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**SAQA ID 59201**

# **NATIONAL CERTIFICATE: GENERIC MANAGEMENT**

## **CLUSTER 5**

**Accredited  
course  
information:**

**Unit Standard ID**

**NQF Level**

**Credits**

252040

5

8

Manage the finances of a unit

**Accredited  
course  
information:**

**Unit Standard ID**

**NQF Level**

**Credits**

252036

5

6

Apply mathematical analysis to economic and financial information

LEARNER POE



**TRAINING FORCE**  
Linking Training to Industry

**T.N.** Investing in your talent!

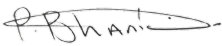

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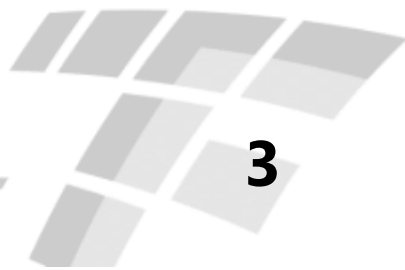
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## PRE-ASSESSMENT MEETING CHECKLIST

Your facilitator/assessor will go through the below checklist with you. Please (✓) in the space provided to confirm that the points where discussed.

#	POINTS TO BE DISCUSSED	✓
Did the facilitator/Assessor:		
1.	Provide a clear explanation of Outcomes-based assessment and the NQF system.	X
2.	Explain the assessment process and the principles of good assessment practice.	X
3.	Explain the roles and responsibilities of the learner, assessor and moderator.	X
4.	Explain the learner's rights, discuss the appeals process and assessment policies	X
5.	Ensure the learner was ready for the assessment by conducting formative assessment	X
6.	Provide the Learner with a copy of the unit standard against which they will be assessed	X
7.	Discuss and identify any special needs of the learner	X
8.	Discuss the VACS evidence requirements	X
9.	Discuss the assessment planning and conducting document s indicating the evidence, methods, resources, timing and special needs	X
10.	Discuss the importance of confidentiality if all the information.	X
11.	Give the Learner an opportunity to seek clarification on any items discussed	X
Learner Signature		
Assessor Signature		
Date of Meeting	X	



# ASSESSMENT PLAN

Date of Assessment	06/03/23					
Assessor Declaration <span style="color: red; font-size: 1.5em; font-weight: bold;">C</span>	The assessor at this moment declares that this document will be completed and a judgment made once all the evidence submitted according to this plan has been assessed against model answers and the VACS criteria					
Assessor Name	Nokuthula Shange		Assessor signature			
Moderator Name			Moderator Signature			
Learner Name	Philasande Bhani		Learner Signature			
Mentor/ Facilitator Name	Nokuthula Shange		Mentor/ Facilitator Signature			
Key to Methods	Obs	Observation	Q	Questioning	PE	Product Evaluation

**ID 252040 - Manage the finances of a unit**

	Specific Outcomes and Assessment Criteria	Assessment	Evidence	Method	C	NYC	2nd	3rd
<b>SO1: Demonstrating an understanding of the key concepts of managerial finance.</b>								
1.1	Means of a diagram explain the accounting cycle.	Formative 1 Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
1.2	The role of budgeting and forecasting in the strategic planning process is explained with reference to the manager's specific organisational context.	Formative 1 Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
1.3	The accounting conventions applied to the financial management of a unit are explained with examples.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
1.4	The financial reports published by the manager's entity are explained with examples.	Formative 3 Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
<b>SO2: Interpret financial statements.</b>								
2.1	Financial statements are analysed, using data sources identified and evaluated for authenticity and accuracy. Financial statements are analysed, using data sources identified and evaluated for authenticity and accuracy.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
2.2	The ratios are applied to measure the profitability and liquidity of an entity.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
2.3	The ratios are applied to measure the working capital and asset utilisation of an entity.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
2.4	The ratios are applied to measure the return of an entity.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
2.5	Recommendations are made regarding the profitability of, liquidity, working capital, return and resource utilisation by the entity using the results obtained from the application of the ratios.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			

	Specific Outcomes and Assessment Criteria	Assessment	Evidence	Method	C	NYC	2nd	3rd
<b>SO3: Describe and prepare financial forecasts.</b>								
3.1	The types and formats of financial forecasts are identified with examples.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
3.2	Sources of financial forecasts are identified as per the entity's standard practice.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
3.3	Factors in preparing financial forecasts are outlined in line with entity's standard operating procedures.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
3.4	Relevant factors are incorporated in the preparation of financial forecasts.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
3.5	Financial forecasts are analysed to determine the viability of the entity's requirements.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
<b>SO4: Draft budgets according to the operational plan of the unit.</b>								
4.1	Budget plans are linked to operational objectives.	Formative 4 Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
4.2	Operational objectives are established in line with the unit's strategic plan.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
4.3	The budget is formulated according to standard operating procedures.	Formative 4 Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
4.4	Drafted budget is reviewed, reflected on and modified to ensure alignment with the operational plan of the unit.	Formative 4 Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
<b>SO5: Supervise financial management of a unit against given requirements.</b>								
5.1	Monitoring systems are agreed and adhered to, according to standard operating procedures.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
5.2	Expenditure reports are monitored for the year for each team within the unit against given criteria.	Formative 3,5 Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			
5.3	Corrective actions are implemented where necessary in accordance with the entity's policies and procedures.	Summative 1, 3	Knowledge Practical	Questioning Product Evaluation	✓			

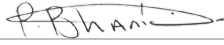

**ID 252036 - Apply mathematical analysis to economic and financial information.**

	Specific Outcomes and Assessment Criteria	Assessment	Evidence	Method	C	NYC	2nd	3rd
<b>SO1: Use mathematical techniques to collect and organise data.</b>								
1.1	Appropriate methods are selected for collecting, recording and organising financial and/economic data.	Summative 2, 3	Knowledge Practical	Questioning Product Evaluation	✓			
1.2	Financial and demographic relevant to the unit are collected.	Summative 2, 3	Knowledge Practical	Questioning Product Evaluation	✓			
1.3	Financial and demographic relevant to the unit are recorded in a usable format.	Summative 2, 3	Knowledge Practical	Questioning Product Evaluation	✓			
<b>SO2: Apply mathematical techniques to calculate and represent financial and economic data.</b>								
2.1	Averages and standard deviations are calculated using the data collected. Averages and standard deviations are calculated using the data collected.	Formative 3 Summative 2, 3	Knowledge Practical	Questioning Product Evaluation	✓			
2.2	The lines of best fit are calculated using the data collected.	Summative 2, 3	Knowledge Practical	Questioning Product Evaluation	✓			
2.3	Calculations relating to the time value of money are performed for different transactions.	Summative 2, 3	Knowledge Practical	Questioning Product Evaluation	✓			
2.4	Data collected and calculations are represented in a graphical format.	Summative 2, 3	Knowledge Practical	Questioning Product Evaluation	✓			
<b>SO3: Apply mathematical analysis to indicate economic relationships.</b>								
3.1	Economic relationships are indicated through graphical representation techniques.	Summative 2, 3	Knowledge Practical	Questioning Product Evaluation	✓			
3.2	Graphical representations and numerical summaries are consistent with the data, are clear and appropriate to the situation.	Summative 2, 3	Knowledge Practical	Questioning Product Evaluation	✓			
3.3	Projections are made on the basis of mathematical analysis.	Formative 3 Summative 2, 3	Knowledge Practical	Questioning Product Evaluation	✓			

## FORMATIVE ASSESSMENT



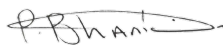

Please complete the following checklist to indicate that you have completed all the formative assessment activities required for your portfolio. These activities must be completed in full and in black pen.

#	FORMATIVE ASSESSMENT ACTIVITY	TICK TO CONFIRM COMPLETION
1	Formative Assessment Activity 1	X
2	Formative Assessment Activity 2	X
3	Formative Assessment Activity 3	X
4	Formative Assessment Activity 4	X
5	Formative Assessment Activity 5	X
Learner signature: 		
Assessor signature: 		
Moderator signature:		

Please insert **ALL** your printed formative assessments results for Cluster 5 behind this page.





# LEARNER SELF-ASSESSMENT





This self-assessment gives you the opportunity to declare your readiness for the summative assessment activities.  
PLEASE COMPLETE IN FULL AND IN BLACK PEN.

Learner outcomes covered	I can do this	I need assistance to do this	I can't do this
Demonstrating an understanding of the key concepts of managerial finance.	X		
Interpret financial statements.	X		
Describe and prepare financial forecasts.	X		
Draft budgets according to the operational plan of the unit.	X		
Supervise financial management of a unit against given requirements.	X		
Use mathematical techniques to collect and organise data.	X		
Apply mathematical techniques to calculate and represent financial and economic data.	X		
Apply mathematical analysis to indicate economic relationships.	X		
<b>Learner signature</b>			
I, the assessor, declare that the learner can achieve the above learning outcomes and is ready to progress onto the summative assessment.			
<b>Assessor signature</b>			

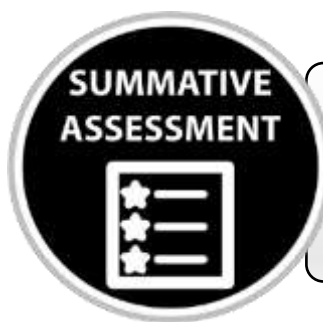


## LEARNER EVALUATION OF FACILITATOR

				
	Totally Dissatisfied	Dissatisfied	Satisfied	Totally Satisfied
<b>1. Venue</b>				
Comfortable seating?				<input checked="" type="checkbox"/>
Temperature Control?				<input checked="" type="checkbox"/>
Well equipped?				<input checked="" type="checkbox"/>
Adequate lighting?				<input checked="" type="checkbox"/>
<b>2. Preparation of Venue</b>				
Clean?				<input checked="" type="checkbox"/>
White Board Clean?				<input checked="" type="checkbox"/>
Board markers available/working?				<input checked="" type="checkbox"/>
Data projector set up / focused? (if applicable)				<input checked="" type="checkbox"/>
Training material ready for use?				<input checked="" type="checkbox"/>
Tables & chairs set out correctly?				<input checked="" type="checkbox"/>
<b>General Comments:</b> No comment				

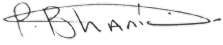

				
	Totally Dissatisfied	Dissatisfied	Satisfied	Totally Satisfied
<b>3. Facilitator</b>				
In time to start at a scheduled time?			<input checked="" type="checkbox"/>	
Projects a professional image?			<input checked="" type="checkbox"/>	
Creates a pleasant working atmosphere?			<input checked="" type="checkbox"/>	
Good subject knowledge?			<input checked="" type="checkbox"/>	
Treat all learners with respect?			<input checked="" type="checkbox"/>	
Able to answer all questions?			<input checked="" type="checkbox"/>	
Good pace of presenting/facilitating?			<input checked="" type="checkbox"/>	
Attitude towards learners?			<input checked="" type="checkbox"/>	
<b>4. Course Content</b>				
Volume of material suitable for one day?			<input checked="" type="checkbox"/>	
Course material easy to understand?			<input checked="" type="checkbox"/>	
Learners Manual contains enough info?			<input checked="" type="checkbox"/>	





Please complete the following checklist to ensure that you have completed all the summative assessment activities. These activities should be completed in full in black pen

## SUMMATIVE ASSESSMENT ACTIVITIES

#	SUMMATIVE ACTIVITY	TICK TO CONFIRM COMPLETION
1.	Summative Assessment Activity 1	X
2.	Summative Assessment Activity 2	X
3.	Summative Assessment Activity 3	X
Learner Signature: 		
Assessor Signature: 		
Moderator Signature:		

## SUMMATIVE ASSESSMENT ACTIVITY 1: KNOWLEDGE ASSESSMENT



252040 SO1, AC1 - 4

EEK 1, 2

CCFO

Assessment Method: Questioning

**Instructions: Complete the following questions:**

INSTRUCTIONS: This is an individual activity; your work is required. Using a black pen, please complete the below questions in full. Elaborate on your answers where required.

1. Identify and list the 10 steps in the accounting cycle. **(10)**

2. Fill in the missing words to explain the role of budgeting and forecasting in the strategic planning process. **(8)**

Strategic planning is a \_\_\_\_\_ and \_\_\_\_\_ approach for developing long-term organisational \_\_\_\_\_ and for developing strategies to accomplish them.

The \_\_\_\_\_ process consists of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital assets.

Budgeting is implementing a business plan on \_\_\_\_\_ before any resources are committed to production; it helps you \_\_\_\_\_ the consequences of an adjustment in your operation before ever making the adjustment

Budgets are usually compiled and re-evaluated on a \_\_\_\_\_ basis. A budget is a \_\_\_\_\_ that managers use to translate future plans into quantitative terms

3. Explain the following accounting concepts applied in the financial management of a unit. **(6)**

**Going Concern**

**Consistency**

## Prudence

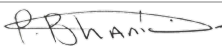

4. Explain the following key characteristics of accounting information applied in the financial management of a unit with examples

### Key Characteristics of Accounting Information

There is general agreement that, before it can be regarded as useful in satisfying the needs of various user groups, accounting information should satisfy the following criteria: **(12)**

Criteria	What it means for the preparation of accounting information
Understandability	
Relevance	
Consistency	
Comparability	
Reliability	
Objectivity	

5. Identify and list the 4 financial reports that would be published in an organization. **(4)**
6. Identify and list the ratios that are applied to measure the return of an entity. **(3)**
7. Describe the difference between finance (financial analysis) and accounting. **(2)**
8. Describe the relationship between the financial statements and the accounting equation. **(2)**
9. Describe how you would do a financial analysis (refer to trends and ratios). **(5)**
10. Use an example to describe how you would analyse past performance, recognise opportunities and plan for the future. **(3)**
11. Define financial performance measurement and list at least 3 techniques / ratios that you can use to measure

financial performance. (5)				
<b>Marking Matrix</b>				
<b>Scoring Guide</b>		<b>Score</b>		
One marks per question		55 /60		
<b>Marking Matrix</b>				
<b>Feedback to Learner:</b> Well done				
VACS Assessment of Evidence	✓	A✓	✓	S✓
The result of First Assessment	✓	NYC	Date	06/03/24
Result of Second assessment	C	NYC	Date	
The result of Third Assessment	C	NYC	Date	
Learner Signature			Date	22 Feb 2024
Assessor Signature			Date	06/03/24
Moderator Signature			Date	

## SUMMATIVE ASSESSMENT ACTIVITY 2: KNOWLEDGE ASSESSMENT



US 252036: SO1, AC 1; SO3, AC1, 2, 5, 6

EEK 1, 2, 3, 4, 5, 6

CCFO1,2,3

Assessment Method: Product Evaluation

**Instructions:** Complete the following questions:

1. Data collected, and calculations can be represented in a graphical format – identify and list at least 4 graph formats. **(4)**
2. Identify and list 2 methods each for collecting, organising and analysing financial and economic data. **(6)**
3. Define averages, standard deviations and line of best fit. **(3)**
4. Describe what “Time value of money” is. **(2)**

### Marking Matrix

#### Scoring Guide

One marks per question

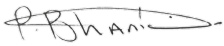

Score

14/15

### Marking Matrix

#### Feedback to Learner:

Well done

VACS Assessment of Evidence	✓	✓	✓	✓
The result of First Assessment	✓	NYC	Date 06/03/24	
Result of Second assessment	C	NYC	Date	
The result of Third Assessment	C	NYC	Date	
Learner Signature 			Date <del>X</del> 22 Feb 2024	
Assessor Signature 			Date 06/03/24	
Moderator Signature			Date	

## SUMMATIVE ASSESSMENT ACTIVITY 3: PRACTICAL ASSESSMENT



252040; SO1 – SO5  
252036; SO1 – SO3

EEK ALL

CCFO: ALL

Assessment Method: Questioning

You need to show that you can

- manage the finances of a unit in your work environment.
- apply mathematical analysis to economic and financial information in your work environment

Complete the following in your workplace:

- Provide a recent example of each of the following financial reports** that have been published by an organisation:
  - Statement of Comprehensive Income (income statement)
  - Statement of Financial Position (balance sheet)
  - Statement of Cashflow
- Apply mathematical analysis to the economic and financial information by interpreting the selected financial statements:**
  - Complete the **income and expenditure statement** summary provided below by filling in figures from the Statement of Comprehensive Income you supplied in 1:

**Company Name:**

### INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED .....

		This Year:	Prior Year:		
Sales		R	R		
Less: Cost of Sales		R	R		
Gross profit		R	R		
Less:					
..... Costs		R	R		
..... Costs		R	R		
.....Expenses		R	R		
Net profit		R	R		

- Analyse the elements of the Income and Expenditure Statement above:
  - Sales in this year are R..... higher/ lower than the prior year (.....%). Profit this year is larger/smaller than last year.
  - Cost of Sales was higher/lower than the prior year (.....%) - this could be due to
  - Gross Profit is higher/ lower than the prior year.
  - Running costs are R..... higher/lower than the prior year. This could be due to:
  - Net profit was, therefore, R..... higher/lower than the prior year.

c. Refer to the **Statement of Financial Position (balance sheet)** *that you have supplied and supply the following:*

i. Total assets	
ii. Total liabilities	
iii. Stock	
iv. Cash and bank balances	

d. Make an assessment of the company's liquidity based on the Statement of Financial Position (balance sheet) information ***that you have supplied and supply the following*** by completing the following:

i. Calculate the Current Ratio (CR)	
ii. What does the CR tell you about the company's liquidity?	
iii. Calculate the Quick Ratio (QR)	
iv. What does the QR tell you about the company's liquidity?	

*Remember to show all your calculations*

- e. Indicate economic relationships through graphical representation techniques – use at least 2 and submit all the documents that you used to do this [Note: Graphical formats could include histograms, pie charts, bar charts, line graphs and stack bar charts]
- f. Review the budget you supplied and highlight the items that are critical to achieving the operational plan of the unit
- g. Provide evidence to show that you have monitored the business unit's expenditure, e.g. emails, meeting minutes, etc.

**Remember:** Provide workplace evidence to support your answers and show your ability to do what is required of you in this activity.

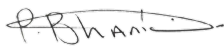
### **Practical Activity Checklist**

Please tick that you have submitted the following evidence as per the instructions above:

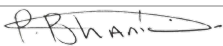

<b>Learner Name</b>	<b>Philasande Bhani</b>	<b>Date</b>	<b>22/02/2024</b>
---------------------	-------------------------	-------------	-------------------

<b>Practical Activity 1</b>	<b>Submitted Yes/No</b>	<b><u>Name of my document /</u> Comments</b>
<b>Provide examples of the following financial reports</b>		
a. The financial reports include i. Statement of Comprehensive Income (income statement), ii. Statement of Financial Position (balance sheet) iii. Statement of Cashflow iv. Departmental/unit budget	Yes	Included in the summative
<b>Interpret the financial statements you have supplied</b>		
a. Complete the income and expenditure statement summary and analysis	Yes	Included in the summative
b. Analyse the Statement of Financial Position (balance sheet)	Yes	Included in the summative



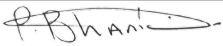
Practical Activity 1	Submitted Yes/No	Name of my document / Comments
c. Make an assessment of the company's liquidity based on the Statement of Financial Position (balance sheet) information	Yes	Included in the summative
d. Indicate economic relationships through graphical representation techniques – use at least 2 and submit all the documents that you used to do this [Note: Graphical formats could include histograms, pie charts, bar charts, line graphs and stack bar charts]	Yes	Included in the summative
<b>Draft budgets according to the operational plan of the unit</b>		
a. Review the budget you supplied and highlight the items that are critical to achieving the operational plan of the unit	Yes	Included in the summative
<b>Supervise financial management of a unit against given requirements</b>		
a. Provide evidence to show that you have monitored the business unit's expenditure, e.g. emails, meeting minutes, etc.	Yes	Included in the summative
<b>Learner Signature</b>		

**Feedback to Learner:** Well done

Marking Matrix				
Scoring Guide	Score			
	18 /20			
One marks per question				
Marking Matrix				
VACS Assessment of Evidence	✓	✗	✓	✓
The result of First Assessment	✓	NYC	Date	06/03/24
Result of Second assessment	C	NYC	Date	
The result of Third Assessment	C	NYC	Date	
Learner Signature			Date	<del>22 Feb 2024</del>
Assessor Signature			Date	06/03/24
Moderator Signature			Date	

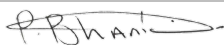

# LEARNER EVALUATION OF THE ASSESSMENT PROCESS

Kindly complete the form below to provide feedback to the assessor

Please answer the following questions by ticking the applicable box		
Criteria	Yes	No
Did the assessor go through the assessment meeting with you?	Yes	
Did the assessor explain the reason for the assessment	Yes	
Did you receive a copy of the Unit standard/s you were being assessed against	Yes	
Did the assessor explain the assessment methods and criteria?	Yes	
Where the instructions for each assessment clear?	Yes	
Did your assessor provide you with developmental feedback?	Yes	
Do you agree with the feedback?	Yes	
Additional Comments:		
Process understood		
Learner Name	Philasande Bhani	
Signature:		
Date:	22/02/2024	

# DEVELOPMENT PLAN

This form will be completed by the appointed assessor

Learner Name	Philasande bhani
Assessor Name	Nokuthula Shange
Programme Name:	Generic Management L5
Date:	06/03/24
Areas of development and additional evidence required	
All outcomes met	
Resubmission date	N/A
Learner Signature	
Assessor Signature	

## SUMMATIVE ASSESSMENT ACTIVITY 1: KNOWLEDGE ASSESSMENT

1. Identify and list the 10 steps in the accounting cycle.

- **Analysing Transactions:** Examining source documents to identify and analyse business transactions and events.
- **Journalizing Transactions:** Recording transactions in the general journal using double-entry accounting principles.
- **Posting to Ledger Accounts:** Transferring journal entry information to respective accounts in the general ledger.
- **Preparing a Trial Balance:** Compiling a list of all accounts and their balances to verify that total debits equal total credits.
- **Making Adjusting Entries:** Adjusting certain account balances to reflect accruals, deferrals, depreciation, and other adjustments necessary for accurate financial reporting.
- **Preparing an Adjusted Trial Balance:** Generating a trial balance after adjusting entries to ensure that debits still equal credits.
- **Preparing Financial Statements:** Creating the income statement, statement of retained earnings, balance sheet, and statement of cash flows in a specific order using data from the adjusted trial balance.
- **Journalizing and Posting Closing Entries:** Closing revenue, expense, and dividend accounts to retained earnings, and resetting temporary accounts for the next accounting period.
- **Preparing a Post-Closing Trial Balance:** Compiling a trial balance after closing entries to ensure that all temporary accounts have zero balances and only permanent accounts remain.
- **Making Reversing Entries:** Optionally reversing certain adjusting entries made in the previous period to simplify subsequent accounting processes.

2. Fill in the missing words to explain the role of budgeting and forecasting in the strategic planning process.

Strategic planning is a structured and co-ordinated approach for developing long-term Organisations goals and for developing strategies to accomplish them.

The budget process consists of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital assets.

Budgeting is implementing a business plan on paper before any resources are committed to production: it helps you predict the consequences of an adjustment in your operation before ever making the adjustment

Budgets are usually compiled and re-evaluated on a periodic basis. A budget is a tool that managers use to translate future plans into quantitative terms

3. Explain the following accounting concepts applied in the financial management of a unit.

**Going Concern:** Accountants assume, unless there is evidence to the contrary, that a company is not going broke.

This has important implications for the valuation of assets and liabilities.

**Consistency:** Transactions and valuation methods are treated the same way from year to year, or period to

period. Users of accounts can, therefore, make more meaningful comparisons of financial performance from year to year. Where accounting policies are changed, companies are required to disclose this fact and explain the impact of any change.

**Prudence:** Profits are not recognised until a sale has been completed. Also, a cautious view is taken for

future problems and costs of the business (they are "provided for" in the accounts" as soon as there is a reasonable chance that such costs will be incurred in the future.

4. Explain the following key characteristics of accounting information applied in the financial management of a unit with examples.

Criteria	What it means for the preparation of accounting information
<b>Understandability</b>	This implies the expression, with clarity, of accounting information in such a way that it will be understandable to users - who are assumed to have a reasonable knowledge of business and economic activities
<b>Relevance</b>	This implies that to be useful, accounting information must assist a user to form, confirm or maybe revise a view - usually in the context of deciding (e.g., should I invest, should I lend money to this business? Should I work for this business?)
<b>Consistency</b>	This implies consistent treatment of similar items and application of accounting policies
<b>Comparability</b>	This implies the ability for users to be able to compare similar companies in the same industry group and to make comparisons of performance over time. Much of the work that goes into setting accounting standards is based on the need for comparability.
<b>Reliability</b>	This implies that the accounting information that is presented is truthful, accurate, complete (nothing significant missed out) and capable of being verified (e.g., by a potential investor).

<b>Objectivity</b>	This implies that accounting information is prepared and reported in a "neutral" way. In other words, it is not biased towards a particular user group or vested interest
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5. Identify and list the 4 financial reports that would be published in an organization.

- **Income Statement (or Statement of Comprehensive Income):** This report shows the revenues, expenses, gains, and losses over a specific period, typically a fiscal quarter or year. It provides information on the profitability of the organization.
- **Statement of Retained Earnings:** This statement details the changes in retained earnings over the reporting period. It shows how net income, dividends, and other adjustments affect the retained earnings balance.
- **Balance Sheet (or Statement of Financial Position):** This report provides a snapshot of the organization's financial position at a specific point in time. It lists the company's assets, liabilities, and shareholders' equity.
- **Statement of Cash Flows:** This statement presents the cash inflows and outflows from operating, investing, and financing activities during the reporting period. It provides insights into the organization's liquidity and cash management.

6. Identify and list the ratios that are applied to measure the return of an entity.

- **Return on Assets before Interest and Tax:** This ratio measures the net profit generated by the company before interest and taxes relative to its total assets. It indicates how efficiently the company is utilizing its assets to generate profit.
- **Return on Equity (ROE):** ROE measures the profitability of the company from the perspective of its ordinary shareholders. It indicates how much profit is generated for each unit of shareholder's equity.
- **Return on Capital Employed:** ROCE evaluates the return earned by the company on the capital invested by both shareholders and long-term creditors. It assesses the profitability of the company's capital investments.
- **Return on Net Worth:** This ratio evaluates the rate of return on the investment made by the stockholders. It provides insights into the profitability of the company's net assets.

## 7. Describe the difference between finance (financial analysis) and accounting.

**Finance** involves the strategic management of financial resources to achieve organizational objectives, including activities such as financial planning, capital raising, investment analysis, and risk management. It is closely intertwined with economics and other disciplines.

**Accounting**, on the other hand, is primarily concerned with systematically recording, summarizing, and interpreting financial transactions. It provides the language of business through financial statements and reports, which are essential for decision-making and performance evaluation.

## 8. Describe the relationship between the financial statements and the accounting equation.

The relationship between the financial statements and the accounting equation ensures accurate recording and reporting. The accounting equation guides transaction recording by maintaining balance, while the financial statements, derived from it, reflect the company's financial position and performance.

## 9. Describe how you would do a financial analysis (refer to trends and ratios).

- a. **Purpose Identification:** Begin by establishing the purpose of the financial analysis. Determine the specific objectives and questions that need to be addressed through the analysis. This could include assessing overall financial performance, identifying areas of strength or weakness, or evaluating profitability and liquidity.
- b. **Selection of Tools:** Once the purpose is established, select appropriate tools for the analysis. This may involve choosing relevant financial ratios and trend analysis techniques based on the objectives identified in the first step. Consider factors such as profitability, liquidity, efficiency, and leverage ratios to gain comprehensive insights into the company's financial health.
- c. **Comparison:** Compare the financial ratios and trends with relevant benchmarks or standards. This could include comparing the company's performance with industry averages, historical data from previous periods, or established targets and goals. Use this comparison to identify areas where the company is performing well and areas that may require improvement.
- d. **Evaluation:** Evaluate the results of the analysis to interpret their significance. Determine whether the observed trends and ratios align with expectations and industry norms. Identify any anomalies or deviations that may require further investigation. Assess the overall financial health of the company based on the analysis conducted.
- e. **Prediction and Action:** Based on the findings of the analysis, make predictions about future financial performance, and consider potential actions or strategies to address any identified issues or capitalize on strengths. This could involve adjusting financial plans, implementing cost-saving measures, or investing in growth opportunities.

10. Use an example to describe how you would analyse past performance, recognise opportunities and plan for the future.

Past performance analysis involves reviewing financial statements and trends to assess profitability, liquidity, and efficiency. Opportunities are identified by studying market trends and customer feedback to identify growth opportunities. Future planning includes developing strategic plans, allocating resources wisely, and mitigating risks to achieve long-term objectives.

11. Define financial performance measurement and list at least 3 techniques / ratios that you can use to measure financial performance.

Financial performance measurement involves assessing how effectively a company uses its resources to generate profits and value. Three common techniques for measuring financial performance are:

1. **Return on Investment (ROI):** Measure's profitability relative to investment cost.
2. **Profitability Ratios:** Evaluate the company's ability to generate profits from operations and assets.
3. **Liquidity Ratios:** Assess the company's ability to meet short-term financial obligations.



## SUMMATIVE ASSESSMENT ACTIVITY 2: KNOWLEDGE ASSESSMENT

1. Data collected, and calculations can be represented in a graphical format – identify and list at least 4 graph formats

Line Graphs

- Bar Charts ✓
- Pie Charts ✓
- Scatter Plots ✓

2. Identify and list 2 methods each for collecting, organising and analysing financial and economic data.

Observation

- Questionnaires ✓
- Observation ✓

Organisation:

- Spreadsheet software (e.g., Excel) ✓
- Database management systems ✓

Analysis:

- Ratio analysis ✓
- Trend analysis ✓

3. Define averages, standard deviations and line of best fit.

- **Averages:** Statistical measures representing the typical value of a dataset. ✓
- **Standard Deviations:** Statistical measures indicating the dispersion or variability of data points. ✓
- **Line of Best Fit:** A straight line that best represents the relationship between variables in a scatter plot. ✓

4. Describe what “Time value of money” is.

Time value of money refers to the concept that a certain amount of money today is worth more than the same amount in the future due to its potential earning capacity or purchasing power. ✓

## SUMMATIVE ASSESSMENT ACTIVITY 3: PRACTICAL ASSESSMENT

1. Provide a recent example of each of the following financial reports that have been published by an organisation:

- a. Statement of Comprehensive Income (income statement)

BARRY'S SUPERSTORE Comparative Year-End Income Statements		
	Prior Year	Current Year
Net Sales	\$100,000	\$120,000
Cost of Goods Sold	50,000	60,000
Gross Profit	50,000	60,000
Rent Expense	5,000	5,500
Depreciation Expense	2,500	3,600
Salaries Expense	3,000	5,400
Utility Expense	1,500	2,500
Operating Income	38,000	43,000
Interest Expense	3,000	2,000
Income Tax Expense	5,000	6,000
Net Income	\$ 30,000	\$ 35,000

- b. Statement of Financial Position (balance sheet)

BARRY'S SUPERSTORE Comparative Year-End Balance Sheets		
	Prior Year	Current Year
<b>Assets:</b>		
Cash	\$90,000	\$110,000
Accounts Receivable	20,000	30,000
Inventory	35,000	40,000
Short-Term Investments	15,000	20,000
Total Current Assets	160,000	200,000
Equipment	40,000	50,000
<b>Total Assets</b>	<b>\$200,000</b>	<b>\$250,000</b>
<b>Liabilities:</b>		
Accounts Payable	\$ 60,000	\$ 75,000
Unearned Revenue	10,000	25,000
Total Current Liabilities	70,000	100,000
Notes Payable	40,000	50,000
<b>Total Liabilities</b>	<b>110,000</b>	<b>150,000</b>
<b>Stockholder Equity</b>		
Common Stock	75,000	80,000
Ending Retained Earnings	15,000	20,000
Total Stockholder Equity	90,000	100,000
<b>Total Liabilities and Stockholder Equity</b>	<b>\$200,000</b>	<b>\$250,000</b>

- c. Statement of Cashflow

## Cash Flow Statement Company XYZ FY Ended 31 Dec 2017

All Figures in USD

<b>Cash Flow From Operations</b>		
Net Earnings		2,000,000
<i>Additions to Cash</i>		
Depreciations		10,000
Decrease in Accounts Receivable		15,000
Increase in Accounts Payable		15,000
Increase in Taxes Payable		2,000 ✓
<i>Subtractions From Cash</i>		
Increase in Inventory		(30,000)
<u>Net Cash From Operations</u>		<u>2,012,000</u>
<b>Cash Flow From Investing</b>		
Equipment		(500,000)
<b>Cash Flow From Financing</b>		
Notes Payable		10,000
<u>Cash Flow for FY Ended 21 Dec 2017</u>		<u>1,522,000</u> ✓



2. Apply mathematical analysis to the economic and financial information by interpreting the selected financial statements:

a. Complete the **income and expenditure statement** summary provided below by filling in figures from the Statement of Comprehensive Income you supplied in 1:

**Company Name: African Resonance.**

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED December 31, 2023

		<b>This Year:</b>	<b>Prior Year:</b>		
<b>Sales</b>		120 000	100 000		
<b>Less: Cost of Sales</b>		60 000	50 000		
<b>Gross profit</b>		60 000	50 000		
<b>Less:</b>					
<b>Rent Expense</b>		5 500	5 000 ✓		
<b>Depreciation Expense</b>		3 600	2 500		
<b>Salary Expense</b>		5 400	3 000		
<b>Net Profit</b>		45,500	39,500		

b. Analysis:

I. Sales increased by R20,000 (20%) from the prior year, leading to a higher profit.

II. Cost of Sales also increased by R10,000 (20%), potentially due to increased production or material costs.

III. Gross Profit increased by R10,000 (20%) due to higher sales and maintained margins.

IV. Running costs increased by R5,500 (20%) from the prior year, possibly due to increased operational expenses.

V. Net Profit increased by R6,000 (15.19%) from the prior year.

c. Refer to the **Statement of Financial Position (balance sheet)** *that you have supplied and supply the following:*

	Current year	Prior Year
I. Total assets	R 250 000	R200 000
ii. Total liabilities	R150 000	R110 000 ✓
iii. Stock	R 40 000	R35 000
iv. Cash and bank balances	R 20 000	R15 000

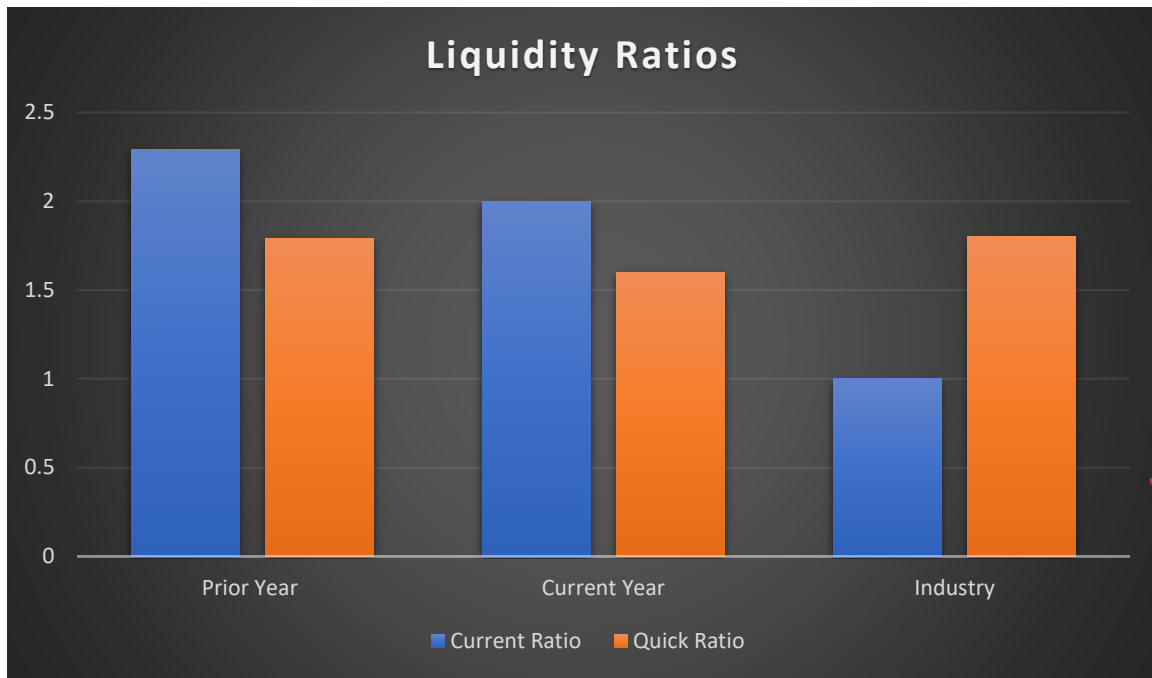
d. Make an assessment of the company's liquidity based on the Statement of Financial Position (balance sheet) information *that you have supplied and supply the following* by completing the following:

I. Calculate the Current Ratio (CR)	<b>CR = Current Assets/ Current liabilities</b> Prior Year = 160 000 / 70 000 = 2.29:1 Current Year = 200 000 / 100 000 = 2:1 ✓
ii. What does the CR tell you about the	The Current Ratio (CR) indicates the company's

company's liquidity?	ability to cover its short-term liabilities with its current assets. A higher CR suggests better liquidity. Both years' CRs are above 1, indicating that the company has more than enough current assets to cover its current liabilities. The company's liquidity position has remained strong between the two years.
iii. Calculate the Quick Ratio (QR)	<b>QR = (Current Assets - Inventory) / Current Liabilities</b> Prior Year = (160 000 - 35 000) / 70 000 = 1.79:1 Current Year = (200 000 - 40 000) / 100 000 = 1.60:1
iv. What does the QR tell you about the company's liquidity?	The Quick Ratio (QR) provides insight into the company's liquidity by excluding inventory from current assets. Like the CR, a higher QR suggests better liquidity. Both years' QRs are above 1, indicating that the company has sufficient liquid assets to cover its short-term liabilities, even when excluding inventory.

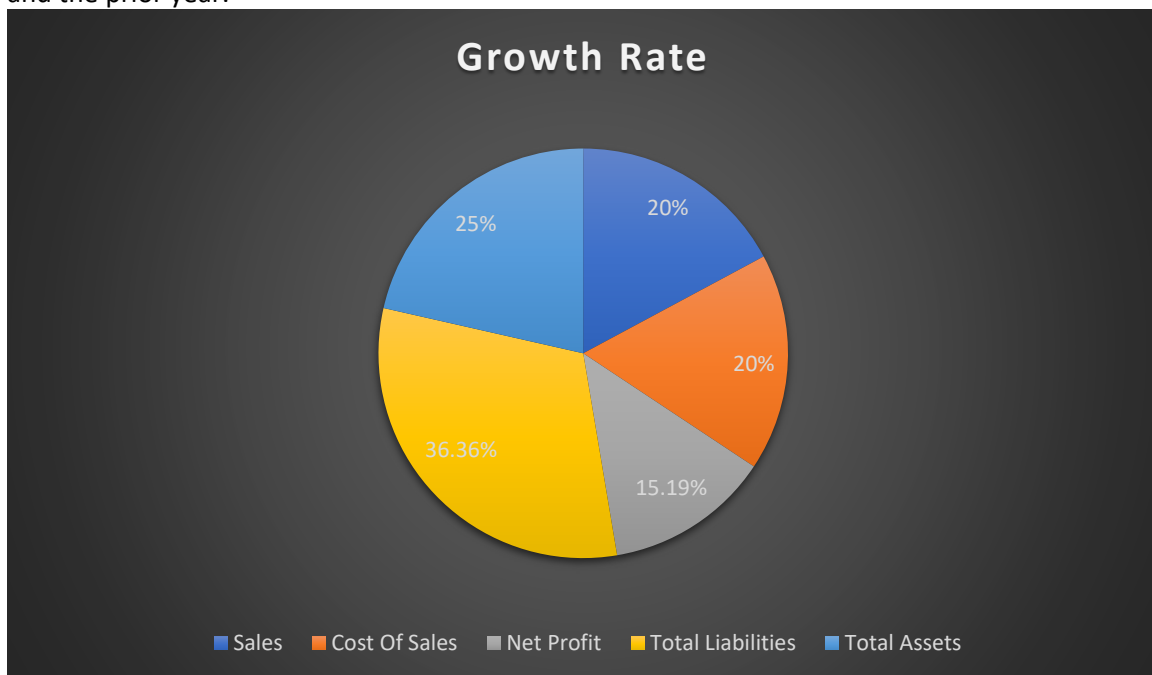
e. Indicate economic relationships through graphical representation techniques – use at least 2 and submit all the documents that you used to do this [Note: Graphical formats could include histograms, pie charts, bar charts, line graphs and stack bar charts]

#### Bar Chart: Liquidity Ratios



#### Pie Chart: Expense Distribution

This chart will show the distribution of expenses across different categories for both the current year and the prior year.



- f. Review the budget you supplied and highlight the items that are critical to achieving the operational plan of the unit

<b>BIG BAD BIKES</b> <b>Sales and Administrative Expense Budget</b> <b>For the Year Ended December 31, 2019</b>					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Budgeted Sales in Units	1,000	1,000	1,500	2,500	6,000
Variable Expenses					
Sales Commissions	2,000	2,000	3,000	5,000	12,000
Transportation	500	500	750	1,250	3,000
Total Variable Expenses	\$ 2,500	\$ 2,500	\$ 3,750	\$ 6,250	\$15,000
Fixed Expenses					
Sales Salaries	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$20,000
Administrative Salaries	5,000	5,000	5,000	5,000	20,000
Marketing Expenses	5,000	5,000	5,000	5,000	20,000
Insurance Expenses	1,000	1,000	1,000	1,000	4,000
Depreciation Expenses	2,000	2,000	2,000	2,000	8,000
Total Fixed Expenses	\$18,000	\$18,000	\$18,000	\$18,000	\$72,000
Total Selling and Administrative expenses	\$20,500	\$20,500	\$21,750	\$24,250	\$87,000

The critical items to achieving the operational plan of the company in the Big Bad Bikes sales and administrative expenses budget for the year ended December 31st, 2019 are:

- **Sales commissions:** This is a variable cost that increases as the number of units sold increases. Sales commissions are a performance-based incentive for the sales team and are critical to motivating them to sell more bikes.
- **Sales salaries:** This is a fixed cost that does not change with the number of units sold. Sales salaries are the wages paid to the sales staff and are critical to staffing the sales team.
- **Marketing expenses:** This is a fixed cost that is used to promote the Big Bad Bikes brand and products. Marketing expenses are critical to generating brand awareness and sales leads.

These items are critical to achieving the operational plan of the unit because they are directly related to the unit's sales goals. Sales commissions motivate the sales team to sell more bikes, sales salaries staff the sales team, and marketing expenses generate brand awareness and sales leads. It is important to note that all the items in the budget are important to the overall success of the unit. However, the items listed above are the most critical to achieving the unit's sales goals.

#### g. Meeting Minutes

##### Meeting Details:

- **Date:** February 27, 2024
- **Time:** 11:30 AM - 12:30 PM
- **Location:** Lion Boardroom

##### Attendees:

- Lufuno (Software Developer)
- Zanele (System Analyst)
- Phumeza (Software Tester)
- Shelly (Software Developer)
- Philasande Bhani

##### Agenda:

1. Review budget for ENG Unit

**Discussion Points:**

**Budget Review:**

- Lufuno presented the annual budget summary for the ENG Unit.
- The team examined each line item under "General Resources" (ACE ENG, BIG ENG, CIF ENG, FAF ENG, FLP ENG, GAG ENG).

**Key Discussion Points:**

- **ACE ENG:** Phumeza questioned the possibility of utilizing this budget for additional testing tools.
- **BIG ENG:** Shelly sought clarification on the increased allocation for BIG ENG.
- **FLP ENG:** Zanele expressed concern over the negative balance in FLP ENG and requested clarification.

**Challenges:**

- Limited details in the budget summary hindered understanding of each item's purpose.

**Next Steps:**

- Lufuno to provide a detailed breakdown of each "General Resources" budget line item.
- The team will reconvene after receiving additional information for further discussion and potential adjustments.

**Action Items:**

1. **Action Item:**

- **Owner:** Lufuno (Software Developer)
- **Due Date:** March 3, 2024
- **Task:** Obtain and share detailed breakdown of each "General Resources" budget line item.

2. **Action Item:**

- **Owner:** All Attendees
- **Due Date:** After receiving additional information (March 3, 2024)
- **Task:** Review revised budget details and prepare questions or suggestions for discussion.

**Additional Notes:**

- All attendees were present, including Philasande Bhani.
- Limited details in initial budget summary constrained discussion.
- A detailed breakdown of the budget will facilitate a more informed discussion in the next meeting.

**Meeting Recorder:** Philasande Bhani

**Approved By:** System Analyst