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| Title: | **Understanding financial management** | | |
| Level: | 4 | | |
| Credit value: | 3 | | |
| Unit guided learning hours | 12 | | |
| Learning outcomes (the learner will) | | Assessment criteria (the learner can) | |
| 1. Understand finance within the context of an organisation | | 1.1  1.2  1.3  1.4 | Describe the organisation’s sources of finance or funding  Analyse the range of financial stakeholders and explain their various expectations of the organisation  Explain the importance of cash flow forecasting and cash flow management to the organisation  Provide a general assessment of business/organisational performance using appropriate financial measures |
| 1. Understand the value of recording financial management information | | 2.1  2.2 | Explain the role of financial performance indicators in monitoring the achievement of objectives  Explain the purposes of the main financial documents used within the organisation |
| 1. Understand budgets for the management of own area of operation | | 3.1  3.2 | Explain the process of budget setting used in the organisation  Explain how to use budgetary techniques to contribute to controlling cost in own area of operation |
| **Additional information about the unit** | |  | |
| Unit purpose and aim(s) | | To develop understanding of finance within the context of an organisation, as required by a practising or potential middle manager. | |
| Details of the relationship between the unit and relevant national occupational standards or professional standards or curricula (if appropriate) | | Links to Management and Leadership 2004 NOS: E2 | |

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| 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) | | N/A |
| Location of the unit within the subject/sector classification system | | 15.3 Business Management |
| **Additional Guidance about the Unit** | | |
| **Indicative Content:** | | |
| 1 | * Financial information and its value for management and decision-making * Principles of Management accounting * Income & Expenditure Accounts (for non-profit organisations) * Financial measures of business/organisational performance – calculation and interpretation of Accounting Ratios * Cash, profit and cash flow forecasting and credit control * Sources of finance/funding and their characteristics * Range of stakeholders and their various expectations of the organisation * Role of the management accountant – as provider of management information | |
| 2 | * Performance indicators and their role in achieving objectives * Source documents in accounting (invoices, etc) * Balance Sheet, Profit & Loss Account | |
| 3 | * Nature and purpose of financial and non-financial budgets * Methods of preparing budgets * Zero based budgets * Budgetary techniques for controlling operations * How variances are calculated and used to analyse extent, source and cause of budgetary deviation * Variable budgets * Techniques for monitoring and controlling costs | |