

Title	Conduct and report on a financial analysis for an entity		
Level	4	Credits	5

Purpose	<p>People credited with this unit standard are able to, for an entity: demonstrate knowledge of financial analysis; calculate and compare ratios from financial statements; and interpret the results of the analysis and report.</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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Classification	Financial Management > Financial Skills
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Available grade	Achieved
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Guidance Information

- 1 People must be assessed against this unit standard in their workplace using naturally occurring evidence, or in a realistic simulation of such a context. Competence must be demonstrated within timeframes expected in a commercial environment.
- 2 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

Demonstrate knowledge of financial analysis for an entity.

Performance criteria

- 1.1 Financial measures are identified and explained in terms of how they indicate the financial position of the entity.

Range	must include – revenue statement, balance sheet, budgets, gross profit ratio, operating ratio, net profit ratio; and at least three of the following ratios – current, liquid, expense, proprietary, stock turnover, return on total resources, return on proprietors' funds, return on ordinary capital, asset-proprietorship, liabilities-proprietorship, stock-working capital, capital gearing.
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Outcome 2

Calculate and compare ratios from financial statements for an entity.

Range ratios – profitability, coverage, liquidity, activity, financial structure.

Performance criteria

2.1 Ratios are calculated.

2.2 The financial data is compared.

Range comparison with three of – previous periods, other entities, industry averages, budgeted or forecasted data.

Outcome 3

Interpret the results of the analysis and report for an entity.

Performance criteria

3.1 Findings, conclusions, and recommendations are communicated in a form appropriate to the recipient(s) and/or the entity.

Range communication may be – written report, presentation; recipient(s) may be – external or internal stakeholders.

3.2 The report addresses two limitations that might affect the financial analysis.

Range limitations may include but are not limited to – lack of information, new business, extraordinary items, natural disaster.

3.3 The report includes recommendations for actions to address any deficiencies or opportunities for improvement identified in the entity’s performance.

Replacement information	This unit standard replaced unit standard 1853 and unit standard 19015.
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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	21 May 2010	31 December 2016
Rollover	2	18 April 2013	31 December 2020
Rollover and Revision	3	17 September 2015	31 December 2022
Rollover and Revision	3	11 March 2016	31 December 2022
Review	4	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>.