**SESSION PLAN**

**COURSE:** ABE Level 4 Finance for Managers

**ELEMENT:** Element 3 – Cashflow forecasts and budgets

**LEARNING OUTCOME 3**

**Prepare cash flow forecasts and financial budgets to aid management decision making (Weighting 25%)**

3.1 Prepare cash flow forecasts for internal management control

3.2 Prepare organisational budgets to aid management decision making

3.3 Evaluate completed cash flow forecasts and financial budgets to make informed business decisions

**NUMBER OF SESSIONS:** Three - approximately ten hours in total. LO3 RESOURCE E3; Activities 1-5

**SESSION TOPICS:** Session 7: Cash flow forecast preparation

Session 8: Organisation budget preparation

Session 9: Evaluation of forecasts and budgets

**Note to tutors: These are the recommended session outlines for Learning Outcome 3 of the ABE Level 4 Finance for Managers. You should follow the plan, using the resources (referenced as ‘slides’) and activities provided. It is important to enhance all sessions with local examples and case studies, involving the learners ACTIVELY wherever possible.**

### SESSION 7: Prepare cash flow forecasts and financial budgets to aid management decision making (3 hours)

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| **Topic** | **Tutor Activity** | **Slides** | **Learner Activity** | **Formative Assessment** | |
| Introduction to session and learning outcomes | Assessment Criterion 3.1: Prepare cash flow forecasts for internal management control.  **Use E3 Tutor Presentation.pptx** | 1-4 | Listen |  | |
| Aptitude testing | Debrief on **Homework LO2 Activity 5: Stakeholders** |  | Share experience of business stakeholders |  | |
| Cash flow forecasts | Cash flow forecast preparation:   * Cash inflows * Cash outflows * Balances   Tutor should work through a practical example with the learners. | 5-6 | Listen and make notes  Work through the practical example with the tutor. |  | |
| **Facilitate a Class Discussion** on ways to improve cash flow in businesses. |  | Contribute to the class discussion. Make notes. |  |
| Brief learners on individual activity - **LO3 Activity 1: Cash flow forecasting**  Debrief activity |  | Individual activity: preparation of a personal cash flow forecast.  Consideration of the student’s personal incomes and expenditures for preparation of the cash flow forecast. | LO3 Activity 1: Cash flow forecasting |
| Review of session and learning outcomes |  |  | Listen and make notes. |  |

### SESSION 8: Budgets (4 hours)

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| **Topic** | **Tutor Activity** | **Slides** | **Learner Activity** | **Formative Assessment** | |
| Introduction to session and learning outcomes | Assessment Criterion 3.2: Prepare organisational budgets to aid management decision making. **Use E3 Tutor Presentation.pptx** | 7 | Listen |  | |
| Budgets | Type of budget:   1. Sales budgets 2. Purchases budgets 3. Production budgets 4. Trade receivables budgets 5. Trade payable budgets 6. Cash budget   Share the formats of each budget:   1. Sales budgets 2. Purchases budgets 3. Production budgets 4. Trade receivables budgets 5. Trade payable budgets 6. Cash budget   Tutor to provide practical example of how each budget would be completed. | 8-13 | Listen and ask questions as necessary |  | |
| Production budget | **Brief learners on paired activity: LO3 Activity 2: Budgets**  Debrief activity |  | Preparation of a production budget for case study data | LO3 Activity 2: Budgets | |
| Review of session and learning outcomes |  |  | Listen and make notes |  |

### SESSION 9: Budgeting and Variance Analysis (4 hours)

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| **Topic** | **Tutor Activity** | **Slides** | **Learner Activity** | **Formative Assessment** | |
| Introduction to session and learning outcomes | Assessment Criterion 3.3: Evaluate completed cash flow forecasts and financial budgets to make informed business decisions. **Use E3 Tutor Presentation.pptx** | 14 | Listen |  | |
| Cash flow management | **Class Discussion**: Improving cash flow management  Use of sources of finance to aid cash flow problems:   1. Retained profit 2. Sale of assets 3. Sale and leaseback 4. Share issues 5. Loans 6. Debentures 7. Mortgages 8. Government grants 9. Overdrafts 10. Debt factoring | 15-17 | Contribute to discussion  Listen and make notes on other people’s contributions |  | |
| Variance Analysis | Discuss the use and value of variance analysis in business. | 18 |  | LO3 Activity 3: Variance analysis | |
| Brief learners on individual activity – **LO3 Activity 3: Variance analysis**  Debrief activity |  | Activity to calculate variances to analyse company performance |  | |
| Budgeting | Brief learners on group activity - **LO3 Activity 4: Budgeting**  Debrief activity |  | Activity on budget purposes. | LO3 Activity 4: Budgeting | |
| Sources of finance | Brief on **Homework LO3 Activity 5: Sources of finance** |  | Listen and ask questions as necessary  Individual activity as homework | Homework LO3 Activity 5: Sources of finance | |
| Review of session and learning outcomes |  |  | Listen and make notes |  |