



Australian Government

BSBSMB402 Plan small business finances

Release: 2

BSBSMB402 Plan small business finances

Modification History

Release	Comments
Release 2	This version released with BSB Business Services Training Package Version 2.0. Version created to clarify intent of unit
Release 1	This version first released with BSB Business Services Training Package Version 1.0.

Application

This unit describes the skills and knowledge required to identify financial requirements of a business, including profit targets, cash flow projections and strategies to garner financial support.

It applies to individuals who operate a small business or work within an existing micro or small businesses and interpret financial data.

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

Unit Sector

Management and Leadership – Small and Micro Business

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
1. Identify costs, calculate prices and prepare profit statement	1.1 Identify and document costs associated with production and delivery of business products and services 1.2 Calculate prices based on costs and profit margin, as an hourly charge-out rate for labour or unit price for products 1.3 Calculate break-even sales point to establish business viability and profit margins

ELEMENT	PERFORMANCE CRITERIA
	1.4 Identify appropriate pricing strategies in relation to market conditions to meet business profit targets 1.5 Prepare projected profit statement to supplement the business plan
2. Develop a financial plan	2.1 Set profit targets or goals to reflect owner's desired returns 2.2 Identify working capital requirements necessary to attain profit projections 2.3 Identify non-current asset requirements and consider alternative asset management strategies 2.4 Prepare cash flow projections to enable business operation in accordance with business plan and legal requirements 2.5 Identify capital investment requirements accurately for each operational period 2.6 Select budget targets to enable ongoing monitoring of financial performance
3. Acquire finance	3.1 Identify start-up and ongoing financial requirements according to financial plan/budget 3.2 Identify sources of finance, including potential financial backers, to provide required liquidity for the business to complement business goals and objectives 3.3 Investigate cost of securing finance on optimal terms 3.4 Identify strategies to obtain finance as required to ensure financial viability of the business

Foundation Skills

This section describes language, literacy, numeracy and employment skills incorporated in the performance criteria that are required for competent performance.

Skill	Performance Criteria	Description
Reading	1.1, 1.5, 2.1-2.5, 3.1, 3.2	Identifies, analyses and evaluates complex information from a range of sources
Writing	1.1, 1.5, 2.1, 2.4, 3.2	Prepares written reports and workplace documentation that communicate complex information clearly and effectively

Oral Communication	1.1, 3.2	• Uses specific and relevant language to secure finance and uses questioning and listening techniques to clarify outcomes • Participates in verbal negotiations using tone and language suitable to audience
Numeracy	1.1-1.5, 2.1, 2.2, 2.4-2.6, 3.1, 3.3, 3.4	• Analyses numerical information to determine costs, prices, profit and losses, and other financial data
Navigate the world of work	2.4	• Appreciates implications of legal and regulatory responsibilities related to own work
Get the work done	1.1, 1.4, 2.1-2.3, 2.5, 2.6, 3.1, 3.2, 3.4	• Sequences and schedules complex activities, including implementing and monitoring financial strategies • Makes a range of critical and non-critical decisions in relatively complex situations, taking a range of constraints into account, making adjustments as necessary • Regularly uses formal thinking techniques to generate new ideas

Unit Mapping Information

Code and title current version	Code and title previous version	Comments	Equivalence status
BSBSMB402 Plan small business finances Release 2	BSBSMB402 Plan small business finances Release 1	Updated to clarify intent	Equivalent unit

Links

Companion Volume implementation guides are found in VETNet -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=11ef6853-ceed-4ba7-9d87-4da407e23c10>

Assessment Requirements for BSBSMB402 Plan small business finances

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Performance Evidence

Evidence of the ability to:

- develop a financial plan which identifies financial requirements of the business, including cash flow projections and a projected profit statement
- follow the financial plan, including:
 - demonstrating an awareness of appropriate legal requirements
 - implementing strategies to monitor financial performance
- identify sources and investigate costs of securing appropriate financial assistance.

Note: If a specific volume or frequency is not stated, then evidence must be provided at least once.

Knowledge Evidence

To complete the unit requirements safely and effectively, the individual must:

- explain break-even analysis
- clarify costing for the business, including margin or mark-up, hourly charge-out rates and unit costs
- summarise financial decision-making relevant to the business
- outline methods and relative costs of obtaining finance
- summarise principles for preparing balance sheets
- provide a detailed explanation of:
 - principles for preparation of cash flow forecasts
 - principles for preparation of profit and loss statements
 - purpose of financial reports

- explain relevant accounting terminology
- describe working capital cycles.

Assessment Conditions

Assessment must be conducted in a safe environment where evidence gathered demonstrates consistent performance of typical activities experienced in the Management and Leadership – Small and Micro Business field of work and include access to:

- software for financial calculations
- relevant legislation, regulations, standards and codes
- relevant workplace documentation and resources
- case studies or where possible, real situations.

Assessors of this unit must satisfy the requirements for assessors in applicable vocational education and training legislation, frameworks and/or standards.

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