



Australian Government

Department of Education, Employment and Workplace Relations

BSBSMB303A Organise finances for the micro business

Revision Number: 1

BSBSMB303A Organise finances for the micro business

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit describes the performance outcomes, skills and knowledge required to investigate the financial capacity to enter into a micro business, to determine the projected cash flow, to source finances and to monitor the profitability of the business. Specific legal requirements apply to the management of a micro business.
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Application of the Unit

Application of the unit	This work will be undertaken by individuals who are establishing or operating a micro business providing for self employment.
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

Employability Skills Information

Employability skills	This unit contains employability skills.
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Elements and Performance Criteria Pre-Content

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

ELEMENT	PERFORMANCE CRITERIA
1. Ascertain own financial position and the ability to provide capital/equity for the business	1.1. Realistically detail personal, family or community financial situation in terms of funds available and commitments already incurred 1.2. Determine equity finance and assets available for micro business from personal, family or community sources
2. Determine projected cash flow for the business	2.1. Determine the level of forecast business activity over a year and the business mix 2.2. Estimate establishment costs for the business and repayment schedule for borrowings 2.3. Calculate the monthly variable and fixed costs needed to conduct business activity over a year 2.4. Estimate personal drawings needed to be taken from the business 2.5. Estimate the monthly income generated by the business for a year based on price per unit item or hourly charge rate for labour 2.6. Develop a cash flow budget for the first year of business operation 2.7. Seek professional advice to estimate goods and services tax and operating finance required for the business
3. Source the required funds to establish the business	3.1. Estimate required funding to establish and run the business based on expected sales and activity levels, available finances and commitments 3.2. Investigate methods of accessing alternative sources of finance 3.3. Identify strategies for meeting financial obligations 3.4. Implement plans to access available funds as required
4. Monitor profitability of the business	4.1. Maintain and review monthly expenditure and income records 4.2. Compare equity at beginning and end of a year to estimate business performance 4.3. Assess the financial viability of the business after a year of operation 4.4. Seek professional advice on depreciation, insurance and tax implications of the business

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

Required skills

- analytical skills to determine the viability of the business
- literacy skills to interpret financial reports and to complete relevant forms requested by financial bodies
- numeracy skills to calculate basic revenue and expense forecasts, and to estimate the funding needed to establish and run the business
- research skills to source financial information.

Required knowledge

- basic budgeting
- basic costing for the business
- financial commitments and requirements
- financial reports and terminology
- methods and relative costs of obtaining finance
- own financial position
- sources of advice and assistance.

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, range statement and the Assessment Guidelines for the Training Package.

Overview of assessment

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

Evidence of the following is essential:

- investigation of own financial position and needs
- investigation of projected cash flow for the business
- estimation of the funding needed to establish and operate the business
- assessment of the financial viability of the business
- knowledge of basic budgeting.

Context of and specific resources for assessment

Assessment must ensure:

- access to relevant documentation
- candidate's individual circumstances and work in the context of establishing or running a micro business, are the basis for assessment.

Method of assessment

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

- problem-solving scenario which requires candidate to assess the financial viability of a proposed micro business in candidate's geographical location; the scenario should include opportunities for the candidate to calculate expenses and commitments against expected income
- oral or written questioning to assess knowledge of financial reports and terminology
- review of estimated establishment costs for the business and repayment schedule for borrowings
- review of plans implemented to access available funds.

Guidance information for assessment

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

- BSBSMB302A Develop a micro business proposal
- BSBSMB304A Determine resource requirements for the micro business.

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, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

<i>Personal, family or community financial situation</i> may include:	• education and other expenses • equity available through capital, savings and assets • existing loan repayments and/or other debt repayments • family, community or cultural commitments and obligations • living expenses such as rent, food, clothing for self and family
<i>Establishment costs</i> may include:	• capital equipment • insurance costs • purchase price • start-up costs
<i>Professional advice</i> may include:	• accountants • business brokers/business consultants • government agencies • industry/trade associations • online gateways • mentors
<i>Sources of finance</i> may include:	• banks and/or other finance providers • business finance • family or community equity • family or community loans/resources • government grants and other sources • personal equity • private capital • royalties • venture capital
<i>Financial viability</i> may include:	• return on capital • return on labour

Unit Sector(s)

Unit sector	
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Competency field

Competency field	Management and Leadership - Small and Micro Business
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Co-requisite units

Co-requisite units		