

**Unit of Competency**

**Functional Area: Finance**

Title	Use financial statements to understand business operations
Code	105181L3
Range	This unit of competency is applicable to practitioners in the import and export industry to use financial statements to understand business operations of the company and interpret the financial position of the company.
Level	3
Credit	3 (for reference only)
Competency	<p>Performance Requirement</p> <ol style="list-style-type: none"> <li>1. Possess relevant knowledge of financial reports                             <ul style="list-style-type: none"> <li>• Explain the objectives of using financial reports and the concepts of financial management</li> <li>• Describe the standards and regulations of financial reporting</li> <li>• Name the commonly used vocabularies and specific terms of import and export business</li> </ul> </li> <li>2. Use the financial statements to manage the business operations of the company                             <ul style="list-style-type: none"> <li>• Use components of income statement (e.g., gross revenue from sales, cost of goods sold, gross profit, operating expenses, operating profit, other income and expenses, net profit before taxes, and net profit after taxes) to understand the revenue sources and business expenses of the company</li> <li>• Use balance sheet to understand the components of the equity of the company (e.g., current assets, fixed assets, current liabilities, long-term liability, and owner's equity)</li> <li>• Use cash-flow statement to understand revenue sources of the expenses, and interpret the actual level of cash flowing into and out of the business</li> </ul> </li> </ol>
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> <li>• Capable of understanding financial reports or financial statement in the import and export industry</li> <li>• Capable of using relevant financial statements to understand the business operations and interpret the actual level of cash flowing into and out of the business</li> </ul>
Remark	