

Modification history

Release	Comments
Release 1	This version released with AHC Agriculture, Horticulture, Conservation and Land Management Training Package Version 4.0.

AHCAGB605XX	Manage financial resources
Application	<p>This unit of competency describes the skills and knowledge required to manage the financial resources of the business, including reviewing the mix of liabilities, monitoring equity and return on equity.</p> <p>All work must be carried out to comply with workplace procedures, work health and safety legislation and codes, and sustainability practices.</p> <p>This unit applies to individuals who take personal responsibility and exercise autonomy in undertaking complex work. They must analyse information and exercise judgement to complete a range of advanced skilled activities. They work in contexts that are subject to change and adapt a range of fundamental principles accordingly.</p> <p>No occupational licensing, legislative or certification requirements are known to apply to this unit at the time of publication.</p>
Prerequisite Unit	Nil
Unit Sector	Agribusiness (AGB)

Elements	Performance Criteria
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
1. Assess the capital needs of the business	1.1 Determine working capital and requirement for capital development 1.2 Determine return on capital or cost to develop capital
2. Assess appropriate equity levels for the business	2.1 Assess the financial risks associated with the business 2.2 Identify personal and business risk preferences 2.3 Analyse equity levels in comparable enterprises using benchmark data
3. Establish and maintain appropriate financing arrangements for the business	3.1 Determine capacity to service debt and meet liabilities 3.2 Identify sources of funds and compare and evaluate terms and conditions 3.3 Conduct negotiations to ensure the establishment of the most favourable terms and conditions 3.4 Source loan funds and check agreements 3.5 Monitor costs of finance to keep them within defined budget limits 3.6 Manage relationships with finance providers 3.7 Monitor the economic environment and assess implications for the business
4. Monitor and review the mix of liabilities	4.1 Conduct regular reviews of the mix of liabilities and the costs and determine the benefits associated with reconfiguring loans 4.2 Review and renegotiate loans as appropriate
5. Monitor equity, return on equity	5.1 Review valuations on assets and monitor the effect on equity 5.2 Calculate returns on assets and returns on equity and use to assist business performance

Foundation Skills

This section describes those language, literacy, numeracy and employment skills that are essential for performance in this unit of competency but are not explicit in the performance criteria.

Skill	Description
Numeracy	<ul style="list-style-type: none"> Analyse financial records and recognise trends in data

Unit Mapping Information

Code and title current version	Code and title previous version	Comments	Equivalence status
AHCAGB605XX Manage financial resources	AHCAGB605 Manage business capital	Title updated. Performance criteria clarified. Foundation skills added. Assessment requirements updated.	Equivalent unit

Links

Companion Volumes, including Implementation Guides, are available at VETNet:
<https://vetnet.education.gov.au/Pages/TrainingDocs.aspx?q=c6399549-9c62-4a5e-bf1a-524b2322cf72>

TITLE	Assessment requirements for AHCAGB605XX Manage financial resources
Performance Evidence	
<p>An individual demonstrating competency must satisfy all of the elements and performance criteria in this unit. There must be evidence that the individual has managed the capital of one or more enterprises, including:</p> <ul style="list-style-type: none"> • assessed capital needs • assessed appropriate equity levels for a business • established and maintained appropriate financing arrangements • reviewed the mix of liabilities • monitored key indicators of financial returns for the business. 	
Knowledge Evidence	
<p>An individual must be able to demonstrate the knowledge required to perform the tasks outlined in the elements and performance criteria of this unit. This includes knowledge of:</p> <ul style="list-style-type: none"> • how to interpret and analyse financial reports • how various macroeconomic factors affect the business • sources of finance for the business • negotiation techniques • accounting terms and principles, including concept of equity, return on assets (ROA), return on equity (ROE), internal rate of return (IRR), forecasting • bank and lending institution policies and requirements. 	
Assessment Conditions	
<p>Assessment of skills must take place under the following conditions:</p> <ul style="list-style-type: none"> • physical conditions: <ul style="list-style-type: none"> • skills must be demonstrated in an environment that accurately represents workplace conditions • resources, equipment and materials: <ul style="list-style-type: none"> • access to business financial records. <p>Assessors of this unit must satisfy the requirements for assessors in applicable vocational education and training legislation, frameworks and/or standards.</p>	
Links	Companion Volumes, including Implementation Guides, are available at VETNet: https://vetnet.education.gov.au/Pages/TrainingDocs.aspx?q=c6399549-9c62-4a5e-bf1a-524b2322cf72