. What can also be identified from the calculation of an item's selling price margin?	

Questions and Candidate's answers	Satisfactory (✓)
<p>Question 4. To calculate the correct service charge out rate or cost price of a unit, you need to ensure you have accounted for all the costs incurred in delivering the service or in providing the product. Briefly define the following costing terms used in calculating charge out rates and unit cost prices.</p> <ul style="list-style-type: none"> <li>• Fixed, variable and semi-variable costs</li> <li>• Direct and indirect costs</li> <li>• Overheads and employee costs</li> </ul>	
<p>Question 5. In order to make appropriate financial decisions a manager needs reliable information. Identify 3 characteristics of reliable information.</p>	
<p>Question 6. When making financial decisions relevant to the business, a manager needs a planned approach. Name the document that can assist a manager strategically plan to keep the business on track towards the business goals and objectives.</p>	
<p>Question 7. There are a number of ways a business can obtain finance to increase cash flow or purchase new equipment. Name four methods a business may use to obtain finance.</p>	



Questions and Candidate's answers		Satisfactory (✓)															
Question 8. When obtaining business finance a manager needs to consider the costs of obtaining the finance before approaching a lender. Name four items that will affect the costs of obtaining finance.																	
Question 9. Name the three account groups that are shown in a balance sheet.																	
Question 10. What is the purpose of the balance sheet?																	
Question 11. Using the accounting equation, calculate the missing figures in the table below.																	
	<table border="1"> <thead> <tr> <th>Assets</th><th>Liabilities</th><th>Equity</th></tr> </thead> <tbody> <tr> <td>16 500</td><td>12 000</td><td></td></tr> <tr> <td>45 900</td><td></td><td>10 000</td></tr> <tr> <td></td><td>10 400</td><td>22 000</td></tr> <tr> <td>56 700</td><td>12 800</td><td></td></tr> </tbody> </table>	Assets	Liabilities	Equity	16 500	12 000		45 900		10 000		10 400	22 000	56 700	12 800		
Assets	Liabilities	Equity															
16 500	12 000																
45 900		10 000															
	10 400	22 000															
56 700	12 800																
Question 12. What is the function of a cash flow forecast?																	
Question 13. When are proposed credit sales to debtors recognised in the cash flow forecast?																	

Questions and Candidate's answers					Satisfactory (✓)
Question 14. What is the purpose of a Profit and Loss Statement?					
Question 15. Name the two account groups shown in a Profit and Loss Statement.					
Question 16. Calculate the profit or loss from the following figures.					
<b>Item</b>	<b>\$</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Profit</b>	<b>Loss</b>
Sales	100 000				
Purchases	20 000				
Salaries	25 000				
Rent	2 000				
Electricity	1 000				
Telephone	800				
Advertising	4 000				
<b>Totals</b>					
Question 17. The business' financial reports need to be accurate to fulfil their purpose. Name three ways financial reports are used by a manager.					

Questions and Candidate's answers	Satisfactory (✓)
<p>Question 18. There are a number of terms used in accounting. Select five from the list below and provide a definition for each term. An example may be useful in your explanation.</p> <ul style="list-style-type: none"><li>• Double entry accounting</li><li>• Debit and credit</li><li>• Transaction</li><li>• Journal</li><li>• General ledger</li><li>• Chart of accounts</li><li>• Trial balance</li><li>• Balance day adjustment</li></ul>	

Questions and Candidate's answers	Satisfactory (✓)
Question 19. Working capital refers to the liquid funds of the business. Explain the reason it is important to monitor the working capital cycle. A diagram may be used to illustrate your response.	
<b>Total Questions</b>	<b>19</b>
<b>Result</b>	

Assessment 1 Checklist			
Candidate name			Student Number
Unit	BSBSMB402A Plan small business finances		
Assessor name			
<b>Candidate Assessment Declaration</b> (tick the relevant box)			
The purpose and outcomes of the assessment have been explained to me		Yes	<input type="checkbox"/> No <input type="checkbox"/>
I have received information about the unit of competency		Yes	<input type="checkbox"/> No <input type="checkbox"/>
I understand the type of evidence to be collected		Yes	<input type="checkbox"/> No <input type="checkbox"/>
The appeals system has been explained to me		Yes	<input type="checkbox"/> No <input type="checkbox"/>
I have informed my assessor of any special needs that may need to be considered during the assessment		Yes	<input type="checkbox"/> No <input type="checkbox"/>
Candidate signature		Date	
<b>Assessor comments</b> (tick the relevant box)			
RPL / accelerated progression required		Yes	<input type="checkbox"/> No <input type="checkbox"/>
Language / Literacy / Numeracy support required		Yes	<input type="checkbox"/> No <input type="checkbox"/>
Any other special needs (describe in the space below)		Yes	<input type="checkbox"/> No <input type="checkbox"/>
Assessor signature		Date	
<b>Result of assessment - Assessment 1: Written Test</b>			
Attempt No 1: S <input type="checkbox"/> NYS <input type="checkbox"/>		Attempt No 2: S <input type="checkbox"/> NYS <input type="checkbox"/>	
		Attempt No 3: S <input type="checkbox"/> NYS <input type="checkbox"/>	
The candidate's overall performance was		Satisfactory <input type="checkbox"/> Not Yet Satisfactory <input type="checkbox"/>	
Feedback to candidate on overall performance			
Assessor signature		Date	
I intend to lodge an appeal on the above decision		Yes	<input type="checkbox"/> No <input type="checkbox"/>
Candidate signature		Date	

## Assessment 2: Project

Candidate name:

### Instructions to Candidate

This activity is related to the unit of competency **BSBSMB402A Plan small business finances**. In particular, you will be required to demonstrate your skills and knowledge in relation to this unit of competency.

You may refer to your training materials and other research if required. The activity may be completed in the workplace or a simulated workplace.

Your assessor will use a checklist to record the assessment decision.

### Overview

Below are a number of practical tasks to be completed over a period of time in a real or simulated workplace where you will perform the duties of a **manager**. The times for completion of the tasks are to be negotiated between yourself and the assessor. The tasks will reflect your ability to:

Project: Develop a projected profit statement using calculated unit prices and operational and overhead costs.

Your assessor will provide you with instructions and complete a checklist on which they will record your satisfactory performance of workplace tasks.

The Project Tasks table below identifies the documents that you are required to prepare and submit in your evidence portfolio. They may be presented in printed format in a folder or as an electronic copy.

Ensure both your name and student number is clearly displayed.

### Project Tasks

The following tasks may be completed as a workplace project based on your own organisation and job role, or as a simulated workplace project based on a fictitious organisation, or an organisation you are familiar with.

1. Your Managing Director is considering opening a new business section selling a range of products. He/she has asked you to provide a **report** which calculates the unit pricing structure and the selling price profit margins of the products. Your response can be presented in a table format or as a spreadsheet.

Note: For this project the range of products will be limited to three (blue, yellow, red products). The business will act as a retailer/distributor and will not incur additional manufacturing costs in order for the products to be ready for sale. There will be direct costs for warehouse labour and freight and indirect costs for storage (floor space), electricity, and warehouse supervisor costs.

#### Part A- Calculate business product unit costs

Calculate product unit costs of all three products for the year using the below information. Each product is allocated  $\frac{1}{3}$  (third) of direct and indirect costs.

- Estimated direct costs- products (blue, yellow, red)- \$53,000 per year
  - 5000 units blue @ \$5,000
  - 10,000 units yellow @ \$19,500
  - 20,000 units red @ \$28,500
- Estimated direct costs- wages \$54,000 per year
- Estimated direct costs- freight \$6,000 per year
- Estimated indirect costs- storage and electricity \$4,500 per year
- Estimated indirect costs- wages \$24,000 per year

#### Part B Calculate the unit product selling price and profit margin

- Calculate the selling price for all three products. The standard mark-up for the business is 50% on the cost price.
- Using the mark-up percentage, calculate the gross profit margin percentage on each product. Use the profit margin percentage to confirm to cost price.

You are required to provide your assessor with the following document/s:

- A report calculating the unit pricing structure and the selling price profit margins of the three products.

### Assessor Comments:

Satisfactory ☐ Not Satisfactory ☐

## Project Tasks

2. In order for your Managing Director to present the idea of opening a new section to finance investors, he/she will require a break-even sales analysis to identify business viability and the sales break-even point.

Note: For this task the fixed costs will relate to the indirect costs of storage (floor space), electricity and warehouse supervisor wages. The variable costs will relate to direct costs of products, wages and freight. Use the calculations from Task 1.

### Part A- Break even sales analysis graph

Using the information in Task 1, develop a break even sales analysis graph for each product. Plot the break even point on each graph.

Each space between points for revenue and volume increases should be in lots of:

- 500 units for unit volume and \$4000 revenue and costs for blue
- 1000 units for unit volume and \$4000 revenue and costs for yellow
- 2000 units for unit volume and \$4000 revenue and costs for red.

### Part B- 'What if' analysis

Calculate the following using the following formula:

- For each of the three products, the break even point in revenue dollars and volume
- For each of the three products, how much must be sold in units and in revenue dollars in order to make a profit of \$100,000

Formula:

Sales in Dollars $S = FC + VC + P$	Sales in units Unit \$ $S = FC + VC + P$
S= Sales FC= Fixed costs VC= Variable costs as a percentage of Sales P= Profit	S= Sales FC= Fixed costs VC= Variable costs dollars per unit P= Profit

You are required to provide your assessor with the following document/s:

- A report on the break even sales analysis of three products which provides:
  - A break even analysis graph showing the break even point for each of the three products
  - Calculations on the following:
    - For each of the three products, the break even point in revenue dollars and volume
    - For each of the three products, how much must be sold in units and in revenue dollars in order to make a profit of \$100,000.

### Assessor Comments:

Satisfactory ☐ Not Satisfactory ☐



### Project Tasks

3. Your Managing Director acknowledges that finding a position in the marketplace may be difficult and has asked you to research market conditions and identify an appropriate pricing strategy to meet the business profit targets.

Pricing strategies may include:

- Competitor pricing- SWOT
- Cost/volume/profit analysis (Target return pricing)
- Cost factors
- Cost plus pricing
- Demand-based pricing (Value orientated pricing)
- Discounting
- Penetration pricing
- Premium Pricing
- Perceived value
- Product mix
- Skimming
- Psychological pricing

Research four of the above strategies. In a **report** explain how the pricing strategies are used and make a recommendation as to the most appropriate strategy to meet business profitability targets for current and future market conditions.

You are required to provide your assessor with the following document/s:

- A report on four pricing strategies with a recommendation as to the most appropriate strategy to meet business profitability targets for current and future market conditions.

### Assessor Comments:

Satisfactory ☐ Not Satisfactory ☐

### Project Tasks

4. Aimed with the information you have provided, your Managing Director is now able to consider opening the new business section by seeking financial backing. He/she has asked you to develop a **projected profit statement** to add into the current business plan. The business plan will be presented to potential financial investors.

Part A- Develop the projected profit statement

Use the following account balances to develop and calculate the projected profit statement.

Purchases (product- blue, yellow, red)	\$53,000
○ 5000 units blue @ \$5,000	
○ 10,000 units yellow @ \$19,500	
○ 20,000 units red @ \$28,500	
Direct wages	\$54,000
Direct freight	\$ 6,000
Indirect storage/electricity	\$ 4,500
Indirect wages	\$24,000
Sales	\$212,250
○ 5000 units blue @ \$10.35	
○ 10,000 units yellow @ \$7.35	
○ 20,000 units red @ \$4.35	
Advertising	\$ 5,000
Office salaries	\$27,000
Telephone	\$ 1,000
Stationery	\$ 1,000

You are required to provide your assessor with the following document/s:

- A projected profit statement

**Assessor Comments:**

Satisfactory ☐ Not Satisfactory ☐

### Project Tasks

#### The overall project task:

Compile all the above documents together. They will be assessed separately and then assessed for overall readability, which includes use of appropriate grammar and punctuation in sentences and paragraphs.

**Assessor Comments:**

Assessment 2 Checklist			
Candidate name			Student Number
Unit	BSBSMB402A Plan small business finances		
Assessor name			
<b>Candidate Assessment Declaration</b> (tick the relevant box)			
The purpose and outcomes of the assessment have been explained to me		Yes	No
I have received information about the unit of competency		Yes	No
I understand the type of evidence to be collected		Yes	No
The appeals system has been explained to me		Yes	No
I have informed my assessor of any special needs that may need to be considered during the assessment		Yes	No
Candidate signature		Date	
<b>Assessor comments</b> (tick the relevant box)			
RPL / accelerated progression required		Yes	No
Language / Literacy / Numeracy support required		Yes	No
Any other special needs (describe in the space below)		Yes	No
Assessor signature		Date	
<b>Result of assessment - Assessment 2: Project</b>			
Attempt No 1: S <input type="checkbox"/> NYS <input type="checkbox"/>		Attempt No 2: S <input type="checkbox"/> NYS <input type="checkbox"/>	
		Attempt No 3: S <input type="checkbox"/> NYS <input type="checkbox"/>	
The candidate's overall performance was		Satisfactory <input type="checkbox"/> Not Yet Satisfactory <input type="checkbox"/>	
Feedback to candidate on overall performance			
Assessor signature		Date	
I intend to lodge an appeal on the above decision		Yes	No
Candidate signature		Date	

Candidate name:

## Assessment 3: Project

### Instructions to Candidate

This activity is related to the unit of competency **BSBSMB402A Plan small business finances**. In particular, you will be required to demonstrate your skills and knowledge in relation to this unit of competency.

You may refer to your training materials and other research if required. The activity may be completed in the workplace or a simulated workplace.

Your assessor will use a checklist to record the assessment decision.

### Overview

Below are a number of practical tasks to be completed over a period of time in a real or simulated workplace where you will perform the duties of a **manager**. The times for completion of the tasks are to be negotiated between yourself and the assessor. The tasks will reflect your ability to:

Project: Develop a financial plan to use in acquiring finance.

Your assessor will provide you with instructions and complete a checklist on which they will record your satisfactory performance of workplace tasks.

The Project Tasks table below identifies the documents that you are required to prepare and submit in your evidence portfolio. They may be presented in printed format in a folder or as an electronic copy.

Ensure both your name and student number is clearly displayed.

## Project Tasks

The following tasks may be completed as a workplace project based on your own organisation and job role, or as a simulated workplace project based on a fictitious organisation, or an organisation you are familiar with.

1. The General Manager has reviewed the projected profit statement and cost analysis figures from Assessment 2. He/she has indicated the profit targets for the new business section need to be reviewed in order for the section to be viable. He/she has asked you to develop a financial plan using the sales calculations where there is a \$100,000 profit per product (Refer Assessment 2 Task 2).

### Part A- Projected profit statement with set profit targets

You will need to develop a projected **profit statement** using the profit targets of \$100,000 per product for the financial plan. The product fixed costs will remain the same. The Managing Director has authorised the operating costs to be doubled to ensure profitability and viability of the new section.

Blue product	
Sales in Dollars = \$211,833.45	Unit purchase price = \$1 per unit
Sales in units = 20,467 units	Direct wages = \$3.60 per unit
Unit sales price = \$10.35 per unit	Direct freight = \$0.40 per unit

Yellow product	
Sales in Dollars = \$ 236,714.10	Unit purchase price = \$1.95 per unit
Sales in units = 32,206 units	Direct wages = \$1.80 per unit
Unit sales price = \$7.35	Direct freight = \$0.20 per unit

Red product	
Sales in Dollars = \$ 247,441.05	Unit purchase price = \$1.43 per unit
Sales in units = 56,883 units	Direct wages = \$0.90 per unit
Unit sales price = \$4.35	Direct freight = \$0.10 per unit

### Fixed costs

Indirect storage/electricity	\$ 4,500
Indirect wages	\$24,000

### Operating costs

Advertising	\$ 10,000 (previously \$5,000)
Office salaries	\$ 54,000 (previously \$27,000)
Telephone	\$ 2,000 (previously \$1,000)
Stationery	\$ 2,000 (previously \$1,000)

### Project Tasks

Part B- **Other budgets** required in the 12 month financial plan

Projected budgets you will need to calculate include:

- Sales
- Purchases
- Expenses
- Stock
- Cash flow.

For each budget show each month's projected figures. Ensure consideration is given to monthly fluctuations due to the time of year and other possible business circumstances.

Step 1: Calculate the sales budget for the year- Your Managing Director has indicated he/she expects 80% of the new products to be sold on a cash sales basis.

Step 2: Calculate the purchases budget for the year- This budget will reflect the sales and stock budgets.

Step 3: Calculate the expenses budget for the year- Fixed and variable costs should be reflected in the budget. Fixed costs are able to be recorded in the month they will occur, whereas variable costs are calculated and recorded to reflect each month's sales activity.

Step 4: Calculate the stock budget for the year- The stock budget, purchases budget and sales budget work together to ensure customer sales are maintained and minimal stocks are held.

Step 5: Calculate the cash flow budget for the year

The main headings of your cash flow budget should be:

- Cash inflow (monies banked during the month)
- Cash outflow (monies paid by cheque or cash during the month)
- Net cash flow (the balance of inflow and outflow funds during the month)
- Opening balance (the monthly opening balance of the bank account)
- Funds available (the monthly closing balance of the bank account)

Notes: Ensure the cash flow includes:

- Anticipated payments
- Anticipated receipts
- Customer credit payments (received cycle 70% in 30-days, 20% in 60-days, 10% in 90-days)
- All taxation requirements (e.g. GST, PAYG, Company, etc).

Part C- **List and make a comment** on the working capital available for each month (refer to the cash flow budget). Make a comment on the level of working capital required by the business.

You are required to provide your assessor with the following document/s:

- Projected profit statement with set profit target
- Five other budgets required in the 12 month financial plan
- List the working capital available for each month and comment on the business working capital required.

**Project Tasks**

**Assessor Comments:**

Satisfactory ☐ Not Satisfactory ☐

**Project Tasks**

2. Your Managing Director is pleased with the projected budgets and is considering increasing the loan to purchase a truck to reduce product freight costs. The truck could also be hired out to the current business as a delivery vehicle. Explain in a **report** if the truck should be purchased.

The truck will cost \$250,000 to purchase. Expected cash inflows from renting the truck to the existing business is \$25,000 per year and the saving from direct freight costs for the new products is approximately \$20,500 each year. The truck will be purchased if it pays for itself within 6 years. Calculate and make a comment on whether the truck should be purchased. Explain why it is important to look for strategies to manage assets.

Payback period =  $\frac{\text{Investment cost}}{\text{Annual cash inflow}}$

You are required to provide your assessor with the following document/s:

- A report calculating the payback period and report on the purchase of a truck and why it is important to look for strategies to manage assets.

**Assessor Comments:**

Satisfactory ☐ Not Satisfactory ☐

**Project Tasks**

3. Your Managing Director has decided to purchase the truck and needs to identify when would be the best period to make the capital investment.

Explain in a **report** when would be the best time period to purchase the truck (e.g. immediately, after 3 months trading, etc) and why. You should take into consideration the return on investment and costs incurred in serving the loan, the lower cost of purchases and how that will affect cash flow and working capital.

You are required to provide your assessor with the following document/s:

- A report identifying the best period to purchase the truck and why that period

**Assessor Comments:**

Satisfactory ☐ Not Satisfactory ☐

### Project Tasks

4. You have decided to review the budgets you developed in Task 1 to identify monitoring targets that may assist in the early identification and measuring of financial performance risks to the new business section.

The budget targets you review include:

- Profit targets
- Sales targets
- Purchase targets
- Expense targets
- Stock targets
- Cash flow targets.

In a **report** explain how the above budget targets can be used to monitor financial performance and identify business performance risks.

You are required to provide your assessor with the following document/s:

- A report identifying how budget targets can be used to monitor financial performance and identify business performance risks

**Assessor Comments:**

Satisfactory ☐ Not Satisfactory ☐

### Project Tasks

#### The overall project task:

Compile all the above documents together. They will be assessed separately and then assessed for overall readability, which includes use of appropriate grammar and punctuation in sentences and paragraphs.

**Assessor Comments:**



Assessment 3 Checklist			
Candidate name			Student Number
Unit	BSBSMB402A Plan small business finances		
Assessor name			
<b>Candidate Assessment Declaration</b> (tick the relevant box)			
The purpose and outcomes of the assessment have been explained to me		Yes	No
I have received information about the unit of competency		Yes	No
I understand the type of evidence to be collected		Yes	No
The appeals system has been explained to me		Yes	No
I have informed my assessor of any special needs that may need to be considered during the assessment		Yes	No
Candidate signature		Date	
<b>Assessor comments</b> (tick the relevant box)			
RPL / accelerated progression required		Yes	No
Language / Literacy / Numeracy support required		Yes	No
Any other special needs (describe in the space below)		Yes	No
Assessor signature		Date	
<b>Result of assessment - Assessment 3: Project</b>			
Attempt No 1: S <input type="checkbox"/> NYS <input type="checkbox"/>		Attempt No 2: S <input type="checkbox"/> NYS <input type="checkbox"/>	
		Attempt No 3: S <input type="checkbox"/> NYS <input type="checkbox"/>	
The candidate's overall performance was		Satisfactory <input type="checkbox"/> Not Yet Satisfactory <input type="checkbox"/>	
Feedback to candidate on overall performance			
Assessor signature		Date	
I intend to lodge an appeal on the above decision		Yes	No
Candidate signature		Date	

Candidate name:

## Assessment 4: Project

### Instructions to Candidate

This activity is related to the unit of competency **BSBSMB402A Plan small business finances**. In particular, you will be required to demonstrate your skills and knowledge in relation to this unit of competency.

You may refer to your training materials and other research if required. The activity may be completed in the workplace or a simulated workplace.

Your assessor will use a checklist to record the assessment decision.

### Overview

Below are a number of practical tasks to be completed over a period of time in a real or simulated workplace where you will perform the duties of a **manager**. The times for completion of the tasks are to be negotiated between yourself and the assessor. The tasks will reflect your ability to:

Project: Identifying business finance options and opportunities.

Your assessor will provide you with instructions and complete a checklist on which they will record your satisfactory performance of workplace tasks.

The Project Tasks table below identifies the documents that you are required to prepare and submit in your evidence portfolio. They may be presented in printed format in a folder or as an electronic copy.

Ensure both your name and student number is clearly displayed.

### Project Tasks

The following tasks may be completed as a workplace project based on your own organisation and job role, or as a simulated workplace project based on a fictitious organisation, or an organisation you are familiar with.

1. Your Managing Director has agreed with your budgets for the financial plan. He/she has asked you to investigate options for start up finance and opportunities for ongoing financial support.

As the new division will be separate from the existing business, the requirements for start up financial support are expected to be approximately \$250,000 (6 months of \$464,454.39 expense budget).

In a **report** explain:

- If you agree with the amount for initial start up finance or whether it should be increased or reduced and why
- What other financial support the business may require and when (recall the possible truck purchase)
- What are the advantages/disadvantages of the various sources of finance (i.e. financial backers) so as to ensure business liquidity and assist achieve business goals and objectives  
Sources of finance and financial backers may include:
  - Personal/owner
  - Shareholders/partners/family/friends
  - Financial institutions- Financiers/banks/lending institutions
  - Trade/industry sources – Credit accounts, leasing and hire purchase financiers
  - Providers of venture capital
  - Government source, for example Commonwealth and State/Territory governments which provide various forms of technical and financial assistance including direct cash grants, loans, subsidies, tax concessions, and professional and technical advice
- A comparison of costs to secure finance from the various sources i.e. no direct cost, high cost, market fixed costs, variable lender cost, etc.
- The importance of identifying appropriate strategies to acquire finance to ensure financial viability of the business.

You are required to provide your assessor with the following document/s:

- A report on acquiring start up finance and opportunities for ongoing financial support.

### Assessor Comments:

Satisfactory ☐ Not Satisfactory ☐

<b>Project Tasks</b>
<b>The overall project task:</b> Compile all the above documents together. They will be assessed separately and then assessed for overall readability, which includes use of appropriate grammar and punctuation in sentences and paragraphs.
<b>Assessor Comments:</b>

Assessment 4 Checklist			
Candidate name			Student Number
Unit	BSBSMB402A Plan small business finances		
Assessor name			
<b>Candidate Assessment Declaration</b> (tick the relevant box)			
The purpose and outcomes of the assessment have been explained to me		Yes	No
I have received information about the unit of competency		Yes	No
I understand the type of evidence to be collected		Yes	No
The appeals system has been explained to me		Yes	No
I have informed my assessor of any special needs that may need to be considered during the assessment		Yes	No
Candidate signature		Date	
<b>Assessor comments</b> (tick the relevant box)			
RPL / accelerated progression required		Yes	No
Language / Literacy / Numeracy support required		Yes	No
Any other special needs (describe in the space below)		Yes	No
Assessor signature		Date	
<b>Result of assessment - Assessment 4: Project</b>			
Attempt No 1: S <input type="checkbox"/> NYS <input type="checkbox"/>		Attempt No 2: S <input type="checkbox"/> NYS <input type="checkbox"/>	
		Attempt No 3: S <input type="checkbox"/> NYS <input type="checkbox"/>	
The candidate's overall performance was		Satisfactory <input type="checkbox"/> Not Yet Satisfactory <input type="checkbox"/>	
Feedback to candidate on overall performance			
Assessor signature		Date	
I intend to lodge an appeal on the above decision		Yes	No
Candidate signature		Date	

## Summative Assessment Record

Candidate Name	
Unit of Competency	<b>BSBSMB402A Plan small business finances</b>

Assessment Task	Date of assessment	Satisfactory	Assessor Signature
Assessment 1: Written Test		Yes <input type="checkbox"/> No <input type="checkbox"/>	
Assessment 2: Project		Yes <input type="checkbox"/> No <input type="checkbox"/>	
Assessment 3: Project		Yes <input type="checkbox"/> No <input type="checkbox"/>	
Assessment 4: Project		Yes <input type="checkbox"/> No <input type="checkbox"/>	

Assessor's Comments	

Competent ☐      Not Yet Competent ☐      Re-assessment required ☐

ASSESSOR NAME (PLEASE PRINT)	ASSESSOR SIGNATURE	DATE

I intend to lodge an appeal on the above decision		Yes <input type="checkbox"/>	No <input type="checkbox"/>
Candidate signature		Date	