

<b>Title</b>	<b>Demonstrate knowledge of financial management for an entity</b>		
<b>Level</b>	<b>3</b>	<b>Credits</b>	<b>5</b>

<b>Purpose</b>	<p>People credited with this unit standard are able to explain: aspects of accounting; business records required to manage an entity; and business plans, cash forecasts, and budgets.</p> <p>This unit standard is for people who are not financial specialists or experts but who need financial knowledge and skills in their workplace.</p>
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<b>Classification</b>	Financial Management > Financial Skills
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<b>Available grade</b>	Achieved
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**Guidance Information**

- 1 An *entity* may include but is not limited to – an entire organisation; a part of an organisation such as a cost-centre, department, or branch; a small-to-medium enterprise (SME); a community group such as a sports club.

**Outcomes and performance criteria**

**Outcome 1**

Explain aspects of accounting.

**Performance criteria**

- 1.1 The explanation describes concepts of accounting.

Range accounting entity, historical cost, continuity, accounting period, conservatism, realisation, disclosure, materialism, depreciation.

- 1.2 The explanation describes types of accounting transactions and includes taxes payable.

Range types of accounting transactions include but are not limited to – assets, liabilities, equity, revenue, expenses, wages of staff and/or owner, accounts receivable, accounts payable, debtors’ master file, creditors’ master file, insurance; taxes payable include – pay as you earn (PAYE), goods and services (GST), fringe benefit (FBT), provisional, terminal.

- 1.3 The explanation describes profit and loss account, turnover, and balance sheet.
- 1.4 The explanation describes the role of a company accountant for compliance accounting and for business management.

## Outcome 2

Explain business records required to manage an entity.

### Performance criteria

- 2.1 Business records are explained in terms of accounting purposes, and taxation and other legal requirements.
- Range may include but is not limited to – bank statements, cheque books, invoices, hire purchase agreements, legal statements, cash books (computerised or manual), wages books, wage reconciliation, ACC levy statements.

## Outcome 3

Explain business plans, cash forecasts, and budgets.

### Performance criteria

- 3.1 The content of a business plan is identified and explained in terms of its purpose.
- 3.2 Cash forecasts are explained in terms of benefits and means of operation.
- 3.3 The content of a budget is identified and explained in terms of its purpose.
- 3.4 The explanation includes the development of a budget from a business plan.
- 3.5 The explanation includes how income is forecast and discusses the relationship between forecast income and the budget.

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**This unit standard is expiring. Assessment against the standard must take place by the last date for assessment set out below.**

**Status information and last date for assessment for superseded versions**

Process	Version	Date	Last Date for Assessment
Registration	1	23 January 2002	31 December 2016
Rollover and Revision	2	22 August 2008	31 December 2016
Review	3	21 May 2010	31 December 2016
Rollover	4	18 April 2013	31 December 2020
Rollover and Revision	5	17 September 2015	31 December 2022
Rollover and Revision	5	11 March 2016	31 December 2022
Review	6	10 December 2020	31 December 2022

**Consent and Moderation Requirements (CMR) reference**

0113

This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.