



Australian Government

Department of Education, Employment and Workplace Relations

BSBSBM406A Manage finances

Release: 1

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Modification History

Not applicable.

Unit Descriptor

This unit involves the implementation, monitoring and review of strategies for the ongoing management of finance. It also includes day-to-day financial management of the business. It is suitable for existing micro and small businesses or a department in a larger organisation. This unit involves the implementation, monitoring and review of strategies for the ongoing management of finance. It also includes day-to-day financial management of the business. It is suitable for existing micro and small businesses or a department in a larger organisation

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

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Element	Performance Criteria
1 Maintain financial records	1.1 Financial information requirements are identified and specialist services obtained, as required, to profitably operate and extend the business in accordance with the business plan 1.2 Financial information records are identified to meet the needs of the business in accordance with legal requirements 1.3 Relevant accounting procedures maintained according to legal requirements and/or specialist services sought as required 1.4 Administration and financial record keeping procedures are developed and documented in accordance with legal requirements
2 Implement financial plan	2.1 Financial budgets/projections, including cash flow estimates, are produced as required for each forward period, and distributed to relevant people in accordance with legal requirements 2.2 Business capital is negotiated/ secured/ managed to best enable implementation of the business plan and meet the requirements of financing bodies 2.3 Taxation records are maintained and reporting requirements complied with 2.4 Strategies to enable adequate financial provision for taxation developed and maintained in accordance with legal requirements 2.5 Client credit policies including contingencies for debtors in default are developed, monitored and maintained to maximise cash flow 2.6 Key performance indicators are selected to enable ongoing monitoring of financial performance 2.7 Financial procedures are recorded and communicated to relevant people to facilitate implementation of the business plan

- 3 Monitor financial performance
 - 3.1 Financial performance targets are regularly monitored and reported and data is gathered to establish the extent to which the financial plan has been met
 - 3.2 Marketing and operational strategies are monitored for their effects on the financial plan
 - 3.3 Financial ratios are calculated and evaluated according to own/industry benchmarks
 - 3.4 Financial plan is assessed to determine whether variations or alternative plans are indicated and changed as required
 - 3.5 Appropriate action is taken to ensure the achievement of profit and return to enable business operation in accordance with the business plan and legal requirements

Required Skills and Knowledge

Not applicable.

Evidence Guide

The Evidence Guide identifies the critical aspects, knowledge and skills to be demonstrated to confirm competence for this unit. This is an integral part of the assessment of competence and should be read in conjunction with the Range of Variables.

Critical Aspects of Evidence

Ability to develop, implement and review strategies for the ongoing management of finance and

To maintain day-to-day financial management of the business as well as implementation of broad financial strategies.

Underpinning Knowledge*

* At this level the learner must demonstrate understanding of a broad knowledge base incorporating some theoretical concepts.

National, State/Territory and Local Government legislative requirements affecting business operation, especially in regard to Occupational Health and Safety and environmental issues, EEO, industrial relations and anti-discrimination

Financial decision making relevant to the business

Basic knowledge of specific tax requirements relevant to the individual industry

Legal obligations for record keeping

Processing financial transactions

Basic accounting principles (single entry/double entry)

Purpose of financial reports

Financial ratios

Interpretation of comparative profit and loss statements

Interpretation of comparative balance sheets

Preparation and interpretation of budget/actual reports

Stock records/stock control relevant to the business

Benchmarking

Methods and relative costs of obtaining finance

Underpinning Skills

Literacy skills to interpret legal requirements, company policies and procedures

Communication including reporting

Numeracy skills to undertake financial calculations

Ability to relate to people from a range of social, cultural and ethnic backgrounds and physical and mental abilities

Resource Implications

The learner and trainer should have access to appropriate documentation and resources normally used in the workplace

Consistency of Performance

In order to achieve consistency of performance, evidence should be collected over a set period of time which is sufficient to include dealings with an appropriate range and variety of situations

Context/s of Assessment

Competency is demonstrated by performance of all stated criteria, including paying particular attention to the critical aspects and the knowledge and skills elaborated in the Evidence Guide, and within the scope as defined by the Range of Variables

Assessment must take account of the endorsed assessment guidelines in the Business Services Training Package

Assessment of performance requirements in this unit should be undertaken in an actual workplace or simulated environment

Assessment should reinforce the integration of the key competencies and the business services common competencies for the particular AQF level. Refer to the Key Competency Levels at the end of this unit

Key Competency Levels

Collecting, analysing and organising information (Level 3) - to acquire and manage finances

Communicating ideas and information (Level 2) - to obtain and convey financial information

Planning and organising activities (Level 2)- to comply with legal requirements and manage finances

Working with teams and others (Level 2)- to obtain financial information

Using mathematical ideas and techniques (Level 2)- to plan and maintain finances

Solving problems (Level 3) - to maximise business financial viability

Using technology (Level 3) - to optimise business performance

Please refer to the Assessment Guidelines for advice on how to use the Key Competencies

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Range Statement

The Range Statement provides advice to interpret the scope and context of this unit of competence, allowing for differences between enterprises and workplaces. It relates to the unit as a whole and facilitates holistic assessment. The following variables may be present for this particular unit:

Legislation, codes and national standards relevant to the workplace which may include:

award and enterprise agreements and relevant industrial instruments
national, State/Territory and Local Government legislative requirements affecting business operation, especially in regard to Occupational Health and Safety and environmental issues, EEO, industrial relations and anti-discrimination
relevant industry codes of practice

Financial information may include:

financial budgets
business capital
cash flow forecasts
statements/forecasts
bookkeeping/ accounting/ stock/ job costing records
asset registers
profit and loss statements
balance sheets
payroll records, superannuation entitlements
accrual of staff leave/entitlements
taxation returns including GST
business activity statements
ratios for profitability, liquidity/efficiency/financial structure
risk management
financial indicators may be short, medium and/or long term
asset management strategies which may include:
owning, leasing, sharing, syndicating
maintaining and deploying assets

Relevant accounting procedures may include:

accrual/ cash
single entry / double entry
manual / computerised

Specialist services may include:

accountants
lawyers and providers of legal advice
government agencies
industry/trade associations
online gateways
business brokers/business consultants

Relevant people may include:

owner/operator
partners
financial backers
family members
franchise agency

trade or industry associations
regulatory bodies

Legal requirements may include:

contractual arrangements (eg partnership agreements, trust deeds)
corporations law
industrial law (for payroll records)
taxation law

Financial bodies may include:

financiers/ banks/ lending institutions
shareholders/ partners/ owners

Credit policies may include:

debt collection
trading terms
credit limits
payment options
credit references

Financial ratios may include:

Gross profit percentage
Net profit percentage
Expense percentages
Stockturn rates
Staff productivity measures
Return on investment / Return on total assets
Current ratio
Liquid ratio
Days stock on hand
Days debtors outstanding
Proprietary/ debt ratio

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Unit Sector(s)

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