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| Title: | **Understanding the financial needs for an enterprise**  |
| Level: | **3** |
| Credit value: | **3** |
| Unit guided learning hours | **15** |
| Learning outcomes (the learner will) | Assessment criteria (the learner can) |
| 1 Be able to determine sources of finance for the enterprise | 1.1 1.2 | Identify possible sources of financeEvaluate the suitability of the sources for the enterprise |
| 2 Understand the financial profitability of the enterprise | 2.12.22.32.4 | Determine the costs of goods or services to be provided Determine a selling price based on cost, volume and profitCalculate the break even point for the enterpriseForecast the short and medium term profitability  |
| 3 Be able to determine and monitor the cash flow for the enterprise | 3.13.23.3 | Determine the projected cash flow for the for the first operating yearDescribe how to control credit and state how to determine the credit rating of customersDetermine ways of monitoring and controlling cash flow to maintain profitability |
| **Additional information about the unit** |  |
| Unit purpose and aim(s) | To understand the financial needs for an enterprise and to maintain ways of monitoring and controlling profitability. |
| Details of the relationship between the unit and relevant national occupational standards or professional standards or curricula (if appropriate) | Links to SFEDI 2010 NOS: BD11, MN1, MN2, MN4, MN5, MN6, MN7, MN8;Links to CfA 2009 NOS: M&LE1, M&LE2 |
| Assessment requirements or guidance specified by a sector or regulatory body (if appropriate) |  |
| Support for the unit from a sector skills council or other appropriate body (if required) | Council for Administration (CfA) |
| Equivalencies agreed for the unit (if required) | E3.06 - Determining the financial needs for the business  |
| Location of the unit within the subject/sector classification system | 15.3 - Business Management |
| **Additional Guidance about the Unit** |
| **Indicative Content:** |
| 1 | * Methods of identifying needs for funds, including within social enterprises (if relevant)
* Sources of short and medium term business/enterprise finance
* Ways to evaluate suitability of alternatives
* Processes involved in acquiring funds
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| 2 | * Basic cost classification and its application to the business/enterprise
* Calculation of costs including simple techniques for allocation of overheads
* Price determination, using cost and market factors, and achievement of required margins
* Simple marginal costing techniques and their application to the business/enterprise and price determination
* Return on capital employed (ROCE, ROI, Payback)
* Concepts of price, profit, cost, volume and their relationships
* Simple ways of forecasting, estimating and projecting for the business/enterprise
* Break even analysis
* Contingency planning
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| 3 | * Importance of cash flow and business/enterprise funding, and access to sufficient cash
* The role and application of cashflow forecasts
* Difference between cash and profit, and the need to maintain adequate supply of cash
* How to produce cashflow forecasts, including use of spreadsheets where appropriate
* Use of cashflow forecast to determine likely sources of funds (long or short term)
* Simple measures to control credit and check credit worthiness where appropriate to the business/enterprise
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