
Overview

Money is the life blood of any business. Without it a business would be unable to pay its suppliers, staff or invest in the future and could quickly cause a business to fail. Understanding the principles of cash flow management will help you design and plan the financial processes a business needs.

You might do this if you want to:

1. develop the abilities that will help when setting up a business in the future
2. understand how businesses manage cash flow

This standard is intended for use in schools and similar settings. It is anticipated that learning and development programmes that are consistent with the standard will have practical activities that mirror or practice aspects of business enterprise, use case studies and other examples of business enterprise and bring people into contact with successful entrepreneurs. To reflect the fact that we do not expect people working to these standards to be directly engaged in preparing, starting or running a real business we have placed the term *business* in italics at appropriate places to indicate that we have in mind a simulated or practice activity.

Managing money matters involves:

1. effective financial planning; and
2. managing financial records

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Performance criteria

- You must be able to:*
- P1 decide on the financial needs of a *business*
 - P2 decide how to get the money needed for a *business*
 - P3 set financial targets for a *business*
 - P4 keep financial records for a *business*
 - P5 judge whether the financial records show a business is on target
 - P6 decide what action to take if it a *business* is not on target

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Knowledge and understanding

You need to know and understand:

- K1 the importance of cashflow in a small business
- K2 how to judge the cashflow a business needs
- K3 the concepts of profit, turnover and cashflow
- K4 how to keep basic manual or computer-based financial records

Additional Information

Links to other NOS

These Business Enterprise units may be relevant when you are setting up or developing a business:

- MN1 Decide on the financial needs of your business
- MN2 Set and monitor financial targets for your business
- MN3 Keep financial records for your business
- MN4 Manage cash flow in your business

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Managing money matters

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