



**education**

Department:  
Education  
REPUBLIC OF SOUTH AFRICA

# **NATIONAL CERTIFICATES (VOCATIONAL)**

## **SUBJECT GUIDELINES**

### **FINANCIAL MANAGEMENT**

#### **NQF LEVEL 2**

September 2007



## INTRODUCTION

### **A. What is Financial Management?**

Financial Management entails the effective planning, organising, co-ordinating and controlling of the financial activities of a venture. Through sound financial management, entrepreneurs can achieve the primary aim of a business, namely to make a profit.

The venture's capital needs can be determined by analysing and interpreting financial information from financial statements. In Financial Management, decisions are continually made, based on the information available, to plan and control the financial activities of the business. Financial activities and management do not function in isolation but are influenced by external and internal factors and environments.

### **B. Why is Financial Management important in a vocational programme?**

No business can function in isolation. It is influenced by internal and external activities and environments, which affect the decision-making and primary aim (profit) of a business. Financial Management is concerned with the managing of financial activities which directly influence the profit-making of a business. This financial decision making is influenced by changes in the economy and to do financial planning and control, accounting background is necessary.

### **C. The link between the Financial Management Learning Outcomes and the Critical and Developmental Outcomes**

In Financial Management, students:

- Develop the logical thought processes and analytical abilities.
- Acquire a systematic approach to problem-solving.
- Learn to understand social and financial environments so that they can meaningfully interpret any financial information they may come across in future.
- Identify and solve problems and analyse and critically evaluate information.
- Come to understand the importance of financial accuracy.

### **D. Factors that contribute to achieving the Financial Management Learning Outcomes**

Students who can and like analysing information and solving problems will enjoy this subject. Accuracy will be a positive attribute for a student when analysing, calculating and recording financial information. Students who have a background of accounting will have an advantage.

## **FINANCIAL MANAGEMENT – LEVEL 2**

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## 1 DURATION AND TUITION TIME

This is a one-year instructional programme comprising 200 teaching and learning hours. The subject may be offered on a part-time basis provided the student meets all the assessment requirements.

Students with special education needs (LSEN) must be catered for in a way that eliminates barriers to learning.

## 2 SUBJECT LEVEL FOCUS

The student is able to explain and perform different financial activities.

*Range: Financial activities include the managing of finances, business calculations and practices, receipts, payments, banking transactions and elementary profit and loss calculations.*

## 3 ASSESSMENT REQUIREMENTS

### 3.1 Internal assessment (50 percent)

#### 3.1.1 Theoretical component

The theoretical component forms 40 percent of the internal assessment mark.

Internal assessment of the theoretical component in Financial Management Level 2 takes the form of observation, class questions, group work, informal group competitions with rewards, individual discussions with students, class, topic and semester tests and internal examinations. Lecturers can observe students when marking exercises from the previous day and asking class questions.

Assignments, case studies and tests can be completed at the end of a topic. Tests and internal examinations must form part of the internal assessment.

#### 3.1.2 Practical component

The practical component forms 60 percent of the internal assessment mark.

Practical components include applications and exercises. All practical components must be indicated in a Portfolio of Evidence (PoE).

Internal assessment of the practical component in Financial Management Level 2 takes the form of assignments, practical exercises, case studies and practical examinations in a simulated business environment.

Students may complete practical exercises daily. Assignments and case studies can be completed at the end of a topic. Practical examinations can form part of internal practical assessment.

- **Some examples of practical assessments include, but are not limited to:**

- A. Presentations (lectures, demonstrations, group discussions and activities, practical work, observation, role-play, independent activity, synthesis and evaluation)
- B. Exhibitions by students
- C. Visits undertaken by students based on a structured assignment task
- D. Research
- E. Task performance in a “Structured Environment”

- **Definition of the term “Structured Environment”**

For the purposes of assessment, “Structured Environment” refers to a simulated workplace or workshop environment. A practicum room should be available at each campus for students to do practical assessments.

### • Evidence in practical assessments

All evidence pertaining to evaluation of practical work must be reflected in the students' Portfolio of Evidence (PoE). The tools and instruments constructed and used to conduct these assessments must be clear from the evidence contained in the Portfolio of Evidence (PoE).

#### 3.1.3 Processing of internal assessment mark for the year

A year mark out of 100 is calculated by adding the marks of the theoretical component (40 percent) and the practical component (60 percent) of the internal continuous assessment (ICASS).

#### 3.1.4 Moderation of internal assessment mark

Internal assessment is subjected to internal and external moderation procedures as set out in the *National Examinations Policy for FET College Programmes*.

### 3.2 External assessment (50 percent)

A National Examination is conducted annually in October or November by means of a paper(s) set and moderated externally. A practical component will also be assessed.

External assessment details and procedures are set out in the *Assessment Guidelines: Financial Management (Level 2)*.

## 4 WEIGHTED VALUES OF TOPICS

TOPICS	WEIGHTED VALUE
1 Manage Finances for a New Venture	40
2 Perform Basic Calculations in Retail or Wholesale Practices	25
3 Conduct Basic Financial Transactions	15
4 Complete Basic Business Calculations (Income Statement, Shrinkage)	20
<b>TOTAL</b>	<b>100</b>

## 5 CALCULATION OF FINAL MARK

Internal assessment mark: Student's mark/100 x 50 = a mark out of 50 (a)

Examination mark: Student's mark/100 x 50 = a mark out of 50 (b)

**Final mark: (a) + (b) = a mark out of 100**

All marks are systematically processed and accurately recorded to be available as hard copy evidence for, amongst others, reporting, moderation and verification purposes.

## 6 PASS REQUIREMENTS

The student must obtain at least fifty (50) percent in ICASS and fifty (50) percent in the examination.

## 7 SUBJECT AND LEARNING OUTCOMES

On the completion of Financial Management Level 2, the student should have covered the following topics:

Topic 1: Manage Finances for a New Venture

Topic 2: Perform Basic Calculations in Retail or Wholesale Practices

Topic 3: Conduct Basic Financial Transactions

Topic 4: Complete Basic Business Calculations (Income Statement, Shrinkage)

### 7.1 Topic 1: Manage Finances for a New Venture

**Subject Outcome 1:** Explain financial controls for managing a business.

### **Learning Outcomes:**

The student should be able to:

- Discuss the necessity of banking and banking accounts with examples of the consequences of not having them.
- Explain the skills necessary to interpret bank statements and operate banking accounts with examples.
- Identify and explain the various types of account in relation to own business venture.

*Range: Types of account include, but are not limited to, cash books, journal ledgers and balance sheets.*

- Relate financial concepts and principles to own business.

*Range: Financial concepts include, but are not limited to, start-up capital, working capital, cash flow management, profit forecasts, management of assets and liabilities.*

**Subject Outcome 2:** Identify and apply accounting practices and procedures.

### **Learning Outcomes:**

The student should be able to:

- Explain accounting systems with reference to own venture.
- Identify suitable accounting support structures in accordance with own business requirements.

*Range: Accounting support structures include, but are not limited to, the appointment of an accounting officer, accounting clerks, bookkeepers and coaches or mentors.*

- Explain taxation requirements required in the administration of finances in relation to own venture.
- Identify controls for managing taxation requirements to ensure that legislative regulations are adhered to.
- Explain the elements of an income and expenditure statement and cash flow statement in relation to own business venture.
- Identify and implement payment terms and procedures relating to liabilities.

**Subject Outcome 3:** Manage business accounts and maintain business records.

### **Learning Outcomes:**

The student should be able to:

- Identify books of accounts for interpretation purposes.
- Explain how to keep and store all records pertaining to financial and related transactions for input into books of accounts.
- Explain and discuss key issues pertaining to books of accounts in relation to own business venture.
- Explain how to keep books of accounts on a monthly basis to ensure effective financial management of business.

**Subject Outcome 4:** Use financial statements to identify business progress.

### **Learning Outcomes:**

The student should be able to:

- Analyse an income and expenditure statement in relation to own business venture.
- Compare an income and expenditure statement to a cash flow statement.
- Determine profit or loss to determine financial progress of business.
- Compare financial records to business plan to determine whether business objectives are being met and rectify problem areas accordingly.

## **7.2 Topic 2: Perform Basic Calculations in Retail or Wholesale Practices**

**Subject Outcome 1:** Consider options and make decisions, relating business calculations to a range of retail or wholesale practices when selling goods for profit.

### **Learning Outcomes:**

The student should be able to:

- Understand the legal requirements associated with value-added tax (VAT) calculations.
- Perform a range of business calculations.
- Use electronic equipment when making business calculations to enhance accuracy and efficiency.

*Range: Calculators, adding machines, point of sale terminals, etc.*

*The basic business calculations include cost price, profit, including mark-ups and mark-downs, value-added tax (VAT) calculations, discount on cash and terms (payment of accounts).*

### 7.3 Topic 3: Conduct Basic Financial Transactions

**Subject Outcome 1:** Explain and apply the basic procedures for receiving and receipting payments.

**Learning Outcomes:**

The student should be able to:

- Describe receipting procedures, including how to keep a receipt book, complete a receipt in duplicate, determine the validity of cheques, count money correctly and check amounts.
- Explain the parties to and the legal importance of a receipt, as well as proper keeping of duplicate receipts and correct signing of person issuing the receipt according to the requirements of a computerised or manual system to ensure successful receipting.
- Explain the validity of cheques according to legal requirements by identifying the payer and validating the amount in figures and in words, the date on the cheque and the signature.
- Explain and demonstrate the procedures for the safekeeping of money and relevant source documents in a lock-up area or safe.

**Subject Outcome 2:** Use a petty cash system to purchase office items.

**Learning Outcomes:**

The student should be able to:

- Explain procedures when using the petty cash system for purchases in an office environment.
- Complete a petty cash voucher according to organisational requirements.

**Subject Outcome 3:** Conduct basic banking transactions.

**Learning Outcome:**

The student should be able to:

- Explain and demonstrate the importance of accurately preparing for banking; completing deposit books; verifying cash and cheque deposits against receipt books; depositing money at a bank and filing and safekeeping deposit books or slips according to organisational procedures.

### 7.4 Topic 4: Complete Basic Business Calculations (Income Statement, Shrinkage)

**Subject Outcome 1:** Complete a basic income statement.

**Learning Outcomes:**

The student should be able to:

- Explain the effect of entries on an income statement on the net profit.  
*Entries include sales, cost of sales, gross profit, other income, expenses, net profit, interest, tax, dividends and retained income.*
- Complete an income statement.
- Calculate the net profit with given amounts.
- Explain the impact of breakages on profits of a retail or wholesale business.

**Subject Outcome 2:** Identify expenses requiring improvement.

**Learning Outcomes:**

The student should be able to:

- Identify and explain different types of expenses.
- Explain causes of increase or decrease of expenses.
- Identify an improvement of expenses as shown in an income statement applicable to a wholesale or retail business.

**Subject Outcome 3:** Identify ways to reduce shrinkage.

**Learning Outcomes:**

The student should be able to:

- Explain shrinkage and its effect on profit.

- Explain and demonstrate methods of shrinkage calculation.
- Explain general methods to reduce shrinkage as applicable to industries.

## **8 RESOURCE NEEDS FOR THE TEACHING OF FINANCIAL MANAGEMENT – LEVEL 2**

### **8.1 Physical resources**

The following teaching aids should be made available, if possible:

#### **8.1.1 Practicum room**

- A simulated office environment with basic office furniture and equipment
- The necessary electronic equipment, for example an adding machine, cash register, calculators, filing cabinet, computer and printer.
- Internet access

#### **8.1.2 Media centre**

- Availability of computers and printers for students to complete assignments or case studies and do research.
- Research software, for example Encarta
- Subject-related magazines (e.g. Finweek), daily newspapers and subject-related reference books
- Subject-related DVDs or videos
- List of stakeholders prepared to be involved in the learning process through presentations or providing opportunities for students to gain practical experience.
- Applicable legislation and acts for use by lecturers during lessons and students for research purposes
- Stock room to store video or DVD machines, televisions, etc.
- Security for stock room, media centre and practicum room

#### **8.1.3 Class room**

- Computer and data projector or latest technology to electronically project data
- Flash disk to store information
- Presentation program on computer to be used by lecturer to provide students with visual information on Learning Outcomes.
- White board, black board and pull down screen
- Desks for students big enough to work on

### **8.2 Human resources**

The lecturer should have an applicable subject-related qualification on NQF Level 5. It would be an advantage if the lecturer has already been declared competent as an assessor and/or moderator. The lecturer must also be trained in outcome-based education.

### **8.3 Other resources**

- Text books
- Answer books, with examples which students must complete for practical assignments
- Calculator for each student
- Lever arch file for each student to serve as Portfolio of Evidence (PoE)
- Subscription fees for internet, subject-related magazines, newspapers, etc.