FINANCIAL SERVICES TEAM DECISION MAKING EVENT

CAREER CLUSTER
Finance

INSTRUCTIONAL AREA
Financial Analysis

PARTICIPANT INSTRUCTIONS

This event is presented to you through your review of the Career Competencies, Performance Indicators and Case Study Situation.

You have up to 30 minutes to review this information and prepare your presentation. Using the materials provided, you may make notes to use during your presentation.

You will have up to 15 minutes to present to the judge(s). Both members of the team must participate in the presentation, as well as answer any questions.

You will be evaluated on your solution to the case study, how you incorporate the performance indicators of this event and how you demonstrate the career competencies.

Turn in all your notes and event materials when you have completed the event.

SOLUTION

- Accurate – Demonstrate appropriate finance acumen.
- Practical – Develop an actionable/viable solution in a real-world context.
- Effective – Develop a solution that achieves relevant outcomes.

CAREER COMPETENCIES

- Critical Thinking – Think critically to understand and solve problems.
- Communication – Communicate clearly, effectively and with reason.
- Decision Making – Consider the impacts of decisions.

PERFORMANCE INDICATORS

- Describe types of costs used in managerial accounting (e.g., direct cost, indirect cost, sunk cost, differential cost).
- Explain the nature of managerial accounting.
- Discuss the use of variance analysis in managerial accounting.
- Discuss the nature of cost accounting budgets.
- Explain the role of finance in business.

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CASE STUDY SITUATION

You are to assume the role of financial consultants hired by BISCUITS UNLIMITED, a new business that sells dog treats. The owner (judge) has asked your team about managerial accounting and how they can use managerial data to make informed business decisions.

The owner (judge) wants to learn more about the types of costs used in managerial accounting along with explanations of the nature of managerial accounting and variance analysis.

In the presentation, you should:

- Define the different costs associated with managerial accounting.
- Summarize the purpose of managerial accounting and how it can be used for decision making.
- Discuss variance analysis and the information it can provide to management.
- Summarize the process of creating a budget and how cost accounting budgets may differ from a static budget.

You will present the information to the owner (judge) in a meeting to take place in the owner's (judge's) office. The owner (judge) will begin the meeting by greeting you and asking to hear the information. After you have presented the information and have answered the owner's (judge's) questions, the owner (judge) will conclude the meeting by thanking you for your work.

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JUDGE INSTRUCTIONS

JUDGE CHARACTERIZATION

You are to assume the role of the owner of BISCUITS UNLIMITED, a new business that sells dog treats. You hired the financial consultants (participant team) to learn about managerial accounting and how you can use managerial data to make informed business decisions.

You want to learn more about the types of costs used in managerial accounting along with explanations of the nature of managerial accounting and variance analysis.

In the presentation, the financial consultants (participant team) should:

- Define the different costs associated with managerial accounting.
- Summarize the purpose of managerial accounting and how it can be used for decision making.
- Discuss variance analysis and the information it can provide to management.
- Summarize the process of creating a budget and how cost accounting budgets may differ from a static budget.

The participant team will present information to you in a role-play to take place at the office. You will begin the role-play by greeting the participant team and asking to hear the information.

During the course of the role-play, you are to ask the following questions of each participant team:

1. Why is it important for owners to understand this information?
2. How often should I review this information?

Once the financial consultants (participant team) have presented information and have answered your questions, you will conclude the role-play by thanking the financial consultants (participant team) for the work.

You are not to make any comments after the event is over except to thank the participants.

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SOLUTIONS

Types of costs:
Managerial accounting classifies costs in several ways to support planning, control, and decision-making.

- *Direct costs* can be traced to a specific product, service, department, or job in an economically feasible way, such as direct materials and direct labor.
- *Indirect costs* cannot be easily or cost-effectively traced to a single cost object (product, job, department), so they are allocated using a reasonable method, such as manufacturing overhead.
- *Product costs* are the costs of creating a product and are recorded as inventory until the product is sold. For manufacturers, these typically include:
    - *Period costs* are expensed in the period incurred. Period costs are not part of inventory.
    - *Sunk costs* are costs that have already been incurred and cannot be changed by any current or future decision. They are irrelevant to decision-making.
    - *Differential cost* is the difference in total cost between two alternatives (also called incremental cost). If the cost decreases between alternatives, it's sometimes called an incremental savings.

The nature of managerial accounting:
Managerial accounting is the branch of accounting that provides financial and non-financial information to internal users (managers) to help them plan, make decisions, and control operations. Unlike financial accounting, it is not primarily designed for outside parties like investors or creditors. A few key points about managerial accounting:

- Used by management inside the organization at all levels (supervisors, department heads, executives) to support day-to-day operations and long-term strategies.
- Helps set targets and allocate resources (labor, materials, equipment, cash). It uses tools like variance analysis, responsibility accounting, and performance metrics to evaluate efficiency and effectiveness.
- Does not have to follow Generally Accepted Accounting Principles (GAAP) because it is for internal use.
- Information is tailored to management's needs.
- Can use both financial and non-financial data.

Uses of variance analysis:
Variance analysis is a managerial accounting tool that compares planned results (standards or budgets) to actual results to identify what went well, what went wrong, and why. Managers use it to control costs, improve efficiency, and evaluate performance. Some common types of variance analysis include:

- *Direct materials variances*: Did we use more or pay more for raw materials than planned?
- *Direct labor variances*: Did our employees work more or did we pay more than planned?
- *Overhead variances*: Were we as efficient as planned?
- *Sales price variance*: Did we sell at higher/lower prices than planned?
- *Sales volume variance*: Did we sell more/less units than expected?
- *Budget variances*: measures actual results to budgeted/flexible.

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Nature of cost accounting budgets:
Cost accounting budgets are forward-looking. They estimate future costs based on expected levels of activity, production, or services. By anticipating material, labor, and overhead costs, management can plan operations efficiently and allocate resources in advance. Unlike general financial budgets, cost accounting budgets focus specifically on cost behavior and cost control. They emphasize day-to-day operations rather than long-term financing or investment decisions.

Actual costs are periodically compared with budgeted costs, and variances are analyzed. This helps management:

- Take corrective action
- Improve operational efficiency
- Evaluate managerial performance

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EVALUATION INSTRUCTIONS

- The participants are to be evaluated on their solution and ability to apply the specific performance indicators stated on the cover sheet of this event and restated on the Judge's Evaluation Form. Although the participants may demonstrate other performance indicators, those listed in the Performance Indicators section are the selected ones you are evaluating for this particular event.
- Maintain a consistent expectation when evaluating each participant team.
- The maximum score for the evaluation is 100 points. The presentation will be weighted twice (2 times) the average of the exam scores.

Levels of Evaluation

FOCUS AREA	NOVICE	DEVELOPING	PROFICIENT	EXEMPLARY
Content Understanding	Demonstrates a limited or inaccurate understanding of key concepts.	Demonstrates a basic understanding of key concepts.	Demonstrates a solid understanding of key concepts and clearly explains and supports ideas using appropriate evidence.	Demonstrates comprehensive understanding of concepts and applies them effectively to solve the scenario, including in more complex or extended contexts.
Application of Performance Indicators and Career Competencies	Lists the performance indicators and career competencies, but understanding is incomplete or inaccurate.	Defines the performance indicators and career competencies, but does not connect them to solve the objective of the case study scenario.	Explains the performance indicators and career competencies and connects them to solve the objective of the case study scenario.	Strategically applies the performance indicators and career competencies and connects them to comprehensively solve the objective of the case study scenario.
Reasoning	Ideas are unclear, inaccurate, or lack logical support. There is no application of the ideas and concept.	Ideas are present and somewhat logical but contain gaps in reasoning, development, or supporting evidence.	Ideas are logical, well-developed, and supported with appropriate evidence, with only minor gaps.	Ideas are logical, well-supported using appropriate business concept and theories and demonstrates reasoning with clear practicality and real-world relevance.
Workplace Readiness	Participants represent an employee who requires significant guidance and support to complete tasks.	Participants represent an employee who demonstrates basic skills and can complete routine tasks with some guidance.	Participants represent an employee with solid skills and who works independently to complete tasks effectively.	Participants represent an employee with advanced skills, works independently, and adapts effectively to new or unpredictable challenges.

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FINANCIAL SERVICES TEAM DECISION MAKING – 2026

JUDGE'S EVALUATION FORM
ICDC PRELIMINARY

INSTRUCTIONAL AREA:
Financial Analysis

Participant: ___________________________

Participant: ___________________________

ID Number: ___________________________

Rate the participants' ability to:		Novice	Developing	Proficient	Exemplary	Judged Score
PERFORMANCE INDICATORS						
1.	Describe types of costs used in managerial accounting (e.g., direct cost, indirect cost, sunk cost, differential cost).	0-1-2-3	4-5-6	7-8-9	10	
2.	Explain the nature of managerial accounting.	0-1-2-3	4-5-6	7-8-9	10	
3.	Discuss the use of variance analysis in managerial accounting.	0-1-2-3	4-5-6	7-8-9	10	
4.	Discuss the nature of cost accounting budgets.	0-1-2-3	4-5-6	7-8-9	10	
5.	Explain the role of finance in business.	0-1-2-3	4-5-6	7-8-9	10	
SOLUTION						
6.	**Accurate** Demonstrate appropriate finance acumen.	0-1-2	3-4-5	6-7	8	
7.	**Practical** Develop an actionable/viable solution in a real-world context.	0-1-2	3-4-5	6-7	8	
8.	**Effective** Develop a solution that achieves relevant outcomes.	0-1-2	3-4-5	6-7	8	
CAREER COMPETENCIES						
9.	**Critical Thinking** Think critically to understand and solve problems.	0-1	2-3	4-5	6	
10.	**Communication** Communicate clearly, effectively and with reason.	0-1	2-3	4-5	6	
11.	**Decision Making** Consider the impacts of decisions.	0-1	2-3	4-5	6	
OVERALL IMPRESSION						
12.	Demonstrate overall career readiness through professionalism, poise and confidence.	0-1-2	3-4-5	6-7	8	
					TOTAL SCORE	

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