



Australian Government

AHCAGB605 Manage business capital

Release: 1

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Modification History

| Release | TP Version | Comment |
|---------|------------|-----------------|
| 1 | AHCv1.0 | Initial release |

Application

This unit of competency describes the skills and knowledge required to manage the business capital of the business.

All work must be carried out to comply with workplace procedures, work health and safety legislation and codes, and sustainability practices.

This unit applies to individuals who take personal responsibility and exercise autonomy in undertaking complex work. They must analyse information and exercise judgement to complete a range of advanced skilled activities. They work in contexts that are subject to change and adapt a range of fundamental principles accordingly.

No occupational licensing, legislative or certification requirements are known to apply to this unit at the time of publication.

Pre-requisite Unit

Nil.

Unit Sector

Agribusiness (AGB)

Elements and Performance Criteria

| Element | Performance criteria |
|---|--|
| Elements describe the essential outcomes. | Performance criteria describe the performance needed to demonstrate achievement of the element. |
| 1. Assess the capital needs of the business | 1.1 Determine working capital and capital requirements for development 1.2 Determine return on capital or opportunity cost of development capital |

| Element | Performance criteria |
|---|--|
| 2. Assess appropriate equity levels for the business | 2.1 Assess risks associated with the business 2.2 Identify personal and business risk preferences 2.3 Analyse equity levels in comparable enterprises using benchmark data |
| 3. Establish and maintain appropriate financing arrangements for the business | 3.1 Determine capacity to service debt and meet liabilities 3.2 Sources of funds are identified and terms and conditions compared and evaluated 3.3 Conduct negotiations to ensure the establishment of the most favourable terms and conditions 3.4 Source loan funds and check agreements 3.5 Monitor costs of finance to keep them within defined budget limits 3.6 Manage relationships with finance providers 3.7 Monitor the economic environment and assess implications for the business |
| 4. Monitor and review the mix of liabilities | 4.1 Conduct regular reviews of the mix of liabilities and the costs and determine the benefits associated with reconfiguring loans 4.2 Review and renegotiate loans as appropriate |
| 5. Monitor equity, return on equity | 5.1 Review valuations on assets and monitor the effect on equity 5.2 Calculate returns on assets and returns on equity and use to assist business performance |

Foundation Skills

Foundation Skills essential to performance are explicit in the performance criteria of this unit of competency.

Range of Conditions

Unit Mapping Information

This unit is equivalent to AHCAGB605A Manage business capital.

Links

Companion Volume implementation guides are found in VETNet - <https://vetnet.education.gov.au/Pages/TrainingDocs.aspx?q=c6399549-9c62-4a5e-bf1a-524b2322cf72>