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| Domain | FARM BUSINESS | Unit ID: | 1326 |
| Title: | Apply basic financial literacy skills for agribusiness | | |
| Level:2 | | | Credits:4 |

Purpose

This unit standard specifies the outcomes required to apply basic financial skills. It is intended for people requiring basic financial skills required in an agricultural work environment. It includes:

- Apply basic knowledge of banking
- Apply basic knowledge of financial source documents in agribusiness
- Apply basic knowledge of budgeting in agribusiness
- Apply basic knowledge of borrowing money in agribusiness.

Special Notes

1. Entry information:

Prerequisites: None

2. This unit standard is to be delivered and assessed in the context of agricultural operations and can be assessed in conjunction with other relevant technical unit standards.

3. The evidence required to demonstrate competency in this unit must be relevant to workplace operations.

4. Assessment evidence may be collected from a real workplace or an appropriate simulated environment in which agricultural operations are carried out.

5. Regulations and legislation relevant to this unit standard include the following:

6. Glossary

- '*ATM* Automated Teller Machine: a computerised self-service machine that lets people carry out basic banking transactions and withdraw cash (also called bank machine) outside the bank.
- '*Bank*' means a financial institution that handles money for clients including saving, lending, investing and exchanging
- '*Bank statement*' a monthly accounting document sent by a bank that lists all the activity in the account for the month (deposits, fees, withdrawals, service charges).
- '*Budget*' a listing or a record of income (money earned) and expenses (money spent or owed) for a certain period of time.
- '*Cheque*' a written order to a bank asking it to pay the amount of money shown to a specific person or business named as the "payee".

7. Regulations and legislation relevant to this unit standard include the following:

- Competition Act, No. 2 of 2003
- Financial Intelligence Act 3 of 2007

- Namibia Financial Institutions Supervisory Authority Act, No. 3 of 2001
- Transformation on Economic Social Empowerment Framework (draft Broadbased Black Economic Empowerment policy April 2008)

Quality Assurance

This unit standard and others within this subfield may be awarded by institutions which meet the accreditation requirements set by the Namibia Qualifications Authority and the Namibia Training Authority and which comply with the national assessment and moderation requirements. Details of specific accreditation requirements and the national assessment arrangements are available from the Namibia Qualifications Authority on www.namqa.org.na and the Namibia Training Authority on www.nta.com.na.

Elements and Performance Criteria

Element 1. Apply basic knowledge of banking

Performance Criteria

- 1.1 Basic banking processes and terms are explained.
- 1.2 Different bank accounts are explained.
- 1.3 Different bank products are described and contrasted.
- 1.4 A bank application form is completed correctly.
- 1.5 The uses of an ATM and cell phone and internet banking are explained.
- 1.6 ATM security procedures are identified.
- 1.7 Cheques are completed.
- 1.8 A bank statement or transaction record is reconciled correctly.
- 1.9 The term interest is explained and calculated.

Element 2. Apply basic knowledge of financial source documents used in agribusiness

Range

Financial source documents may include but are not limited to, payslips, receipts, cash register receipts, invoices, tax invoices, pro-forma invoices, credit notes, debit notes, quotations, purchase orders, statements, delivery notes, petty cash vouchers, cheque stubs and proof of electronic payment.

Calculation of gross margin is based on direct costs only.

Performance Criteria

- 2.1 The uses and origins of financial source documents are explained.

- 2.2 A request for quotations is developed.
- 2.3 Quotations are analysed.
- 2.4 Orders, payments and invoices are made.
- 2.5 Cash book is maintained.
- 2.6 Petty cash is reconciled.
- 2.7 Expenses and income are categorised.
- 2.8 Expenses and income are totalled.
- 2.9 Gross margin is calculated.

Element 3. Apply basic knowledge of budgeting in agribusiness

Range

Terms related to budgeting may include but are not limited to budget, unit price, sales price, discount, Value Added Tax (VAT), saving and spending.

Performance Criteria

- 3.1 Basic terms related to budgeting are explained.
- 3.2 Unit price, sales prices and discounts are calculated.
- 3.3 VAT calculations are performed.
- 3.4 Different ways of saving money are listed.
- 3.5 From a given set of information, an event is planned and costs are determined.

Element 4. Apply basic knowledge of borrowing money in agribusiness

Performance Criteria

- 4.1 Advantages and disadvantages of borrowing are identified.
- 4.2 Factors that can limit the ability to borrow are identified.
- 4.3 The use of creditworthiness evaluation is explained.
- 4.4 Creditworthiness evaluation is performed from given scenarios.
- 4.5 Hire purchase and lay-by costs are calculated.
- 4.6 The use of credit cards is explained.

4.7 Given a scenario, an informed decision to either borrow funds or buy on credit is made.

Registration Data

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| Subfield: | Farm Management |
| Date first registered: | 25 November 2015 |
| Date this version registered: | 25 November 2015 |
| Anticipated review: | 2020 |
| Body responsible for review: | Namibia Training Authority |