

Open Awards Qualification Unit



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1 Unit Details

Unit Title:	Financial Considerations for a New Business
Unit Reference Number:	F/506/3540
Level:	Level 2
Credit Value:	3
Minimum GLH:	24

2 Learning Outcomes and Criteria

Learning Outcome (The Learner will):	Assessment Criterion (The Learner can):
1. Know how to estimate the income and expenditure of a business	1.1 Calculate the costs of producing and selling a product/ service
	1.2 Calculate the selling price for a product/ service
2. Know how to estimate profit and loss for a business	2.1 Calculate how much of the product /service needs to be sold to break even
	2.2 Calculate the profit margin of the product/ service
	2.3 Produce a basic profit and loss account for a business
3. Know the financial information that needs to be recorded for a business	3.1 List legal requirements of keeping financial records
	3.2 Identify the financial information that will need to be kept and passed into HMRC for tax purposes and VAT, if appropriate
	3.3 Construct a basic record keeping system that demonstrates income and expenditure and meets legal requirements
4. Understand the basic principles of cashflow	4.1 Explain the features of a basic cashflow statement

	4.2	Produce a basic cashflow for a twelve month period
	4.3	Identify when capital or investment may be required
5. Identify potential sources of finance for a business	5.1	Identify the most suitable source of capital for the business
	5.2	Calculate, based on the source and amount of capital required, the level of repayments including interest and the time required to repay the debt
	5.3	Assess the level of sales required to repay loan and continue trading
	5.4	Assess how the loan will impact on business and personal circumstances