

Lesson plan template - Finance Basics

<b>Unit/Course</b>				<b>Topic</b>	Finance - Introduction
<b>NOTE: Have the activities in the lesson plan been checked against the Unit Descriptor/Objectives for the session?</b>					
<b>Day and date</b>				<b>Venue</b>	
				<b>Time</b>	
<b>Examples of Learning Outcomes</b>					
<ul style="list-style-type: none"> <li>Example: Explore &amp; evaluate information from an extensive range of sources including primary sources in relation to basic finance reports</li> <li>Example: understand the key importance of an understanding of Finance in the context of Self Employment</li> </ul>					
<b>Transferable skills developed</b>					
<ul style="list-style-type: none"> <li>Example: Students should be able to show competence in terms of the understanding and explanation of basic financial reports</li> </ul>					
<b>Plan of activities – These activities be completed in a classroom and/or IT environment</b>					
Time (in minutes)	Teacher Activity		Learner activity (What the students will do?)		Hand-outs, resources & bookings needed
<i>Prior to session: - Load appropriate apprentice scenario</i>	<i>Are there spare activities for those who finish early?</i>		<i>Are the students required to do any reading or activity before attending the session?</i>		<i>What hand-outs or resources are needed to be inclusive to all students?</i> <ul style="list-style-type: none"> <li><i>Photocopy hard copies of basic menus and access to Evolution</i></li> <li><i>Book IT suite if needed</i></li> </ul>
<b>5 mins</b> e.g. Welcome and introduce basic objectives and learning outcomes	Introduce the basic learning outcomes in the context of self-employment, and explain the use of SimVenture Evolution for this purpose		Listen and ask questions.		Refer students to learning resources/ reading lists.
<b>5 mins</b> e.g. Introduce the current topic with learning outcomes and expected developmental skills	Encourage the learners to consider the relevance of finance in the context of self-employment. Suggest that they focus on a area of self-employment where they have a real interest to stimulate their ideas.		Learners consider their current understanding of finance and its relevance to the business that they might consider starting in the future. Learners should note this in a journal to provide material for reflection at the end of the session		Hand out hard copies of basic menus and access to Evolution
<b>15 mins</b> <i>Break session into bite-size chunks</i> e.g. Give and /or demonstrate necessary information	Load the simulation – Go to Map. Explain the overall business context of the simulation, and the four “departments” which interact in a complex manner within any organisation and have a common link through Finance. Ask the students to discuss and agree examples of how finance is linked to each of the activities shown. Facilitate short plenary session to identify key points. See Tutor Notes 1		Learners use their own imagined business as a starting point and consider how the SimVenture activities, or similar activities in their context, are linked with finance. Discuss in pairs or small groups and share outcomes in short plenary session.		Students own notes. Spare paper and pens, on-line, journal notes in the simulation
<b>15 mins</b> <i>Break session into bite-size chunks</i> e.g. Set activity to develop detailed understanding	Go to History – Quarterly Reports and briefly discuss the 3 key financial reports – Cash Flow, Profit & Loss, Balance Sheet. Ask learners to focus on the Cash Flow, and Profit & Loss for the same quarter and consider why the numbers, and the headings in some cases, are different. Facilitate short plenary session to identify key points. See Tutor Notes 2		Learners discuss in pairs or small groups the structure of the two reports and the differences between them. Make notes and share outcomes in short plenary session.		Students own notes. Spare paper and pens, on-line, journal notes in the simulation.

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<b>10 mins</b> <i>Break session into bite-size chunks</i> e.g. Develop further financial understanding	Briefly explain the concept of break even and ask learners to examine a sample Profit & Loss account in History – Quarterly Reports and explain the key components of break-even and the means by which a business can affect them. Facilitate short plenary session to identify key points. See Tutor Notes 3	Learners discuss in pairs or small groups the importance of the break-even concept and the means by which a business can affect its break-even point. Make notes and share outcomes in short plenary session.	Hand out hard copies, set-up on-line or in the journal section of the simulation. Useful evidence for research purposes and learner’s awareness of their development.
<b>5 mins</b> e.g. Wrap-up of learning, go over tasks and gather feedback on how the session went.	Re-cap learning outcomes and transferable skills developed. Obtain anonymous feedback from students.	Learners should have started a journal during the session, noting their current understanding of finance and its relevance to the business that they might consider starting in the future. Learners should reflect on how their understanding has developed during the session, and what further learning they may require.	Hand out hard copies, set-up on-line or in the journal section of the simulation. Useful evidence for research purposes and learner’s awareness of their development.
<b>Total time = 55 mins</b>			
<b>Longer lesson time suggested activities</b>	Explaining in detail the operation of SimVenture Evolution in a financial context, and the concepts of financial forecasting. Using the software to produce and validate forecasts, explaining differences between forecast and actual outcomes	Use SimVenture Evolution on line both in a classroom environment for guided activities, and for independent learning.	Access to the internet
<b>Preparation for next lesson</b>		<b>Gather student feedback to incorporate into actions for the next session</b>	
What learning took place?			
Which aspects of lesson went well?			
Which aspects could be improved upon?			
Actions for the future based on feedback			

**Tutor Notes 1**

Encourage the learners to consider the complex interactions in a modern business. The traditional “silo” approach where each department only considered its own activities is completely outdated. Finance can be described as the linkage between most of the activities.

For example, looking at the overall business “Map” on the SimVenture Evolution screen, a business may decide to try to increase its sales by increasing its advertising activity. This will require the expenditure of more money and time, and hopefully will result in more sales revenue, and perhaps also require a change in the product prices. The increase in sales will significantly increase the activity required in the Operations area, where more materials will need to be purchased and further production effort required. This in turn will result in a higher spend on logistics – to move the product to the customers. The changes in cash requirements may impact on the Organisation area, where further borrowing or equity funding may be required ..... etc.

More advanced learners could be encouraged to explore this in Evolution by following paths such as Organisation ->Borrowing -> Impacts to review these ideas in more detail.

A useful reference on business silos: -

<http://yourbusiness.azcentral.com/silos-mean-business-culture-3448.html>

## Tutor Notes 2

Learners should be made aware of the 3 key financial reports for any business.

**Cash Flow Statement** – showing the sources of cash and what has been spent on for the period – very similar to a personal bank account

**Profit & Loss Account** – showing the Sales, Costs, and the resulting profit or loss for the period

**The Balance Sheet** – showing a “snapshot” of the value of the business at a point in time, with Assets, Liabilities, and Capital

Differences between the Cash Flow statement and the Profit and Loss account are fundamentally that the cash flow statement records the movement of cash, whereas the Profit and loss account records transactions as soon as they are made.

An example may be helpful. At the end of December, a company may wish to produce its accounts but has not yet received its electricity bill for December. By reading the meter they know that the electricity used is £500 for the month, but nothing has been paid. The cash flow statement will show zero for the December electricity as no cash has moved, but the profit and loss account will show £500 because this electricity has been used and should be shown in the costs. To ignore it would be wrongly stating the profit for the month.

The link below may be useful

<http://acumenlearning.com/the-difference-between-profit-and-cash-flow/>

Some items only appear in 1 of the reports, for example Depreciation. This is not shown in the cash flow as it does not actually result in any cash movement, whereas it appears in the profit and loss account as it is an expense.

### Tutor Notes 3

**What is the break- even point? It is the level of sales at which sales revenue exactly equals costs.**

**Why is this this important for a business? It is crucial for any business to know this point as it shows that if sales increase above that level, then a profit will be made, and if sales reduce below that level, the business will be loss making.**

**What factors affect this? – Key items can be – level of sales prices, and sales quantity, cost of sales, overhead costs etc. How can the business owner affect these? - learners can provide examples from the potential self-employment businesses that they have been asked to consider.**

**Useful references:-**

<http://blog.projectionhub.com/how-to-determine-when-your-startup-will-breakeven/>

<http://www.business2community.com/marketing/the-power-of-break-even-analysis-0528638#ka1fKBFppXx4UVB.97>