



Australian Government

Department of Education, Employment and Workplace Relations

SITXFIN003A Interpret financial information

Revision Number: 1

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Modification History

Not applicable.

Unit Descriptor

Unit descriptor

This unit describes the performance outcomes, skills and knowledge required to interpret the types of financial information used by operational supervisors and managers in their day-to-day work activities. The unit focuses on understanding key financial terminology, different types of financial reports and on how financial information is used in the management of a business.

This unit is therefore related to other financial units such as:
SITXFIN004A Manage finances within a budget,
SITXFIN005A Prepare and monitor budgets, and
SITXFIN008A Manage financial operations.

Application of the Unit

Application of the unit

This unit applies in any industry context and to a wide range of individuals who need to interpret financial data to inform their work practice, including senior operational staff, supervisors and managers.

This unit does not include the skills required to produce financial reports that would generally be created by senior managers, financial specialists or accountants.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units Nil

Employability Skills Information

Employability skills The required outcomes described in this unit of competency contain applicable facets of employability skills. The Employability Skills Summary of the qualification in which this unit is packaged will assist in identifying employability skills requirements.

Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency. Performance criteria describe the required performance needed to demonstrate achievement of the element. Where ***bold italicised*** text is used, further information is detailed in the required skills and knowledge and/or the range statement. Assessment of performance is to be consistent with the evidence guide.

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1 Access and interpret financial information.	<ul style="list-style-type: none">1.1 Identify and use relevant business performance indicators and benchmarks for decision-making purposes.1.2 Identify the range of <i>financial information</i> and reports required to monitor business performance effectively on a day-to-day operational management level.1.3 Access and review relevant <i>financial information</i> at appropriate times according to organisation policy and financial reporting periods.1.4 Interpret <i>financial information</i> correctly.

ELEMENT**PERFORMANCE CRITERIA**

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|---|---|-----|---|
| 2 | Apply financial information to work activities. | 2.1 | Identify <i>financial information</i> that applies to particular areas of work operation. |
| | | 2.2 | Review <i>financial information</i> in terms of its impact on day-to-day work operations and take action accordingly. |
| | | 2.3 | Share appropriate <i>financial information</i> with colleagues in a timely manner. |

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the essential skills and knowledge and their level, required for this unit.

The following skills must be assessed as part of this unit:

- critical thinking skills to evaluate financial information and determine its impact and importance for day-to-day workplace operations
- literacy skills to interpret a wide range of business documentation
- numeracy skills to interpret and use financial reports.

The following knowledge must be assessed as part of this unit:

- understanding of the basic features of accounting and how it provides information for business management, including:
 - charts of accounts and account categories, such as assets, liabilities, equity, cost of sales, income and expense
 - basic rules underpinning double-entry accounting and the concept of debits and credits
 - accrual versus cash accounting
 - profit and loss statements and balance sheets as key financial statements used to measure business performance, including their role; how these reports are generated; and the format, features and key information an operational manager should look for
 - reporting periods, including variations different financial years observed by different businesses
 - concept of reconciliations
 - concept of costing, including fixed and variable costs
- general features of computerised accounting packages, including the types of packages suitable for different industry sectors
- overview of the financial record-keeping process and key terminology, including:
 - ledgers, subsidiary ledgers and journals
 - transactions, receipts and disbursements
 - invoices, accounts payable, debtors and creditors
 - reconciliations, including purpose, different types of reconciliation and the impact of unpresented cheques, bank charges, direct debits and credits on reconciliations
 - cash flow
- financial terminology used specific to different industry sectors, e.g. average spend, cover, ullage and Travel Compensation Fund requirements
 - overview of GST accounting and reporting processes for business and the impact of this on day-to-day operations.

Evidence Guide

EVIDENCE GUIDE

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, the range statement and the Assessment Guidelines for this Training Package.

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Evidence of the following is essential:

- understanding of the accounting process and of key accounting terminology
- ability to interpret financial information and determine the relationship between the information and the performance of a business.

Context of and specific resources for assessment

Assessment must ensure:

- use of commercially realistic financial data and reports.

Methods of assessment

A range of assessment methods should be used to assess practical skills and knowledge. The following examples are appropriate for this unit:

- case studies that allow the candidate to report on business performance through analysis of financial reports
- oral or written questions to assess knowledge and understanding of accounting concepts and terminology
- review of portfolios of evidence and third-party workplace reports of on-the-job performance by the candidate.

Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended, for example:

- SITXFIN004A Manage finances within a budget
- SITXFIN005A Prepare and monitor budgets
- SITXFIN008A Manage financial operations.

EVIDENCE GUIDE

Assessing employability skills

Employability skills are integral to effective performance in the workplace and are broadly consistent across industry sectors. How these skills are applied varies between occupations and qualifications due to the different work functions and contexts.

Employability skills embedded in this unit should be assessed holistically with other relevant units that make up the skill set or qualification and in the context of the job role.

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording in the performance criteria is detailed below.

Financial information:

- must include:
 - source documents
 - journal entries
 - transaction reports
 - account summaries and balances
 - balance sheets
 - profit and loss statements
 - invoices
 - budget reports
 - expenditure reports (labour or non-labour)
- may include:
 - trial balance
 - receivable reports
 - purchase summary reports
 - stock reports
 - variance reports
 - wastage reports
 - sales reports
 - supporting reports, such as covers, occupancy rates,

RANGE STATEMENT

- staff costs and units sold
- business activity statements
- labour and wages reports
- cash flow reports
- bank statements
- bank deposit documentation
- merchant statements
- transaction exemption reports
- cheque books
- credit card transaction statements
- banking summaries
- merchant summaries.

Unit Sector(s)**Sector**

Cross-Sector

Competency field**Competency field**

Finance