



Australian Government

CHCFIN010 Apply basic concepts of small business to financial counselling

Release: 1

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Modification History

Not applicable.

Application

This unit describes the performance outcomes, skills and knowledge required to identify the structure and current financial position of a small business and to use this information when providing information and advice as part of the delivery of financial counselling services to a client with a small business.

This unit applies to financial counsellors who work in agencies that meet the requirements for the Australian Securities and Investments Commission (ASIC) exemptions from holding a financial services licence and provide services to clients who operate small businesses.

This unit also applies to financial counsellors who work in rural financial counselling agencies.

The skills in this unit must be applied in accordance with Commonwealth and State or Territory legislation, Australian standards and industry codes of practice.

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

Pre-requisite Unit

Nil

Competency Field

Financial Counselling

Unit Sector

Community Services

Elements and Performance Criteria

ELEMENTS

Elements describe the essential outcomes

1. Adapt practice to small business context.

PERFORMANCE CRITERIA

Performance criteria describe the performance needed to demonstrate achievement of the element.

- 1.1. Identify the scope of practice of the financial counsellor working with a small business client.

- 1.2. Apply financial counselling professional practice frameworks to small business owners.
 - 1.3. Assist small businesses to manage debts and financial stress.
2. Assess small business suitability for financial counselling services.
 - 2.1. Explain purpose and structure of initial consultation.
 - 2.2. Analyse small business information to determine suitability for financial counselling.
 - 2.3. Identify and address any conflicts of interest.
 - 2.4. Determine if the client with a small business is within scope of service.
 - 2.5. Use secondary consultations and referral where matters are beyond the scope of the role.
3. Confirm key information about the business.
 - 3.1. Work with client to identify current small business structure.
 - 3.2. Determine the tax status of the business and implications for the business.
 - 3.3. Identify legal and operational requirements that may impact on the current financial position of the business.
4. Assess and interpret available financial data of small business.
 - 4.1. Identify information the client may need to provide.
 - 4.2. Access and interpret available financial data about current financial position of the small business.
 - 4.3. Work with client to identify and retrieve financial data that is missing or incomplete.
 - 4.4. Use available financial data to determine if the business is at risk of not being able to pay its debts and obligations.
 - 4.5. Determine to what extent client personal financial situation is directly linked to small business.
5. Provide advice to client.
 - 5.1. Provide client with information and advice regarding the financial position of the small business, within scope of own job role.
 - 5.2. Provide client with information and advice regarding the impact of the business on their personal financial position.
 - 5.3. Identify options available to the client, based on analysis of available financial information and position of the business, including how insolvency processes work and closing the business.
 - 5.4. Identify and assist client to access external small business advice and support options.

Foundation Skills

Foundation skills essential to performance in this unit, but not explicit in the performance criteria are listed here, along with a brief context statement.

SKILLS	DESCRIPTION
Reading skills to:	research and interpret information from a range of complex documents.
Writing skills to:	produce written materials in the required format, style, structure according to the intended audience and purpose of correspondence.
Oral communication skills to:	- ask open and closed questions to gather and confirm information from interviewee - participate in a variety of spoken exchanges with others, using clear and direct language to convey, request and confirm understanding of information.
Numeracy skills to:	access required information from familiar and unfamiliar financial reports.
Problem-solving skills to:	identify and analyse discrepancies in information gathered.
Planning and organising skills to:	logically sequence information and analysis in required formats to address client requirements.
Technology skills to:	use main features and functions of technology and software programs to complete work tasks.

Unit Mapping Information

No equivalent unit.

Links

Companion Volume implementation guides are found in VETNet - -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=5e0c25cc-3d9d-4b43-80d3-bd22cc4f1e53>

Assessment Requirements for CHCFIN010 Apply basic concepts of small business to financial counselling

Modification History

Not applicable.

Performance Evidence

Evidence of the ability to complete tasks outlined in elements and performance criteria of this unit in the context of the job role, and:

- provide financial counselling consultation service for at least one small business client to:
 - confirm business structure
 - identify any potential conflicts of interest
 - determine business financial status
 - assess business capacity to meet financial obligations
 - identify the impact of the business financial status on the personal financial position of the client
 - make an appropriate referral for further support
 - document client files according to organisational requirements.

Knowledge Evidence

Demonstrated knowledge required to complete the tasks outlined in elements and performance criteria of this unit:

- definitions of small business:
 - Australian Securities and Investments Commission (ASIC) exemption for financial counselling agencies for the purposes of the AFSL exemption
 - Australian Financial Complaints Authority (AFCA) definition
 - Banking Codes of Practice Definition
 - funding agreements or deeds that go to the scope of role or definition
 - peak body or other requirements that go to the scope of role or definition
 - agency requirements
 - agency policies or state association policies
- distinguish between simple and complex small business financial issues, based on business structure, type of problem, parties involved
- types of small business structures:
 - sole trader
 - partnerships
 - companies
 - trusts

- accessing the ABR
- National and State or Territory legislation and guidelines applicable to small business
- legal frameworks applying and not applying to small business:
 - application of the National Credit Code
 - ability or otherwise to access External Dispute Resolution (EDR) schemes, Australian Financial Complaints Authority (AFCA), Telecommunications Industry Ombudsman (TIO), energy and water ombudsman
 - application of banking codes of practice to small business
 - application of the Australian Consumer Law to small business
 - referral to the Australian Small Business and Family Enterprise Ombudsman (ASBFEO)
- basic operational requirements for a small business:
 - overview of potential financing arrangements
 - business insurance
 - commercial and property leasing arrangements
- types of financial data relevant to small businesses and how to access or assemble this information:
 - cash flow
 - balance sheet
 - profit and loss
 - statement of financial position
- ATO requirements such as types of main taxes paid by small business and processes for collecting and reporting tax and income including:
 - GST
 - Business Activity Statements (BAS)
 - PAYG and PAYG Withholding
 - Company tax
 - Superannuation liabilities for employees
- indicators of business ability to pay debts and obligations, including:
 - negotiating with creditors
 - insolvency and bankruptcy
 - superannuation entitlements
 - ATO debt
 - debts with banks and finance companies including business and personal debt
 - equipment leases
 - commercial tenancy agreements
 - utilities and telecommunications
- processes for making referrals to external services:
 - identifying when client need is in scope, or beyond scope of own job role including the financial counsellor's role in working with companies
- scope of role in relation to what the financial counsellor cannot do:

- business plans
- advice about managing the business
- impacts of small business on a client's personal finances:
 - distinguishing between business and personal debt
 - personal liability for business debt
 - legal obligations and implications
 - financial abuse and small business including coercion for loans, coercion for company directorships and associated legal responsibilities
- impact of relationship breakdown:
 - ownership of assets and debts
 - financial or economic abuse
- advice and actions that may assist the client to improve their financial position:
 - government grants and loans
 - accessing small business advisory/mediation services
 - decreasing business expenses or selling assets
 - debt prioritisation
 - payment arrangements with creditors, ATO
 - Internal Dispute Resolution (IDR) and External Dispute Resolution (EDR) where available
 - accessing business insurance
 - challenging unfair contracts
 - legal action through courts and tribunals
- insolvency and bankruptcy:
 - common signs
 - difference between bankruptcy and insolvency
 - referral options to paid services for insolvency advice
- processes for closing a business, including:
 - business name cancellation
 - finalising ATO obligations and all employee entitlements
 - terminating any licences, leases or contracts on foot
 - advising customers, contractors
 - referral options for advice regarding companies
- external resources and services that can assist small businesses including:
 - government grants and loans
 - small business advisory and assistance services
 - small business mediation or dispute resolution services.

Assessment Conditions

Skills must be demonstrated in the workplace or in a simulated environment that reflects workplace conditions.

Assessment must ensure access to:

- suitable facilities, equipment and resources, including:
 - client information
 - organisational policies, procedures and resources
 - scenarios and case studies that involve complex financial situations related to small business
 - interaction with other people.

Assessors must satisfy the Standards for Registered Training Organisations' requirements for assessors.

Links

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<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=5e0c25cc-3d9d-4b43-80d3-bd22cc4f1e53>