

- i. Compare financial performance of the organisation (according to financial information provided) to industry benchmarks for this organisation in line with the retail trade sector.
  - ii. Respond to the performance questions provided by the CEO, as provided by the board of Houzit,
  - iii. Determine a trend of the average debtor days and the impact to the cash flow of Houzit.
- d. Recommendations:
- i. Outline your recommendations for ongoing financial viability for the organisation, based on your assessment of the issues, reasons for variances and organisational performance you have identified (Steps 1–3).
  - ii. Include in this section your plans for a revised budget, effectively managing contingencies and issues that have been identified in feedback and monitoring of the budgets.
- e. Evaluation:
- i. Provide a summary review of the financial management processes in place for the organisation, in light of your assessment of the issues, reasons for variances and organisational performance you have identified. Include in this section any recommendations you have for modifying management processes.

**Submission should include: -**

You must provide:

- a complete actual-to-budget variance report
- a completed report detailing the issues, variances, performance, recommendations and evaluations identified from the financial information for Houzit Pty Ltd.

Your assessor will be looking for:

- Evidence that you reviewed the provided case study information to develop an evaluative report concerning the progress of the budget.

**Case study**

Soon after the end of the first quarter, Jim Schneider the CEO of Houzit, asked you to follow up with Celina Patel, Houzit's accountant, to see how the actual results compared with the budget you had prepared three months ago. You explained that you had a meeting with Celina that afternoon to get the results and that you would report back as soon as you had done some analysis.

The key questions that the board was most interested to have answered from the budgets and the variance reports were:

- 'To what extent do the reports support the view of the board that Houzit is financially viable?'
- 'Will we be able to maintain our gross profit margins in the predicted downturn?'

Jim and you both agreed that it had been a tough quarter with the economy still in recession and the impact this was having on the retail sector. Banks are raising interest rates in line with the increased upward international pressure and Houzit has a significant part of their loan funds on a variable interest rate which changes directly with market conditions. Jim was pleased that the sales seem to be holding