

NOTICE 1723 OF 2002
SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA)

In accordance with regulation 24(c) of the National Standards Bodies Regulations of 28 March 1998, the Standards Generating Body (SGB) for

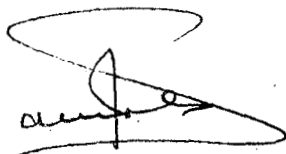
Financial Services

Registered by NSB 03, Business, Commerce and Management Studies, publishes the following unit standards for public comment.

This notice contains the titles, fields, sub-fields, NQF levels, credits, and purpose of the unit standards upon which qualifications are based. The unit standards can be accessed via the SAQA web-site at www.saqa.org.za. Copies may also be obtained from the Directorate of Standards Setting and Development at the SAQA offices, 659 Pienaar street, Brooklyn, Pretoria.

Comment on the unit standards should reach SAQA at the address ***below and no later than 13 October 2002***. All correspondence should be marked **Standards Setting – SGB for Financial Services** and addressed to

The Director: Standards Setting and Development
SAQA
Attention: Mr. D Mphuthing
Postnet Suite 248
Private Bag X06
Waterkloof
0145
or faxed to 012 – 482 0907



PP SAMUEL B.A. ISAACS
EXECUTIVE OFFICER

UNIT STANDARDS FOR FACTORING AND DISCOUNTING

1. Title: **Demonstrate knowledge and understanding of factoring as a lending vehicle**

Specific outcome 1:	Demonstrate knowledge and understanding of traditional business lending
Specific outcome 2:	Compare factoring to traditional business lending
Specific outcome 3:	Explain the different types of factoring
Specific outcome 4:	Match business needs to the appropriate factoring product

2. Title: **Demonstrate a knowledge and understanding of the specific risks related to factoring as a lending vehicle**

Specific outcome 1:	Demonstrate knowledge and understanding of risk factors associated with debtors as security
Specific outcome 2:	Demonstrate a knowledge and understanding of the risk associated with collecting a business' debtors
Specific outcome 3:	Demonstrate knowledge and understanding of the risk of poor quality financial administration
Specific outcome 4:	Demonstrate knowledge and understanding of the risk of business deterioration
Specific outcome 5:	Describe risk management principles associated with factoring

3. Title: **Establish the collectable value of a business' debtors book**

- Specific outcome 1: Explain the nature of debtor asset value
- Specific outcome 2: Analyse the debtors book
- Specific outcome 3: Evaluate risk associated with individual debtors
- Specific outcome 4: Assign a factoring value to the debtors book

4. Title: **Evaluate the quality of a business's debtor administration**

- Specific outcome 1: Demonstrate a knowledge and understanding of the requirements for effective bookkeeping practice in relation to debtors
- Specific outcome 2: Gather the required information
- Specific outcome 3: Verify debtor records
- Specific outcome 4: Evaluate quality of debtor administration
- Specific outcome 5: Identify risks

5. Title: **Report findings of debtor administration review to inform future credit decisions**

- Specific outcome 1: Review documentation
- Specific outcome 2: Explain current findings
- Specific outcome 3: Highlight risks
- Specific outcome 4: Draft report

6. Title: **Calculate advance against offer of invoices presented for discounting**

- Specific outcome 1: Identify risks associated with the offer of invoices
- Specific outcome 2: Assess the offer
- Specific outcome 3: Evaluate the quality of debtors
- Specific outcome 4: Calculate the amount of the advance
- Specific outcome 5: Prepare acknowledgement of offer

7. Title: **Establish the security cover over the factoring liability provided by debtors in factoring**

- Specific outcome 1: Demonstrate knowledge and understanding of key financial concepts associated with evaluating a business' stability
- Specific outcome 2: Analyse audited management accounts to establish the financial stability of the business in its current trading position
- Specific outcome 3: Evaluate business deterioration or growth
- Specific outcome 4: Evaluate quality of the debtors as a form of security for money advanced
- Specific outcome 5: Evaluate the effectiveness of actual security cover over the factoring liability

8. Title: **Demonstrate a knowledge and understanding of the requirements of import and export factoring**

- Specific outcome 1: Demonstrate knowledge and understanding of international trade

- Specific outcome 2: Demonstrate a knowledge and understanding of basic international finance
- Specific outcome 3: Compare import/export factoring with a letter of credit
- Specific outcome 4: Demonstrate knowledge and understanding of the process of initiating import/export factoring
- Specific outcome 5: Describe risk management principles associated with import/export factoring

9. **Title: Demonstrate knowledge and understanding of a factoring agreement**

- Specific outcome 1: Demonstrate knowledge and understanding of the basic concepts associated with the factoring agreement
- Specific outcome 2: Demonstrate knowledge and understanding of the specific requirements of the factoring house's agreement
- Specific outcome 3: Explain the administrative implications of the factoring agreement
- Specific outcome 4: Explain the operational risk management implications of the factoring agreement
- Specific outcome 5: Demonstrate knowledge and understanding of the breakdown in a contractual relationship between a factoring house and supplier

10. **Title: Identify factorable invoices**

- Specific outcome 1: Demonstrate knowledge and understanding of factoring criteria of a good debtor
- Specific outcome 2: Explain debtor exclusions

- Specific outcome 3: Explain the nature of invoices too risky to discount
- Specific outcome 4: Explain the requirements for invoices offered for discounting
- Specific outcome 5: Analyse an offer of invoices for discounting to identify factorable invoices

11. Title: Demonstrate knowledge and understanding of accounting practice and procedure associated with collection of debts

- Specific outcome 1: Demonstrate knowledge and understanding of the impact of collections on factoring profit and loss
- Specific outcome 2: Reconcile a debtor's account
- Specific outcome 3: Handle disputes
- Specific outcome 4: Account for debt collections

12. Title: Manage the operational aspects of the factoring relationship with supplier

- Specific outcome 1: Demonstrate knowledge and understanding of the operational requirements from a factoring perspective
- Specific outcome 2: Demonstrate knowledge and understanding of the supplier's requirements from factoring
- Specific outcome 3: Educate the supplier representative
- Specific outcome 4 : Resolve supplier's operational problems

13. Title: Take on a business' debtors book in full

- Specific outcome 1: Demonstrate knowledge and understanding of the take-on policies and procedures
- Specific outcome 2: Set up factoring records
- Specific outcome 3: Set up the internal risk management procedures
- Specific outcome 4: Balance the debtors ledger