



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **THHGFA06A Interpret financial information**

**Release: 1**

## **THHGFA06A Interpret financial information**

### **Modification History**

Not applicable.

### **Unit Descriptor**

This unit deals with the skills and knowledge required to interpret the types of financial information used by operational supervisors and managers in their day-to-day work activities. It focuses on understanding of key financial terminology, different types of financial reports and on how financial information is used in the management of a business. This unit does not include the skills required to produce financial reports that would generally be created by more senior managers, financial specialists or accountants. This unit underpins other financial units such as THHGLE13B Manage finances within a budget, THHGLE14B Prepare and monitor budgets and THHGLE15B Manage financial operations.

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### **Application of the Unit**

Not applicable.

### **Licensing/Regulatory Information**

Not applicable.

### **Pre-Requisites**

Not applicable.

### **Employability Skills Information**

Not applicable.

## Elements and Performance Criteria Pre-Content

Not applicable.

## Elements and Performance Criteria

### Elements and Performance Criteria

Element	Performance Criteria
1 Access and interpret financial information	1.1 Identify and use relevant business performance indicators and benchmarks for decision-making purposes. 1.2 Identify the range of financial information and reports required to effectively monitor business performance at a day-to-day operational management level. 1.3 Access and review relevant financial information at appropriate times in accordance with enterprise policy and financial reporting periods. 1.4 Interpret financial information correctly.
2 Apply financial information to management activities	2.1 Identify the financial information that applies to particular areas of work operation. 2.2 Review financial information in terms of its impacts on day-to-day work operations and take action accordingly. 2.3 Share appropriate financial information with colleagues in a timely manner.

## Required Skills and Knowledge

Not applicable.

## Evidence Guide

### Essential Knowledge and Skills to be Assessed

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

understanding of the basic features of accounting and its purpose including:  
chart of accounts and account categories (e.g. assets, liabilities, equity, income, cost of sales, and expenses)  
the basic rules underpinning double-entry accounting and the concept of debits and credits  
accrual versus cash accounting  
the profit and loss statement and the balance sheet as the key financial statements used to measure business performance (including role, how these reports are generated, format, features and key information an operational manager should look for)  
reporting periods (including variations such as different financial years)  
the concept of balancing entries and reconciliations  
concepts of costing including fixed and variable costs

general features of computerised accounting packages including the types of packages available for different industry sectors  
overview of the financial record-keeping process and key terminology including:  
ledgers, subsidiary ledgers and journals  
transactions, receipts, disbursements  
invoices, accounts payable, debtors, creditors  
reconciliations, including purpose, different types of reconciliation and the impact of unpresented cheques, bank charges, direct debits and credits  
cashflow

financial terminology used specific to different industry sectors (e.g. average spend, cover, ullage, Travel Compensation Fund requirements)  
overview of the GST accounting and reporting processes for business and the impact of this on day-to-day operations.

### Linkages to Other Units

This unit underpins effective performance in a range of other financial and business units. Combined training and assessment is strongly recommended. Examples of related units are:  
THHGLE13B Manage finances within a budget  
THHGLE14B Prepare and monitor budgets  
THHGLE15B Manage financial operations

### Critical Aspects of Assessment

Evidence of the following is critical:

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 Assessment and Resource Implications

Assessment must ensure:

project or work activities that allow the candidate to interpret financial information relating to the performance of a tourism or hospitality business  
use of commercially-realistic financial data and reports.

### Assessment Methods

Assessment methods must be chosen to ensure that skills in interpreting financial information can be practically demonstrated. Methods must include assessment of knowledge as well as assessment of practical skills.

The following examples are appropriate for this unit:

case studies which 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.

### **Key Competencies in this Unit**

Key Competencies are an integral part of all workplace competencies. The table below describes those applicable to this unit. Trainers and assessors should ensure that they are addressed in training and assessment.

Level 1 = Perform    Level 2 = Administer and Manage    Level 3 = Design and Evaluate

### **Key Competencies**

#### **Collecting, Organising and Analysing Information**

For example:

Interpreting monthly income and expenditure statements (2)

#### **Communicating Ideas and Information**

For example:

Explaining financial performance issues to staff members (2)

#### **Planning and Organising Activities**

For example:

Accessing and analysing information at the appropriate time and applying this to workplace operations (1)

#### **Working with Others and in Teams**

For example:

Discussing ways in which business performance could be improved with colleagues (2)

#### **Using Mathematical Ideas and Techniques**

For example:

Calculating percentage increases or decreases in expenditure or income (2)

#### **Solving Problems**

For example:

Investigating an apparent discrepancy in financial information (2)

#### **Using Technology**

For example:

Using a computerised accounting system to generate financial information (1)

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#### **Using Mathematical Ideas and Techniques**

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#### **Solving Problems**

For example:

Investigating an apparent discrepancy in financial information (2)

#### **Using Technology**

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## Range Statement

This unit applies to all tourism and hospitality sectors. The following explanations identify how this unit may be applied in different workplaces, sectors and circumstances.

For generic pre-employment training and assessment, a range of industry contexts must be addressed. Where the focus is sector or workplace specific, training and assessment must be tailored to meet particular needs.

**Financial information must include:**

source documents  
journals  
transaction reports  
account summaries/balances  
profit and loss statements  
invoices  
budget reports  
expenditure reports (labour/non-labour).

**Financial information may include:**

balance sheets  
trial balance  
receivables reports  
stocktaking sheets  
purchase summary reports  
stock reports  
variance reports  
wastage reports  
sales reports  
supporting reports (e.g. covers, occupancy rates, staff costs, units sold)  
business activity statements  
labour/wages reports  
cashflow reports  
bank statements  
bank deposit documentation  
merchant statements  
transaction exemption reports  
cheque books  
credit card transaction statements  
banking summaries  
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bank statements  
bank deposit documentation  
merchant statements  
transaction exemption reports  
cheque books  
credit card transaction statements  
banking summaries  
merchant summaries.

**Unit Sector(s)**

Not applicable.