Citrus Business Management Programme

Module 6

Manage your Business: Finance for Agribusiness Managers

Formative PoE Guide

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Contents

Assessor Orientation

Background Information

The main theme of this module is the establishment of admin and financial management systems in entrepreneurial business. Note that this module has been contextualised for agribusiness.

The module will cover aspects such as:

- Administration systems for:
    - processing payments
    - coordinating marketing and promotional activities
    - controlling and keeping records of confidential information
    - monitoring and controlling staff performance and discipline
- Understanding the financial aspects involved in running an agribusiness
- Cash flow management
- Accounting systems
- Analysis of financial statements
- Financial decision making

This module contributes to the exit level outcome and associated criteria:

4. Manage a new venture by applying business principles and techniques.

    4.1 A business plan for a new venture is developed using strategic planning principles and techniques.

    4.2 Guidelines for the implementation and monitoring the strategic action plan are formulated in terms of milestones and timeframes.

    4.3 Financial management planning principles and techniques are applied in order manage the business in an efficient and effective manner.

    4.4 Production and / or operations management is applied in a chosen business opportunity.

This module comprises of 2 unit standards and attracts 10 credits.

Section 1	**Business Administration**	114805	Manage general administration	C	4	4
Section 2	**Financial Management**	263474	Manage finances of a new venture	C	4	6

Unit Standard Information

Manage general administration

SAQA US ID	**UNIT STANDARD TITLE**			
114805	Manage general administration			
ORIGINATOR				
SGB Hairdressing Cosmetology and Beauty				
PRIMARY OR DELEGATED QUALITY ASSURANCE FUNCTIONARY				
-				
FIELD			**SUBFIELD**	
Field 11 - Services			Personal Care	
ABET BAND	**UNIT STANDARD TYPE**	**PRE-2009 NQF LEVEL**	**NQF LEVEL**	**CREDITS**
Undefined	Regular	Level 4	NQF Level 04	4
REGISTRATION STATUS		**REGISTRATION START DATE**	**REGISTRATION END DATE**	**SAQA DECISION NUMBER**
Reregistered		2015-07-01	2018-06-30	SAQA 10105/14
LAST DATE FOR ENROLMENT		**LAST DATE FOR ACHIEVEMENT**		
2019-06-30		2022-06-30		

In all of the tables in this document, both the pre-2009 NQF Level and the NQF Level is shown. In the text (purpose statements, qualification rules, etc), any references to NQF Levels are to the pre-2009 levels unless specifically stated otherwise.

This unit standard does not replace any other unit standard and is not replaced by any other unit standard.

PURPOSE OF THE UNIT STANDARD

The person credited with this unit standard is able to correctly process payments to suppliers, employees and vendors and manage and co-ordinate all promotional activities to general sales

The qualifying learner is capable of:

- Processing payments
- Co-ordinating and monitoring promotional activities
- Controlling and dealing with confidential information and documents
- Implementing control measures with individuals

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

Learners accessing this qualification will have demonstrated competence against unit standards in mathematical, computer, numerical and communication studies at NQF Level 3 or equivalent.

UNIT STANDARD RANGE

- Staff and labour costs, include but are not limited to: legislative requirements, salary. Commission etc
- Operating costs include but are not limited to: water, lights, equipment hire etc
- Promotional resources include but are not limited to; people required, products required, advertising material requirements etc

Manage finances of a new venture

SAQA US ID	UNIT STANDARD TITLE			
263474	Manage finances of a new venture			
ORIGINATOR				
Task Team - New Venture Creation				
PRIMARY OR DELEGATED QUALITY ASSURANCE FUNCTIONARY				
-				
FIELD			**SUBFIELD**	
Field 03 - Business, Commerce and Management Studies			Generic Management	
ABET BAND	**UNIT STANDARD TYPE**	**PRE-2009 NQF LEVEL**	**NQF LEVEL**	**CREDITS**
Undefined	Regular	Level 4	NQF Level 04	6
REGISTRATION STATUS		**REGISTRATION START DATE**	**REGISTRATION END DATE**	**SAQA DECISION NUMBER**
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This unit standard replaces:

US ID	Unit Standard Title	Pre-2009 NQF Level	NQF Level	Credits	Replacement Status
114586	Manage finances of a new venture	Level 4	NQF Level 04	5	Complete

PURPOSE OF THE UNIT STANDARD

This Unit Standard is intended for learners who have to manage the finances of a business venture. Learners who achieve this Unit Standard are able to manage the income and expenditure of own business and base financial decision-making on financial data.

Learners credited with this unit standard will be able to:

- Explain financial aspects involved in running new venture.
- Apply cash flow management in the running of a new venture.
- Apply an accounting system to manage a new venture.
- Analyse an income and expenditure statement.
- Analyse a balance sheet.
- Make a financial decision based on financial statements.

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

It is assumed that the learner has the following knowledge and skills:

- Communication at NQF Level 3.
- Mathematical Literacy at NQF Level 3.

UNIT STANDARD RANGE

N/A

information

Unit Standard References

The SAQA registered unit standards associated with this learning program are included in this guide for your information.

Please do not hesitate to ask the facilitator or assessor to explain anything that you do not understand or need help with.

Associated Qualification

This unit standard forms part of the learner support materials for the following qualification:

Further Education and Training Certificate: New Venture Creation

<table>
<tr><td>SAQA QUAL ID</td><td colspan="4">QUALIFICATION TITLE</td></tr>
<tr><td>66249</td><td colspan="4">Further Education and Training Certificate: New Venture Creation</td></tr>
<tr><td colspan="5">ORIGINATOR</td></tr>
<tr><td colspan="5">Task Team - New Venture Creation</td></tr>
<tr><td colspan="3">PRIMARY OR DELEGATED QUALITY ASSURANCE FUNCTIONARY</td><td colspan="2">NQF SUB-FRAMEWORK</td></tr>
<tr><td colspan="3">SERVICES - Services Sector Education and Training Authority</td><td colspan="2">OQSF - Occupational Qualifications Sub-framework</td></tr>
<tr><td>QUALIFICATION TYPE</td><td colspan="2">FIELD</td><td colspan="2">SUBFIELD</td></tr>
<tr><td>Further Ed and Training Cert</td><td colspan="2">Field 03 - Business, Commerce and Management Studies</td><td colspan="2">Generic Management</td></tr>
<tr><td>ABET BAND</td><td>MINIMUM CREDITS</td><td>PRE-2009 NQF LEVEL</td><td>NQF LEVEL</td><td>QUAL CLASS</td></tr>
<tr><td>Undefined</td><td>149</td><td>Level 4</td><td>NQF Level 04</td><td>Regular-Unit Stds Based</td></tr>
<tr><td colspan="2">REGISTRATION STATUS</td><td>SAQA DECISION NUMBER</td><td>REGISTRATION START DATE</td><td>REGISTRATION END DATE</td></tr>
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This qualification replaces:

Qual ID	Qualification Title	Pre-2009 NQF Level	NQF Level	Min Credits	Replacement Status
23953	Further Education and Training Certificate: New Venture Creation (SMME)	Level 4	NQF Level 04	162	Complete

Learner Details

First name:	
Surname:	
ID number:	
Mobile phone contact number:	
E-mail address:	
Postal address:	
Dates on which you completed this formative PoE guide:	
Declaration:	I hereby confirm that: • I received the assessment plan and schedule. • I understand my rights in terms of special needs, re-assessment, feedback and appeals against assessment decisions. • I completed the formative assessment independently without assistance from anyone else.
Date:	
Place:	
Signature:	
Signature of Assessor:	

information

Important

Please remember that this document is seen as legal evidence of your competence. It is very important that you sign and date each section where requested. Your signature confirms that this work is your own and that you have not committed fraud in any way.

Learner Assessment Plan and Schedule

What?

What is it that I will be assessed in?

- You will be assessed in the outcomes for unit standard 114805 and 263474.

What will be expected of me during the formative assessment?

- You have to complete ALL the activities in the formative portfolio of evidence guide during the course of the learning.
- If you are assigned a teamwork or paired practice activity, it is your responsibility to attach key notes, a copy, a picture or a sample of the evidence produced by your team. (Please do NOT leave blank activities).
- Please write in pen at all times.
- Please make sure that you sign and date the pages where requested.

What will be expected of me during the summative assessment?

- Please work alone to complete these activities and questionnaires. If you copy work from others or let them copy your work, you will automatically be declared not yet competent.
- Please do NOT leave blank activities.
- Please write in pen at all times.
- Please make sure that you sign and date the pages where requested.

Where?

Where will the assessment take place? (Venue)

- All assessments will take place at the training centre in the training room under supervision of the evidence collecting facilitator.

Who?

Who is the assessor?

- The assessors are Zama Madikizela and Mpho Mazubane.

How can I contact the assessor if something unforeseen happens?

- You can contact them at the Scientific Roets office on (039) 727-1515 or via email: zama@scientificroets.com or mpho@scientificroets.com.

When?

On which date and at what time will the assessment take place or should my formative PoE be handed in?

- The formative assessment activities are completed during the presentation of the learning programme module.

- Your completed formative portfolio of evidence has to be handed in on Friday of this training week at the close of the day.
- The summative assessments take place after the completion of each chapter.
- The facilitator will put up a schedule of times for summative assessments in the classroom.
- Please check it carefully and make sure you prepare by revising the information in your formative PoE and by completing the self-assessment exercise in your learner workbook.

How?

How will I be assessed, and what kinds of assessment instruments are included in this PoE?

Formative assessment includes a range of team and individual learning activities as follows:

- Formative Assessment Activities
  - F114805.1 – Team Analysis Questionnaire and Class Presentation
  - F114805.2 – Class Discussion and Team Document Framework Presentation
  - F114805.3 – Brainstorming Session and Mind Map with Key Notes
  - F114805.4 – Class Discussion and Role-play with Key Notes
  - F263474.1 – Paired Research Worksheet
  - F263474.2 – Team Work Sample Presentation
  - F263474.3 – Team Work Sample Presentation
  - F263474.4 – Team Brainstorm, Research and Conclusion

Summative assessment includes the following assessment instruments:

- Summative Assessment Activities
  - S114805.1 – Work Samples and Knowledge Questionnaire
  - S114805.2 – Work Sample and Analysis Questionnaire
  - S114805.3 – Knowledge Questionnaire
  - S114805.4 – Knowledge Questionnaire with Case Study
  - S263474.1 – Knowledge Questionnaire
  - S263474.2 – Case Study and Knowledge Questionnaire
  - S263474.3 – Knowledge Questionnaire
  - S263474.4 – Knowledge Questionnaire

What do I need?

For your formative assessment you will need:

- Your formative PoE guide
- Your learner guide
- A dictionary

- Access to your learning team members
- Access to the internet
- Stationery
- Calculator

For your summative assessment you will need:

- Your summative PoE guide
- A dictionary
- Access to the internet
- Stationery
- Calculator

Who else may be involved?

Are there other people who need to be involved in this assessment process?

For the formative assessment, you may work with the other members of your learning team.

For the summative assessment the following people will form part of the process:

The evidence collecting facilitators:

- Their role is to guide and support you in the collection of the evidence and to prepare you for summative assessment.

The assessor:

- The assessor will evaluate all the formative and summative evidence of assessment that you include in your portfolios and determine if it shows that you are competent in the outcomes of the unit standard(s).
- He / she will also give you feedback on your competence and guide you in case you need to submit additional evidence of your competence.

The moderator:

- The moderator will do spot checks on evidence and make sure that the assessment process has been completed correctly.

How will I know if the process is complete?

What will happen once I have completed this assessment process and the workbook has been handed in?

- The portfolios are submitted to the assessor for marking and evaluation.
- During the week when you are at home you will receive feedback via telephone call, SMS or email from the assessor.
- On your first day back in class, you will receive the formal written feedback document from the assessor. You need to read it carefully and sign it off. It is important to complete the supplementary activities or re-assessment as communicated by the assessor to be able to reach competence.
- The process is only complete after you have received feedback and a final competence declaration from the assessor.

What if?

What if I am not ready to be assessed?

- If you feel that you are not ready to be assessed, you should contact the evidence collecting facilitator to make alternative arrangements.
- You should also inform the assessor via email of the reasons why you feel that you are not ready for assessment, and confirm what alternative arrangement has been agreed.
- Attach a copy of your written request to the first page of this portfolio of evidence.

What if I have a special need, for example, a translator or I struggle to write?

- If you have a special need (you need a translator or you struggle to write fast or you are living with a disability), then it is important that you inform the evidence collecting facilitator and the assessor at the BEGINNING of the learning week in writing, please.
- Attach a copy of your written request to the first page of this portfolio of evidence.

What if I get sick on the day of assessment?

- If you are sick on the day of assessment, you should contact the evidence collecting facilitator to make alternative arrangements.
- You also need to submit a doctor's note.
- You should also inform the assessor via email of the fact that you were sick and confirm what alternative arrangement has been agreed.
- Attach a copy of your written request and the doctor's note to the first page of this portfolio of evidence.

What if I am not happy with the assessor's decision?

- You have the right to appeal the assessor's competence decision.
- The appeals procedure and application form is available from the evidence collecting facilitator on request.

Section 1: Formative Assessment Activities

F114805.1 – Team Analysis Questionnaire and Class Presentation

- ✓ Work as a team to complete this activity.
- ✓ Time to spend on this activity: 1 hour.
- ✓ Analyse each of the example documents below, then answer the questions and present your answers to the rest of the class.

Questions:

1. Example document 1:

BEST SUPPLIERS
VAT Reg. No. 892765312

To: Handyman Hardware Store
27 Olifants Road
Emmarentia
Johannesburg 2195
VAT No. 446010111

Tax Invoice No. CR004
Date: 8 March 2005
BO Box 45532
Halfway House
1685
Tel : (011) 838-9221

Qty	Description	Price Excl.	Discount	Amount Excl.
	Built-in Cupboards IN0014	500.00	-	500.00
			Sub-total	500.00
			VAT @ 14%	70.00
			Invoice Total	570.00

E.&O.E

1.1. Tick what kind of document you think this is:

- ❑ Invoice for supplier payment
- ❑ Payslip to reflect salaries and wages payment
- ❑ Credit note to reflect monies to be recouped from supplier (deducted from supplier payment)

1.2. What is the amount that should be paid to the supplier?

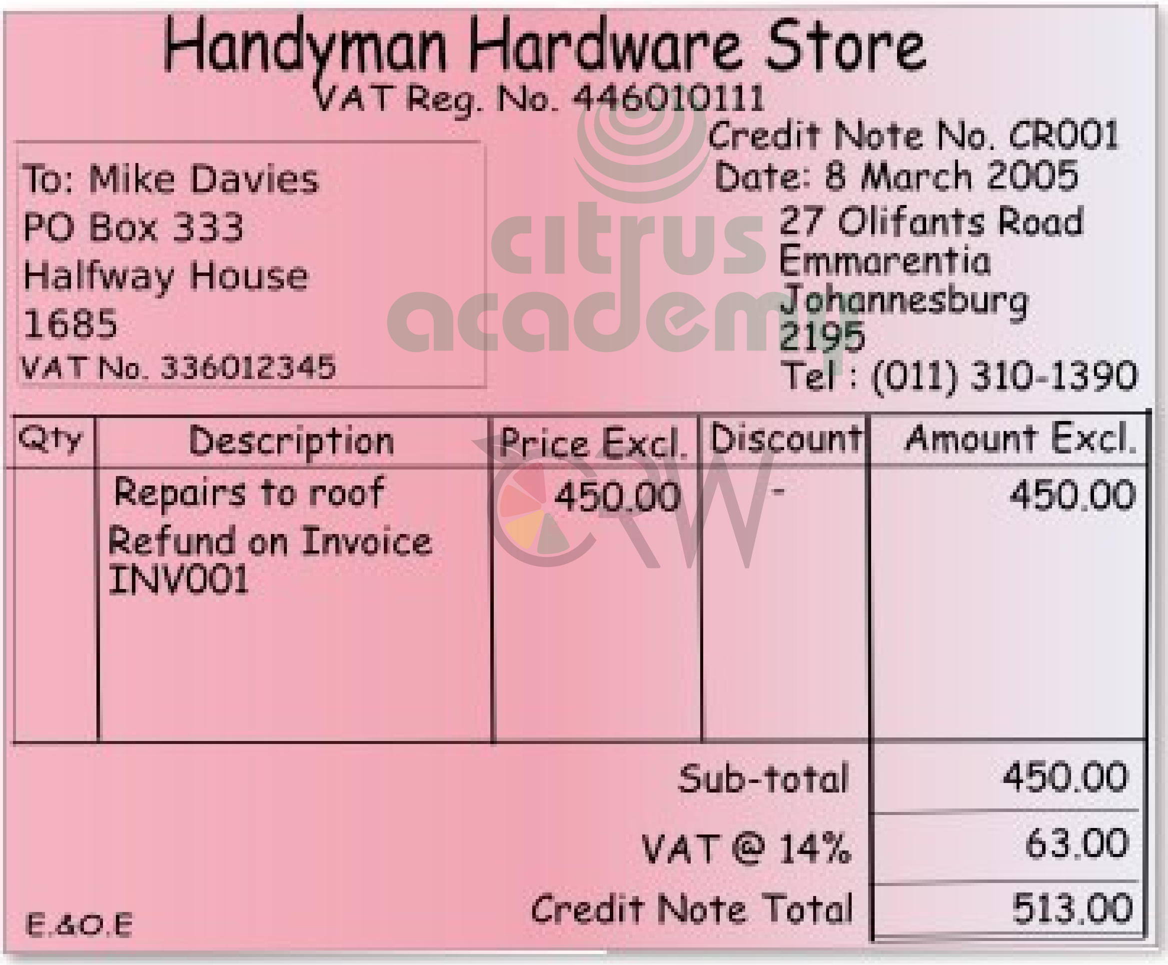
1.3. What item was the invoice for?

1.4. In your opinion, is this a legitimate business expense?

1.5. Which options for invoice payment systems are available to business administrators?

1.6. Which option would you choose to apply to your business, and why?

2. Example document 2:



Handyman Hardware Store
VAT Reg. No. 446010111

To: Mike Davies
PO Box 333
Halfway House
1685
VAT No. 336012345

Credit Note No. CR001
Date: 8 March 2005
27 Olifants Road
Emmarentia
Johannesburg
2195
Tel : (011) 310-1390

Qty	Description	Price Excl.	Discount	Amount Excl.
	Repairs to roof Refund on Invoice INV001	450.00	-	450.00
			Sub-total	450.00
			VAT @ 14%	63.00
			Credit Note Total	513.00

E.&O.E

2.1. Tick what kind of document you think this is:

- ❑ Invoice for supplier payment
- ❑ Payslip to reflect salaries and wages payment
- ❑ Credit note to reflect monies to be recouped from supplier (deducted from supplier payment)

2.2. What would the impact of this type of document be on your payments system?

3. Example document 3:

Payslip number	1	**NuQ - demo**		Page 1/1
		97 Central Street Houghton		
Date employed	01/01/2007	**Monthly**		
Occupation				
Paypoint	(Not applicable)			
Employee's	Normal x	Period status	Locked	
Employee	M0002	Run number	1	
Identity number		Pay period	01/09/2008 - 30/09/2008	

nuQ HR/PAYROLL *The intelligent payroll*

Description	**Units**	**Earnings**	**Deductions**
Basic pay		9,500.00	
Travel allowance		1,000.00	
Medical aid			658.50
Discovery Vitality/KeyClub			112.00
Provident fund			356.25
Loan			300.00
Loan - interest (33.90)			
Loan - balance (3,858.97)			
UIF employee contribution	*		101.45
Tax - regular earnings			946.47
Tax - fringe benefits	*		8.13
Tax - allowances	*		115.82
		10,500.00	**2,598.62**
Net pay		**7,901.38**	

Payment will be made by direct transfer to bank account
Payment will be made on 25/09/2008

Happy birthday for Tuesday, October 07, 2008!

Year to date values	**Current**	**Year to date**
3601 Income taxable	9,500.00	66,500.00
3701 Travel allowance	1,000.00	7,000.00
3807 Low interest or interest free loans	10.17	
4003 Current provident fund contributions	356.25	2,493.75
4005 Medical aid contributions	658.50	4,609.50
4025 Medical contributions allowed for employees tax	658.50	4,609.50
4103 Total employees tax	1,070.42	7,484.94
4473 Employers provident fund contributions	1,068.75	7,481.25
4486 Cap amount	1,380.00	9,660.00
Fringe benefits		
Company cell phone	35.00	
Loan - fringe benefit	10.17	
Employer's contributions		
Group life	15.90	
Medical aid employer	658.50	
Provident fund employer	1,068.75	
Miscellaneous		
Annual leave taken	8.00	
Annual leave accrued	1.25	19.25

18/09/2008 11:55:37AM

3.1. Tick what kind of document you think this is:

- ❑ Invoice for supplier payment
- ❑ Payslip to reflect salaries and wages payment
- ❑ Credit note to reflect monies to be recouped from supplier (deducted from supplier payment)

3.2. How frequently does payment of this document get processed?

3.3. What amount is paid to the personal account of the employee?

3.4. What amount of taxes is paid to SARS?

4. Explain what the impact of each of these documents would be in terms of cash flow management.

5. Which method of payment processing is more secure?

- ❑ Sending cash in the mail
- ❑ Giving cash to the person delivering the invoice
- ❑ Transferring money directly via electronic transfer
- ❑ Sending a cheque in the mail

F114805.2 – Class Discussion and Team Document Framework Presentation

- ✓ Work as a team to complete this activity.
- ✓ Time to spend on this activity: 1 hour.

Instructions:

1. Hold a class discussion to conclude a list of examples of a typical marketing or promotional activities that would be associated with a citrus production business. Write down a brief summary of the activities concluded.

2. Now work as a team to prepare an outline of the framework that you would use to draft an annual promotional plan to implement these types of activities.

   2.1. Include key notes on the steps that you would follow when adding the information to each of the headings on the framework.

2.2. Attach a copy or picture of your team's framework here.

3. Present the framework to the rest of the class.

4. Write down key notes on each of the following:

    4.1. How you would go about identifying the resources you need to implement the plan.

    4.2. How you will ensure that the promotional plan is implemented correctly.

    4.3. How you will monitor the plan to ensure that you achieve your marketing objectives.

4.4. How you would evaluate the plan to identify inadequacies.

4.5. How you would ensure that corrective actions for identified inadequacies are taken timeously.

F114805.3 – Brainstorming Session and Mind Map with Key Notes

- ✓ Work as a team to complete this activity.
- ✓ Time to spend on this activity: 1 hour.

Instructions:

1. Hold a brainstorming session to list as many examples as you can come up with of confidential information in an agribusiness.

2. Discuss and conclude a common definition for confidentiality (in other words, describe what the term confidentiality means to you).

3. Draft a mind map describing the systems and procedures you intend to use to ensure confidentiality. Attach a copy or picture of your team's mind map below.

4. Include key notes on the mind map regarding the following:

4.1. How you will ensure that the documents and records are secured appropriately and in a timely manner.

4.2. How you will ensure that no stakeholder information is compromised.

F114805.4 – Class Discussion and Role-play with Key Notes

- ✓ Work as a team to complete this activity.
- ✓ Time to spend on this activity: 30 minutes.

Instructions:

1. Hold a class discussion on the following topic:

   "It is important to administer employee performance and discipline properly, by keeping records and following correct organisational policies and procedures."

   Write down key notes on what the common understanding of the topic is.

2. Now make a list of at least three examples of instances where control measures may be necessary to be implemented for individuals.

3. Work in pairs to role-play and write key notes on the following scenarios:

   3.1. Ms Qoma has been employed as the personnel officer for Happy Orange Farm. As part of her duties, she is required to maintain strict confidentiality regarding employee information. It is important that she is informed of her duties and that the appropriate records of the agreement are kept.

   3.2. Ms Qoma was informed (with written records) that as part of her duties as personnel officer she is required to maintain strict confidentiality regarding employee records. Now some of the staff members have complained that she is gossiping about them and has revealed information about a disciplinary incident in which they were involved. You need to deal with the non-conformance and negotiate corrective action. Record and document all the details.

Section 2: Formative Assessment Activities

F263474.1 – Paired Research Worksheet

- ✓ Work in pairs to complete this activity.
- ✓ Time to spend on this activity: 30 minutes.

Questions:

1. In order to make sound financial management decisions in business, it is important to understand some key financial concepts and terminology.

   Do research by reading chapter 5 in your learner guide and accessing additional information on the internet.

   Then write down a definition for each of the following financial concepts or terms:

   1.1. Start-up capital

   1.2. Working capital

1.3. Fixed capital

1.4. Cash flow

1.5. Profit

1.6. Short-term finance

1.7. Medium-term finance

1.8. Long-term finance

2. Explain in your own words or by using examples:

   2.1. What the difference between working capital and start-up capital is.

2.2. What the difference between working capital and fixed capital is.

2.3. What the link between cash flow and profit is.

F263474.2 – Team Work Sample Presentation

- ✓ Work as a team to complete this activity.
- ✓ Time to spend on this activity: 1 hour.

Instructions:

1. Draft a poster outlining the framework of a cash flow forecast. Attach a copy or picture of the team's poster below.

2. Design a flowchart with key notes on the steps to follow in order to prepare a cash flow forecast. Attach a copy or picture of the team's flowchart below.

3. Now prepare to present your team's format poster and flowchart to the rest of the class.

   Discuss the following questions and write down key notes on the answers as part of your presentation to the rest of the class:

   3.1. Why is cash flow management important in terms of running a successful business?

   3.2. How can a cash flow forecast be used as a budgeting tool?

3.3. How can a cash flow forecast be used to determine the working capital of a business?

3.4. List three types of information you would look for on a bank statement in order to perform a cash book reconciliation.

F263474.3 – Team Work Sample Presentation

- ✓ Work as a team to complete this activity.
- ✓ Time to spend on this activity: 1 hour.

Instructions:

1. Draw a flowchart explaining the steps you would follow to set up a new accounting system.
   1.1. Extend the flowchart to include key notes explaining the details of each step.
   1.2. Present your flowchart to the rest of the class. Paste a copy or a picture of your team's flowchart with key notes here.

2. Assign each of the duties related to establishing a new accounting system to a different member of the team (members may have more than one duty).

   The duties are as follows:

   - Overall responsibility for the accounting system
   - Management of the computer system (if you are using one)
   - Accounts receivable
   - Accounts payable
   - Order entry
   - Cost accounting
   - Monthly reporting
   - Inventory control
   - Payroll (even if you use an outside payroll service, someone must be in control and responsible)
   - Internal accounting control
   - Fixed assets
   - Monitoring the accounting system

   2.1. Each member should define the task / duty they have been given and then write down a brief description of what the purpose / function of this duty is.

2.2. Write key notes on the physical aspects of the task, for example when it should be performed, what sorts of tools, instruments, systems and source documents are needed to perform this task.

2.3. Now the team members should take turns presenting their task associated with the establishment of an accounting system to the rest of the class.

3. Record key notes for your portfolio on the following elements in the presentations:

3.1. Overall responsibility for the accounting system

3.2. Management of the computer system (if you are using one)

3.3. Accounts receivable

3.4. Accounts payable

3.5. Order entry

3.6. Cost accounting

3.7. Monthly reporting

3.8. Inventory control

3.9. Payroll (even if you use an outside payroll service, someone must be in control and responsible).

3.10. Internal accounting control

3.11. Fixed assets

3.12. Monitoring the accounting system

4. Discuss and conclude how you would ensure that you make provision for taxation in your accounting system, so as to ensure your business does not run into cash flow problems when needing to pay taxes.

F263474.4 – Team Brainstorm, Research and Conclusion

- ✓ Work as a team to complete this activity.
- ✓ Time to spend on this activity: 30 minutes.

Questions:

1. Financial calculations can be very helpful in making strategic business decisions. Hold a brainstorming session to conclude as many different business decisions as possible that could be influenced by financial analysis and calculations.

2. For each of the following ratio calculations, research and conclude:
    a. How it is calculated (the formula).
    b. What kind of financial information you will get from it, and how it may influence your business decision-making process.

2.1. Profitability ratios

2.2. Liquidity ratios

2.3. Stability ratios

2.4. Cost income ratio