Youth Finance Academy

Young Entrepreneurs Module

Introduction

What is Youth Finance Academy?

Every day comes with new challenges and each decision we make has an financial impact in our life! The constant pressure of financial decisions has made it crucial to address the need for financial literacy educational programs. Is essential to help young people and young entrepreneurs build financial literacy – money knowledge, skills, and habits at key transitional moments. We believe that today's youth should become empowered economic citizens, capable of understanding the importance of saving, to be equipped with the skills to be employed and create their livelihoods.

To help empower our youth, 8 Youth NGO's from all across Europe, gather into the Youth Finance Academy project to specialized create 3 financial education tools. These tools aim to equip young people and young entrepreneurs with the know-how and key-competences necessary to achieve a high-quality financial literacy.

Through the tools developed within our project, we aim to serve as inspiration for many national public entities, educational institutions (public, private, training centers) and Youth NGOs in defining their strategies, approaches, and tools to reach young people and the young entrepreneurs not solely by providing information, but by inspiring them to take concrete actions and adopt positive financial behaviors.

What is the Youth Finance Academy Training Toolbox?

The **Youth Finance Academy Training Toolbox** is one of the intellectual outputs of Youth Finance Academy Project, implemented by 8 European NGOs:

- Monomyths Association - Romania
- Civitas Foundation for Civil Society Cluj - Romania
- Nuorisokeskus Piispala - Finland
- Sdruzhenie Walk Together - Bulgaria
- Terram Pacis - Norway
- Inter College APS - Denmark

- Asociacija Tavo Europa - Lithuania
- Entrepreneurship and Social Economy Group - Greece

Objectives of Intellectual Output 2

Youth Finance Academy Training Tool Kit aims to equip youth workers with tools that will help them to facilitate learning activities on financial education literacy, for young entrepreneurs and young people.

Youth Finance Academy training tool kit can be used not only by Youth NGOs, but as well by the representatives of co-working spaces for their clients (freelancers & young entrepreneurs), by adult education providers; by instructional designers and trainers from companies that can provide financial education to their employees, or even by high-school and University teachers to familiarize the teenagers and students with concepts connected to financial education.

How to used it?

The training design focuses on creating positive financial habits among through nonformal education activities and contains 2 modules:

- Finance education essentials for Young Entrepreneurs
- Finance education essentials for Young People.

The toolbox is designed in modular format to accommodate a variety of training programs schedules and learning objectives, allowing Youth Workers/ Trainers/Youth Leaders/ to choose the cards with activities and topics.

Tips and tricks for getting the most from Training Toolbox

1. Download the Youth Finance Academy Training Toolbox Archive
2. For each module you will find the training materials organized by days and sessions
3. Read the activity description from each session
4. Identify the cards dedicated to each activity
5. Prepare the additional materials includes in the activity chart (handouts, papers, post its, etc.)
6. Use the cards in your trainings to engage the youngsters in to the process

Follow on each day the header guidance included on each card: D (Day), S (Session), A (Activity) to help you discover each training session and its activities.

D3 S4 Investments A3 Sea Life Tours

Also, the color will help you use the toolkit, blue is the color used for all the Young Entrepreneurs training activities and yellow is the color for the Young People module.

Cards from the young entreprenerus module

Cards from the young people module

The Young Entrepreneurs Module

The module dedicated to young entrepreneurs is structured as a **4 days training with 4 sessions per day**. The module contains nonformal activities on topics like entrepreneurship, decision making, accountability, financial risks, banking, insurances, investments, production costs, sales forecast, budgeting, but also, basic information about entrepreneurial grants and crowdfunding.

Start with the activity description and get prepared to facilitate the activities, use the cards to engage your audience.

With these activities we what to facilitate the learning process for young entrepreneurs and help them better understand the financial world so we pursued in the creation of these cards the following learning objectives:

- To improve financial literacy awareness, knowledge, skills, attitudes, and behaviors,
- To strengthen financial decision-making capacity and increase awareness about the decision-making process and its consequences,
- To increase awareness and knowledge amongst young entrepreneurs about the importance of having, understanding information about financial instruments and financial planning,

- To get a basic understanding of bookkeeping - Understand the difference between debit and credit,
- To gain knowledge on the nature of a Profit and Loss statement and its use and gain basic understanding of how to create and work with a profit and loss statement,
- To understand the purpose of taxes and how they affect businesses and employees,
- Understanding the most important insurance products for businesses, becoming able to determine the right insurance coverage for a business,
- To identify the major types of investment alternatives and understanding the advantages and disadvantages of the different options,
- To strengthen young entrepreneurs' skills on Crowdfunding method.

The Young People Module

The module dedicated to Young People is structured as a 5 days training with 4 sessions per day, full with nonformal education activities. Follow on each day the header guidance included on every card: D (Day), S (Session), Module Topic and A (Activity) to help you discover each training session and its activities.

Use this module to guide youth towards financial education and financial literacy! Help them acknowledge their money habits & financial behavior identify sources of income and create a saving plan. Create learning experience so they will be able to examine more options for financing their education and manage their money wisely during their college years.

With these activities we what to facilitate the learning process for young people and help them better understand the financial world so we pursued in the creation of these cards the following learning objectives:

- To help develop a better understanding the importance of the financial topics,
- To acknowledge different types of money habits and spending values,
- To learn how to make conscious decisions using the DECIDE method,
- To increase abilities on how to set measurable goals using SMART analyses,
- To name and understand different sources of income and How to generate different types of incomes,
- To learn how to calculate net/gross salary and other contributions,

- To improve the financial literacy, decision-making skills, develop financial skills
- To help develop a better understanding of how digitalization can help manage finances, income and expenditure,
- To understand about consumer protection law and about identify protection,
- To identify behaviors that can help to get credit or hurt their borrowing reputation,
- To understand challenges that can appear in a borrowing process.

Explore and enjoy Young Finance Academy training toolkit!

D1 S1 **Wellbeing** **A1 - Jar of priorities**

Activity purpose/ goal: To increase awareness amongst entrepreneurs about wellbeing and priorities

Time needed for the activity: 30 min

Activity steps – details for trainer

Start the session with an open question about "What is well-being?"

Financial well-being can be defined as a state of being wherein, a young entrepreneur can fully meet their current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow the enjoyment of life.

Task 1 - Use card D1S1C1 and introduce the activity.

The task for the entrepreneurs is to think about their existing or future business and to list on a paper for each symbol the following priorities/responsibilities:

- Big rocks – the most important financial responsibilities – Priorities
- medium rocks – the medium important financial responsibilities
- sand – less important tasks/financial responsibilities

Ask the participants to make their own Jar and after that to find a way in which to put all the rock in the Jar in the way that all will fit in (response, start with the big rocks, the medium and at the end the sand)

Give space for 3/5 participants to share their jar/list

Tools needed

- a flipchart with the drawing of the jar and rocks, or a video-projector to project the cards image
- papers and pencils for the participants

Resources for trainer - in order to better prepare to facilitate for the activity

R1 What is understood about what financial well

Cards needed for the activity:

D1S1C1

D1 S1 **Wellbeing** **A2 – Improve your wellbeing**

Activity purpose/ goal: To improve financial literacy awareness, knowledge, skills, attitudes, and behaviors among young entrepreneurs about wellbeing

Time needed for the activity: 40 min

Activity steps – details for trainer

Project using a video projector the following video - Financial Literacy vs Financial Wellbeing (you can stop the video at min 3.40)

https://www.youtube.com/watch?v=Wjf1LVYhf3c

Key finding in the video –

1. What contributes to a financial wellbeing?
2. Financial knowledge and Experience – Financial literacy
3. Attitudes, motivation and biases – your background, your approach to money
4. The social and economic environment –
5. Financial capable behavior

- Inside your control - Change your habits, attitudes, motivation, behavior, increase your financial literacy
- Outside your control – society, pandemic environment, social and economic environment

Ask the participants: What do you think about the video, was something that remained vivid in your mind after watching the video? Use the card D1S1C2 and ask the participants - Have you ever thought about your wellbeing?

Task: Well-being for entrepreneurs – invite the participants to imagine an ideal context in which they have financial resources. Ask them to list/draw the following; they can use also the finding from the Jar exercise: (use the cards to go through all questions)

1. The aspects related to your business that you have control over day-to-day, month-to-month finances. Use the card D1S1C3 and invite the participants to list all the things that you have control over.
2. Think about what are the aspects related to the capacity to assess a risk and absorb a financial shock in your business. List everything you need to have/know/learn etc.

3. Think about how are you going to ensure the fact that you are on track to meet both your entrepreneurial and financial goals. – Use card D1S1C4
4. Imagine the moment in which you have the financial freedom to make the choices that allow you to enjoy life. Describe this status as detailed as you can.
5. Come back from the ideal scenario and set for yourself at least 3 steps/actions/measures that you can do starting from this moment that will help you achieve financial well-being Use card D1S1C5

Tools needed

- Laptop and internet connection; Video projector and speakers;
- Papers or notebooks; Pencils

Resources for trainer - in order to better prepare to facilitate for the activity

- **R1 What is understood about what financial well**
- **Video Financial Literacy vs Financial Wellbeing**

Cards needed for the activity

D1S1C2

D1S1C3

D1S1C4

D1S1C5

D1 S1 Resource UNDERSTANDING FINANCIAL WELLBEING

1. What is understood about what financial well-being is, what behaviors lead to it, and what knowledge, skills, and attitudes support those behaviors?

2. How are financial knowledge and awareness translated into financial behaviors and capability that lead to a greater financial well-being?

1.1. UNDERSTANDING FINANCIAL WELL-BEING

Financial well-being can be defined as a state of being wherein, a young entrepreneur can fully meet their current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow the enjoyment of life. Financial well-being is not static, it describes a continuum ranging from severe financial stress to being highly satisfied with one's own financial situation not strictly aligned with income level. So, through learning efforts, and given reasonable opportunity and supports, any young entrepreneur can move along this continuum to a greater financial well-being where an entrepreneur:

1. has control over day-to-day, month-to-month finances.

2. has the capacity to assess a risk and absorb a financial shock.

3. is on track to meet both his/her entrepreneurial and financial goals.

4. has the financial freedom to make the choices that allow him/her to enjoy life.

These elements of financial well-being are connected though a time-frame dimension: the first and fourth pertain mainly to a young entrepreneur's present situation, and the second and third elements pertain to securing the future, as shown in table-1.

Table-1. Elements of financial well-being

	PRESENT	FUTURE
SECURITY	Control over day-to-day, month-to-month finances: ● It means that an entrepreneur feels more in control of their day-to-day financial life. They manage their finances; their finances do not manage them. They can cover expenses and pay bills on time, and do not worry about having enough money to get by.	Capacity to assess a risk and absorb a financial shock: ● It means an entrepreneur has the capacity to assess financial risks and absorb a financial shock. A combination of factors such as running an impactful, sustainable venture, personal savings, or holding insurance help to cope with unforeseen financial challenges.
FREEDOM OF CHOICE	Financial freedom to make the choices that allow to enjoy life: ● It means that an entrepreneur can make choices that allow him or her to enjoy life. That is, a young entrepreneur can afford "wants" such as being able to go out to dinner or take a vacation, in addition to meeting their "needs" and they are able to make choices such as to be generous toward their friends, or family, and aim to make a positive impact on the broad community.	On track to meet both entrepreneurial and financial goals: ● It means that an entrepreneur is on track to meet both their entrepreneurial and financial goals. They have formal or informal entrepreneurial strategy, financial system, and an impact measurement plan that allow them to actively work toward achieving their goals such as saving to buy a car or home, paying off loans, or saving for retirement.

Since people do value different things, traditional measures such as income or net worth, though important, they do not necessarily fully capture the last element of financial well-being. So, this section aims at identifying specific types of knowledge, behavior, and skills that can help a young entrepreneur to achieve a greater financial well-being. It begins by looking at the

behaviors that, given the customers' current unmet needs, unfulfilled gaps, and available opportunities, can be leveraged to reach young entrepreneurs' financial well-being. This is important because structural opportunities such as economic context, family wealth, connections, access to education, and geographic location play a major role in financial well-being. Hence, in one way or the other, the entrepreneur's behaviors must interact with the customer's unmet needs, unfulfilled gaps, and opportunities to develop a level of financial capability and behaviors that produces financial well-being. But this requires a set of knowledge and skills that can support those behaviors, recognizing the existence and influence of factors such as decision-making skills, personal attitudes, non-cognitive skills, personality traits, that appear to also be supporting those behaviors.

1.2. UNDERSTANDING FINANCIAL BEHAVIORS

Herein, we will focus on two types of behaviors that support financial well-being:

1. Effective routine money management, which encompasses often unconscious habits, intuitions, and decision-making shortcuts.
2. Financial awareness and knowledge-seeking, which support purposeful, informed financial decision-making.

1.2.1. Behaviors related to effective, routine money management

Though the ability of an entrepreneur to make conscious financial decisions is a key factor in achieving a higher level of financial well-being, it often happens that young entrepreneurs rely on unconscious decision-making strategies to navigate their day-to-day financial lives. Effective routine money management encompasses two high level concepts:

1. managing the money that goes out: *or living within means*; and
2. managing the money that comes in: *or having enough income to cover needs*.

Table-2. Behaviors related to effective, routine money management

Concepts related to living within means	Concepts related to maintaining income
• The ability of an entrepreneur to being frugal or cheap. Indeed, frugality is a learnable lifestyle skill that organizes	• Doing whatever it takes to run the venture. One of the most drivers of financial well-being is running an

one's financial behaviors around a central focus of being disciplined, consciously choosing to spend money wisely and relying on budgeting to differentiate between needs and wants as a simple binary approach to prioritizing spending. ● The ability of an entrepreneur to maintain an intentional lifestyle. Being content with what one has or dismissing the allure of a free-spending lifestyle, is one way to achieve financial well-being. The focus is on contentment rather than on sacrifice as with frugality. ● Using credit cards prudently if any. Focusing on the importance of managing resources effectively, many argue that credit card debt is a symptom of failure, a behavior revealing an inability to plan.	impactful, and yet sustainable entrepreneurial venture. For many young entrepreneurs, often in the initial phase of a venture they do and spend what it takes to run the venture. That is, spending more without making any substantial income over time, this might come in addition to providing for themselves or their family. In some cases, this means taking loans that they would not normally take to secure money to cover expenses which can misleadingly be argued as being entrepreneurial and taking risks. For many young entrepreneurs such a focus on making money without consciously relying on the budget or focusing on expenditure vs income, indicates unlearned skills or low behavior level due to lack of access to financial education.

1.2.2. Behaviors related to financial awareness and knowledge-seeking

During our research survey on financial literacy and youth entrepreneurship, when young entrepreneurs were asked who they consult when faced with financial questions, they responded personal experience and seeking information from their team members, family, or friends. In addition, they responded that observing and learning from both positive and negative examples of behaviors from those around them help understand the importance of learning from setbacks, mistakes, and failures. So, keeping to these views; behaviors of the young entrepreneurs related to financial awareness and knowledge-seeking could be categorized as:

1. Relying on team members, family, or friends for knowledge: team members are a valuable source of financial knowledge as they can offer a different perspective and serve as a trusted sounding board. Family members like parents are helpful as they are trusted, understand their children's situations and can thus provide valuable financial guidance. Informal conversations exchange with friends are often used as sounding boards to feel more confident that one is doing the right sorts of things and making the best choices.

2. Relying on personal experience and examples from others: commonly, one of the best assets of an entrepreneur is understanding the importance of searching, creating, or using the opportunities that are available to them within community. This can be as simple as using those around them as resources such as gaining knowledge from observing the mistakes of other entrepreneurs or seeking out information when it comes time to make plans for investing, saving strategies, scaling impact, etc.

3. Doing formal, informal financial research: this can mean different things to different entrepreneurs as some might assume that doing market research is enough, but doing formal, informal financial research such as studying a topic or looking it up, is important. It helps seek out information and then evaluate its fit for one's particular situation, and it opens opportunities to further reach out to a financial practitioner either as a source of knowledge or to use as a sounding board since one has already some ideas and notions about the topic.

4. Getting education and training as a pathway to financial literacy: in addition to its other benefits, access to education and training, even when not explicitly financial in content, is a great tool for achieving financial well-being. For example, media and information literacy provides knowledge including digital skills and knowledge about how to do research, seek, and evaluate information that allows one to make better, informed financial decisions. Indicators such as access to education and training from an earlier age, have proven to be highly correlated with positive financial behaviors and outcomes among young entrepreneurs.

1.3. UNDERSTANDING FINANCIAL KNOWLEDGE & SKILLS

The focus hereafter is on trying to understand what kind of knowledge is most likely to influence financial behaviors, and how it does so; by reviewing the connections between knowledge and behavior in the field of financial literacy and youth entrepreneurship. To form this understanding, we asked survey respondents to share with us the most valuable financial lessons they learned by running their entrepreneurial venture, what behaviors had proven the most helpful in their financial decision-making, and what knowledge they considered the most important to have. The first key finding in these areas was that factual financial knowledge itself is not sufficient to drive behavior, behavior change since the link between the knowledge and behavior is always mediated by individual characteristics such as attitudes, and non-cognitive skills, and by the context in which the decision is made or action is taken. Even when one possesses knowledge of a topic, whether that knowledge is processed in such a way as to inform behaviors depends on a few different intermediary factors: personal efficacy; one's perception of what is appropriate; one's attitude towards the contemplated behavior; and one's intention.

That is, even though the knowledge might exist, its use is in one way or the other affected by the behavior, the individual's attribute, and decision's circumstances since the context, and structure opportunities influence individual choices. This highlights the importance of knowing how to do things in a particular context rather than possessing the knowledge of particular facts. Fundamentally, the concept of skill means knowing how to do things, not just knowing what they are. Hence, if we apply this hypothesis in the financial knowledge domain, the type of knowledge that is most likely to support or predict financial behaviors that are supportive of financial well-being is a set of skills called financial ability. It is further explored in session-1.2. At this stage, we can form a common understanding on the notion of financial ability: that in addition to the knowledge component, financial literacy has an action component; that is to say, the ability or the skills to put financial knowledge to use.

D1 S2 What it means to be an entrepreneur

Beginner

Activity purpose/ goal:

- To know and understand your entrepreneur profile
- To help you define your business idea
- To help you define your customers
- To know your supply chain

Time needed for the activity: 90 min

Activity steps – details for trainer

Instrument 1 Entrepreneurial Profile – 15 min

Give the participants access to the instrument handout and instructions, ask them to fill each cell with information about themselves - Use card D1S2C1

Instrument 2 Business idea – 20 min

Give the participants access to the instrument and instructions, The purpose of this tool is to help the participants to define their business and the perspective from which they want to help their community - Use card D1S2C2

Instrument 4 Knowing Customers – 15 min

The role of this tool is to help them to define the customers. They have to delimit the quantitative and qualitative characteristics that they should follow for your clients - Use card D1S2C4

Instrument 7 Supply chain – 20 min

This tool brings to the forefront the supply chain of their business. All products and services go through all or a few stages in this chain - Use card D1S2C7

Presentation – 20 min

Allow the participants to present their work by speaking in the large group.
Or split them in to smaller groups (ex 4 participants in a group) and give them the task to share their work, in this way each participant will have more time to speak.

Debriefing questions

- How would you describe your Business now after going through all the instruments?
- What surprised you during this process?
- What next steps do you give yourself in order to better define your business

Tools needed

- Instruments & instructions for each instrument

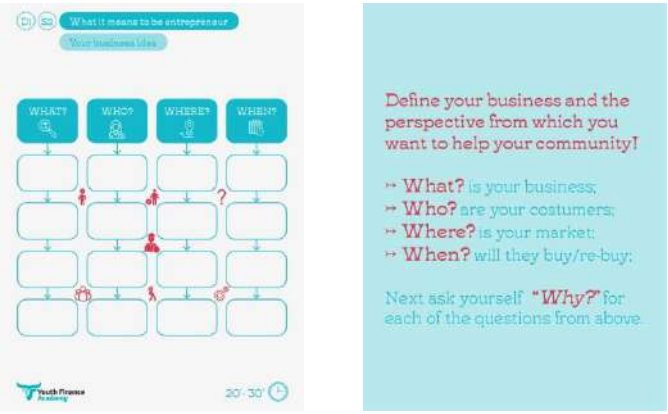
Resources for trainer - in order to better prepare to facilitate for the activity

-n.a.

Cards needed for the activity

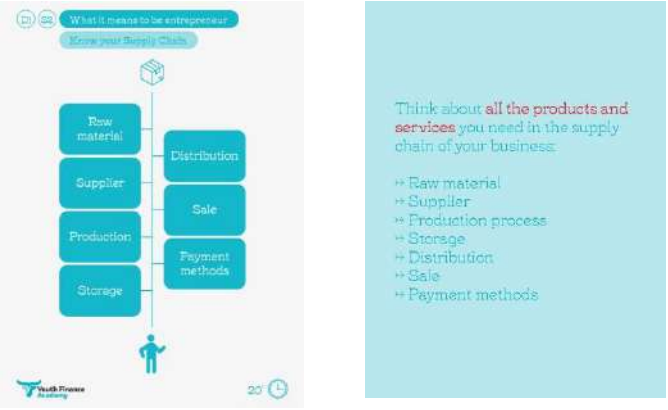
D1S2C1

D1S2C2



D1S2C4

D1S2C7



D1 S2 **What it means to be an entrepreneur** Intermediate

Activity purpose/ goal:

- To know and understand your entrepreneur profile
- To help you define your business idea
- To help you define your customers
- To know your supply chain

Time needed for the activity: 90 min

Activity steps – details for trainer

Give the participates access to the instruments presented on the cards, and allow them time to think and answer to all of the question from each instrument

Instrument 1 Entrepreneurial Profile – 15 min

This tool aims to help you shape your entrepreneurial profile. We will analyze those elements such as your vision of resources, skills, challenges and limitations that will help you achieve a realistic picture of the abilities and skills that you have - Use card D1S2C1

Instrument 3 Defining business Idea – 15 min

This tool aims to help you finalize your business idea based on the ideas extracted from the other tools - Use card D1S2C3

Instrument 5 Customer orientation – 15 min

This tool must be completed from the point of view of customers, more precisely, we must identify from the perspective of customers what needs they have, how we can solve these needs with the help of our business. We must also point out the added value that the product / service offers to customers to meet their needs, depending on the solutions identified - Use card D1S2C5

Instrument no 6 Defining your business through the eyes of the customers – 15 min

The role of this tool is to help them to define the customers. They have to delimit the quantitative and qualitative characteristics that they should follow for your clients. - Use card D1S2C6

Instrument 7 Supply chain – 15 min

This tool brings to the forefront the supply chain of their business. All products and services go through all or a few stages in this chain. - Use card D1S2C7

Presentation – 20 min

Allow the participants to present their work by speaking in the large group.

Or split them in to smaller groups (ex 4 participants in a group) and give them the task to share their work, in this way each participant will have more time to speak.

Debriefing questions

- How would you describe your Business now after going through all the instruments?
- What surprised you during this process?
- What next steps do you give yourself in order to better define your business

Tools needed

- Instruments & instructions for each instrument

Cards needed for the activity

D1S2C1

Define who you are as an entrepreneur!

- Analize your resources, skills, challenges and limitations;
- Create a realistic picture of the abilities and skills that you have;
- Answer the questions from the instrument and at the end conclude **the shape of your entrepreneurial profile!**

D1S2C3

Finalize defineing your business idea based the solutions proposed

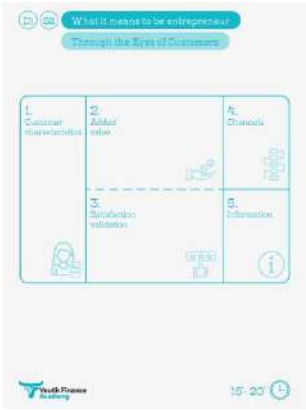
- What is the problem you want to solve/adress?
- Think about some radical ideas to solve it;
- Focus on identifying some realistic solutions, which can be implemented at the community level;
- Transformt the solution into the purpose of your business.

D1S2C5

Answer the questions from the point of view of your future customers

- Identify the **specific needs** of your target group;
- Come up with the **best solutions** that directly meet these needs;
- Point out the **added value** of the solutions through which our business stands out from the existing competition on the market.

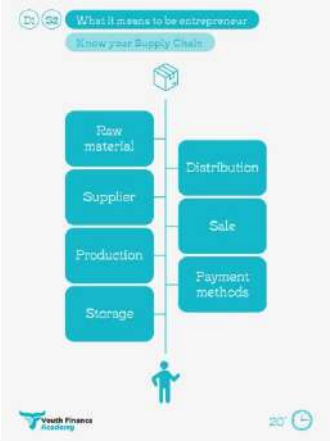
D1S2C6



Analyze, through the eyes of customers, how you can distribute the best information about your products or services

- Note all the customer characteristics and all the value-added features;
- Think what expectations has been met by the added value;
- Identify the most effective channels of communication;
- What information do you send to reach your customer segment.

D1S2C7



Thing about **all products and services** you need in the supply chain of your business:

- Raw material
- Supplier
- Production process
- Storage
- Distribution
- Sale
- Payment methods

D1 S2

What it means to be an entrepreneur

Entrepreneurial Profile - instructions

This tool aims to help you shape your entrepreneurial profile. We will analyze those elements such as your vision of resources, skills, challenges and limitations that will help you achieve a realistic picture of the abilities and skills that you have.

We invite you to answer the following questions and at the end to conclude and shape your entrepreneurial profile!

Question:

1. Who am I and what resources do I have? What knowledge, skills and attitudes do I have and what is important to me from a social and material point of view? What knowledge or studies do I have in certain fields? What skills have I learned and how can I put them into practice through the business I want to set up, what motivates me and what resources (material, social, financial, informational) do I have that I can use?
2. What do I know how to do? What are my key skills? What theoretical and practical skills do I master? Can I transpose what I'm doing right now into my business? What are those skills that I need and can develop before opening a business?
3. Who am I serving? Who CAN I help? How can my skills and resources (identified in Q1&2) be available to meet the needs of clients / groups / community? What will an analysis look like, from the point of view of both the people and the community I belong to or on which my business will be addressed?
4. What am I offering? What can I offer as an individual? What will my products / services look like? Will I have physical production? Will I offer online services or a mix between the two? Do I plan to offer a single product / service? Do I want to diversify my offer over time?
5. What do I get? What do I earn? What do I receive as an individual: personal satisfaction, motivation, acceptance from others? What material gains do I propose? Regarding the people / community which I want to help through the profile of my business, what are

my advantages? (community loyalty as customers, improving the local situation, increasing the skills of your own or potential employees? A cleaner and healthier environment in which to work?)

6. What is my challenge? What limits do I have? Will I be able to support myself only from my business? Will they respond to people / community in my attempt to help? Do I have enough resources or ways to get resources for my business to be sustainable for me? Will I have difficulties in terms of human resources?

7. Who can help me? Do I have a network of friends / family / acquaintances who have experience and will to help me in various stages of my business, such as legal knowledge to set up the business, accounting / financial experts, non-formal leaders to motivate the community?

D1 S2

What it means to be entrepreneur

A1 Your entrepreneurial

1. Who am I and what resources do I have?	2. What do I know to do? What are my key skills?
3. Who am I serving? Who **can** I help?	6. What is my challenge? What limits do I have?
4. What am I offering?	5. What do I get? What do I earn?
	7. Who can help me?

Youth Finance Academy

15'-20'

D1 S2

What it means to be an entrepreneur

A2 – Your business idea

The purpose of this tool is to help you define your business and the perspective from which you want to help your community.

Steps:

1. Answer the most important questions about your business:
   1.1 What? - What is your business in terms of the products / services you offer?
   1.2 Who? - Who are you addressing, who are your buyers / consumers?
   1.3 Where? - What is your market? Where are your customers?
   1.4 When? - When will your customers buy the product / service? What about re-buying?
   1.5 Why? - Why are the answers to these questions representative of your business and will motivate potential customers to choose your product / service?

2. Next ask yourself ``Why ?``for each of the questions from above

For example: for the question What is your business in terms of the products / services you offer? -> write your first answer in the top cell, then askyourself Why(is relevant the first answer) and write the answer in the second cell in column corresponding to each arrow. Then ask yourself again Why(is relevant the second answer)? And so on for each cess. The goal is to reach an in-depth argument on the aspects of your business and to discover arguments to support your market need for your product / service.

D1 S2

What it means to be entrepreneur

A2 Your business idea

WHAT?	WHO?	WHERE?	WHEN?

Youth Finance Academy

20'- 30'

D1 S2

What it means to be an entrepreneur

A3 – Your business idea - 2

This tool aims to help you finalize your business idea based on the ideas extracted from the other tools.

Steps:

1. The main problem identified in the community that we want to solve will be noted (resulting from instrument 2)

2. Some radical ideas will be passed through which the problem can be solved. We encourage you to come up with ideas that are as creative and out of the ordinary as possible, even if they are not realistic or concrete.

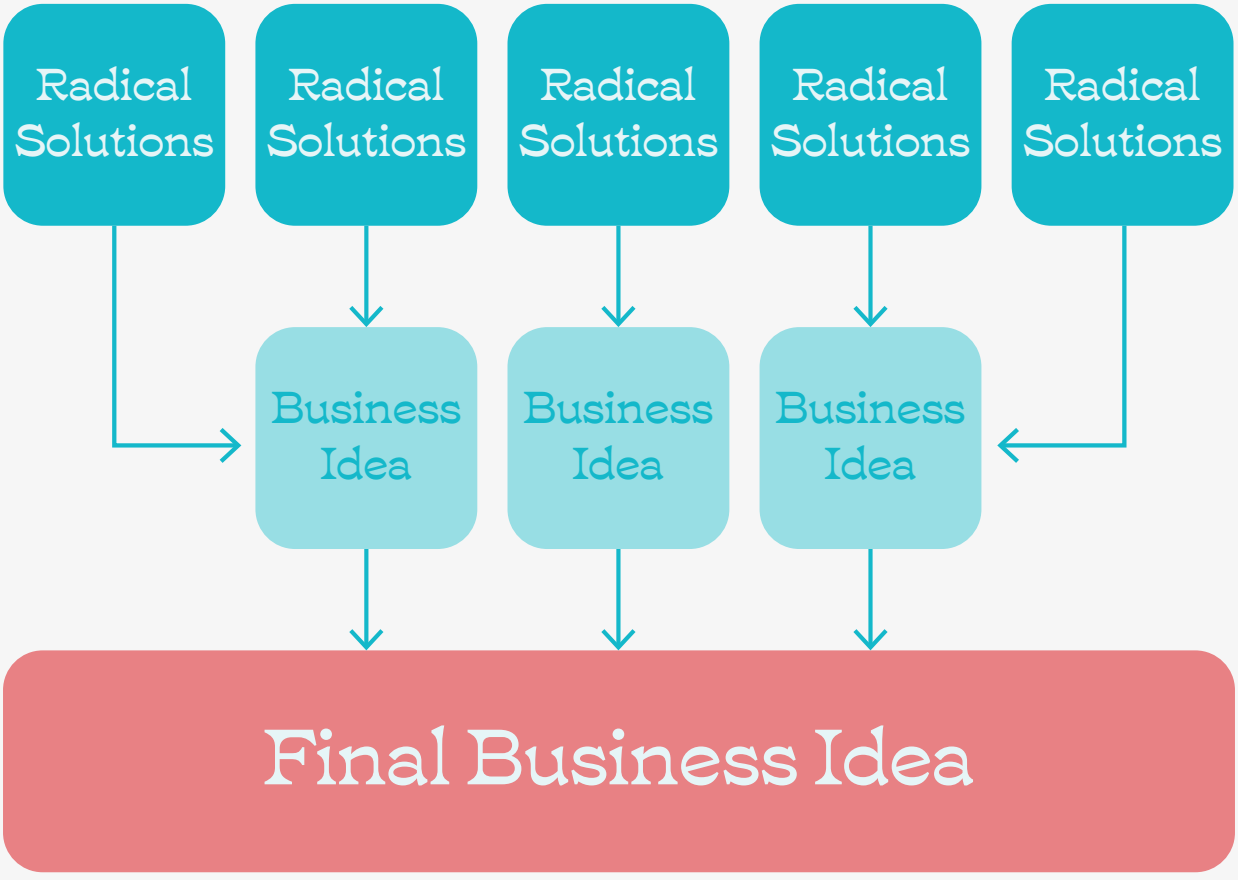
3. After eliminating the most out of the ordinary situations or radical situations, we can focus on identifying some realistic solutions, which can be implemented at the community level, with defined resources.

 At this step we can replace radical solutions with negative practices - which we do not want in any way to present, the worst services / products and practices of relationships with the community and customers we can think of.

4. The identified solutions will materialize in a single idea - this solution will become the object of your business.

A3 Your business idea

Problem:



15' - 20'

D1 S2

What it means to be an entrepreneur

A4 Knowing your customers

The role of this tool is to help you define your customers. We will delimit the quantitative and qualitative characteristics that you should follow for your clients.

Steps:

1. The first characteristics that we seek to identify are the quantitative ones and we will follow:

1.1. your clients live and operate in rural or urban areas,

1.2. the age groups we are addressing,

1.3. average income,

1.4. demographic data such as gender, etc.

For all this there can be several categories of answers.

2. The second fractionation will be performed with those qualitative characteristics, personal values, such as:

2.1. cultural values (do your customers have traditional or modernist values?),

2.2. social values (where they place values such as equality, friendship, family, responsibility, justice, empathy, solidarity, social initiatives, etc.),

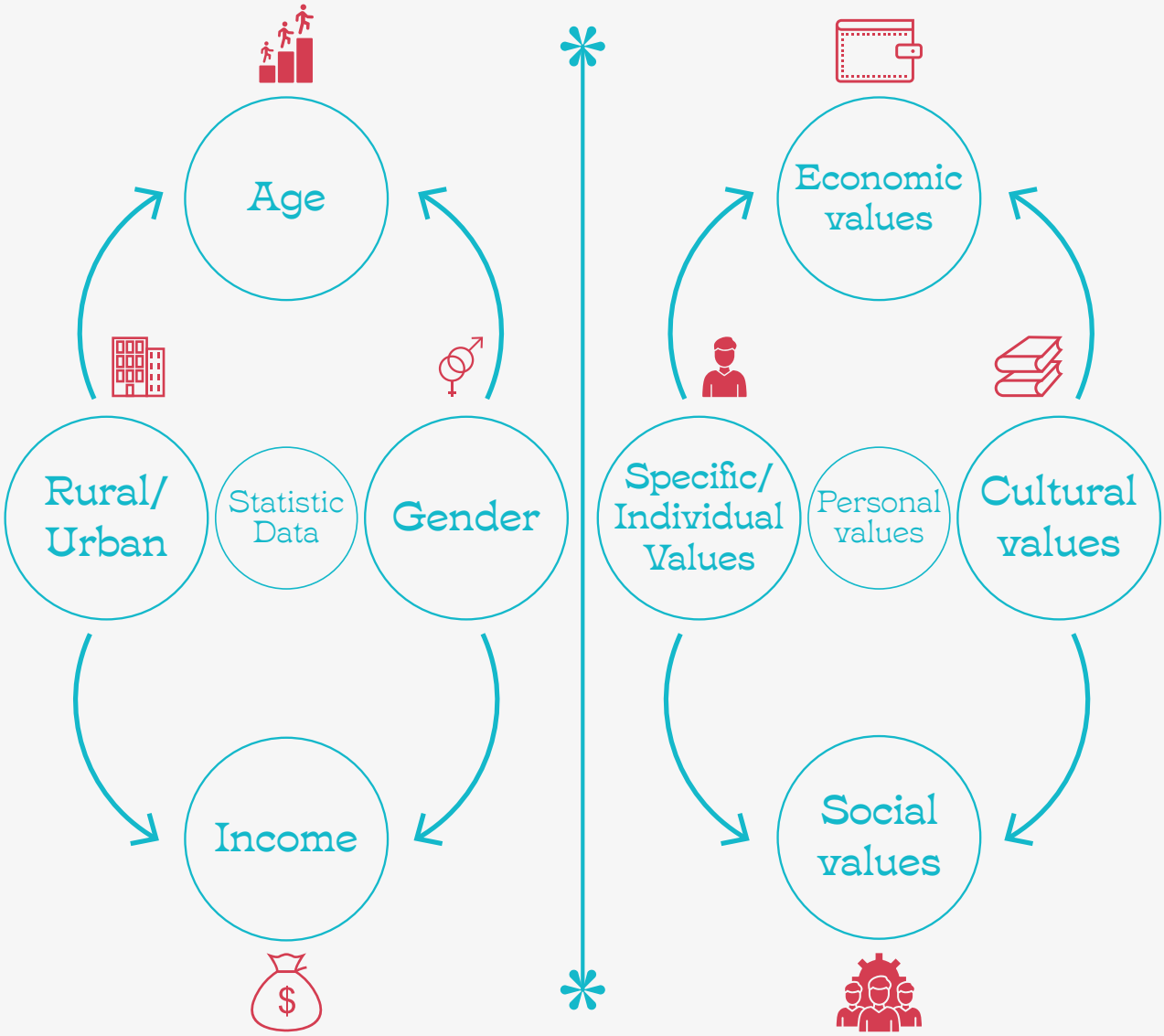
2.3. economic values (do you prefer quality at a higher price ?, the ease with which products / services can be purchased or are you looking for exclusivity ?, are they adept at the principle of quality vs. price?)

2.4. specific / individual values (adaptability, willingness to take risks, professional vs. personal balance, ethics, fairness, etc.)

D1 S2

What it means to be entrepreneur

A4 Knowing your Customers



Youth Finance Academy

15' - 20'

D1 S2 **What it means to be an entrepreneur**

A5 – Customer Orientation - instructions

This tool must be completed from the point of view of customers, more precisely, we must identify from the perspective of customers what needs they have, how we can solve these needs with the help of our business. We must also point out the added value that the product / service offers to customers to meet their needs, depending on the solutions identified.

Steps:

1. We will identify the specific needs of our customer group (identified in the previous tool),
2. After identifying the needs, we must come up with the best solutions that directly meet these needs, given the specifics of our business,
3. In this step we must bring to the fore the added value of the identified solutions through which our business stands out from the existing competition on the market. The needs of customers (with solutions), of which they may not be aware yet, must also be considered.

A5 Customer orientation

Needs	Solutions	Value Added
Identify customer needs for services/ products	Identify the best solutions to meet the identified needs	Present the added value through which your business helps to solve the needs and reach the best solutions for the customers

15'- 20'

D1 S2 **What it means to be an entrepreneur**

A6 – Through the eyes of the customer - Instructions

The role of this tool is to conduct a business analysis with customers. After identifying the characteristics of customers (through tool 4) and their needs (through tool 5), we perform through this tool a co-creation session with our potential buyers with which we can identify the level of satisfaction with the products / services offered. We will also analyze how we can distribute the best information about our products / services and related channels.

Steps:

1. We will note all the customer characteristics identified in Instrument 4 in the relevant column,
2. We will pass on all the value-added features that we have identified in Instrument 5,
3. Together with customers, we will validate the added value we identify. We will try to identify what expectations have been met by the added value, as well as: Aspects related to Functionality, Accessibility, Emotional, Individual, Social, etc.,
4. In order to identify the most effective channels, we need to answer (but are not limited to) the following questions:

. Through which channels do customers want the information to reach them?

a. How are the communication channels connected?

b. Is there a common strategy or will the content on each channel be customized?

c. Which channels are the most effective for our customer segment?

d. Which channels are the most cost-effective?

5. All channels used, whether related to promotion, customer attraction, diversification, presentation of added value must be correlated with specific information. Thus, we will try to answer (but are not limited to) the following questions:

. What information do we send to reach our customer segment?

a. How do we correlate the information transmitted with the satisfaction points presented by customers?

b. How do we diversify the information along the way according to the feedback received?

D1 S2

What it means to be entrepreneur

A6 Through the Eyes of Customers

1. Customer characteristics	2. Added value	4. Channels
	3. Satisfaction validation	5. Information

Youth Finance Academy

15'- 20'

D1 S2

What it means to be an entrepreneur

A7 – Supply chain - Instructions

This tool brings to the forefront the supply chain of your business. All products and services go through all or a few stages in this chain (you may not complete those categories that do not fit your business or you may add new ones).

Steps:

1. Raw material - Where will you get your raw material for the products? Are they procured in a sustainable way for the environment and for people? In the case of services, the raw material must be viewed in the light of employees' knowledge and skills.

2. Supplier - Does it have ethical principles that are consistent with yours? I'm trustworthy? What market are you working in? Have you collaborated with them on another occasion?

3. Production - Will this process follow ethical and sustainable principles that allow employees material and inner satisfaction? Will the products be created locally, on the principle of short chains?

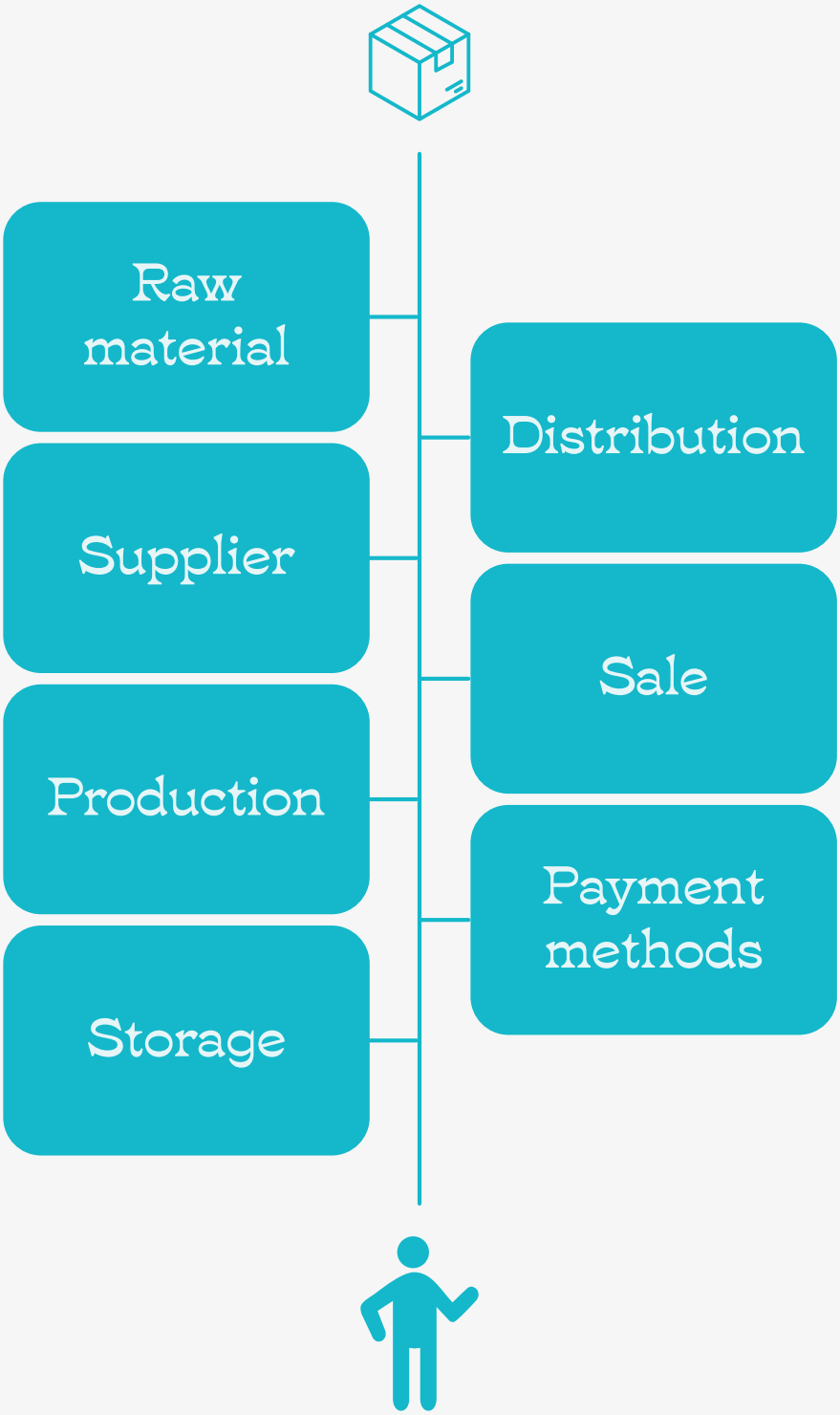
4. Storage - Do the products need to be stored under special circumstances? Can they be adversely affected by improper storage? Will it be a separately contracted service or will it be part of the distribution? Does the storage space work efficiently and with low CO2 emissions?

5. Distribution - If you deliver directly, is the mode of transport efficient, clean and low in CO2? Are the packaging used sustainable? Will you subcontract the service? Do they have ethical principles that are consistent with yours? I'm trustworthy? What market are you working in? Have you collaborated with them on another occasion?

6. Sale - How will you ensure the sale of your products? Online or physically? How will you send the products in the case of the physical ones?

7. Payment methods - If you sell online, what payment systems will you use? What about online security of monetary data and transactions?

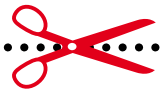
A7 Know your Supply Chain



The Trading Game

Diagram of shapes

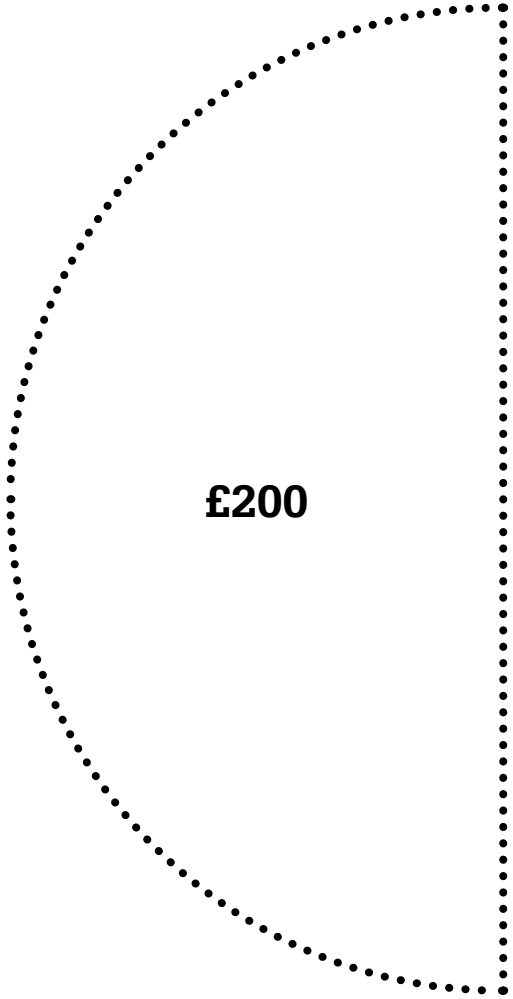
All edges must be cut with a pair of scissors



Rules

There are four simple rules:

1. All the shapes must be cut with clean sharp edges using scissors and must be the exact size shown. Take the shapes to the banker in batches of five to be credited to your account.
2. You may only use the materials provided.
3. There is to be no cheating or physical force during the game.
4. The leader will intervene in any disagreements.



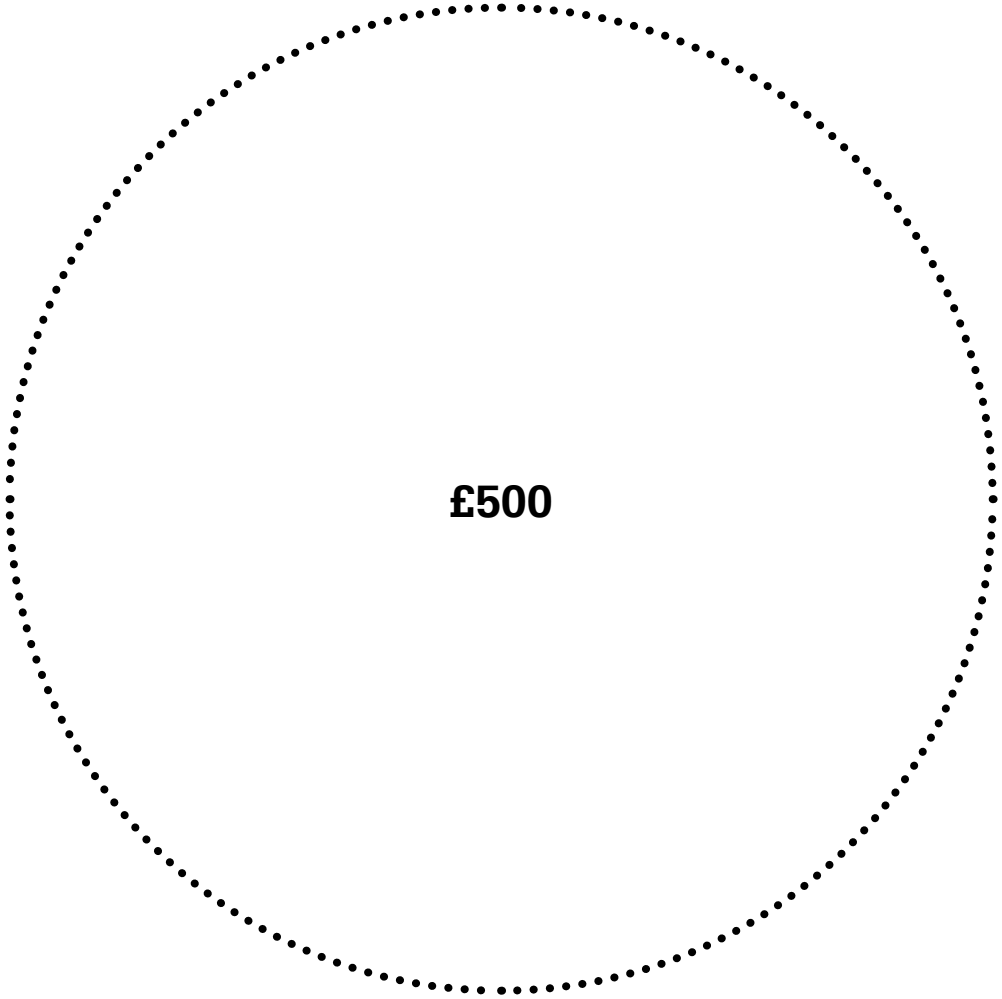
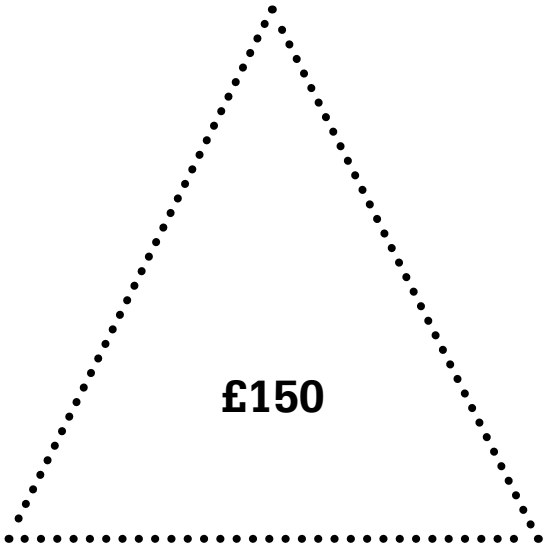
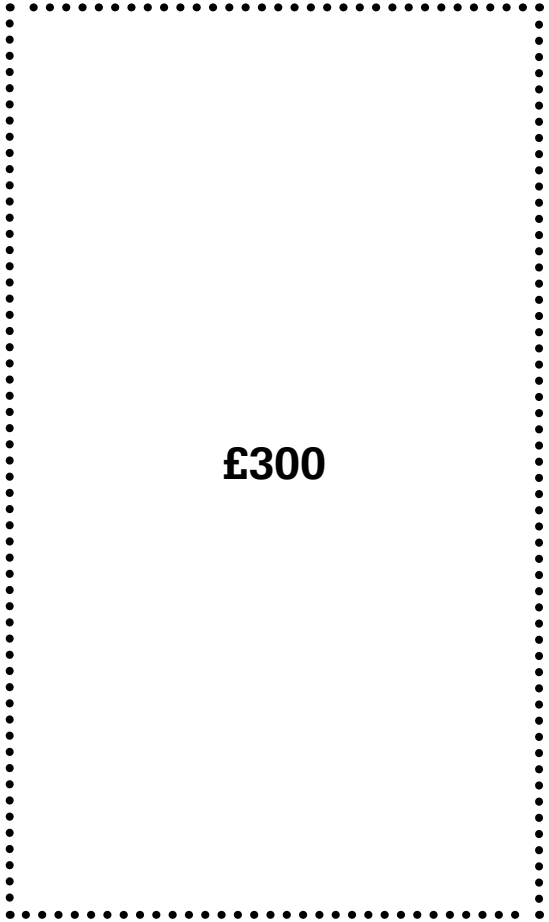
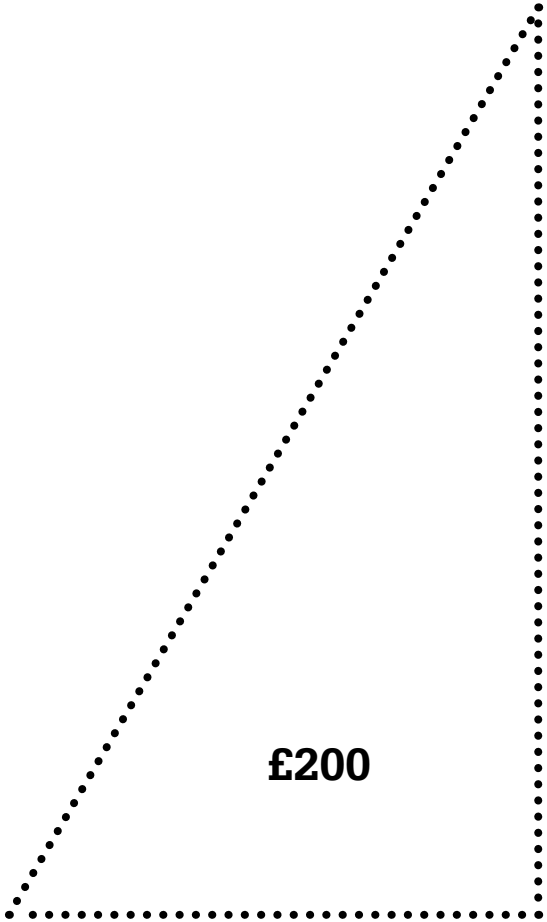


Diagram of shapes

All edges must be cut with a pair of scissors







D1 S3 **Decision making** **Trade Game**

Activity purpose/ goal: To increase awareness on participants about the decision making process and its consequences

Time needed for the activity: 90 min

Activity steps – details for trainer

The trade game – inspired activity

Objectives of the game

Use card D1S3C1 in order to introduce the activity - Each group tries to make as much money as possible using only the materials they are given. They can make money by manufacturing and selling goods. The object is to manufacture as many shapes as possible – the more they make the wealthier they will be.

Instructions

1. Split the players into 4 groups as mentioned in the table below. Allocate each group an area in the room or hall and a set of materials as indicated.

2. Prepare in advance 4 envelopes/boxes that will contain the materials listed bellow

Group A
1 Diagram of shapes as model
2 pairs of scissors
2 rulers
1 compass/round shape
1 white sheet of paper
6 x £150 shape papers (£150=triangle shape)
4 lead pencils

Group B x 2
1 Diagram of shapes as model
10 x white sheets of paper
2 x £150 papers (£150=triangle shape)
1 colored sheet of paper

Group C
1 Diagram of shapes as model
4 white sheets of paper
2 £150 papers (£150=triangle shape)
2 pencils

Group	Possible countries	Players per group	How many groups are
A	UK Italy US France	6	1
B	India Brazil Peru Nigeria	5	2
C	Tanzania Kenya Cambodia Ghana	4	2
In total you will have 1 group A of 6 participants, 2 groups B each of 5 participants, and 1 group C of 4 participants			

3. Each group has to manufactures products from raw materials, which are represented by paper shapes of different values. They will have to reproduce the exact same shape as in the Diagram of shape, any other dimension it is validated.

4. The manufacturing and trading should continue for ~30 minutes, depending on the size and interest of the group

Change of situation examples – Use card D1S3C2 to change the situation

5. While manufacturing and trading occurs, the game leader can change the terms of trade and create new trading situations, which reflect real-life situations

- Change market values: After a while, change the value of some of the shapes. For example, if you drop the value of circles from £500 to £200, the rich groups will find that their compasses are no longer as useful as they were.
- Use the colored paper - Group B has a sheet of colored paper. They are not told anything about it and may not even notice that they have it.
- Supply extra raw materials - Feed some of your own secret supply of extra paper to one of the groups and announce to the world (all the groups) that a new raw-material deposit has been discovered one of the group. If this is done late in the game, when everyone is running short of paper, it will quickly change relationships between the groups.

Additional Instructions for the trainer

At the beginning of the game, the players may be confused or puzzled, and bombard you with questions: 'Why haven't we got scissors/paper/etc?' 'Where can I get scissors?' 'Can we borrow scissors?' 'Can we trade?' 'What's the colored paper for?' **Resist all temptation to answer – simply repeat the rules or stay silent.**

After a minute or two of confusion, players should start moving around the room and begin trading. Remember: the initiative should come from them, not you.

Take note of what is happening - The A Group will begin making shapes immediately as they have all the necessary materials and equipment, but will soon run short of raw materials (paper) and will probably try to buy some from other groups. At first the groups with paper will probably sell it for a very low price; note how the 'terms of trade' change during the game as a result of the leader's interventions to create new trading situations.

Debriefing questions

When the game is finished, the players must express their feelings and experiences, understand how their the game reflected real-life world trading systems and explore the morality of trade.

It's not fair?

If the game goes according to plan, it should soon become clear to some of the groups that the whole set-up is unbalanced right from the start. The groups' resources are unequal, and complaints of 'it's not fair' will soon reach the leader

How did it feel?

When the game is over, players will require some time to settle down. You will need to patiently steer and guide the debriefing. The feelings of unfairness that some players experienced will provide a useful starting point for discussion. Begin by asking groups how they felt about being poor or rich. Ask them to recall incidents in the game and to discuss their reactions to what happened.

What's it all about?

Next, try to help groups see that the game isn't 'just a game', but a sort of 'acted parable' that tries to reflect the way the world's systems. What kind of connections they can make with real life decision making

Tools needed

- 4 Diagram of shapes printed
- 2 pairs of scissors
- 2 rulers
- 1 compass/round shape
- 20 white sheet of papers
- 10 x £150 shape papers (£150=triangle shape)
- 6 lead pencils
- 2 colored sheet of papers

Resources for trainer - in order to better prepare to facilitate for the activity

- R1 – Diagram of shapes
- The activity is inspired from the Trade Game from the following link.
  https://www.christianaid.org.uk/get-involved/schools/trading-game
-

- R2 Financial decision-making process a common understanding on financial decision-making process

Cards needed for the activity

D1S3C1

D1S3C2

D1 S4

Financial planning

Introduction on financial planning and financial goals

Activity purpose/ goal: Increase awareness and knowledge amongst young entrepreneurs about the importance of having, understanding information about financial instruments and financial planning

Time needed for the activity: 60 min

Activity steps – details for trainer

1. Start de session by checking the level of information of the participants about Financial planning and financial goal

What means Financial planning and financial goals? Do you have a financial Plan or financial goal/Thought about it?

1. Project the following video https://www.youtube.com/watch?v=7q6sAPAV7F4

After the visualization ask the participants

- What do you think about this approach to financial planning?
- Is it suitable for your business?
- Do you know others ways/instruments to help an entrepreneur to plan his finances?

2. Use card D1S4C1 and introduce the activity - Give the participants the Handout 1 Financial Planning and allow them to think about each section. The objective of this exercise is to allow entrepreneurs to make an personal analysis of their capacity to make their financial plan by identifying their Strengths and Weaknesses

Debriefing questions

- How did you find the task?
- Did you manage to make it?
- What was the hardest part?

Tools needed

- Laptop

- Projector
- Speakers
- Handout 1 Financial Planning

Resources for trainer - in order to better prepare to facilitate for the activity

- R1 Common understanding on financial instruments

Cards needed for the activity:

D1S4C1

D1 S4

H1 Financial planning

6 components of financial projections

Handout 1: Introduction 6 components of financial projections for your business plan

	Strengths	Weakness
Financial Goals and Objectives Think about how clear are your financial business objectives to you. Write you objective down, if they are not that clear think about what else do you need to know in order to establish you financial goals.		
Income tax planning Have you made an evaluation/research of the taxes, including income taxes in your country? What kind of taxes have you identified that applies to your business? Have you made a forecast of those taxes over the year? What information do you still need?		
Budget sheets How much experimented are you on reading/using a balance sheet? How likely are you to keep your own registers? What information do you need in order to do that?		
Risk management and insurance What kind of risk analysis have		

you made for your business? Do you have an insurance plan? How do you plan to do that?		
Cash flow statement What is the level of cash flow what will ensure your financial wellbeing? What kind of beck-up measures have you plan in order to ensure the needed cash flow for your business?		
Investment planning Do you have a financial projection of investments? What is your breakeven point? What is the level of cash flow that will allow your business to make also strategic investments?		

D1 S4 **Financial planning** **A2 - Network that matters**

Activity purpose/ goal: To capacitate the entrepreneurs with skills in order to identify the network that maters for their business

Time needed for the activity: 30 min

Activity steps – details for trainer

Networking goals - Think about your business and establish some goals regarding the network you want to develop near your business

Tip – The trainer can link this activity with the A1 Introduction on financial planning and financial goals and starting from the Strengths& Weakness identified to think about what kind of supporters/network do they need in order to increase the success chances of their business/

1. Use the card D1S4C2 and open the session by asking: What is a network? What is the value of it? Do you have one?
2. Split the group in to 3/4 groups (the task is suitable also for individual working) give them 1 or 2 flipchart pages and markers and ask the following questions:
   a. How to Build Your Network? Make a list of

- relevant clubs and groups you would like to join
- network events in you field of activity, that will bring added value to your business and will make your business more visible in the market time limit – 10 min

3. Watch this video - https://www.youtube.com/watch?v=UR8dZqn8rZc

Ask the participants to

- Reflect about the statement of "I am glad you are my mentor! He said, I am glad you are mine!" How do you see mentorship and the mentor relationship?
- What would be the one question you would ask your mentor?
- What expectations do you have from a mentor, define what you are looking for in the relationship between you and your mentor.

4. How to build/join/get involved in a meaningful network?
   Give to each group the task to come up with at least 3 steps in order to build/join/get involved in a meaningful network

Tips for Making New Connections

Tips that you can give the participants - After making the list of relevant clubs and groups you would like to join, the values of the people that you would like to have around you, take the extra mile and:

- Learn about their background
- Ask their goals
- Share knowledge
- Build relationship

Debriefing questions

- How did you find the task?
- Have you thought about network in this way?
- What do you take with you from this activity?

Tools needed

- Laptop
- Video-projector
- Speakers
- Flipchart papers
- markers

Resources for trainer - in order to better prepare to facilitate for the activity

- R2. Expanding a relevant network for a business

Cards needed for the activity

D1S4C2

D2 S1 **Accounting & Cash-Flow** **A1 Match the terms**

Activity purpose/ goal: - To understand the meaning of basic accounting terminology – Assets, Liabilities, Expenses, Revenue, Ownership Equity

- To reflect on the importance of accounting for a business

Time needed for the activity: 30 min

Activity steps – details for trainer

Use card D2S1C1 and introduce the following tasks

1. Ask the participants to come up with a definition to **accounting**.

Possible answer: Accounting is the process of recording financial transactions pertaining to a business. Its process includes summarizing, analyzing, and reporting these transactions to oversight agencies, regulators and tax collection entities. (Investopedia, n.d.)

2. Ask the participants to come up with a definition for an **account**.

Possible answer: On any day in any business, there will be a great many financial transactions taking place. In order to make sense or understand what is happening in the business it is necessary to categorize and sort similar transactions together into groups. In financial accounting however the term "category" is not used and instead the term "account" is used. The word account is often abbreviated to "a/c" and thus you will see "Sales a/c" and "Wages a/c". There are five broad classes of Account and they are: assets, liabilities, expenses, revenue, ownership equity. (Leoisaac.com, n.d.)

3. Divide participants into groups of 3 and present them with the handout *"Match the terms"*. Ask them to work in groups and match the terms to their definitions.

Debriefing questions

Ask the participants to reflect on why accounting is important and how it can help them develop their business.

Possible answer: A competency in accounting allows entrepreneurs (beginner and intermediate) to evaluate company performance and judge, which aspects work well and are worth

investment as well as which functions need improvement or are simply unnecessary or unprofitable. (Getonline, n.d.)

Tools needed

Printed handout 1 “Match the terms” or alternatively project the PDF on a big screen

Resources for trainer - in order to better prepare to facilitate for the activity

- n.a.

Cards needed for the activity

D2S1C1

D2 S1 **Handout 1** **A1 Accounting - Match the terms**

Activity: Connect the term with the correct definition. (*Solution second page*)

A. Assets
B. Liabilities
C. Expenses
D. Revenue
E. Ownership Equity

1. Includes accounts that summarize the inflow of money into a business resulting from the sale of inventories, services performed and general operations of the business (for example sales, rent received, commission received). (Leoisaac.com, n.d.)

2. This is the owner's investment or interest in the business. Ownership equity can always be worked out as the difference between the total of assets less the total of liabilities. In a non-profit organization, ownership equity is usually stated as "Accumulated Member's Funds". (Leoisaac.com, n.d.) In a normal (profit-making) company, ownership equity is usually stated as "Share Capital".

3. Includes accounts that summarize the amounts owed by the business to external parties (for example loans from banks or finance companies, mortgage on buildings and also in the shorter term - unpaid bills) (Leoisaac.com, n.d.)

4. Includes accounts that summarize the value of items owned by a business (for example land, motor vehicles, building, equipment, office furniture, stock) (Leoisaac.com, n.d.)

5. Includes accounts that summarize the outflow of money from a business or the loss or wastage of the business's resources. For example money is spent purchasing stock for resale, and on telephone, electricity, rent, rates, wages and motor vehicle expenses). (Leoisaac.com, n.d.)

Solution

Assets - Includes accounts that summarize the value of items owned by a business (for example land, motor vehicles, building, equipment, office furniture, stock) (Leoisaac.com, n.d.)

Liabilities - Includes accounts that summarize the amounts owed by the business to external parties (for example loans from banks or finance companies, mortgage on buildings and also in the shorter term - unpaid bills) (Leoisaac.com, n.d.)

Expenses - Includes accounts that summarize the outflow of money from a business or the loss or wastage of the business's resources. For example money is spent purchasing stock for resale, and on telephone, electricity, rent, rates, wages and motor vehicle expenses). (Leoisaac.com, n.d.)

Revenue - Includes accounts that summarize the inflow of money into a business resulting from the sale of inventories, services performed and general operations of the business (for example sales, rent received, commission received). (Leoisaac.com, n.d.)

Ownership Equity - This is the owner's investment or interest in the business. Ownership equity can always be worked out as the difference between the total of assets less the total of liabilities. In a non-profit organization, ownership equity is usually stated as "Accumulated Member's Funds". (Leoisaac.com, n.d.) In a normal (profit-making) company, ownership equity is usually stated as "Share Capital".

D2 S2 **Accounting & Cash-Flow** **A2 Cash Flow Chart**

Activity purpose / goal: Gain knowledge on cash flow

- Understand its practical use in the management of a venture

Time needed for the activity: 1 hour

Activity steps – details for trainer

1. Use the card D2S1C2 and ask the participants to come up with a definition to **cash flow.**

Possible answer: Cash flow from investing activities is money earned or spent on investments made by your business, such as buying equipment or investing in other businesses. (Investopedia, n.d.)

2. Instruct the participants to imagine their business cash flow as a tank with numerous pipes coming into the tank and multiple pipes going out of the tank (you can use the suggested image in the resources). Ask them to list all the possible inflows for their business (such as capital, profits, loans, investments, etc.) and all the potential outflows (e.g. bills, wages, expenses, etc.).

3. Divide them in groups of 3 and ask them to choose an example of a business (perhaps a personal example from their own experience as young entrepreneurs) and write specific income streams and expenditures for that business model.

4. Once they have completed their examples, you can dive further in the subject by asking them to make a monthly/quarterly cash flow forecast for their example (see table below for guidance).

Quarterly cash flow forecast			
	Cash Outflows	Cash Inflows	Cash Balance
1st Quarter	€	€	€
2nd Quarter	€		€
3rd Quarter	€	€	€
4th Quarter	€		€
TOTAL	€	€	€

Debriefing questions

Ask them why they think cash flow is important and how it can help them develop their business.

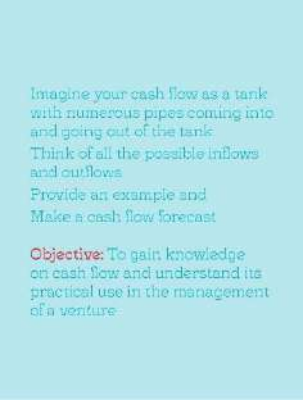
Possible answer: The cash-flow report is important because it informs the reader of business cash position. For a business to be successful, it must have sufficient cash at all times. It needs cash to pay its expenses, to pay bank loans, to pay taxes and to purchase new assets. (Guru99, n.d.)

Tools needed

Printed handouts "Cash Flow Chart" or alternatively project the PDF on a big screen

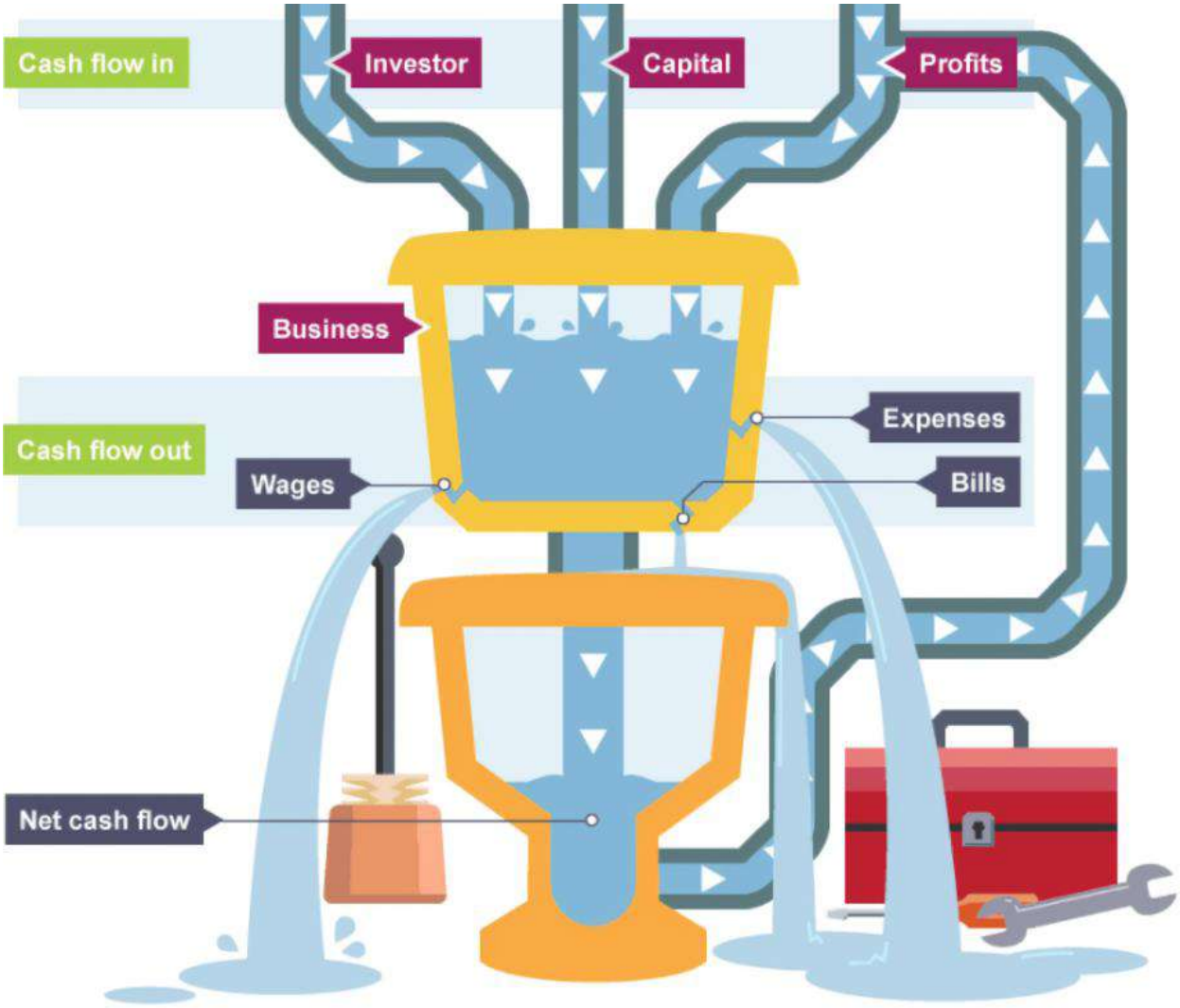
Cards needed for the activity

D2S1C2



D2 S1 **Handout 1** **A2 Cash Flow Chart**

Examples of cash flow streams:



Source: http://apppm.man.dtu.dk/index.php/Cash_flow_%26_payment_milestones

D2 S2 **Bookkeeping** **Double Entry Bookkeeping**

Activity purpose/ goal: - Understand the difference between debit and credit

Time needed for the activity: 30 min

Activity steps – details for trainer

1. Project on a big screen the activity "Bookkeeping". Use the card D2S2C1 and ask the participants to stand in the middle of the room and explain to them that the left side of the room represents the debit side of an account and the right side is the credit.
2. Read out the sentences about the company Fun Pty Ltd, written on the activity card, and ask participants to stand either on the left or right side of the room, depending on whether the account should be credited or debited.

Suggestion: Once you have finished the sentences you can ask the participants to come up with their own examples and continue the exercise.

Debriefing questions

1. Is it difficult to understand the difference between debit and credit?
2. Have you heard about single-entry and double-entry bookkeeping?
3. Do you know what is the difference between them?
4. Which one do you think is more suitable for your business and why?

Tools needed

Projector

Cards needed for the activity

D2S2C1

Activity: - Double Entry Bookkeeping (Level - Simple) (leoisaac.com, n.d.)

Write the appropriate journal entries in the Books of Account of Lots of Fun Pty Ltd for the following questions.

1. Lots of Fun Pty Ltd purchased $500 of clothing for resale purposes from Sports Clothing Pty Ltd on credit.

Account	Dr	Cr
Clothing		
Creditors		

2. Lots of Fun Pty Ltd received a bill for $200 from Telstra

Account	Dr	Cr
Telephone Expenses		
Creditors		

3. Lots of Fun Pty Ltd paid the fortnightly salary of $2,500 of M.Davies (Executive Director)

Account	Dr	Cr
Salaries		
Bank A/c		

4. Lots of Fun Pty Ltd received a sum of $500 from Southbank Institute of Technology as a donation

Account	Dr	Cr
Bank A/c		
Donations		

5. Lots of Fun Pty Ltd received and banked $1, 500 of Fundraising Sales.

Account	Dr	Cr

Bank A/c		
Fundraising		

6. Lots of Fun Pty Ltd purchased anew motor vehicle costing $20, 000 with a bank loan.

Account	**Dr**	**Cr**
Motor Vehicles		
Bank Loan		

7. Lots of Fun Pty Ltd paid outstanding creditors of $1, 500.

Account	**Dr**	**Cr**
Creditors		
Bank A/c		

Additional information:

Types:

Single-entry bookkeeping *- A single entry system of bookkeeping is where the transactions of the business affect only one account, i.e. only one account's value will decrease or increase based on the transaction amount. Under this system, a cash book is prepared that shows the payment and receipts of the cash transactions.*

Double entry bookkeeping *-> Double entry, a fundamental concept underlying present-day bookkeeping and accounting, states that every financial transaction has equal and opposite effects in at least two different accounts. In the double-entry system, transactions are recorded in terms of debits and credits. Since a debit in one account offsets a credit in another, the sum of all debits must equal the sum of all credits. The double-entry system of bookkeeping standardizes the accounting process and improves the accuracy of prepared financial statements, allowing for improved detection of errors. (Investopedia, n.d.)*

D2 S2 **Bookkeeping** **Bookkeeping Basics**

Activity purpose/ goal: - get a basic understanding of bookkeeping and frequently used terms

Time needed for the activity: 1 hour

Activity steps – details for trainer

1. Ask the participants to come up with a definition to **bookkeeping.**

Possible answer: Keeping records is the act of keeping track of the history of an organization's activities, usually by creating and storing coherent and formal records. It is generally used in the context of formal accounting, especially for businesses or other organizations.

By keeping records, we learn to plan and organize our work, assess growth, understand financial needs, improve our written communication skills, pay attention to details and deadlines, make decisions, and set priorities. (Dictionary.com, n.d.)

2. Use card D2S2C1 and ask them to reflect on the difference between accounting and bookkeeping.

Answer: In the simplest of terms, bookkeeping is the process of recording financial transactions, whereas accounting is the process for interpreting, classifying, analysing, reporting, and summarizing financial data.

3. Use card D2S2C2 and explore with the participants some basic bookkeeping terms such as:
   - Balance sheet (A report which breaks down your business' financial situation. It includes the assets, liabilities and the capital of the business. Its purpose is to help show what your business owes and owns.)
   - Profit and Loss statement (A financial report which shows the revenue and expenses over a period of time.)
   - Single-entry vs. double-entry bookkeeping (in double-entry bookkeeping each transaction has at least two entries: debit and credit)

Divide them into 3 groups and ask each group to take one of the terms and prepare a visual presentation with examples that they will share with the rest of the participants. Allow them about 20 - 25 minutes to prepare.

Debriefing questions

- Is it important for business owners/entrepreneurs to have a basic understanding of bookkeeping? Why?
- How can bookkeeping help you develop your business?

- Which aspects of bookkeeping would you like to learn more about?

Tools needed

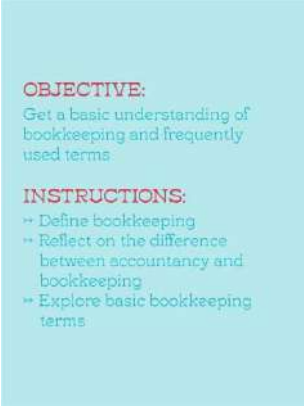
Flip chart paper, pens, and markers

Resources for trainer - in order to better prepare to facilitate for the activity

- n.a.

Cards needed for the activity

D2S2C2



D2 S3 **Profit and loss** **Profit and loss statement**

Activity purpose/ goal: Gain knowledge on the nature of a Profit and Loss statement and its use

- Gain basic understanding of how to create and work with a profit and loss statement

Time needed for the activity: 40 min

Activity steps – details for trainer

1. Present the participants with the Activity for Profit and Loss Statement and explain to them the task:

Create a Profit and Loss Statement for the company in the following example and calculate their income (wallstreetmojo.com, n.d.).

2. Divide them in groups of 2 or 3, and give them 20 minutes to come up with a solution. After the time has passed discuss the outcomes of the groupwork in plenary.

Debriefing questions

Use card D2S3C1 and reflect about

1. Why do business need to create a P&L statement? How can you use it to develop your business/venture?

Possible answer: P&L statements are important, because many companies are required by law or association membership to complete them. A P&L statement also helps a company's management team (including its board of directors) to understand the business's net income, which may be helpful in decision-making processes. For example, a business owner may consider whether his or her company is bringing in enough of a profit to justify renovating their building or expanding in other ways.

You will also need to furnish a P&L if you are applying for a small business loan or if you are seeking funding from investors. Lenders and investors will evaluate your net income and operating income against the expenses, debts, and taxes to ensure your business is viable and worth providing financial assistance to. (Businessnewsdaily, n.d.)

2. Who is responsible for creating the P&L statement for your business/venture?

Tools needed

Printed handouts “Activity Profit and Loss statement” or alternatively project it on a screen

Cards needed for the activity

D2S3C1

Activity: Create a Profit and Loss Statement for the company in the following example and calculate their income (wallstreetmojo.com, n.d.):

Company ABC ltd is in the business of manufacturing and selling sports equipment in the market. The company has the policy to prepare Profit and Loss Statement after the end of the financial year for the whole year. During the year ending December 31, 2018, the Company has generated revenue of $ 1000,000 by selling the different types of equipment manufactured by it.
The costs of goods sold in the material used were $ 600,000 during the year. The Opex incurred by the company during the year includes advertisement expenses of $ 60,000 depreciation expenses of 80,000, rent charges of $15,000, payroll taxes of $5,000, salaries and wages of $ 51,000, commission to agents for the sales worth $ 5,000 and other operating expenses of $ 7,000.
During the year, interest earned by the company on loan given to other parties was $ 10,500, and interest paid on loan taken was $ 9,100. Prepare the Profit and Loss Statement for the year ended December 31, 2018, for the company.

Solution:

Company ABC Ltd.
Profit and Loss Statement
For the year ended December 31, 2018

Particulars	Amount ($)	Amount ($)
Sales	$1,000,000	
Cost of goods Sold	$ 600,000	
Gross Profit		**$ 400,000**
Operating Expenses		
Advertisement expenses	$ 60,000	
Depreciation expense	$ 80,000	
Rent expense	$ 15,000	
Payroll taxes	$ 5,000	
salaries and wages	$ 51,000	
Commission expense	$ 5,000	
Other Operating Expenses	$ 7,000	
Total operating Expenses		**$ 223,000**
Operating Income		**$ 177,000**
Non-operating Income		
Revenue from Interest	$ 10,500	
Interest Expenses	$ (9,100)	
Total Non- operating Income		**$ 1,400**
Net Income		**$ 178,400**

D2 S4 **Taxes** **Why do businesses pay taxes?**

Activity purpose/ goal: - To understand the purpose of taxes and how they affect businesses and employees

Time needed for the activity: 1 hour

Activity steps – details for trainer

Use the card D2S4C1 and introduce the activity

1. Ask the participants to explain in their words what is "tax" and why do taxes exist?

Def. Tax - It is a charge or burden imposed on persons or property for the support of a government. The government decides the rates and items on which the tax will be levied. (Taxguru, n.d.)

2. Play the European Commission's video "Do businesses pay taxes?". (https://www.youtube.com/watch?v=J55ZFGXUH04)

3. Discuss the following questions:
   - Why do businesses pay tax?
   - What are taxes used for?
   - Should everybody who benefits from certain services pay their taxes? Why should they? *Why shouldn't they?*
   - What different types of taxes do you know about?

Examples:

VAT *- A value-added tax is a consumption tax placed on a product whenever value is added at each stage of the supply chain, from production to the point of sale. The amount of VAT that the users pay is on the cost of the product that have already been taxed. (Investopedia, n.d.)*

Income Tax *- The term income tax refers to a type of tax that governments impose on income generated by businesses and individuals within their jurisdiction. By law, taxpayers must file an income tax return annually to determine their tax obligations. (Investopedia, n.d.)*

Goods and Service Tax *- The good and services tax is a value-added tax levied on most goods and services sold for domestic consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services.*

Environmental Tax - *Environmental taxes measures either impose a tax cost on some product or activity that is environmentally damaging, or they give a tax benefit to some product or activity that is environmentally beneficial. (https://www.vermontlaw.edu)*

4. Create a group discussion about whether there are any services that shouldn't be paid for with tax money. (Examples: healthcare, higher education, etc.) Divide the participants in groups of 3 or 4 and ask them to build up their case and find arguments for their position.

Tools needed

Projector, video "Do businesses pay taxes?" https://www.youtube.com/watch?v=J55ZFGXUH04

Resources for trainer - Additional resources:

The Progressive Income Tax: A Tale of Three Brothers:
https://www.youtube.com/watch?v=S6HEH23W_bM
A better way to tax the rich: https://www.youtube.com/watch?v=pTwPHuE_HrU
Video How did taxes come about? : https://www.youtube.com/watch?v=rXzfpIgiQN4
https://europa.eu/taxedu/teachers-corner_en

Cards needed for the activity

D2S4C1

D2 S4 **Taxes** **The journey of a chair**

Activity purpose/ goal: - To understand the purpose of taxes and how they affect businesses and employees

Time needed for the activity: 40 minutes

Activity steps – details for trainer

Encourage the participants to further reflect on how taxes shape the prices of products and services by providing them with a short activity:

Use the card D2S4C2 and take as example a chair sold in stores.

1. Divide participants in groups of 3 and ask each group to find a chair sold online.
2. Ask them to imagine the production journey of a chair and write down on paper at least 5 intermediate component producers for the chair.
3. Then ask them to try to calculate the amount of money paid on VAT for this product and who will have to pay VAT from their list.
4. Ask the groups to present their findings in 2-3 minutes each.

Tools needed

Flip chart, A4 paper, markers, pens

Cards needed for the activity

D2S4C2

D2 S4 **Taxes** **Taxes and the environment**

Activity purpose/ goal: - understand how environmental taxes can be used to support and encourage sustainable business models

Time needed for the activity: 1 hour

Activity steps – details for trainer

Use the card D2S4C3 and introduce the activity

1. Remind the participants of the meaning of environmental tax. Ask them to discuss the possible benefits of introducing environmental tax.
2. Introduce them briefly to the OECD paper "Environmental Taxation: A Guide for Policy Makers" (https://www.oecd.org/env/tools-evaluation/48164926.pdf) and discuss the main points in the paper about how to design environmental tax, who it should be targeted at, and what are the advantages and disadvantages of such measures.
3. Introduce the case of Sweden and one of the many environmental taxes that they have applied to reduce the negative effects of industry.

Case Study: Sweden

One of the most serious environmental problems in Sweden is the acidification of soil and water. Researchers estimate that one-fifth of the soil in the forests and the lakes are seriously affected by acidification, mainly due to emissions of compounds of sulphur and acidification. The tax on sulphur came into effect 1 January 1991, aiming at reducing emissions from burning oil, coal and peat. For these fuels the sulphur content is measured, and the levied tax is set at SEK 30/kg sulphur. Currently there are 260 companies registered for payment of the tax.

The environmental effect of the tax should be summarized as having been successful. The Swedish parliament had set a target of an 80% reduction of total sulphur emissions between 1980 and 2000, which was achieved as early as 1994. The main part of the reduction is due to less use of fossil fuel. EPA estimates the tax to be responsible for 30% of the total reduction in sulphur emissions from 1989 to 1995. Although the sulphur emissions from Swedish industries have fallen drastically, the acidification continues as large quantities of sulphur reach Sweden from abroad.

4. Then ask the participants to imagine that they are environmental experts who have been tasked with introducing an environmental tax on a particular dangerous compound or

damaging practice. Which one would they choose and why? Who/what does the compound/practice effect and how? What kind of tax would they introduce? Who has to pay it and why? How would the money collected be used to alleviate the damages done to the environemntant?

Tools needed

Projector or printed handouts of the OECD paper "Environmental Taxation: A Guide for Policy Makers"

Resources for trainer - Additional resources:

https://www.oecd.org/env/tools-evaluation/48164926.pdf
http://hdr.undp.org/sites/default/files/nyman-pia_taxes-sweden.pdf

Cards needed for the activity

D2S4C3

D3 S1 Financial products — A1 General Concepts

Activity purpose/ goal: Understanding the concept “Financial Products”

Time needed for the activity: 5-20 min

Activity steps – details for trainer

Introductory interactive discussion on the basics about financial products:

a. Write the following questions on a flip chart

- What is a financial instrument?
- What are the basic types of financial instruments?
- What are some examples of financial instruments?

b. Show the Financial Instruments video (Beginners or Intermediate, depending on the level of the participants)

c. Continue with a discussion on the answers to the above questions. Use cards D3S1C1 and D3S2C2 to facilitate the discussions

Tools needed

- Flipchart
- Marker

Resources for trainer - in order to better prepare to facilitate for the activity

- Financial Instruments (Beginners): https://www.youtube.com/watch?v=T4cdcd7n0B0 •
- Financial Instruments (Intermediate): https://www.youtube.com/watch?v=aZ6hqcjPP98

Cards needed for the activity:

D3S1C1

D3S1C2

D3 S1 **Financial Products** **A2 Financial Tic-Tac-Toe**

Activity purpose/ goal: To help participants understand the broad categorizations of financial instruments (cash vs. derivative instruments, debt vs. equity instruments)

Time needed for the activity: 20-30 min

Activity steps – details for trainer

1. Use card D3S1C1 and give a short introduction to the participants on the concepts of cash and derivative instruments or equity vs. debt instrument
2. A "Tic-Tac-Toe" playing ground is created on the floor with paper tape. Use card D3S1C3 to introduce the activity.
3. Each participant receives a paper with the name and definition of a financial instrument on it.
4. After that each participant has to decide, which "category" this product belongs to (cash or derivative? Debt or equity?), and mark the symbol that has been agreed to correspond to the category of their product (e.g. an X for cash instruments, and O for derivative instruments) on a visible place on them (e.g. a sticky paper on their torso)
5. Participants need to position themselves in such a way to form a triplet of X's or O's vertically, horizontally or diagonally, as quickly as possible
6. Winners are the participants who formed a (correct) triplet first
7. You can play the game for 3-4 rounds, after shuffling the papers and adding more with new financial instruments

Adaptation

- For larger number of participants, more squares can be added on the "Tic-Tac-Toe" playground
- To increase difficulty, skip the marking with symbols. Participants will only need to put their paper on a visible place. This way every participant needs to figure out the category of every other player. Find detail also on card D3S1C3

Tools needed

- Large Space,
- Sticky tape,

- Papers& Pens

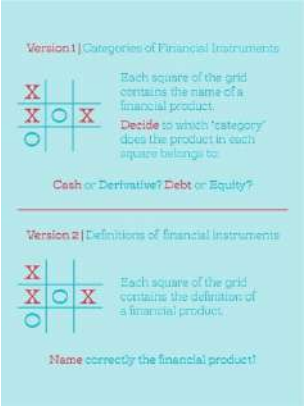
Resources for trainer - in order to better prepare to facilitate for the activity

- R1-Financial products_General Concepts
- R1-Financial products_General Concepts 2

Cards needed for the activity:

D3S1C2

D3S1C3



Version 2 - Definitions of different financial instruments

Activity purpose/ goal: To get participants acquainted with the most common financial products

Time needed for the activity: 20-30 min

Activity steps – details for trainer

1. A short introduction is given to the participants on the definitions of various financial instruments (as many as the squares on your "playground grid") Use also the cards D3S1C1 and D3S1C2 to facilitate the discussions. Then, in each square, a paper with the definition of a financial instrument is put upside-down
2. Participants are divided in 2 teams (X's and O's) and the 2 teams play in turns
3. The 1st player chooses a square, whose paper is revealed. If the player can correctly name the financial instrument described in the paper, the square becomes an X or an O, depending on the category of the player. If the player makes a mistake, the square is still open and the second team can try. In case no player can identify the financial instrument correctly the definition paper changes, and the other team can select the same square or a new one. Each player, does the same, with the teams taking turns.
4. The winning team is the one that will first form a triplet of X's or O's vertically, horizontally or diagonally.
5. You can iterate 2-3 times in total with new definitions in each round, use card D3S1C3 to explain the rules.

Adaptation

- For larger number of participants, more squares can be added on the "Tic-Tac-Toe" playground

Tools needed

- Large Space,
- Sticky tape,

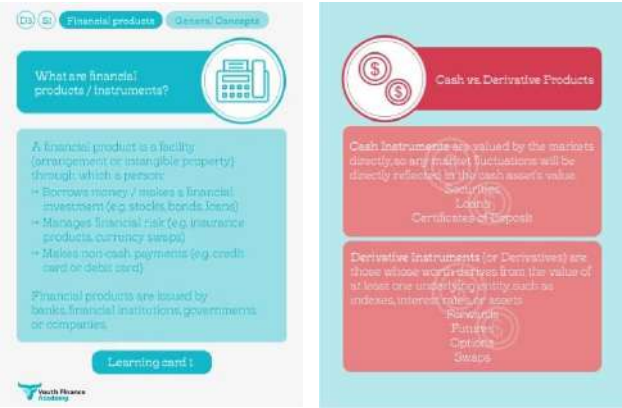
- Papers& Pens

Resources for trainer - in order to better prepare to facilitate for the activity

- R1-Financial products_General Concepts
- R1-Financial products_General Concepts 2

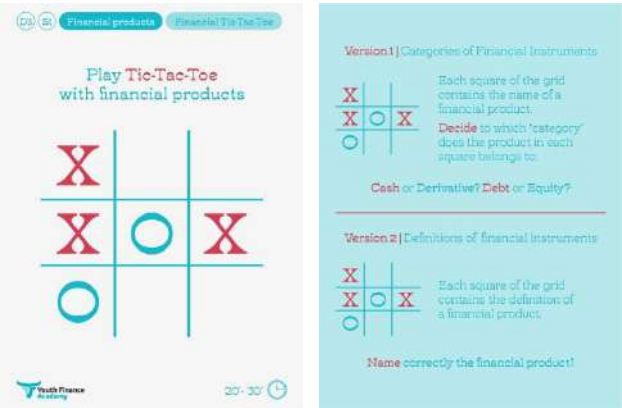
Cards needed for the activity

D3S1C1



D3S1C2

D3S1C3



D3 S1 **Financial Products** **A3 Financial Diary**

Activity purpose/ goal: - To help participants realize the importance of financial products in daily life and business activity, and how often they make use of them
- To clarify the concepts of cash, derivative, debt and equity financial instruments

Time needed for the activity: 20-30 min

Activity steps – details for trainer

1. Instruct participants to remember and note down as many financial products as they can that they made use of or acquired during the last month for their business.
2. To help them understand the exercise better, ask them for example: did you use/obtain a credit or debit card? Did you pay an instalment for your insurance?
3. After 5', ask participants to think why they made use/acquired this financial product (e.g. to make an investment, make a non-cash payment, manage a financial risk), and note down their answer.
4. After another 5', ask participants to think what category did every financial product belong in (Cash or derivative? Equity or debt?). They can consult the Tables 1 and 2 in the material embedded in the QR-code of the Learning Card "FINANCIAL PRODUCTS/ General Concepts". Give them 6-7' to complete this step. Use card D3S1C4 to explain the rules.
5. Afterwards, ask participants to share their answers, take notes on a flipchart, and finalize with a plenary discussion on the importance of using the appropriate financial products for financial well-being at a personal and at a business level.

Tools needed - Papers and Pens for each participant

Cards needed for the activity

D3S1C4

D3 S2 **Financial products** **A1 Banking Bingo**

Activity purpose/ goal: - Teambuilding - To get participants familiarized with the most common banking (e.g. debit and credit cards, bank overdraft, leasing, loans etc.) in an entertaining way

Time needed for the activity: 10 - 20 min

Activity steps – details for trainer

1. Print out cards with the names of different debt instruments and share them to the participants (then each instrument will be printed multiple times) or to some participants (if each instrument is printed only once)

E.g. Cards:

- ◊ Credit Card
- ◊ Debit Card
- ◊ Micro-loan
- ◊ Line of Credit (LOC)
- ◊ Term Loan
- ◊ Bank overdraft
- ◊ Hire purchase
- ◊ Leasing

2. Use card D3S2C3 to introduce the activity and Share the Bingo Form to all participants

3. When you say "Go" participants have to search around and find the people who possess cards with an instrument for which the information in each of the squares applies. The person who fills in all names & corresponding instruments correctly wins the game.

4. Conclude the activity with a debriefing discussion, sharing the matching instruments to all squares and explaining the concepts in more detail.

Alternative forms

- You can use the same game structure with any financial concepts you wish.
- You can increase or decrease difficulty by adapting the information in the grid, the number of definitions/cards, how specific the definitions are (e.g. secured LOC)

Decision Factor	Consideration
Interest Rate	One of the first things you should consider! Check whether it's a fixed or variable
APR	Generally, the lower the APR, the lower the cost of borrowing and therefore the better the deal.
Principal	The amount of interest you pay on your business loan is determined by it and can increase or decrease your total cost of capital.
Collateral	Effectively refers to the decision whether you take a secured or unsecured loan: Unsecured loans do not require it, making the application process easier, accessible to new businesses and without the risk of getting your property forfeited. However, secured business loans will probably have lower rates, higher borrowing limits, and longer repayment terms than unsecured loans.
Fees	Always check on these before choosing a loan, because they can significantly increase the total cost of borrowing.
Loan Term	The longer this period, the more interest you will be paying overall for the loan (higher cost of borrowing). However, longer repayment times are liked with lower monthly payments on your loan. It is advisable to choose the shortest term you can manage.
Monthly Payment	When comparing loan offers, you'll need to make sure whether the amount of the monthly payments fits comfortably into your business budget so that you can pay wages, rent, and other bills while repaying debt.
Down Payment	Making as large an upfront payment as you can reasonably afford will decrease the amount of interest you'll pay over the life of the loan, lower your monthly payments, and, in some cases, make insurance unnecessary.
Application Process	Choose more experienced lenders with streamlined application processes. This will help your loan be approved faster while frequently decreasing the number of loops your business is required to bounce through.
Speed of Loan Approval	If you are in hurry and want a large amount and lower rate of interest, you should go for a lender or a loan such as an SBA loan. Contrary, if you need money urgently to run and grow your small business, choosing a fast loan type such as merchant cash advance or a short-term loan may be a better option.

Total Cost	Consider the total amount of capital you'll have to pay, including the principal amount plus interest and fees when comparing small business loans. While your monthly payment is high if you obtain a loan that has a 1 or 2 year maturity period, you'll end up paying less and vice-versa. **You'll need to conclude what is increasingly significant for you: a lower regularly scheduled instalment or a lower total cost.**

Tools needed

Banking Bingo Forms, Pens

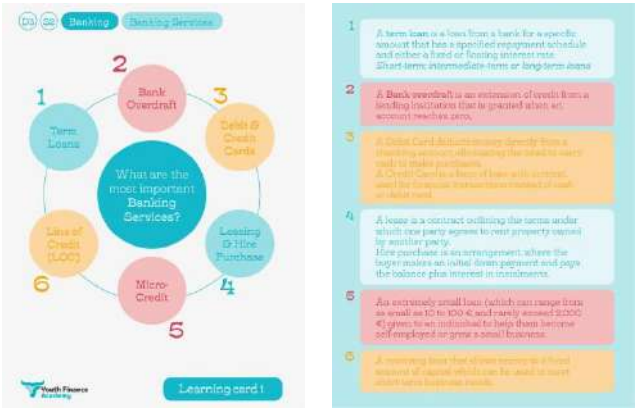
A1-H1 – Banking Bingo – handout

A1-H1 – Banking Bingo – answers

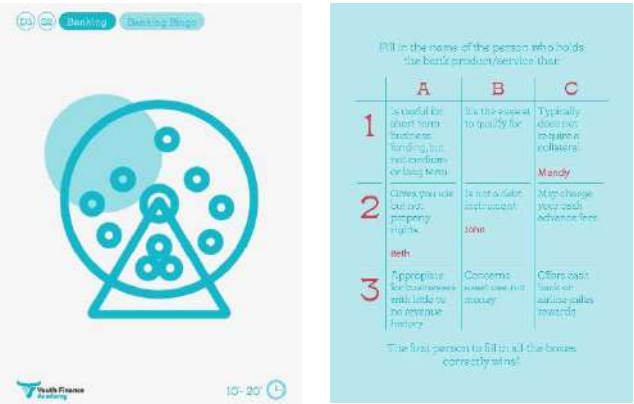
Cards needed for the activity

D3S2C1

D3S2C2



D3S2C3



D3 S2 **H1 Financial products** **Financial Bingo**

Handout Financial Bingo: Fill in the name of the person who holds the bank product/service that:

	A	B	C	D	E
1	Is useful for short-term business funding, but not medium- or long term	It's the easiest to qualify for	Typically does not require a collateral	Transfers you ownership rights after the last of a number of payments	Helps you avoid over borrowing and accruing too much debt
2	Gives you use but not property rights	Is not a debt instrument	May charge you cash advance fees	Can be secured or unsecured	Lenders of this debt instrument often pool borrowers together as a buffer
3	Appropriate for businesses with little-to-no revenue history	Concerns asset use, not money	Offers cash back or airline miles rewards	Is a revolving credit facility where you can use up to a predetermined limit, most often unsecured and usually used by individuals	Particularly common in industries where expensive machinery is required, such as construction, manufacturing, professional services etc
4	Appropriate for established businesses with sound financial statements	Applying is time-consuming and far more complicated than applying for a secured instalment loan or credit card	It is based on the borrower's need and cannot be used for any purpose	Usually used to meet short-term cash flow gaps and unexpected expenses	Is good for bridging seasonal cash flow gaps
5	Requires you to pay interest for the amount you used, not a specific total amount	True APR interest rates (typically lower)	Factor rates (Typically higher)	Has a specified repayment schedule for the whole amount borrowed	Good for borrowers who prefer predictable payments

D3 S2 **H1 Financial products** **Financial Bingo**

Handout Financial Bingo: Fill in the name of the person who holds the bank product/service that:

	A	B	C	D	E
1	Overdraft	Credit Card	Micro-loan	Hire Purchase	Term Loan
2	Leasing	Debit Card	Credit Card	Credit Card Term loan LOC Overdraft	Micro-loan
3	Micro-loan	Hire Purchase Leasing	Credit Card	Overdraft	Hire Purchase Leasing
4	Term loan LOC	LOC	Term loan	Overdraft	LOC
5	LOC Overdraft	LOC	Term loan	Term loan	Term loan

D3 S2 **Financial products** **A2 Loan Decision Factors**

Activity purpose/ goal: To introduce participants to the most important factors when determining, which business loan is right for one's business

Time needed for the activity: 30 min

Activity steps – details for trainer

1. Use Handout 1 – D3S2H1 with the definitions of the most important loan characteristics. You can print also as many times, as the number of groups of participants. Terms and definitions should be separate.
2. Divide the participants in groups of 3-4 members and give a set of terms & definitions cards to each group, use card D3S2C6 to introduce the activity.
3. Give participants 5' to match each term with its definition. Then have a discussion, during which you share the correct definitions
4. Then tell the participants that they have 10' to discuss within their groups what things they should consider, and what elements are preferable with regards to each card/loan characteristic.

E.g. For the Card "Loan Term" considerations might be:

The longer this period, the more interest you will be paying overall for the loan (higher cost of borrowing). However, longer repayment times are liked with lower monthly payments on your loan.

5. Participants have to share their groups' findings with the other groups. Conclude with noting down a summary of all considerations. Answers may vary, but make sure you cover the considerations shown in the following table (See Back side of this card)

Debriefing questions

- How do I choose the right term loan for my business?

Tools needed

"Definitions Cards", Flipcharts, markers

Resources for trainer - in order to better prepare to facilitate for the activity

- A2-H1_Loan Decision Factors_Definition Cards (to be printed)
- A2-H2_ A2-H2_Loan Decision Factors_Facilitator's Table

Cards needed for the activity

D3S2C6


"DECISION CARDS"
Match each term with its definition

Interest Rate	APR	Principal
It is the percentage of the total amount you're borrowing and will determine how much you officially end up paying for your loan.	It includes the interest rate in addition to loan fees which can give you a better sense of the bank's actual cost	It is the amount of money you need that will have to be repaid.

What elements are preferable with regards to each card/loan characteristic?

E.g. For the Card "Loan Term" considerations might be: The longer the period, the more interest you will be paying overall for the loan (higher cost of borrowing). However, longer repayment times are liked with lower monthly payments on your loan.

Facilitator's Table

Decision Factor	Consideration
Interest Rate	One of the first things you should consider! Check whether it's a fixed or variable
APR	Generally, the lower the APR, the lower the cost of borrowing and therefore the better the deal.
Principal	The amount of interest you pay on your business loan is determined by it and can increase or decrease your total cost of capital.
Collateral	Effectively refers to the decision whether you take a secured or unsecured loan: Unsecured loans do not require it, making the application process easier, accessible to new businesses and without the risk of getting your property forfeited. However, secured business loans will probably have lower rates, higher borrowing limits, and longer repayment terms than unsecured loans.
Fees	Always check on these before choosing a loan, because they can significantly increase the total cost of borrowing.
Loan Term	The longer this period, the more interest you will be paying overall for the loan (higher cost of borrowing). However, longer repayment times are liked with lower monthly payments on your loan. It is advisable to choose the shortest term you can manage.
Monthly Payment	When comparing loan offers, you'll need to make sure whether the amount of the monthly payments fits comfortably into your business budget so that you can pay wages, rent, and other bills while repaying debt.
Down Payment	Making as large an upfront payment as you can reasonably afford will decrease the amount of interest you'll pay over the life of the loan, lower your monthly payments, and, in some cases, make insurance unnecessary.
Application Process	Choose more experienced lenders with streamlined application processes. This will help your loan be approved faster while frequently decreasing the number of loops your business is required to bounce through.

Speed of Loan Approval	If you are in hurry and want a large amount and lower rate of interest, you should go for a lender or a loan such as an SBA loan. Contrary, if you need money urgently to run and grow your small business, choosing a fast loan type such as merchant cash advance or a short-term loan may be a better option.
Total Cost	Consider the total amount of capital you'll have to pay, including the principal amount plus interest and fees when comparing small business loans. While your monthly payment is high if you obtain a loan that has a 1 or 2 year maturity period, you'll end up paying less and vice-versa. **You'll need to conclude what is increasingly significant for you: a lower regularly scheduled instalment or a lower total cost.**

D3 S2 **Financial products**

A3 Raul's Restaurant Renovation Loan

Activity purpose/ goal: To help participants gain a deeper understanding the most important factors when determining, which business loan is right for one's business

Time needed for the activity: 45-55 min

Activity steps – details for trainer

1. Divide participants in smaller groups of 3-4 people
2. Share a handout of "Raul's restaurant" case study to each group of participants
3. Start out by explaining the back-story and the objective of the activity. The back-story is:

"After 2.5 years since opening his business, Raul decided it is time for a good renovation of his restaurant! He needs some cash to make building repairs, fixing some electrical issues and refresh all restaurant halls' design, which according to Raul's estimation will cost 50.000€ in total. He also wishes to have the project completed in the next 6 months, before the high season starts.

Thanks to last years' good profit he also has saved an extra 15.000 €, which he cannot decide whether he will use for paying part of the renovation costs, or will spend it to upgrade some of the kitchen's equipment."

Use card D3S2C4 and introduce the objective to "help Raul" decide for the most favourable loan for the renovation of his business. The different groups will be competing against each other, with the aim to win a small prize at the end of the activity

4. The game is separated in 5 rounds (each corresponding to one question/set of questions as divided in the Handout). These are:

Round 1

- Is there any option Raul can already exclude before calculating the total cost of each loan and examining any other factor?
- Which Banks have the 3 lowest interest rates? Which Banks have the 3 longest loan terms? Do you see any connection?

- Which Banks have the longest application processes? Which Banks offer Medium-Term loans (i.e. Terms>18 months)? Can you think of a possible connection?

Round 2

- Fill in the table (see Handout) with the help of the online Business Loan Calculator.

Round 3

- Which loan requires the highest amount of monthly payments? Which requires the lowest? How is the total cost of the loan related to the level of monthly payments?
- Can you determine which loan is the best deal by looking at the interest rate only? Why or why not?
- Which loan has the lowest APR and which loan has the lowest total cost? Similarly, which loan has the highest APR and which the highest total cost? Do you notice something unexpected?
- Which loans are the best deals? How can Raul decide among them?

Round 4

- Is the new deal a good one for Raul?

Round 5

- Can the down payment resolve Raul's dilemma? Is any loan meeting all of Raul's needs now?

5. In each round, the teams have to be the fastest to give the right answer to win for that round. The maximum times given to the different rounds are:
    - Round 1: 5 minutes
    - Round 2: 10 minutes
    - Round 3: 5 minutes
    - Round 4: 5 minutes
    - Round 5: 5 minutes
6. At the end of each round the facilitator should provide the correct responses and answer potential questions participants may have.
7. For each round won, a team gets 1 point. At the end of all 5 rounds, the team with the higher number of points wins the prize as a group. In case of a tie, both teams get the same prize.

Debriefing questions

- How can I compare the cost of borrowing money among the different options?

Tools needed

Print outs with the Case Study “Raul’s Restaurant” (available on the YFA platform), small prizes (e.g. chocolates; candy; some traditional product or a “10 euros check”), **Business Loan Calculator**

Resources for trainer

- A3.H1_Raul’s Loan
- A3.H2_Raul’s Loan_Answer Sheet

Cards needed for the activity

D3S2C4

D1 S4

H1 Financial products

Raul's Restaurant Renovation Loan

Handout

After 2.5 years since opening his business, Raul decided it is time for a good renovation of his restaurant! He needs some cash to make building repairs, fixing some electrical issues and refresh all restaurant halls' design, which according to Raul's estimation will cost 50.000€ in total. He also wishes to have the project completed in the next 6 months, before the high season starts.

Thanks to last years' good profit he also has saved an extra 15.000 €, which he cannot decide whether he will use for paying part of the renovation costs, or will spend it to upgrade some of the kitchen's equipment.

After shopping around for offers from all local Banks offering renovation loans of the amount category needed, Raul found the following options:

	UltraBank	PowerBank	SuperBank	PrettyBank	GeniusBank
Loan Amount	50.000 €	50.000€	50.000€	50.000€	50.000€
Loan Term	18 months	36 months	24 months	36 months	16 months
Interest Rate	12%	9.5%	8.9%	7%	12.3%
Origination Fee	1.5%	1%	2%	2%	1.5%
Documentation Fee	650 €	No Fee	No Fee	770 €	850 €
Speed of Approval	4-5 weeks	5-6 weeks	10-12 weeks	6-7 weeks	3-4 weeks

1. **Answer the questions below:**
   - Is there any option Raul can already exclude before calculating the total cost of each loan and examining any other factor?
   - Which Banks have the 3 lowest interest rates? Which Banks have the 3 longest loan terms? Do you see any connection?

- Which Banks have the longest application processes? Which Banks offer Medium-Term loans (i.e. Terms>18 months)? Can you think of a possible connection?

2. **To be able to decide which loan will be the best deal for Raul's business, more factors need to be examined. To do so, fill in the table below with the help of the online Business Loan Calculator.**

	UltraBank	PowerBank	SuperBank	PrettyBank	GeniusBank
Loan Amount	50.000 €	50.000€	50.000€	50.000€	50.000€
Loan Term	18 months	36 months	24 months	36 months	16 months
Interest Rate	12%	9.5%	8.9%	7%	12.3%
Origination Fee	1.5%	1%	2%	2%	1.5%
Documentation Fee	650 €	No Fee	No Fee	770 €	850 €
Speed of Approval	4-5 weeks	5-6 weeks	10-12 weeks	6-7 weeks	3-4 weeks
Monthly Payment					
APR					
Total Interest					
Total Cost (Interest & Fees)					

3. **Answer the questions below:**
   - Which loan requires the highest amount of monthly payments? Which requires the lowest? How is the total cost of the loan related to the level of monthly payments?
   - Can you determine which loan is the best deal by looking at the interest rate only? Why or why not?
   - Which loan has the lowest APR and which loan has the lowest total cost? Similarly, which loan has the highest APR and which the highest total cost? Do you notice something unexpected?

- Which loans are the best deals? How can Raul decide among them?

After careful consideration, Raul decided to take the loan with the lowest monthly payment rate (i.e. the loan from_____**Bank**), since he was afraid that during the off-season months he wouldn't be able to save for his loan payments.

Excited to take out the loan that will help him achieve his vision for his restauran, Raul rushes into the nearest branch of _____**Bank**, sits down at the financing desk, and hears the following:

"Well, we ran your credit history. You've got a thin file – 2.5 years in business. The deal you saw requires a 'minimum of three years of business documents'. The best deal we can offer you is 10.5% for 38 months."

As soon as Raul recovers from the shock, he goes back to his office and checks whether the new offer is still a good deal compared with the other loans.

4. Is the new deal a good one for Raul?

Then he decides to do what he should have done in the first place: Check all qualifications required by the Bank for each of his options. The Information he gathers is the following:

	UltraBank	**PowerBank**	**SuperBank**	**PrettyBank**	**GeniusBank**
Loan Amount	50.000 €	50.000€	50.000€	50.000€	50.000€
Loan Term	18 months	36 months	24 months	36 months	16 months
Interest Rate	12%	9.5%	8.9%	7%	12.3%
Origination Fee	1.5%	1%	2%	2%	1.5%
Documentation Fee	650 €	No Fee	No Fee	770 €	850 €
Speed of Approval	4-5 weeks	5-6 weeks	10-12 weeks	6-7 weeks	3-4 weeks
Qualifications Needed	At least 6 months in business	Collateral required	Collateral required	At least 3 years of business documentation	At least 6 months in business

Unfortunately, Raul's wife is very much against the idea of providing a collateral, because she is afraid to pledge family property as a security. That leaves Raul with only 3 options: PrettyBank, PowerBank and GeniusBank.

The monthly payments for GeniusBank are way too high, and to afford PowerBank's monthly payments he will be taking up a risk. However, he is also not very pleased with paying almost double the cost for the same loan to PrettyBank!

A couple of days go by and then Raul remembers that he still has an extra 15.000 € in his account reserved for new kitchen equipment. Maybe, this is the solution that will put him out of the loan stalemate!

He takes paper and pencil and compares the loans his restaurant is eligible for once again, this time with a down payment of 15.000 €. (*We assume that all other terms and conditions remain the same except for the loan amount – pretty improbable in real life, but we assume this for ease).

5. Can the down payment resolve Raul's dilemma? Is any loan meeting all of Raul's needs now?

D1 S4

H1 Financial products

Raul's Restaurant Renovation Loan

Handout

After 2.5 years since opening his business, Raul decided it is time for a good renovation of his restaurant! He needs some cash to make building repairs, fixing some electrical issues and refresh all restaurant halls' design, which according to Raul's estimation will cost 50.000€ in total. He also wishes to have the project completed in the next 6 months, before the high season starts.

Thanks to last years' good profit he also has saved an extra 15.000 €, which he cannot decide whether he will use for paying part of the renovation costs, or will spend it to upgrade some of the kitchen's equipment.

After shopping around for offers from all local Banks offering renovation loans of the amount category needed, Raul found the following options:

	UltraBank	PowerBank	SuperBank	PrettyBank	GeniusBank
Loan Amount	50.000 €	50.000€	50.000€	50.000€	50.000€
Loan Term	18 months	36 months	24 months	36 months	16 months
Interest Rate	12%	9.5%	8.9%	7%	12.3%
Origination Fee	1.5%	1%	2%	2%	1.5%
Documentation Fee	650 €	No Fee	No Fee	770 €	850 €
Speed of Approval	4-5 weeks	5-6 weeks	10-12 weeks	6-7 weeks	3-4 weeks

1. **Answer the questions below:**
   - Is there any option Raul can already exclude before calculating the total cost of each loan and examining any other factor?

Yes. The offer of SuperBank seems a good deal, however the application process is very complicated and usually takes 10-12 weeks. Since Raul quite in a hurry, as he needs to be

ready with the loan, payments and renovation operations in 6 months, he cannot afford to wait 3 months for loan approval.

- Which Banks have the 3 lowest interest rates? Which Banks have the 3 longest loan terms? Do you see any connection?

PowerBank, SuperBank and PrettyBank have the lowest interest rates. These Banks also have the longest loan terms. From this example it looks like as the loan term increases the interest rate decreases.

- Which Banks have the longest application processes? Which Banks offer Medium-Term loans (i.e. Terms>18 months)? Can you think of a possible connection?

SuperBank>PrettyBank>Power Bank have the longest times until loan approval. The same offers are for Medium Term loans. A longer application process might reflect more detailed profile checks, and more paperwork necessary. Thus, it may be that Medium Term loans have more stringent terms for qualification than Short-Term loans.

2. **To be able to decide which loan will be the best deal for Raul's business, more factors need to be examined. To do so, fill in the table below with the help of the online Business Loan Calculator.**

	UltraBank	PowerBank	SuperBank	PrettyBank	GeniusBank
Loan Amount	50.000 €	50.000€	50.000€	50.000€	50.000€
Loan Term	18 months	36 months	24 months	36 months	16 months
Interest Rate	12%	9.5%	8.9%	7%	12.3%
Origination Fee	1.5%	1%	2%	3.5%	1.5%
Documentation Fee	650 €	No Fee	No Fee	770 €	850 €
Speed of Approval	4-5 weeks	5-6 weeks	10-12 weeks	6-7 weeks	3-4 weeks
Monthly Payment	3.049,10 €	1.601,65 €		1.543,85 €	3.404,20 €
APR	**15,751%**	**10,19%**		**10,529%**	**17,093%**

Total Interest	4.883,84 €	7.659,31 €		5.578,77 €	4.467,26 €
Total Cost (Interest & Fees)	**6.283,84 €**	**8.159,31 €**		**8.098,77 €**	**6.067,26 €**

3. **Answer the questions below:**
   - Which loan requires the highest amount of monthly payments? Which requires the lowest? How is the total cost of the loan related to the level of monthly payments?

The loan from GeniusBank requires the highest monthly payments, while the loan from PrettyBank requires the lowest monthly payments.
The loan from GeniusBank has the shortest loan term, while the loans from PrettyBank and PowerBank have the longest loan terms.
As a general rule, the shortest the loan term, the highest the monthly payments, since the principal has to be "divided" in less number of instalments.

   - Can you determine which loan is the best deal by looking at the interest rate only? Why or why not?

The lowest interest rate is offered by PrettyBank. However, this loan also has the second highest cost of borrowing from all other options. Thus, looking at interest rates only is not sufficient to determine which is the best deal.

   - Which loan has the lowest APR and which loan has the lowest total cost? Similarly, which loan has the highest APR and which the highest total cost? Do you notice something unexpected?

Lowest APR: PowerBank
Lowest total cost: GeniusBank
Highest APR: GeniusBank
Highest Total Cost: PrettyBank
The APR includes the interest rate in addition to loan fees, and is used as a measure that reflects the actual cost of a loan. However, here we see that the lowest APR and lowest total cost do not correspond to the same loan. Same for the highest APR and total cost.
Although this might seem a paradox at first, it needs to be noted that a shorter term can increase the APR as the borrower pays off the loan in a shorter period of time. This is particularly true if the non-interest finance charges are fixed regardless of the loan term. That is, a lower APR does not always translate into a better deal.
When comparing loans, it is important to ask for the identical principal amount and repayment schedules. Always compare the same loan, do not try to compare apples with oranges.

- Which loans are the best deals? How can Raul decide among them?

On the one hand, the total cost of GeniusBank is the lowest of all, but it also has a very high monthly payment rate. On the other hand, PrettyBank offers a loan with the second highest total cost but the lowest monthly payment rate. There is not one correct answer. The best deal for Raul depends on his own priorities and capacities. Raul should weigh what is more important for him, a lower regularly scheduled instalment or a lower total cost.

After careful consideration, Raul decided to take the loan with the lowest monthly payment rate (i.e. the loan from____**Pretty**_____**Bank**), since he was afraid that during the off-season months he wouldn't be able to save for his loan payments.

Excited to take out the loan that will help him achieve his vision for his restauran, Raul rushes into the nearest branch of ___**Pretty**___**Bank**, sits down at the financing desk, and hears the following:

"Well, we ran your credit history. You've got a thin file – 2.5 years in business. The deal you saw requires a 'minimum of three years of business documents'. The best deal we can offer you is 10.5% for 38 months."

As soon as Raul recovers from the shock, he goes back to his office and checks whether the new offer is still a good deal compared with the other loans.

	UltraBank	**PowerBank**	**SuperBank**	**PrettyBank**	**GeniusBank**
Loan Amount	50.000 €	50.000€	50.000€	50.000€	50.000€
Loan Term	18 months	36 months	24 months	**38 months**	16 months
Interest Rate	12%	9.5%	8.9%	**10.5%**	12.3%
Origination Fee	1.5%	1%	2%	**3.5%**	1.5%
Documentation Fee	650 €	No Fee	No Fee	770 €	850 €
Speed of Approval	4-5 weeks	5-6 weeks	10-12 weeks	6-7 weeks	3-4 weeks

Monthly Payment	3.049,10 €	1.601,65 €		1.552,34 €	3.404,20 €
APR	**15,751%**	**10,19%**		**13,928%**	**17,093%**
Total Interest	4.883,84 €	7.659,31 €		8.988,74 €	4.467,26 €
Total Cost (Interest & Fees)	**6.283,84** €	**8.159,31 €**		**11.508,74 €**	**6.067,26 €**

4. Is the new deal a good one for Raul?

As the analysis shows, although with the new deal PrettyBank still offers the lowest monthly payment rates, the cost of borrowing is the highest by far, from all other options.

Then he decides to do what he should have done in the first place: Check all qualifications required by the Bank for each of his options. The Information he gathers is the following:

	UltraBank	**PowerBank**	**SuperBank**	**PrettyBank**	**GeniusBank**
Loan Amount	50.000 €	50.000€	50.000€	50.000€	50.000€
Loan Term	18 months	36 months	24 months	36 months	16 months
Interest Rate	12%	9.5%	8.9%	7%	12.3%
Origination Fee	1.5%	1%	2%	2%	1.5%
Documentation Fee	650 €	No Fee	No Fee	770 €	850 €
Speed of Approval	4-5 weeks	5-6 weeks	10-12 weeks	6-7 weeks	3-4 weeks
Qualifications Needed	At least 6 months in business	Collateral required	Collateral required	At least 3 years of business documentation	At least 6 months in business

Unfortunately, Raul's wife is very much against the idea of providing a collateral, because she is afraid to pledge family property as a security. That leaves Raul with only 3 options: PrettyBank, PowerBank and GeniusBank.

The monthly payments for GeniusBank are way too high, and to afford PowerBank's monthly payments he will be taking up a risk. However, he is also not very pleased with paying almost double the cost for the same loan to PrettyBank!

A couple of days go by and then Raul remembers that he still has an extra 15.000 € in his account reserved for new kitchen equipment. Maybe, this is the solution that will put him out of the loan stalemate!

He takes paper and pencil and compares the loans his restaurant is eligible for once again, this time with a down payment of 15.000 €. (*We assume that all other terms and conditions remain the same except for the loan amount – pretty improbable in real life, but we assume this for ease).

	UltraBank	PowerBank	SuperBank	PrettyBank	GeniusBank
Loan Amount	**35.000 €**	**35.000€**	50.000€	**35.000€**	**35.000€**
Loan Term	18 months	36 months	24 months	38 months	16 months
Interest Rate	12%	9.5%	8.9%	10.5%	12.3%
Origination Fee	1.5%	1%	2%	3.5%	1.5%
Documentation Fee	650 €	No Fee	No Fee	770 €	850 €
Speed of Approval	4-5 weeks	5-6 weeks	10-12 weeks	6-7 weeks	3-4 weeks
Monthly Payment		1.121,15 €		1.086,63 €	2.381,94 €
APR		**10,19%**		**14,397%**	**18,017%**
Total Interest		5.361,52€		6.292,12 €	3.127,08€
Total Cost (Interest & Fees)		**5.711,52 €**		**8.287,12 €**	**4.502,08 €**

5. Can the down payment resolve Raul's dilemma? Is any loan meeting all of Raul's needs now?

Yes! With the new loan amount Raul can opt for the PowerBank Loan, which he can now repay in installments far less than 1.500 € that is his approximate upper limit. Of course Raul has to decide to sacrifice the kitchen equipment upgrade for later, or postpone the renovation for later.

Similar to life, there is never one correct decision when deciding for a loan. Every option has its advantages and disadvantages, and each requires a careful consideration of priorities!

D3 S2

Financial products

A4 Would you give yourself a loan?

Activity purpose/ goal: - To improve participants' ability of making informed decisions using different banking services for one's business, taking into account the implications and benefits of the different options

- To help participants get an insight into the perspective of the lender

Time needed for the activity: 40-50 min

Activity steps – details for trainer

1. Split participants into small groups of 4-6 members.
2. Assign one group member to act as a bank, while the remaining group members act as loan applicants.
3. Once roles have been assigned, tell participants that they are acting as bank employees, who should conduct interviews of business loan applicants to determine who they would and would not give a loan to (Participants should be able to choose if they apply for their own business or if they create an imaginary business profile).

Some key components to consider while bankers are interviewing their applicants include:

What is the loan for?

Businesses might need a loan for various reasons, such as expansion, inventory, cash flow, equipment or improving terms for a larger loan.
The Banker should assess whether you have a good enough reason to apply for the type of loan you are applying for. For example, if you own a business that sales fashion items it might be difficult to get a loan for seasonal inventory, such as winter coats.

Does the applicant business have verifiable income?

Applicants should be prepared to provide ways to verify income.

What is the business's debt-to-income ratio?

Your business's debt-to-income ratio — how much money you owe every month relative to how much money you make — helps banks determine how risky it is to loan you money. The lower your ratio, the less risky you are to lenders.

What other proof would you need of the borrower's ability to repay? What are the business's goals, experience and industry?

Ask bankers to decide if income is enough to determine this as well as list what other factors (debts, for example) play a role and why.

4. Use card D3S2C5 and ask loan applicants to be prepared to discuss about:

Their industry: Lenders typically view some industries, such as construction and foodservice, as risky. Businesses in these industries may be more susceptible to cash flow fluctuations due to factors outside of their control, such as local economic or weather conditions. Dental practices and other professional services, on the other hand, may be considered more stable.

Their experience: A young business is a riskier investment than one with an established customer base and deep industry experience.

Their business goals: Bankers will ask how you intend to use the funding in order to present appropriate credit options for your review - for example, a revolving line of credit versus a term loan.

5. Bankers should ask questions to determine the reason for a loan. This will constitute good and bad reasons for a loan.

6. Ask each banker to whom they approved a business loan and why.

Alternative versions

Bankers can be categorized as giving our short-term, medium-term or long-term loans. Loan applicants will be given a "business-profile" card and decide to which banker they should apply for to increase their chances of approval, before the interviews start.

Tools needed

Papers and Pens for notes

Resources for trainer - Further sources

- Six Questions a Lender Will Ask Small Business Owners: https://aofund.org/resource/six-questions-a-lender-will-ask-small-business-owners/
- How much does a small business loan cost?: https://www.fundera.com/business-loans/guides/how-much-is-a-small-business-loan

- Business Loan Application Form Guidelines: https://www.fundera.com/business-loans/guides/business-loan-application

Cards needed for the activity

D3S2C5

D3 S3 **Financial products** **A1 Business at risk!**

Activity purpose/ goal: - To help participants apprehend that risk is inherent in any kind of entrepreneurial activity and identify the main sources of overall risk for businesses, and their own business in particular

- To get participants acquainted with the most important insurance products for businesses and make a first plan on the insurance coverage they have to seek for their own enterprise

Time needed for the activity: 50-60 min

Activity steps – details for trainer

Use card D3S3C1 to make an introduction about what is insurance and what are the basic insurance elements

Part A: Do I really need to Insure my Business?

1. Share the "Reasons to have Business Insurance" Handout to all participants (available on YFA platform) and instruct them to read the different business risk scenarios (5 min) use card D3S3C2 to introduce the task. Use also the cards D3S3C3, D3S3C4 and D3S3C5 to better explain the terminology.
2. Now that the participants have a sense of the unpredictability and unavoidability of many events that can put their business at risk, they have to make a similar list of at least 10 potential risks for their own enterprise (5 min)
3. Then participants have to think about their probability in relation with the nature and size of your enterprise and put those risks in order (from "most probable" to "least probable") (5 min)
4. Collect all the answers and present them in plenary. Continue with a plenary discussion about the participants thoughts. Do they think they need some kind of insurance for their business now? Are there particular situations that call for seeking an (additional) Insurance or changing Insurance coverage?

Part B: What type of Insurance coverage do I need the most for my Business?

1. After the participants have read about the main types of insurance coverage offered to businesses, instruct them to go back to the list of examples in "Reasons to have Business Insurance" Handout and identify which insurance would have protected the

entrepreneur in each case. After that, tell them do the same with their own list! (10 min). Use card D3S3C6 to introduce part B

2. Tell the participants to note a. which insurance type they mention more than once and b. which insurance type they mention for the top 3 ("most probable") risks. Continue with a plenary discussion on their findings (15 min)

Debriefing questions

- Why do businesses need Insurance?
- What types of risk are inherent to entrepreneurial activity? Are there any special risks associated with your own type of business?

Tools needed

"Reasons to have Business Insurance" Handout Forms (A1-H1), Pens, Flipchart

Resources for trainer

Part A:

- R1_A1_PtA (Beginner)
- R2_A1_PtA (Intermediate)

Part B:

- R3_A1_PtB (Beginner)
- R4_A1_PtB (Intermediate)

Cards needed for the activity

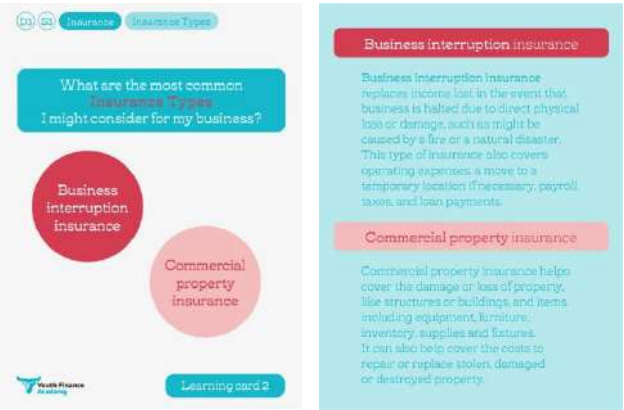
Part A:

D3S3C1

D3S3C2

Part B:

D3S3C3



D3S3C4

D3S3C5

D3S3C6

D3 S3

H1 Financial products

Reasons to have Business Insurance Handout

Handout

Why do businesses need Insurance?

Businesses need business insurance because it helps cover the costs associated with property damage and liability claims. Without business insurance, business owners may have to pay out-of-pocket for costly damages and legal claims against their company. Depending on the incident, this could be a financially devastating scenario for business owners.

"Do I really need to insure my business?"

Of all expenses you could save on, business insurance isn't one of them. Bad things can happen even to the most forward-thinking, well-prepared and conscientious business owners. Bad things can happen to any type of business. They may happen to your company or to companies or people your business heavily relies on.

You might be able to recover from the blow without external help if you are lucky, however in many cases the blows are so heavy that an unfortunate event might mark the end of your business. Check the examples below:

Examples of Reasons to Have Business Insurance

- ✓ One of your clients needed hospitalization after eating a meal at your restaurant. Turns out she had a serious food allergy against oysters, and the meal you offered contained oyster sauce.
- ✓ You fire one of your employees, because his rude behaviour is driving customers away. After a while, he comes back and sues you for wrongful termination.
- ✓ You come back from holidays and discover that your business offices have been broken-in. All new equipment you bought some months ago, and for which you are still paying back your loan, is gone.
- ✓ You are an online merchant, who is in the process of transferring data from the old website to the new host, when your old website gets hacked. Thousands of credit card numbers can now be accessed by the hackers and leaked.
- ✓ Your secretary needs surgery and months of physical therapy to correct his seriously broken ankle.

- ✓ The delivery man working for your online pet-shop service hits a mother and her daughter on his way to a client, causing serious injuries
- ✓ The cement plant from which you expect a whole shipment of construction material got destroyed by a strong earthquake
- ✓ Your consultancy company is facing a claim for allegedly providing unsound advice
- ✓ A whipped cream dispenser exploded, while your employee prepared an order in your cafeteria, causing her to lose eyesight from one eye and her nearby colleague suffer from hearing loss
- ✓ One of your clients bought a whipped cream dispenser for their business, which exploded, causing serious injuries to their staff. They're filing a lawsuit against you
- ✓ The nature of a business (i.e. type of goods and services produced and sold), as well as its size (i.e., volume of production and sale) are the main factors which influence the risk probability in a business. For example, a business dealing in fashionable items has a high degree of risk. Similarly, a large-scale business generally has a higher risk than what a small scale business has.
- ✓ Also, different types of businesses are subject to various risks in different degrees (e.g. an IT company is not as vulnerable as an orange producer towards bad weather conditions. Similarly, an orange producer is less susceptible than an IT company to data breach risks)
- ✓ Now that you have a sense of the unpredictability and unavoidability of many events that can put your business at risk, make a similar list of at least 10 potential risks for your own enterprise. Think about their probability in relation with the nature and size of your enterprise and put those risks in order (from "most probable" to "least probable")

When should I buy Insurance for my Business?

It's a good idea to get business insurance when you're starting your small business. With business insurance, you can help protect your business from different risks as soon as you open your doors.

Other important times to get a business insurance can be when you:

- Renew your policy: This gives you a good idea of your future rates. It's also a good time to compare your rates to other companies to find the best one.
- Hire or lay off employees: As your workforce changes, your coverage needs can also change.
- Relocate your business: Leasing or buying a new property can change your coverage needs.

- Buy new equipment: You'll need insurance for any new pieces you get. Plus, if you get rid of old equipment, you may be able to cut back your coverage.
- Start offering new products: New inventory can change your business' assets and your coverage needs.
- Increase or decrease your income significantly: The amount of coverage you need changes with the amount of money your business brings in.

Source: https://www.thehartford.com/business-insurance/company

D3 S4 **Financial products** **A1 Investment Race**

Activity purpose/ goal: To help participants apprehend the motivations behind investing, and to understand when is the right moment for a business owner to consider seeking some investment opportunity

Time needed for the activity: 30 min

Activity steps – details for trainer

Description

1. Split the participants into 2-5 groups, taking care that they are equal in size
2. Create one line in the floor separating the space in the middle. Tell participants of all groups to come to the same side (e.g. left side of the room), and form 1 queue of people within each group. Explain them that this side of the room is their initial stage, "Saving only". The opposite side is "Investing too!"
3. Explain the rules of the game, use card D3S4C5 for it.

Rules

a. To cross the line participants need to give a correct answer to the question of the facilitator. They will be answering one by one; the first person of each queue needs to answer correctly to cross the line, and before he/she gives a correct answer, no one else from their group can speak and cross the line
b. The second person can speak as soon as the first gives a correct answer, or if the first person gives 5 incorrect answers (in which case he/she moves to the back of the line)
c. Participants cannot say their answers out loud but whisper it to the facilitator
d. The winning team is the one, all members of which cross to the "Investment" side first
e. Once you explain the rules, ask the question: "In which cases should shift their focus on investments rather than only savings?"
f. The first persons of the teams take turns, and cross the line if they give a correct answer, or try max. another 4 times before moving to the back of the line (on the Savings side), and giving their turn to the second person of their team
g. While the race is going on, note down all correct answers on a flipchart
h. Close the activity with a debriefing discussion, commenting on the participants' answers, and giving the bigger picture about the objectives of investing for (new) businesses.

Tips for the facilitator

There is not a limited number of correct answers. An indicative list is provided in the Back side of the Facilitator's Card - D3S3C3:

"In which cases should an entrepreneur shift their focus on investments rather than only savings?"

- When they want to diversify their sources of income
- When they are willing to assume some risk, for the promise of higher returns
- To build up some starting capital
- To overcome limitations at the start-up phase, like the need to give a collateral to take out a loan
- To make some business improvements, which require funds that would otherwise take too long to be raised
- To expand business operations
- To keep up with inflation
- To increase liquidity
- To reduce operating costs, through upgrading some equipment/ part of the production process etc
- To reduce taxation (e.g. through adopting green practices of production/waste management)

Debriefing questions

- What are the most common reasons for making a business investment?
- How is investing different from saving?
- At what point is it recommendable for an entrepreneur to change their focus from saving to investing?

Tools needed

Sticky tape, Flipchart, pens, small prize

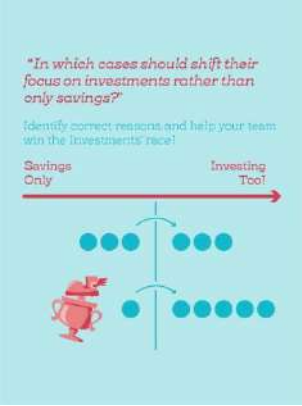
Resources for trainer

- The Difference Between Saving and Investing https://www.youtube.com/watch?v=blnbxbftme0
- R1_A1_Investments Basic Concepts

Cards needed for the activity

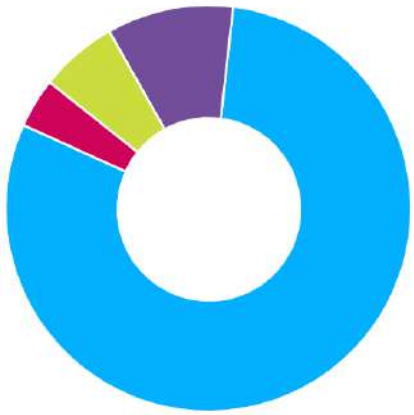
D3S4C1

D3S3C2

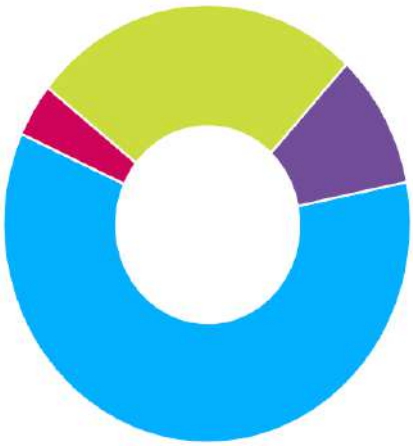


D3S3C3

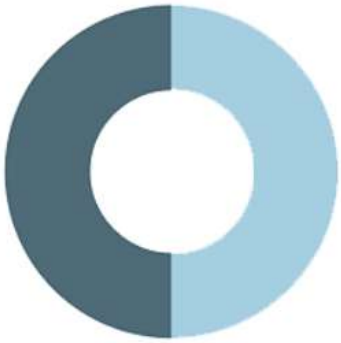
Aggressive Investor



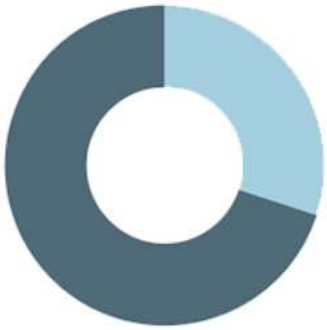
Growth Investor



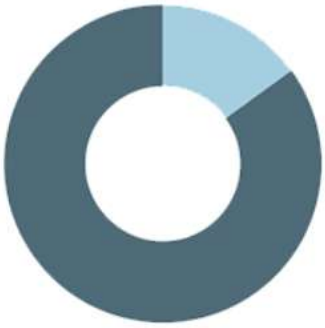
Balanced Investor



Conservative Investor



Defensive Investor



D3 S4

INVESTMENTS

A2 Matching Investment Profile and Strategy

Activity purpose/ goal: - To help participants become familiar with how safety, risk, and liquidity affect one's investment decisions

- To help participants identify their Risk profile and determine which is the best matching Investment portfolio for them

Time needed for the activity: 40 min

Activity steps – details for trainer

Description

1. Divide participants in groups of 5-6 members. Use cards D3S4C7 and D3S4C8 and Instruct participants to find out which is their risk profile through this quiz (https://www.reisuper.com.au/super/investments/risk-profile-quiz) and compare their result to the other members of their group. If most of them have the same profile, ask them to iterate the quiz a couple of times with different answers.
2. Print out the Handout Risk Profile (profile and description separately), as many times as there are groups.
3. Give participants 5' to match each investor profile with its description. Then have a discussion, during which you analyze the different investor profiles.
4. After that briefly describe 4 different avenues of investments, use cards D3S4C4, D3S4C5 an D3S4C6 to facilitate the discussions
    - Cash: investing your money in things like a term deposit from a bank
    - Bonds: lend your money to a government or company and they pay you regular interest payments
    - Property: Most people's homes are not an investment, so here property means either putting money in managed funds that invest in commercial property or owning rental property.
    - Stocks: Investing in stocks means that you buy a part of a company (a 'share') and receive part of the company's profit, either through dividends paid by the company or because the value of a company goes up.
5. Ask the participants to think about the weighing each avenue should have in the portfolio of each Investor's profile.

6. Then ask participants to match the Portfolio Cards with the different Investor's profile.
7. Finally, ask the participants to fill in the table in the Handout, according to what each type of Investor can be expecting. Follow with the discussion on the right Answers.

What to expect	Investor 1	Investor 2	Investor 3	Investor 5	Investor 6
Minimum years you should be investing	4 to 5 years	13+	9 to 12 years	2 to 3 years	6 to 8 years
Answers:	Conservative	Aggressive	Growth	Defensive	Balanced
Expected average annual return	6.7% (2.9% after fees, taxes and inflation)	5.9% (2.2% after fees, taxes and inflation)	5.0% (1.5% after fees, taxes and inflation)	4.6% (1.2% after fees, taxes and inflation)	7.5% (3.5% after fees, taxes and inflation)
Answers:	Growth	Balanced	Conservative	Defensive	Aggressive
Range of annual returns	-0.7% to 10.2% (-4.1% to 6.8% after fees, taxes and inflation)	-6.3% to 21.4% (-10.7% to 18.5% after fees, taxes and inflation	-9.0% to 27.0% (-13.6% to 23.9% after fees, taxes and inflation)	-3.6% to 16.4% (-7.9% to 13.4% after fees, taxes and inflation)	-1.4% to 11.9% (-5.1% to 8.7% after fees, taxes and inflation)
Answers:	Defensive	Growth	Aggressive	Balanced	Conservative
Chance of a negative return	1 year in 6	1 year in 13	1 year in 5	1 year in 4	1 year in 10
Answers:	Balanced	Defensive	Growth	Aggressive	Conservative
Chance you might experience a loss over the next three years	0.3%	6.4%	0.6%	2.2%	4.4%
Answers:	Defensive	Aggressive	Conservative	Balanced	Growth

Debriefing questions

- What is a balanced portofolio and why is recommendable to have it?
- How does the portofolio depend on the investor profile of an entrepreneur?

Tools needed

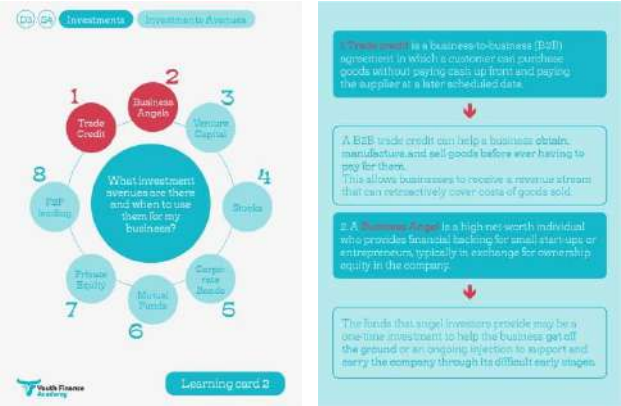
Internet Connection, Print outs of Risk Profile Cards & Portfolio Cards (A2-H1_Risk Profile Cards / A2-H2_Portofolio Cards), Handout with the table

Resources for trainer

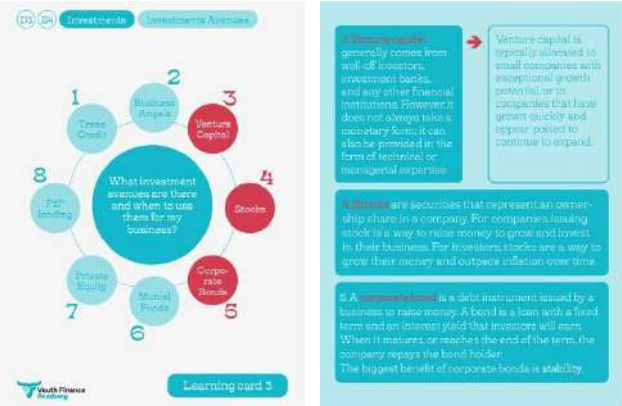
- R1_A1_Investments Basic Concepts
- R2_A2_Investment Avenues

Cards needed for the activity

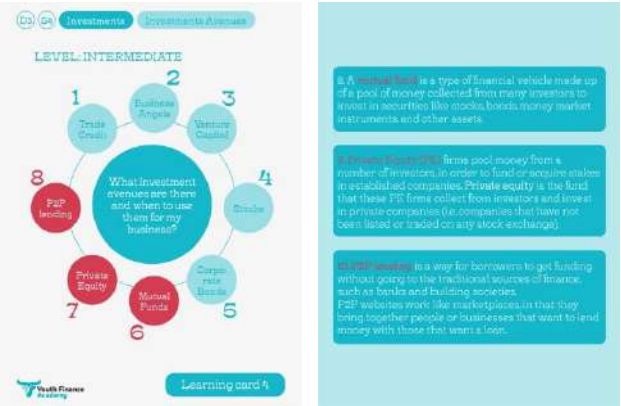
D3S4C4



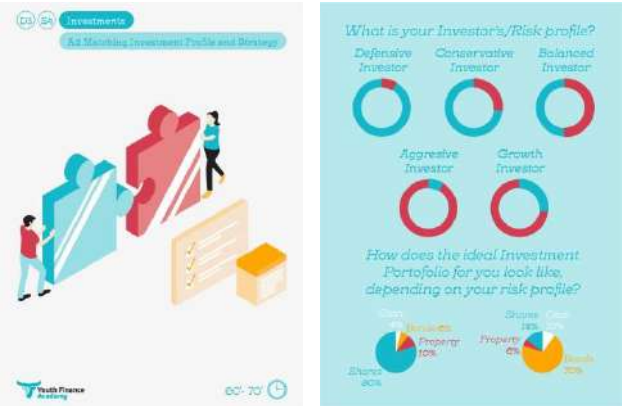
D3S3C5



D3S3C6



D3S3C7



D3S3C8

D3 S4

INVESTMENTS

A2 Matching Investment Profile and Strategy

Aggressive Investor

This type of Investor:

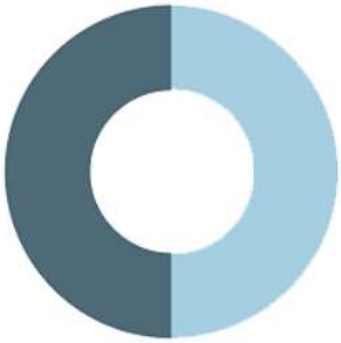
- Accepts extreme ups and downs in the value of their investments
- Can achieve higher returns over the long term
- Does not need regular income from their investments
- Has a minimum nine-year timeframe

Growth Investor

This type of Investor:

- Accepts significant ups and downs in the value of their investments
- Can achieve high returns over the long term
- Needs minimal income from their investments
- Has a minimum seven-year timeframe

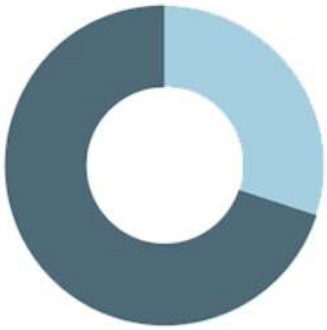
Balanced Investor



This type of Investor:

- Tolerates some ups and downs in the value of their investments
- Can achieve good returns over the long term
- Needs minimal income from their investments
- Has a minimum five-year timeframe

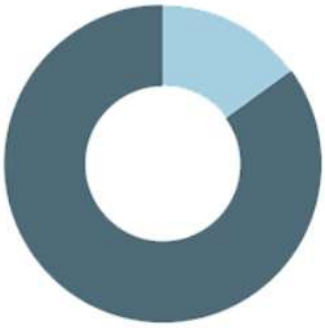
Conservative Investor



This type of Investor:

- Looks to minimise ups and downs in the value of their investments
- Is prepared to accept lower returns
- May need regular income from their investments
- Has a minimum three-year timeframe

Defensive Investor



This type of Investor:

- Requires investments to be protected to minimise ups and downs in value
- Is prepared to accept lower long-term returns
- May need regular income from their investments
- Has a minimum two-year timeframe

D3 S4

INVESTMENTS

A3 Deciding Where to Invest: Sea Life Tours Case Study

Activity purpose/ goal: To help participants identify the major types of investment alternatives

- To deepen participants' understanding of the advantages and disadvantages of the different options

Time needed for the activity: 40-50 min

Activity steps – details for trainer

1. Begin with an Introduction - Companies use several metrics to decide where they should spend their money, each with each merits and demerits. The general term referring to the quantitative techniques used to calculate the financial costs and benefits of an investment decision is called Investment Appraisal.
2. Present participants the most common investment appraisal methods (i.e. Payback period, Accounting rate of return [ARR] and Net present value [NPV]) (material on Investment Appraisal Methods available on YFA platform)
3. Divide Participants in groups of 3-4 people. Each group has to work on the Sea Life Tours Case Study (see Handout Sea Life Tours Case Study) and decide the best investment option among the 2 alternatives. Participants will have 20' to complete the exercise. Use card D3S4C9 to introduce the activity.
4. Discuss the answers of each group in plenary (Sea Life Tours_Answer Sheet), and offer the small prize to all groups that answered correctly

Debriefing questions

Tools needed

Investment Appraisal Methods Handouts (A3_H1), Sea Life Tours Handouts (A3_H2), Pens, Flipchart, small prize

Resources for trainer

- R2_A2_Investment Avenues
- R3_A3_Sea Life Tours Answer Sheet

Cards needed for the activity

D3S4C9

Investment Appraisal[1]

Investment appraisal is the general term referring to the quantitative techniques used to calculate the financial costs and benefits of an investment decision. Three of the most common methods to investment appraisal are:

- Payback period
- Accounting rate of return
- Net present value

Payback Period

Payback period is the period of time for an investment project to earn enough profits to repay the cost of the initial investment. The formula is

$$\frac{\text{Initial investment (€)}}{\text{Contribution per month (€)}}$$

For example, a firm may be considering the purchase of new photocopy equipment at a cost of € 10 000. The anticipated financial gain would be € 6000 of revenue per year after maintenance costs are paid for. Hence, the payback period would be

$$\frac{\text{€10 000 for purchase}}{\text{(6000/12 months)}}$$

$$= 20 \text{ months}$$

Most investment projects would only be considered if they have a relatively short payback period. In reality, it is unlikely the income stream will be constant each year. It is still possible though to work out the payback period using the cumulative cash flow method, as demonstrated here:

[1] Sources: https://sites.google.com/site/brackensibbusiness/units/finance/3-2-investment-appraisal https://www.accountingnotes.net/financial-management/capital-budgeting/top-7-investment-appraisal-techniques-capital-budgeting-2/10946

Suppose the construction of a new sports complex costs € 1 000 000 and is expected to generate net cash flows over the next four years of:

	Net Cash Flow	Cumulative cash flow
Year 1	€ 210 000	€ 210 000
Year 2	€ 350 000	€ 560 000
Year 3	€ 480 000	€ 1 040 000
Year 4	€ 450 000	€ 1 490 000

It should be clear this project will not break even in year 1 or year 2. By year 3, total cash flow DOES cumulatively exceed € 1000 000. However, do we have an idea exactly WHEN in year 3 we can expect to break even?

Hint: What is the monthly cash flow in year 3?

Payback Period Advantages	Payback Period Disadvantages
- It is simple to apply, easy to understand and compare with other investment and of particular importance to business which lack the appropriate skills necessary for more sophisticated techniques. - This method is most suitable when the future is very uncertain. The shorter the payback period, the less risky is the project. Therefore, it can be considered as an indicator of risk. - Time focused which is especially important for companies that have liquidity problems (remember that companies typically fail because of cash flow issues, not profitability) - It does not involve assumptions about future interest rates - Focuses on short term which is when forecasts are more likely to be correct	- It does not indicate whether an investment should be accepted or rejected, unless the payback period is compared with an arbitrary managerial target. - Ignores potential gains that happen after payback period has occurred. What if the investment with a longer payback period is of higher quality and has double the life span. Do we take that into consideration? - Focus is on time instead of return. Remember the goal of the firm is to maximize shareholders wealth and not get as much money as it can in the shortest period of time. This puts too much focus on short term goals.

Accounting Rate of Return

The accounting rate of return (ARR) calculates the *average profit* on an investment project as a percentage of the amount invested. Hence, the ARR is also known as the *average rate of return*. The formula for calculating ARR is

$$\frac{\text{Total profit during a project's life span (€) / number of years of the project}}{\text{Initial amount invested (€)}} \times 100$$

ARR is expressed as a percentage to allow managers to compare the rates of return on other investment projects. As a basic benchmark, the ARR can be compared with the base interest rate to assess the rewards for the risk involved in an investment.

If the ARR of a project is 8% and the interest rate is 5%, then the *real rate of return* is 3%.

ARR Advantages	ARR Disadvantages
- Simple calculation that tells you whether an investment will return more or less than a specific benchmark (such as the risk free rate of return) - Easy metric to compare with other investments - It is not concerned with cashflows but rather based upon profits which are reported in annual accounts and sent to shareholders. - Where a number of capital investment proposals are being considered, a quick decision can be taken by use of ranking the investment proposals. - Unlike payback period method, this method does take into consideration all the years involved in the life of a project.	- Does not take time into consideration. This makes forecasting become more important as future if future cash inflows (even the last years of the investment) are incorrect then ARR is incorrect. - Does not include time value of money. Would you rather have a €1,000 today or €1,000 5 years from now? ARR does not differentiate this. - It is biased against short-term projects in the same way that payback is biased against longer- term ones. - This method fails to distinguish the size of investment required for individual projects. Competing investment proposals with the same accounting rate of return may require different amounts of investment.

Net present value

NPV (Net Present Value) takes into account discounted cash flow and finds value of an investments in today's money.
An example of this is if you need to get a loan at 5% interest, what do you really make? Another example is using the expected inflation rate for your discount rate. Some investments in Vietnam may get you a 10% return over a year but when inflation is 18%, you actually lost money based on today's value.

NPV discounts the net cash flows from the investment by the minimum required rate of return, and deducts the initial investment to give the yield from the funds invested. **If yield is positive the project is acceptable. If it is negative the project in unable to pay for itself and is thus unacceptable.**

Calculating NPV is very simple and can be done with the following steps:

1. Make a table with the following rows: Year, Cash Flow, Discount Factor and Present Value.
2. Fill in years and cash flow. The **discount factor** is given by the following expression:
$1/(1 + r)^n$
Where, r = Rate of interest p.a.
n = number of years over which we are discounting.
Note that discount factor for year 0 is 1.
3. Calculate present value for each year by multiplying **cash flow * discount factor**.
4. Sum up all the years present values to get your NPV. You're done!

A landscaping company is considering signing a contract that gives them exclusive rights to the maintenance of a housing project for the next 4 years. To handle to workload, they must spend an additional €200,000 on equipment which will have no residual value at the end of the term. Interest rates are 5%.

Year	Net Cash Flow (€)	Discount Factor	Present Value (€)
1	100,000	0.9524	95,240
2	100,000	0.9070	90,700
3	100,000	0.8638	86,380
4	100,000	0.8227	82,270

Net present value = € 95,240 + € 90,700 + € 86,380 + € 82,270 = 354,590
Cost of project = € 200,000
Net Present Value = € 354,590 - € 200,000 = € 154,590

NPV Advantages	NPV Disadvantages
- Cashflows are more subjective than profits. - The discounting technique converts cash inflows and outflows for different years into their respective values at the same point of time, recognizing the time value of money - Particularly useful for the selection of mutually exclusive projects i.e., acceptance of one project amounts to rejection of the other project - It is based on the assumption that cashflows, and hence dividends, determine shareholders' wealth. Hence, it is instrumental in achieving the financial objective, i.e., maximization of the shareholders wealth.	- It is more difficult to calculate and understand, as compared to ARR or payback period method. - Calculation of the desired rates of return presents serious problems. Generally, cost of capital is the basis of determining the desired rate. The calculation of cost of capital is itself complicated. Moreover, desired rates of return will vary from year to year. - This method may not give satisfactory results when two projects having different effective lives are being compared. Normally, the project with shorter economic life is preferred, if other things are equal. But NPV does not attach importance to the shorter economic life of the project. - NPV emphasizes the comparison of net present value and disregards the initial investment involved.

D3 S4

INVESTMENTS

A3 Deciding Where to Invest: Sea Life Tours Case Study

Sea Life Tours

Sea Life Tours is a company based in Terceira Island, offering dolphin- and whale watching tours in glass bottom boats. The Managing Director of the Finance Department recently received offers from two different shipyard companies that outline the characteristics of their new glass bottom boat models; Transparencia with 30 seats and LOOK ME 370 with 37 seats.

The Managing Director forecasted the following annual net cash flows:

Year	Transparencia (€)	LOOK ME 270 (€)
0	-431.250	-488.750
1	109.250	109.250
2	109.250	109.250
3	112.700	128.800
4	120.750	139.150
5	132.250	144.900

I. On the basis of the information of the table above, and for both boat models:

- Calculate the payback period
- Calculate the average rate of return (ARR)
- Calculate the net present value (NPV) at a discount rate of 12%

II. Which boat model should Sea Life purchase?

D3 S4

INVESTMENTS

A4 A Start-Up's Investment Journey

Activity purpose/ goal: To familiarize participants with how investing takes different forms depending on the development stage of one's business

Time needed for the activity: 30 min

Activity steps – details for trainer

1. Present to the participants the example and the Info-graphic of a hypothetical start-up's journey from the Idea to the IPO stage, here:

https://blog.adioma.com/how-funding-works-splitting-equity-infographic/

2. Now that participants have an overview of the Start-up Financing Circle, split them into smaller groups of 3-5 people and invite them to answer the following questions. Participants can use internet search to find more information:

EXPLORING – Use card D3S4C10

- What can I do if I've run out of/don't have enough budget for my start-up?
- What should be the focus of the investing strategy, at the very early phases of one's business?

PLANNING - Use card D3S4C11

- What percentage of startups who apply receive angel investment from angel groups?
- How can I identify an angel group's criteria and determine if my company is a good match?

BUILDING - Use card D3S4C12

- What do I need to accomplish before my investor meeting?
- What is a Start-up Pitch Deck?
- When is my Start-up ready for VC Investment?

EXPANDING Use card D3S4C13

- What should be the focus of the investing strategy, after the business is starting to grow?
- What are the benefits of giving away ownership of my company via equity

investments?

- What equity investment avenues are there?

3. Each group is then asked to present their answers in 3-5 minutes in plenary.
4. Close the session with a discussion on the participants' answers and concluding remarks. The answers may vary, but they should be along the lines of the answers available on the R4_H4 Handout.

Tools needed

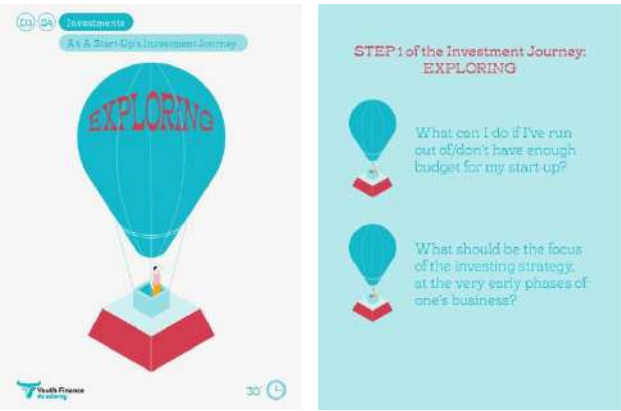
Internet connection

Resources for trainer

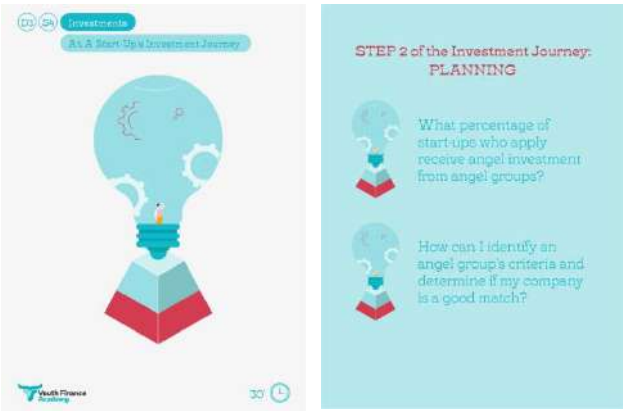
- R4_A4_A Start-Up's Investment Journey

Cards needed for the activity

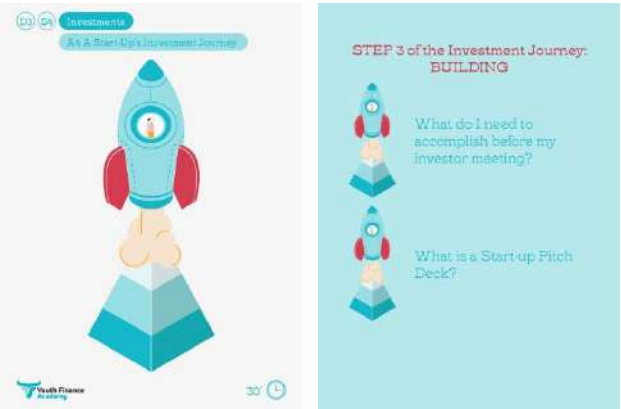
D3S4C10



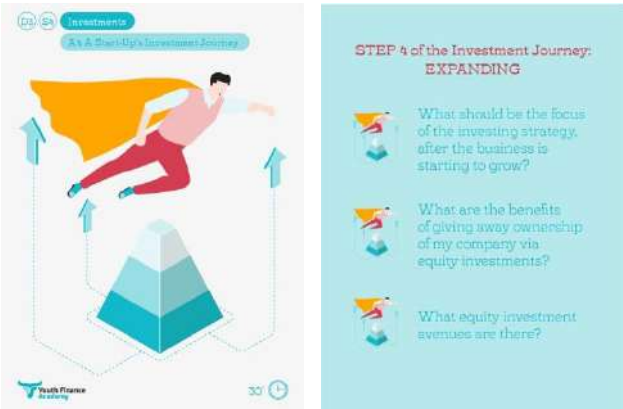
D3S4C11



D3S4C12



D3S4C13



D4 S1 SUSTAINABILITY & LEADERSHIP — Intro into grants world

Activity purpose/ goal: To increase the level of knowledge of participants about the basic concept of applying for a business grant

Time needed for the activity: 90 min

Activity steps – details for trainer

A1. Debate –Use card D4S1C1 and start a discussion with the participants by asking them questions like

- What is a grant?
- Who can give a grant, where to look for grants?
- Who can apply for a grant?
- What are the pro and cons of starting your business through a grant

A2 Basic info about grants -

1. Select from the resources folder the grant guide from your country
2. Divide the group in 4/5 team depending of the size of the group
3. Give them access to the grant guide
4. Ask each team to take a part of the guide and extract from it the mail ideas on a flipchart paper and at the and to present their section to the whole group.

For example:

- team 1 takes the part about eligible candidates, - Use card D4S1C2
- team 2 summarizes the part about the budget granted and the part about the eligible costs, Use card D4S1C3
- team 3 summarizes the implementation condition and so on, team 4 to present the main parts of the business plan from the grant guide. Use card D4S1C4

Have in to consideration

- Time management – make sure that you will have time to present as well
- To allocate similar sections from the guide to each team

Debriefing questions

What is your perspective now about the grant "world"?

If tomorrow you will have the opportunity to apply for a business grant, what will be the first step?

Tools needed

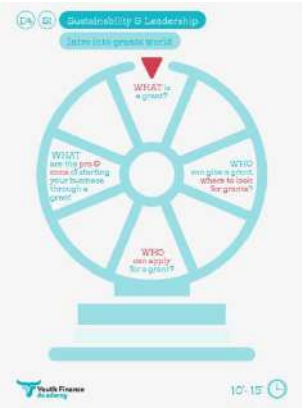
- Guide from your country
- Flipchart papers
- markers

Resources for trainer

Grant guide and annexes

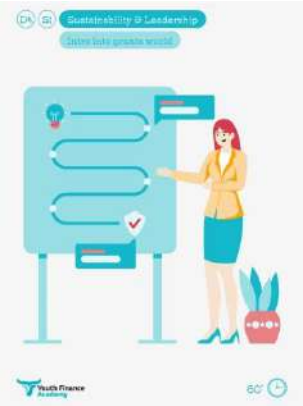
Cards needed for the activity

D4S1C1



D4S1C2

D4S1C3



D4S1C4

D4 S2 **SUSTAINABILITY & LEADERSHIP** **Crowdfunding intro**

Activity purpose/ goal: To create a base of knowledge about Crowdfunding

Time needed for the activity: 10 min

Activity steps – details for trainer

Task 1: ask the group the questions listed bellow

- What is a Crowdfunding campaign?
- Do you know any successful crowdfunding campaign?
- Do you know any crowdfunding platforms?
- What are the advantages of using Crowdfunding

Debriefing questions

- At the end of the second activity

Tools needed

Optional – a talking object – like a small ball, rock or other objects. When the talking object is placed in someone's hands; it is that person's turn to share his or her thoughts, without interruption. The object is then passed to the next person.

Recommendation

- Use the resource R1 Crowdfunding – basics in order to find out more about crowdfunding
- Research in your country/community if there are some examples of crowdfunding campaigns

Resources for trainer

R1 Crowdfunding – basics

D4 S2 SUSTAINABILITY & LEADERSHIP — Crowdfunding campaign

Activity purpose/ goal: To facilitate the process of creating a crowdfunding campaign

Time needed for the activity: 60 min

Activity steps – details for trainer - Use card D4S2C1 and introduce the activity

Task 1: Create teams of 4/5 persons and ask the participants to go through each step described in the Handout 1 in order to create a crowdfunding campaign

Task 2 Presentation of the campaign

Ask the participants: As in real life you have to deliver a short, clear and believable message. Each team has 3/5 min to present their campaigns.

Debriefing questions

- How was the process for you and your team?
- It was something that surprised you during this process? What?
- Do you think that your campaign will reach its goal?
- What do you take with you after this session?

Tools needed

H1 Crowdfunding – campaign structure

Resources for trainer

R1 Crowdfunding – basics

Cards needed for the activity

D4S2C1

Handout Crowdfunding

Intro of the task: In order to organize a successful crowdfunding campaign for your business idea, here's a quick checklist for all the essential steps involved:	
Have the right product	If your product isn't the right fit for crowdfunding, it will never make it to the finish line. ● Market test your app through surveys, analytics gathering and user research to see if your app has sufficient potential. ● Research and understand your competition as deeply as you can. This will help you create a competitive advantage for your app. ● Prepare a sales pitch that will have investors longing to finance your app over others.
Identify your audience	Building an audience requires the identification of one. At this stage, if you are confused as to what your specific audience needs, ask yourself the following questions: ● Who are you targeting through this campaign? ● What does their profile look like? ● What is their story? ● Can they possibly relate to your application in any way? ● Why should they buy your idea?
Create a Crowdfunding page that is attractive and easy to find	
Develop and share your story	Share who you are, what you're planning to do, where the project idea came from, what your budget is and why you're passionate about it. ● Main product idea ● Its potential benefits ● How it functions

	• Its unique selling proposition • Your passion behind the idea • A visual demonstration of your sales pitch can make all the difference. Just be original!
Promote your campaign	You have to work on your project to acquire the attention of potential investors. Put in the work to get noticed. Find all possible venues—online or physical—to promote your campaign and spread the word. At this point, you can leverage all your contacts and networking skills to meet with people and get connected to potential investors. Use every marketing channel there is and create awareness. Communication is essential to a crowdfunding campaign.
Set your funding goals	The following few questions and their responses will set the pace for you at this particular stage of the campaign: • How much money does your startup require? • How many people are expected to pledge for your business idea? • Do you have a backup plan in place if you don't get the funding you need? In case you don't make it to the finish line, what contingency plan do you have in place?
Rewards	Decide on the possible rewards that you can offer to your prospects. People who give often appreciate something in return. Offer realistic rewards, non–financial benefits – such as goods, tickets to events, credits on a record cover, or gifts, which you can actually deliver. Offering a range of rewards allows crowdfunders to maximize the amount of money they're able to raise by appealing to all levels of interest. ex. Equity-based crowdfunding enables people to become part owners of the project or venture – sharing both the risks and rewards. This type is commonly used for innovative and creative projects and it usually operates as a system where the more

	a backer donates to your fund the greater the reward.
Your Call To Action needs to be quick and easy	Having an effective call to action means creating the best short message that will motivate the crowd to click on the support button of the crowdfunding campaign. Some key elements to be considered are: ● **Be clear.** Building a call to action means literally accompanying our user to a given action. ● **Rapidity**. It will be of fundamental importance to at least ideally cover all the actions that the supporter will have to do: from the first visualization of the campaign, passing to the choice of the rewards, to the payment. If it is too complicated and the supporter has to fill out long forms, get various confirmations by e-mail and click on numerous buttons, it is more likely to abandon the process without coming to an end. Make sure that the process of receiving a donation is as simple as possible and you will have a much higher donation rate in no time. ● **Create a sense of urgency.** People tend to be attracted by limited, exclusive and unique products and offers. Use phrases that highlight the exclusivity of the offer, emphasize the opportunity and increase the supporter's desire to be part of the adventure.
Execute your campaign	On the actual launch date, use your social media to officially announce the campaign's big launch. Use emails to reach out to personal and professional contacts, asking them to pledge for your campaign. Bear in mind that your campaign success depends on how well you can communicate with people, so people skills are crucial. You have to have a stunning pitch
When the campaign is over	Congratulate yourself, you made it to the end. If you successfully get backed, the work has only just begun However, in the scenario that you did not meet your goal

	and did not raise the amount you were expecting, don't feel bad because this is not a failure, but an amazing opportunity to learn about what you need to improve to succeed. Deliver the rewards – fulfillment In the desired scenario where your project gets funded. Now you have a lot of people waiting for you to fulfill the rewards, promises, products, services, equity to give, and further communication. They've become your first customers and your investors, and if you make sure their expectations are met, they will trust you, come back and say good things about your project.If you fail to deliver, next time not only you are going to be starting from scratch but those initial backers won't trust you, and possibly deliver that news to their peers, making the task much harder.

D4 S3 SUSTAINABILITY & LEADERSHIP — Production/Service

Activity purpose/ goal: To strengthen young entrepreneurs' skills on how to evaluate the cost to produce their product/ provide their service

Time needed for the activity: 40 min

Activity steps – details for trainer

A suitable product selling price is key to your success. If you're underpriced, not only will you lose money, but your product could also be viewed as cheap and unreliable. On the other hand, overpricing your product means you run the risk of pricing yourself out of the market.

To calculate your product selling price, use the formula:

Selling price = cost price + profit margin

Use card S4S3C1 and introduce the task

- Identify each of the materials, services, human resources you need in order to create your product/ to provide your service, as specific and realistic as possible.
- At the end see what is the net cost of your product/service
- Create such a sheet for each of your products/services

Debriefing questions

- What did you learned something new during this session?
- What do you take with you after this process?

Tools needed

Production cost - excel

Cards needed for the activity

D4S3C1

Product Costing

Description	**Type**
Product A / service A	type 1

Description of the resources needed	Unit	Numer of units	Unit Cost	Total Cost	% Cost Variance	Toal cost with variance
raw material 1	piece	1	€ 1.00	€ 1.00	1.0%	€ 1.01
raw material 2	piece	1	€ 1.00	€ 1.00	1.0%	€ 1.01
service 1	service/hour	1	€ 1.00	€ 1.00	1.0%	€ 1.01
service 2	service/hour	1	€ 1.00	€ 1.00	1.0%	€ 1.01
human resource 1	Hours	1	€ 1.00	€ 1.00	1.0%	€ 1.01
human resource 2	Hours	1	€ 1.00	€ 1.00	1.0%	€ 1.01
utilitys (energy, internet	margin	1%	€ 1.00	€ 0.01	1.0%	€ 0.01
Net cost of production for Product A						**€ 6.07**
Profit margin						**10%**
Product price						**€ 6.68**

D4 S3 SUSTAINABILITY & LEADERSHIP — Production cost forecast

Activity purpose/ goal: To strengthen young entrepreneurs' skills on how to forecast their production in order to better allocate the time and resources

Time needed for the activity: 20 min

Activity steps – details for trainer

Production forecasting means to estimate the future demand for goods or services. It also estimates the resources which are required to produce those goods and services. These resources include human resources, financial and material resources.

Use card D4S3C2 and introduce the task

Monitor the time you need to create one product or to deliver your service and calculate how many products/services you can produce per month. Monitoring the time you need to create/supply your product/service will help you to organize your customer's orders.

Another variable that you need to have into consideration when you forecast your production, is if you have the needed budget to cover the net costs of your product/service.
Think also about the cash flow each month accordingly with your sales

Debriefing questions

- Did you learned something new during this session?
- What do you take with you after this process?

Tools needed

Production forecast- excel

Cards needed for the activity

D4S3C2

Production Forecast

Production Quantity Forecast

Type of product/service	Numbers of units produced per month	Product price/ unit	Total income/ product/ month	Net cost of the productio n	Net profit month/ product
prod 1	5	€ 6.68	€ 33.40	€ 30.35	€ 3.05
prod 2	5	€ 1.00	€ 5.00	€ 4.00	€ 1.00
service 1	5	€ 1.00	€ 5.00	€ 4.00	€ 1.00
service 2	5	€ 1.00	€ 5.00	€ 4.00	€ 1.00
Total Net Income/month					**€ 6.05**

Bugdet needed for maximum of production per month

Type of product/servic	Net cost of production for Product A	Quantity produced / month	Total Cost for the production/ month
prod 1	€ 6.07	5	€ 30.35
prod 2	€ 0.80	5	€ 4.00
service 1	€ 0.80	5	€ 4.00
service 2	€ 0.80	5	€ 4.00
Total budget needed/month			**€ 42.35**

D4 S3 **SUSTAINABILITY & LEADERSHIP**

Sales Forecast

Sales registered in year 1													
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Total
Product 1	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Product 2	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service 1	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Service 2	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Total	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

Sales Breakdown per product													
Product 1	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Total
Sales Price Per Unit	€ 6.68	€ 6.68	€ 6.68	€ 6.68	€ 6.68	€ 6.68	€ 6.68	€ 6.68	€ 6.68	€ 6.68	€ 6.68	€ 6.68	
Units Sold/ month	10	10	10	10	10	10	10	10	10	10	10	10	€ 120.00
Revenue	€ 66.77	€ 66.77	€ 66.77	€ 66.77	€ 66.77	€ 66.77	€ 66.77	€ 66.77	€ 66.77	€ 66.77	€ 66.77	€ 66.77	€ 801.25
Net cost/product	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 72.84
Total COGS	€ 60.70	€ 60.70	€ 60.70	€ 60.70	€ 60.70	€ 60.70	€ 60.70	€ 60.70	€ 60.70	€ 60.70	€ 60.70	€ 60.70	€ 728.41
Gross Margin	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 6.07	€ 72.84

Total Profit from Product 1 in year 1

D4 S3 **SUSTAINABILITY & LEADERSHIP** **Sales Forecast**

Activity purpose/ goal: To strengthen young entrepreneurs' skills on how to forecast their Sales

Time needed for the activity: 20 min

Activity steps – details for trainer

Forecasting. Or, in other words, the ability to see into the future and make educated predictions about any number of production elements such as material sourcing, job allocation, transport logistics, and more.

Forecasting is valuable to businesses because it gives the ability to make informed business decisions and develop data-driven strategies.

Forecasting allows businesses to set reasonable and measurable goals based on current and historical data. Having accurate data and statistics to analyze helps businesses to decide what amounts to allocate for changes, growth or improvement will be determined as a success.

Use card D4S3C3 and introduce the task

- Make a forecast of your sales for an year
- Have in mind:
    - National calendar (if you sales will increase during holidays, during summer, during winter etc.)
    - Access to resources (does your business rely on some specific resources, if yes please adapt you forecast accordingly)
    - Homan resources needed (if needed) etc.

Debriefing questions

- Did you learn something new during this session?
- What do you take with you after this process?

Tools needed - Sales forecast – excel

Cards needed for the activity

D4S3C3

D4 S4 **SUSTAINABILITY & LEADERSHIP** **Budget**

Activity purpose/ goal: To increase the competences of young entrepreneurs to elaborate a realistic budget

Time needed for the activity: 60 min

Activity steps – details for trainer

A1.1 First the trainer opens the session with the Question "what are the basic categories of costs that need to be included in a budget?" Use the 4 cards to facilitate the discussions.
Also the trainer can ask the participants to write on a post-it's the categories and each participant to stick it on a flipchart paper in order to have some mail categories needed in order to create a realistic budget.
A1.2 Budgets allow small businesses to plan future expenditures. These plans allow for the determination of the necessary amount of sales needed to generate capital for funding the budget. Business owners also may adjust future expenditures based on past budget performance.
Task - complete the budget for you venture/business including as many costs you can identify
Have in to consideration:

- the amount of money you have
- the costs that are eligible
- the quantities you need in order to implement your business plan
- make a market research in order to budget realistic costs

Debriefing questions

- How did you feel during this activity?
- What was your aha moment?
- What did you find out new in this session?
- How realistic do you consider your business plan to be? and why?

Tools needed

- Handout – Budget excel
- Optional: Post-its, flipchart paper, pencils

Resources for trainer

n.a.

Cards needed for the activity

D4S4C1

Estimate the **human resources** you will need.

Which is the **net** and **gross cost.**

Estimate in a realistic way the **quantity** you will need (no of employees/month or hours etc.)

D4S4C2

What kind of **services** will you need in order to **produce, sell, advertise** your product or service?

D4S4C3

Estimate all the
- **Gears**
- **Equipments**
- **Raw materials**

What will you need for your business?

D4S4C4

What else will you need to budget?

(examples insurances, sick leave, unpredicted costs margin, replacing machine/devices etc.)

Have in to consideration:
- The amount of money you have available
- The quantities you need in order to implement your business plan
- Make a market research in order to budget realistic costs

Budget Execution
Enterprise Name

	Implementation period					
1	**Staff salary expenses. (net salaries + contributions)**	**Unit**	**No. of units**	**Unit cost**	**Total Cost (units x unit cost)**	**Total**
1.1	Employee 1	month	1	€ 1.00	€ 1.00	€ 5.00
1.2	Employee 2	month	4	€ 1.00	€ 4.00	
2	**Expenses with specialized services**	**Unit**	**No. of units**	**Unit cost**	**Total Cost (units x unit cost)**	**Total**
2.1	Accountability	month	2	€ 1.00	€ 2.00	€ 3.00
2.2	service 2	service	1	€ 1.00	€ 1.00	
2.3	service 3				€ -	
3	**Expenses with the acquisition of tangible fixed assets**	**Unit**	**No. of units**	**Unit cost**	**Total Cost (units x unit cost)**	**Total**
3.1	equipment 1	piece	1	€ 1.00	€ 1.00	€ 2.00
3.2	equipment 2	set	1	€ 1.00	€ 1.00	
3.3				€ -	€ -	
				€ -	€ -	
Total Budget						**€ 10.00**

D4 S4 SUSTAINABILITY & LEADERSHIP

Budget execution

Activity purpose/ goal: To increase the competences of young entrepreneurs to make a realistic budget execution forecast/ tracking of budget

Time needed for the activity: 20 min

Activity steps – details for trainer

A2.1 First the trainer opens the activity with the Question "what is the difference between budget and budget execution/ tracking?" next question "Why it is important to have a budget execution forecast and to update each month the budget execution

A2.2 A business budget outlines the expected expenses for your project. Business budget tracking/execution enables you to monitor how much of your budget has been spent over time, to see how much is remaining and course-correct when necessary.

Keeping a daily record of your expenses by tracking receipts, invoices and other outgoing expenses improves the financial health of your budget. Tracking expenses can help you stay on top of your cash flow and prepare you for tax season.

In practice, budgets are rarely implemented exactly as approved. This can be for legitimate reasons, such as adjustments in policies in response to changes in economic conditions, or for negative reasons, including mismanagement, unauthorized expenditures, inefficiency, or fraud. The entrepreneur can use analysis during and after budgets are implemented to identify problems in execution and use this information to strengthen their efforts to increase accountability, improve programs, and inform future budget debates.

Use card D4S4C5 and introduce the task

1. Staring from the budget excel, simulate for each month, of implementation of your business plan, the expenditures that you forecast in order to see each month the cash flow you will need
2. If the case and you are implementing the business plan through a project grant, and the grant is being paid in installments, please calculate how much should you spent in order to make a new payment request

Have in to consideration

- The contributions for salaries are not (normally) paid at the same time with the net salary, most of the time you pay once for 3 months. Calculate the cash flow you will need for this
- For services, sometime you don't pay the entire value of the contract

Debriefing questions

- How did you feel during this activity?
- What was your aha moment?
- What did you find out new in this session?
- How realistic do you consider your business plan to be? and why?

Tools needed

- Handout Budget_execution excel
- Optional: Post-its, flipchart paper, pencils

Cards needed for the activity

D4S4C5

D4 S4 **SUSTAINABILITY & LEADERSHIP** **Budget execution**

Budget Execution
Enterprise Name

Implementation period						Spent each month						
						M1	Mar-20	Apr-20	M2	M3	Mn	Available Budget
Staff salary expenses. (net salaries + contributions)	**Unit**	**No. of units**	**Unit cost**	**Total Cost (units x unit cost)**	**Total**	**2.00**	**0.00**	**0.00**	**2.00**	**0.00**	**0.00**	
Employee 1	month	4	€ 1.00	€ 4.00	€ 8.00	€ 1.00			€ 1.00			€ 2.00
Employee 2	month	4	€ 1.00	€ 4.00		€ 1.00			€ 1.00			€ 2.00
Expenses with specialized services	**Unit**	**No. of units**	**Unit cost**	**Total Cost (units x unit cost)**	**Total**	**1.00**	**0.00**	**0.00**	**1.00**	**0.00**	**0.00**	
Accountability	month	2	€ 1.00	€ 2.00	€ 3.00	€ 1.00	€ -	€ -	€ -	€ -	€ -	€ 1.00
service 2	service	1	€ 1.00	€ 1.00		€ -	€ -	€ -	€ 1.00	€ -	€ -	€ -
service 3				€ -		€ -	€ -	€ -	€ -	€ -	€ -	€ -
Expenses with the acquisition of tangible fixed assets	**Unit**	**No. of units**	**Unit cost**	**Total Cost (units x unit cost)**	**Total**	**1.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	
equipment 1	piece	1	€ 1.00	€ 1.00	€ 2.00	€ 1.00	€ -	€ -	€ -	€ -	€ -	€ -
equipment 2	set	1	€ 1.00	€ 1.00		€ -	€ -	€ -	€ -		€ -	€ 1.00
			€ -	€ -		€ -	€ -	€ -	€ -	€ -	€ -	€ -
			€ -	€ -		€ -	€ -	€ -	€ -	€ -	€ -	€ -
Total Budget					**13.00**	**4.00**	**0.00**	**0.00**	**3.00**	**0.00**	**0.00**	**6.00**

DAY 1

Youth Finance Academy

S1 Wellbeing

A1. Jar of priorities - 30′
A2. Wellbing activity - 40′

S2 What it means to be an entrepreneur?

A1. Entrepreneurial profile - 20′
A2. Your Business Idea - 20′
A3. Tour Business Idea - 20′
A4. Knowing your customers - 20′
A5. Customer orientation - 20′
A6. Through the eyes of the customers - 20′
A7. Supply chain - 20′

S3 Financial decision- making process

A1. Trade game - inspired activity - 90′

S4 Financial planning and financial goals

A1. Introduction on financial planning and financial goals - 60′
A2. Network that matters - 30′

Sands

Small, less important tasks

Pebbles

Tasks with average importance

Rocks

Big, important tasks

Think about your financial responsibilities and fill the Jar with:

- **BIG ROCKS**
  The most important financial responsibilities – Priorities

- **MEDIUM ROCKS**
  The medium important financial responsibilities

- **SAND**
  Less important tasks/financial responsibilities

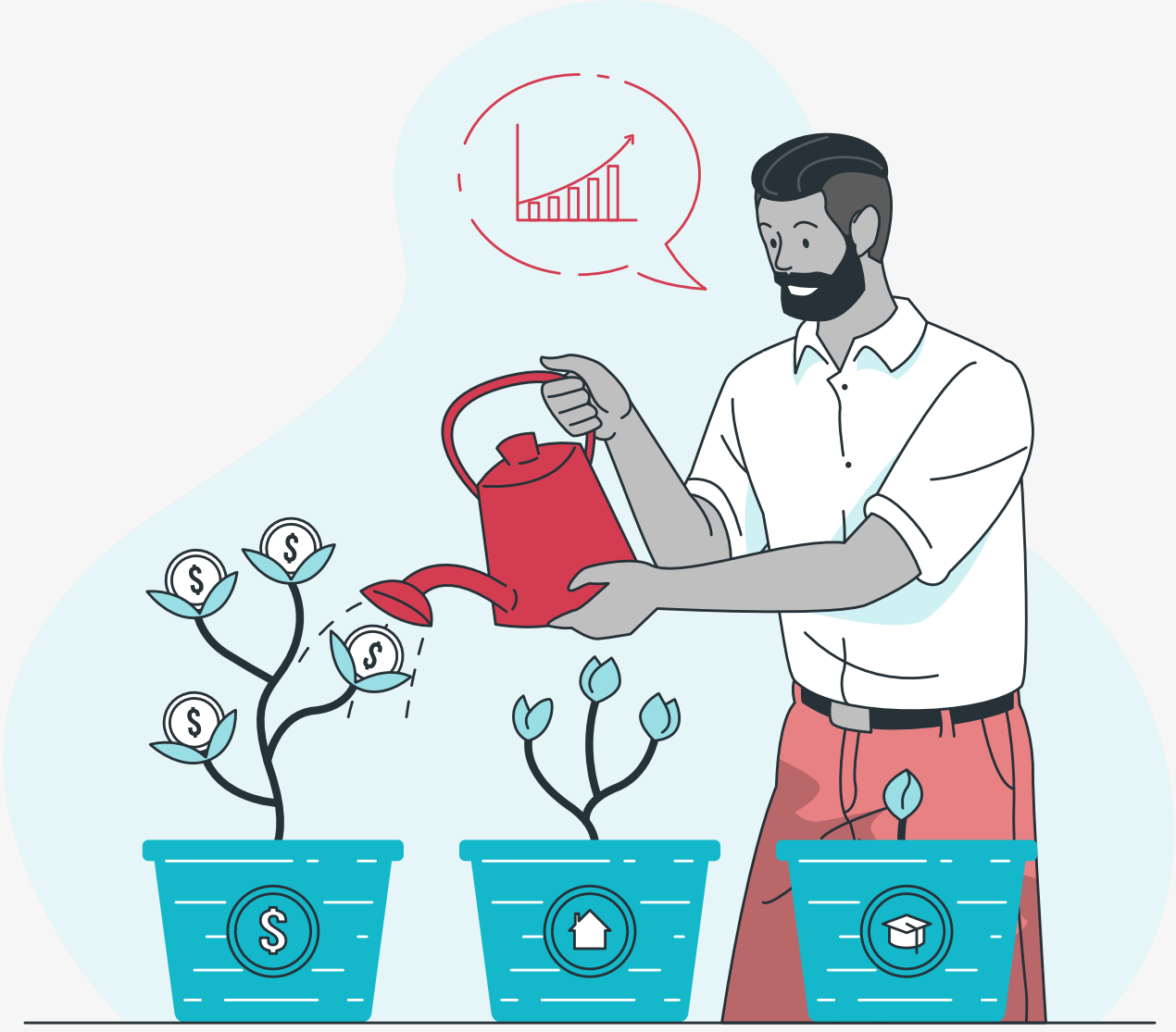
Understanding Financial Literacy vs Financial Wellbeing

Youth Finance Academy

40'

Have you ever thought about **your wellbeing?**

Imagine an ideal context in which you have financial resources - **DEFINE YOUR FINANCIAL WELLBEING!**

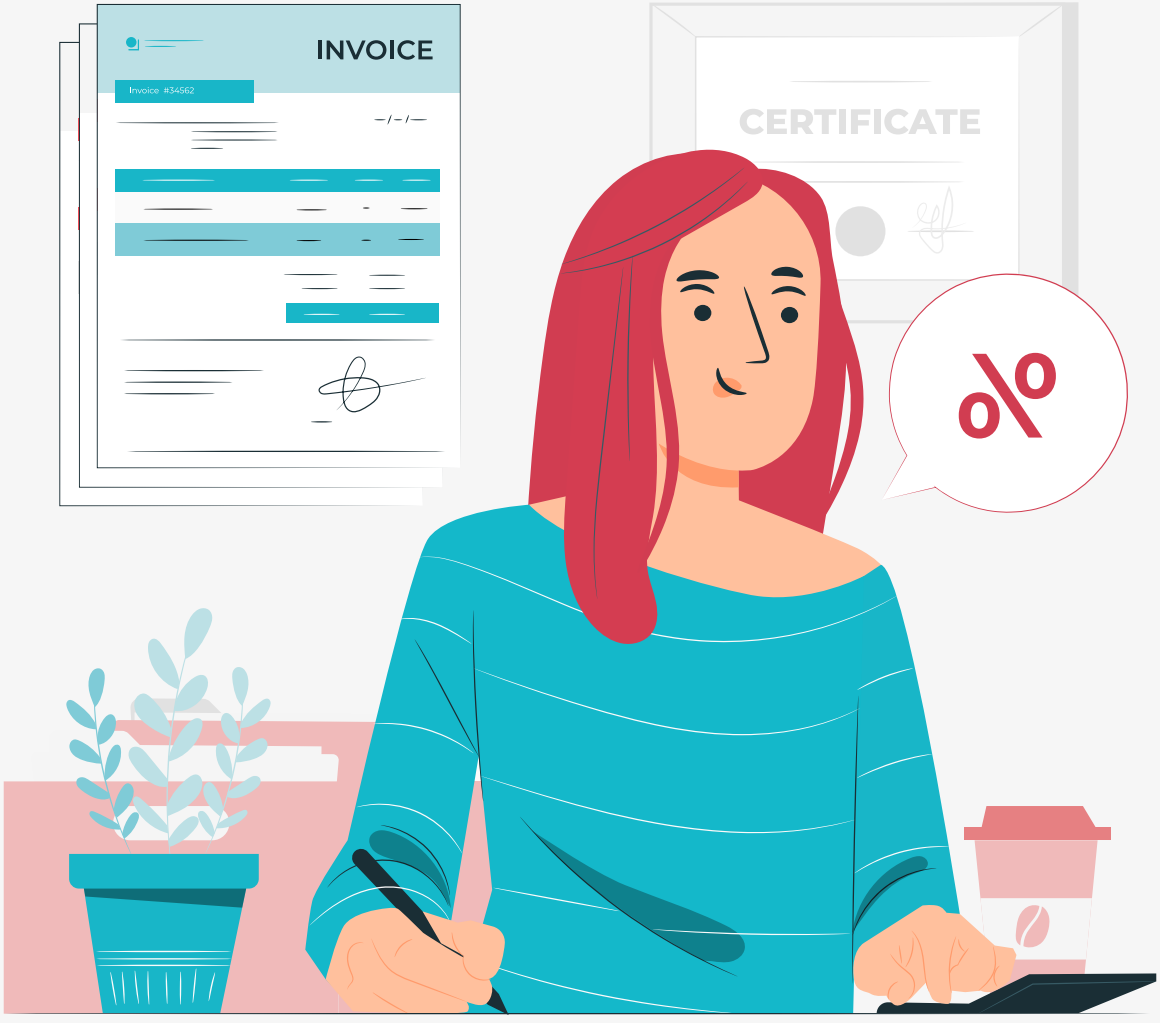


Take control over day-to-day finances

Youth Finance Academy

40'

Increase your capacity to **assess a risk** and **absorb a financial shock** in your business



You are on track to meet both your entrepreneurial and financial goals

Achieve the **freedom to make the choices** that allow you to enjoy life

Reach your financial wellbeing in 3 steps!

Youth Finance Academy

40'

Action Plan for financial wellbeing

D1 S2

What it means to be entrepreneur

A1 Your entrepreneurial profile

1. Who am I and what resources do I have?	2. What do I know to do? What are my key skills?
3. Who am I serving? Who **can** I help?	6. What is my challenge? What limits do I have?
4. What am I offering?	5. What do I get? What do I earn?
	7. Who can help me?

Youth Finance Academy

15'-20'

Define who you are as an entrepreneur!

- Analize your resources, skills, challenges and limitations;
- Create a realistic picture of the abilities and skills that you have;
- Answer the questions from the instrument and at the end conclude **the shape of your entrepreneurial profile!**

D1 S2

What it means to be entrepreneur

A2 Your business idea

WHAT?	WHO?	WHERE?	WHEN?

Youth Finance Academy

20'- 30'

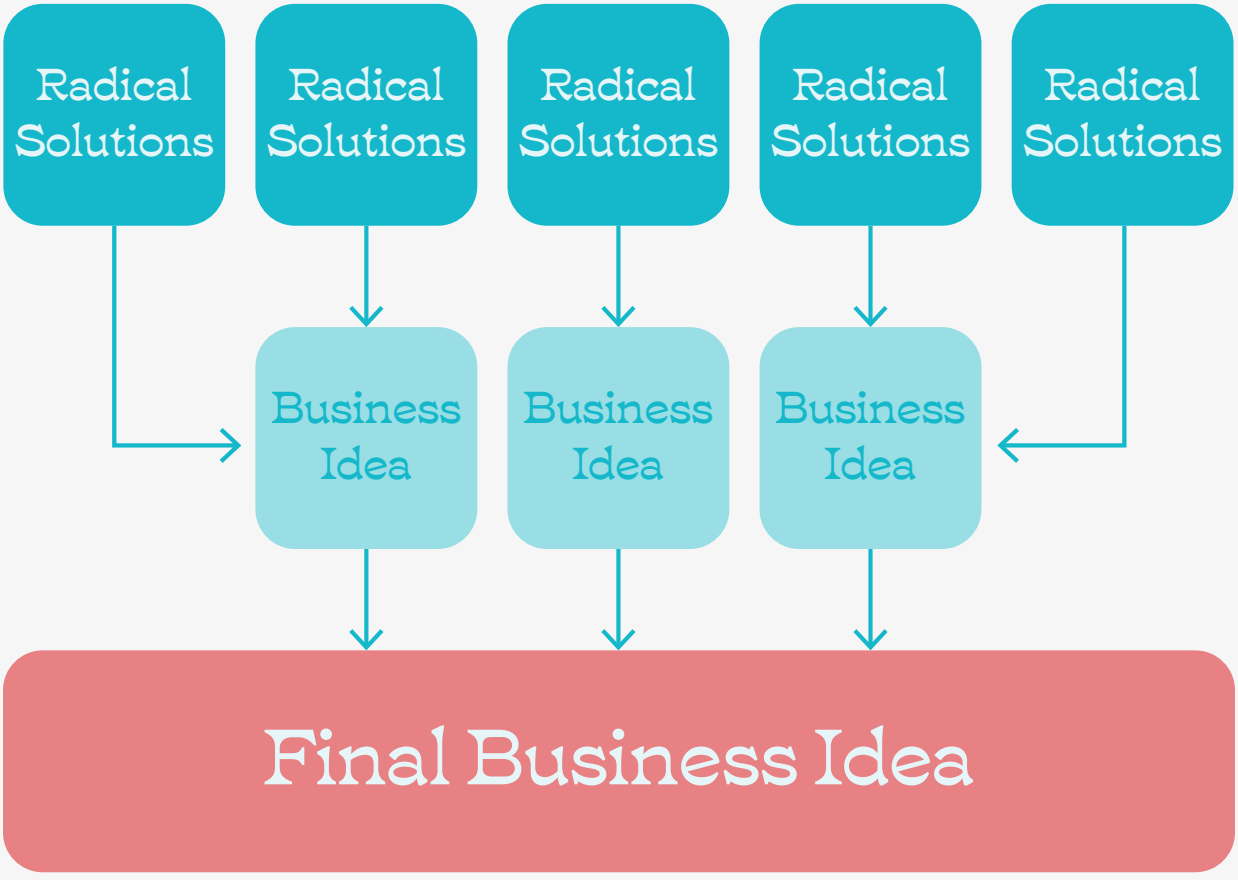
Define your business and the perspective from which you want to help your community!

- **What?** is your business;
- **Who?** are your costumers;
- **Where?** is your market;
- **When?** will they buy/re-buy;

Next ask yourself ***"Why?"*** for each of the questions from above.

A3 Your business idea

Problem:



15' - 20'

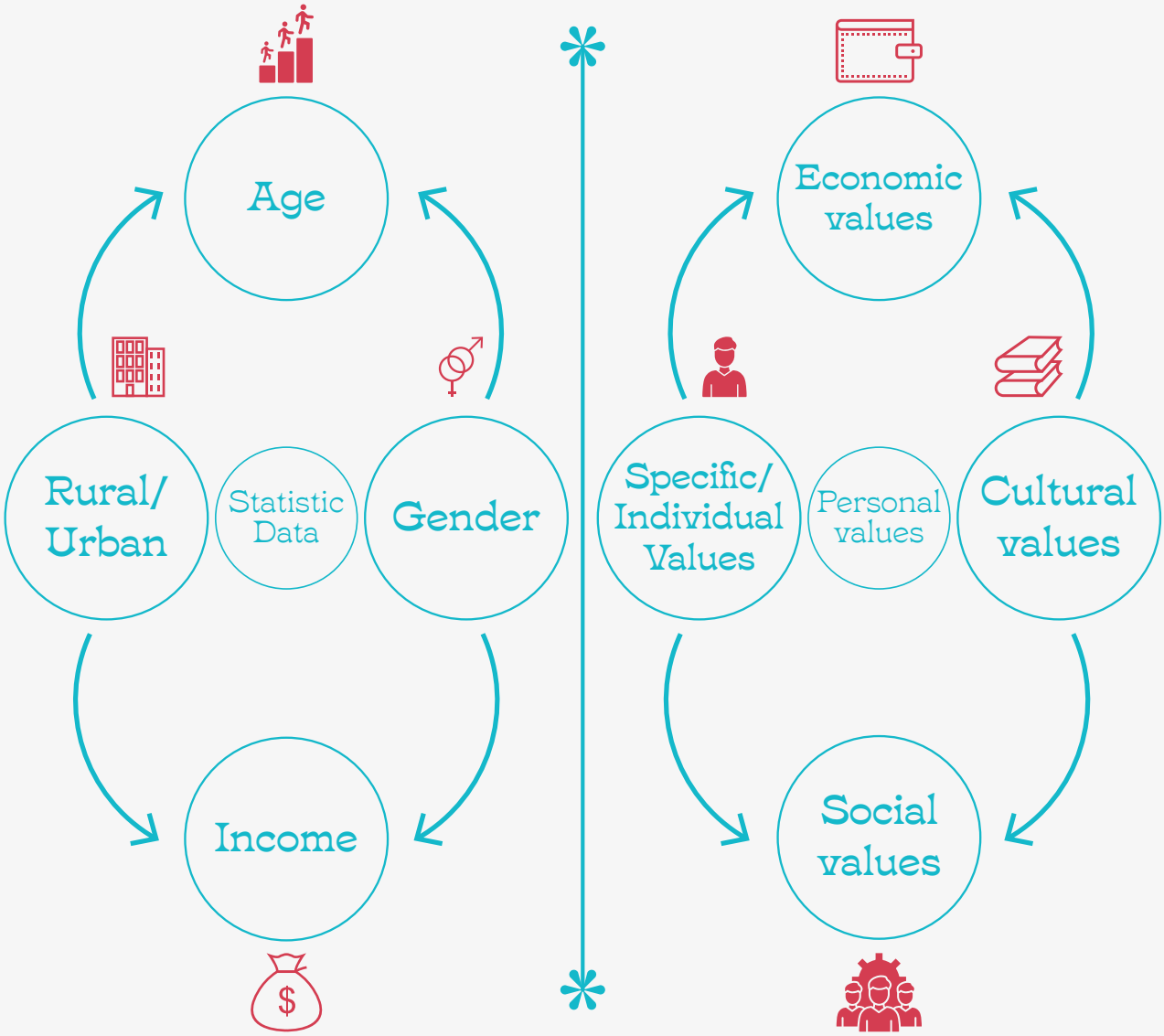
Finalize defining your business idea based the solutions proposed

- What is the problem you want to solve, address?
- Think about some radical ideas to solve it;
- Focus on identifying some realistic solutions, which can be implemented at the community level;
- Transform the solution into the purpose of your business.

D1 S2

What it means to be entrepreneur

A4 Knowing your Customers



Youth Finance Academy

15' - 20'

Define your customers

- Quantitative characteristics: area, age, income, demographic data
- Qualitative characteristics: personal values such as cultural, social, economic, individual values.

A5 Customer orientation

Needs	Solutions	Value Added
Identify customer needs for services/ products	Identify the best solutions to meet the identified needs	Present the added value through which your business helps to solve the needs and reach the best solutions for the customers

15'- 20'

Answer the questions from the point of view of your future customers

- Identify the **specific needs** of your target group;
- Come up with the **best solutions** that directly meet these needs;
- Point out the **added value** of the solutions through which our business stands out from the existing competition on the market.

D1 S2

What it means to be entrepreneur

A6 Through the Eyes of Customers

1. Customer characteristics	2. Added value	4. Channels
	3. Satisfaction validation	5. Information

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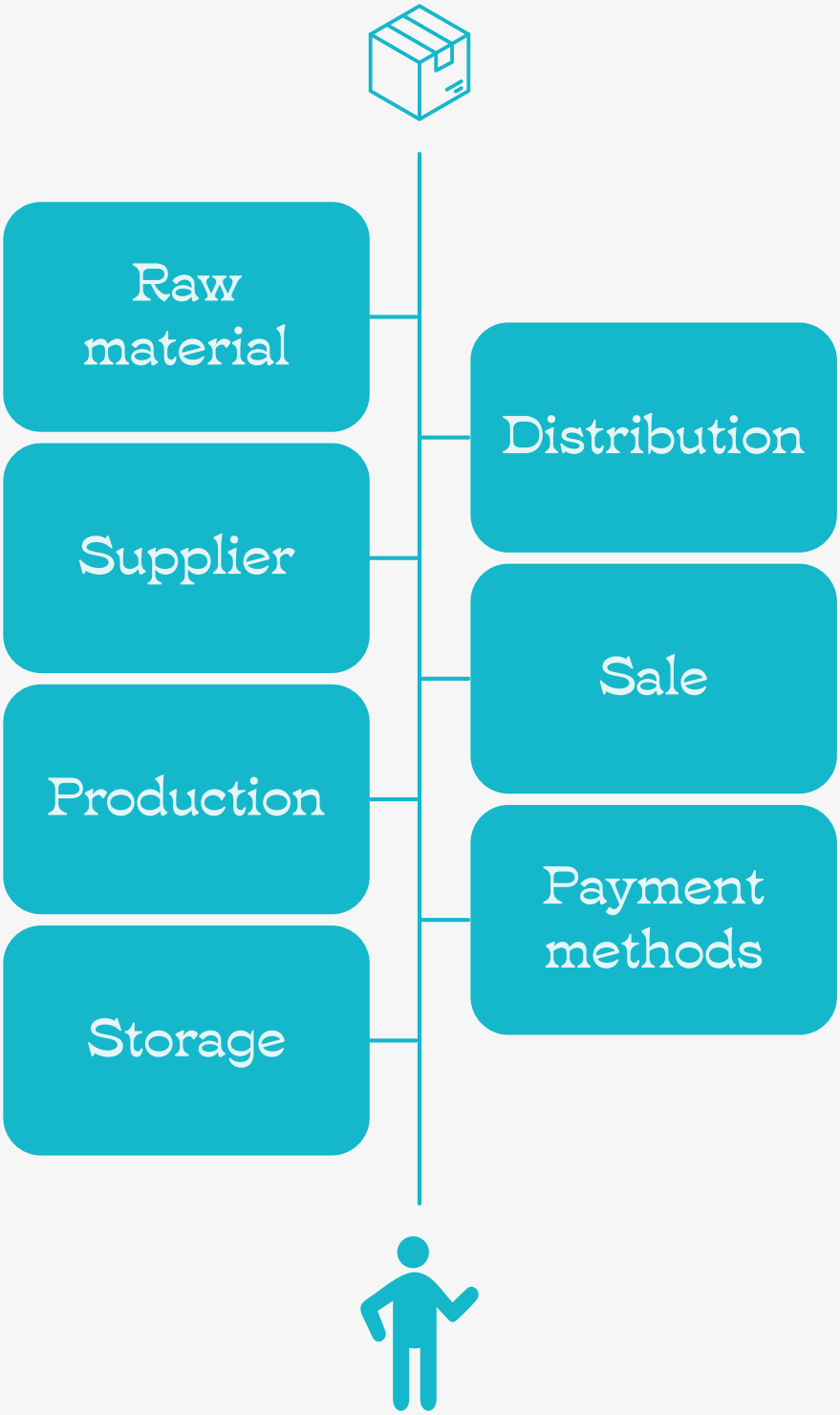
15'- 20'

Analyze, through the eyes of customers, how you can distribute the best information about your products or services

- Note all the customer characteristics and all the value-added features;
- Think what expectations has been met by the added value;
- Identify the most effective channels of communication;
- What information do you send to reach your customer segment.

A7 Know your Supply Chain



Think about **all the products and services** you need in the supply chain of your business:

- Raw material
- Supplier
- Production process
- Storage
- Distribution
- Sale
- Payment methods

D1 S3

Decision making

Trade Game inspired activity

Imagine you have the power to influence the decision making process of the world and its consequences!

Youth Finance Academy

90'

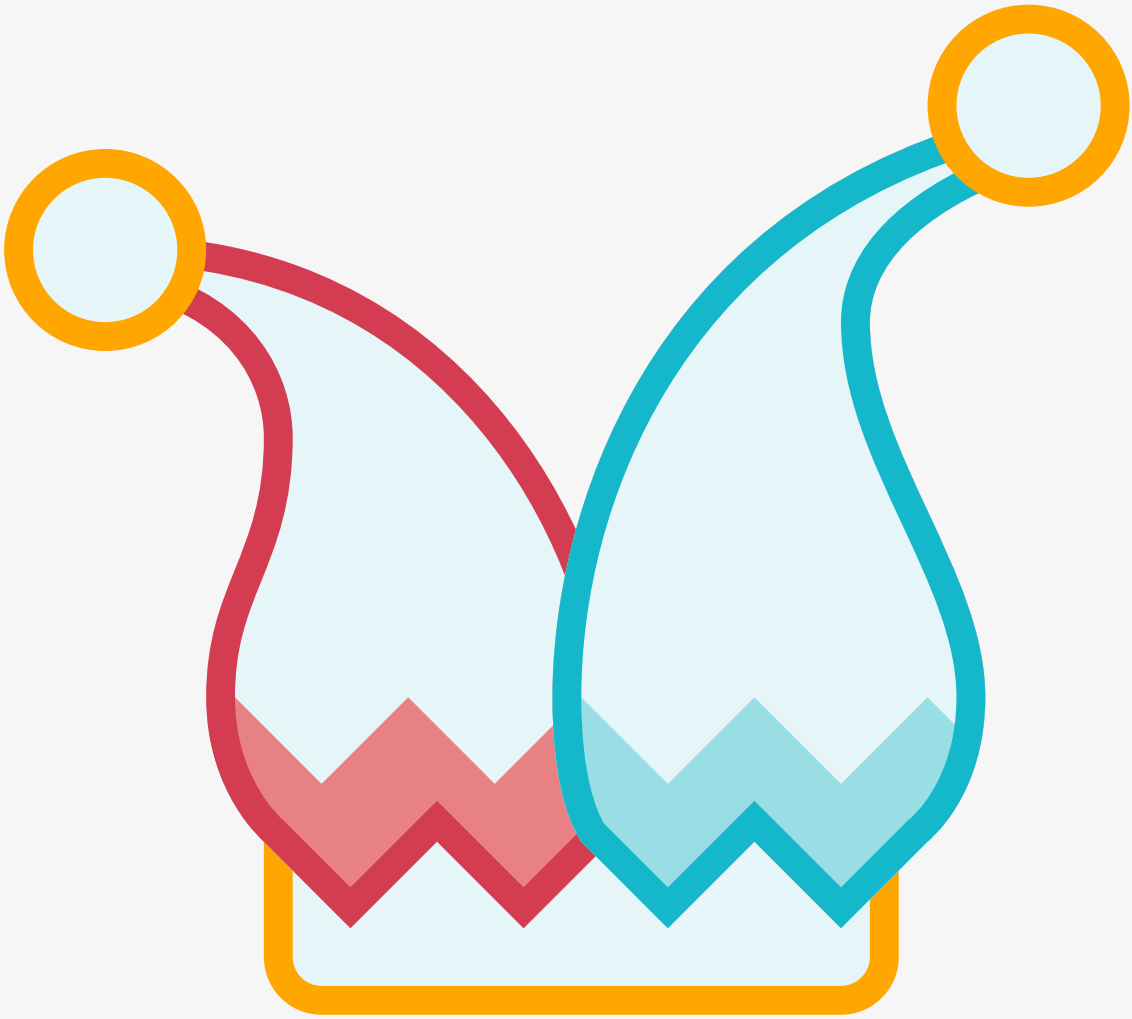
The purpose of the game is to **make as much money as possible** using only the materials they are given.

Make money by:

- Manufacturing;
- Selling goods;
- **TRADE!**

D1 S3 Decision making

Trade Game inspired activity



Change of situation

Youth Finance Academy

90'

The facilitator has the power to **change the situation.** What would it be?!

- Change in the market value;
- Unknown value;
- A new raw-material deposit discovered

D1 S4 Financial planning and financial goals

Network that matters

“Your network is your net worth”

Porter Gale

Youth Finance Academy

30’

Think about what kind of supporters/network do you need in order to **increase the success chances of your business?**

How can you build your network?

How can you join or get involved in a meaningful network?

FINANCIAL PLANNING

6 components of financial projections

	Strengths	Weakness
Financial Goals and Objectives		
Income tax planning		
Budget sheets		
Risk management and insurance		
Cash flow statement		
Investment planning		

Reflect about the importance of having and understanding information about financial instruments and financial planning!

- Watch the video - **Financial Projections for Your START UP**
- Analysis your capacity to make a financial plan by identifying your **Strengths & Weaknesses**

DAY 2

Youth Finance Academy

S1 Accounting - Cash Flow

A1. Accounting - 30'
A2. Cash-Flow - 50'

S2 Bookkeeping

A1. Double Entry Bookkeeping - 50'

S3 Profit and loss

A1. Profit and loss statement - 40'

S4 Taxes

A1. Why do business pay taxes - 40'
A2. The jorney of a chair - 40'
A3. Taxes and the environment - 40'

A Assets

B Liabilities

C Expenses

D Revenue

E Ownership Equity

Understand the meaning of
basic accounting terminology.

Why do you think accounting is important and how it can help you develop your business?

Match the terms on the handout.

Cashflow is KING

Flexibility Freedom Power Results

Imagine your cash flow as a tank with numerous pipes coming into and going out of the tank

Think of all the possible inflows and outflows

Provide an example and

Make a cash flow forecast

Objective: To gain knowledge on cash flow and understand its practical use in the management of a venture


CREDIT
DEBIT

Understand the difference between debit and credit

Instructions:

- Project the handout *'Debit and Credit"*
- Divide the room in debit and credit side
- Ask participants to move to the correct side according to each statement

Balance sheet

Profit and Loss statement

Single-entry vs. double-entry bookkeeping

OBJECTIVE:

Get a basic understanding of bookkeeping and frequently used terms

INSTRUCTIONS:

- Define bookkeeping
- Reflect on the difference between accounting and bookkeeping
- Explore basic bookkeeping terms

Keep your profit curve up!

Create and work with a profit and loss statement!

Instructions:

- Project and/or print the handout *'Profit and loss statement"*
- Calculate the income of the company
- Reflect: Why do I need a P&L statement?

“With great power there must also come great responsibility”

Ben Parker

"Do businesses pay tax?"
(play the video)

"Business taxes provide benefits to employees"
(play the section)

What is the purpose of taxation and different types of tax?
(group discussion)

The journey of a chair

Youth Finance Academy

40'

INSTRUCTIONS:

- Divide in groups of 3
- Imagine the journey of a chair
- Write down 5 component producers
- Calculate the amount of VAT for the chair. Who pays it?

Taxes and the environment

Youth Finance Academy

40'

INSTRUCTIONS:

1. What is environmental tax?
2. Present the OECD paper
   "Environmental Taxation: A Guide for Policy Makers"
3. Case study: Sweden
4. Create your own proposal for environmental tax

DAY 3

Youth Finance Academy

S1 Financial Products

A1. Financial Tic-Tac-Toe - *30'*

S2 Banking

A1. Banking Bingo - *20'*
A2. Raul's Restaurant Renovation Loan - *40'-50'*
A3. Would you give yourself a loan? - *40'-50'*
A4. Financial Instruments Diary - *20'-30'*
A5. Loan decision factors - *30'*

S3 Insurance

A1. Insurance elements
A2. Business at risk - *20'-25'*

S4 Investments

A1. Investment Race - *30'*
A2. Matching Investment Profile and Strategy - *60'-70'*
A3. Sea Life Tours - *45'*
A4. A start-up's Investment Journey - *30'*

What are financial products / instruments?

A financial product is a facility (arrangement or intangible property) through which a person:

- Borrows money / makes a financial investment (e.g. stocks, bonds, loans)
- Manages financial risk (e.g. insurance products, currency swaps)
- Makes non-cash payments (e.g. credit card or debit card)

Financial products are issued by banks, financial institutions, governments, or companies.

Learning card 1

Cash vs. Derivative Products

Cash Instruments are valued by the markets directly, so any market fluctuations will be directly reflected in the cash asset's value.

Securities
Loans
Certificates of Deposit

Derivative Instruments (or Derivatives) are those whose worth derives from the value of at least one underlying entity, such as indexes, interest rates, or assets

Forwards
Futures
Options
Swaps

Debt vs. Equity Financing

With **debt financing**, you borrow money from an outside entity to fund your business. You must pay the money back, plus interest, in installments by a designated period.

Debt Instruments: Bonds, Loans, Debentures, Lines of Credit

Equity financing is money paid to your business by an outside entity. The funds come from an investor, not a lender.
Instead of paying back a loan, you share your profits with the investor. The investor gains some ownership of your business.

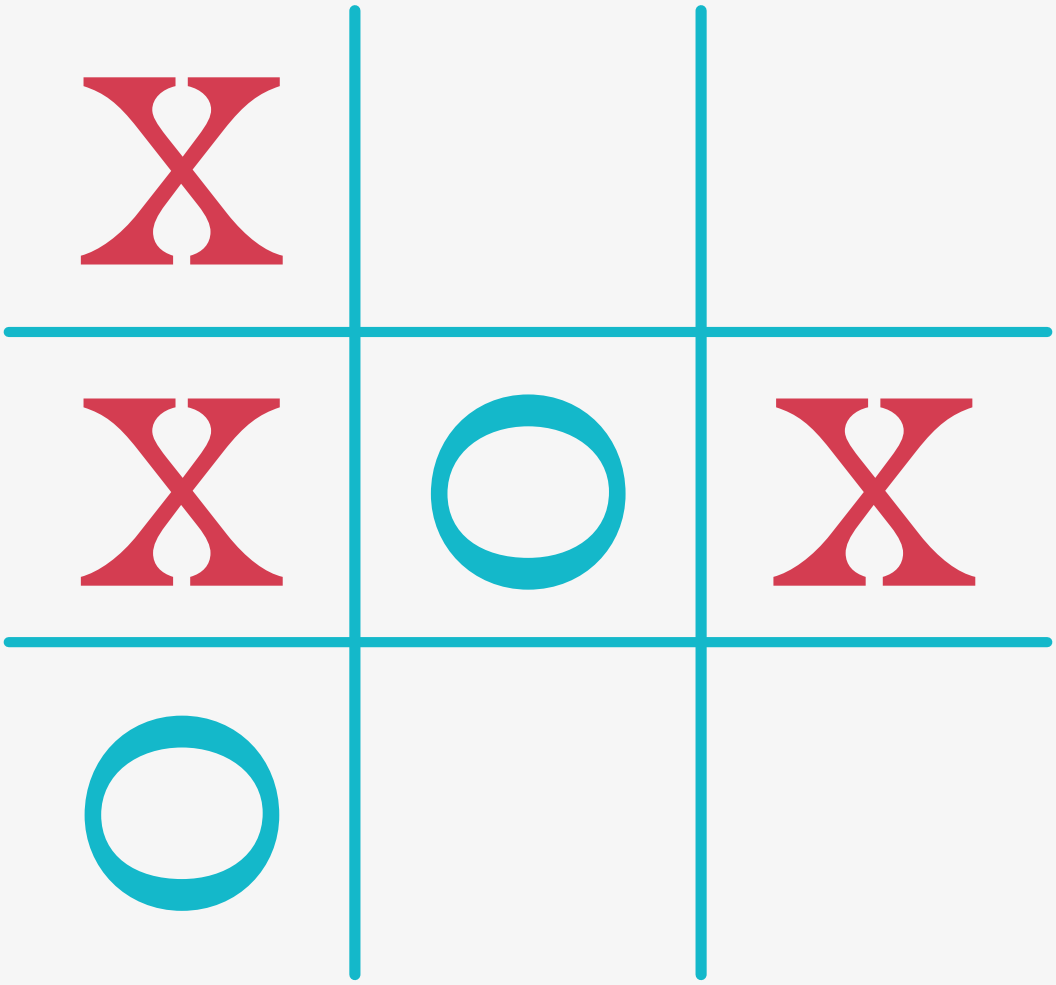
Equity Instruments: Stock, Dividends, Warrants, Options

Learning card 2

Debt vs. Equity Financing in a Glimpse

DEBT FINANCING	VS	EQUITY FINANCING
ADVANTAGES		
Keep full ownership		Less risk than debt
No obligations after paying debt		No paying back funds
Interest is tax deductible		Credibility through investor networks
Short & Long term options		Investors don't expect immediate ROI
More cash on Hand		Fixed payments for better budgeting
DISADVANTAGES		
Must pay back		Investor returns could be more than debt payments
Could cause cash flow issues		Investors gets some ownership
Often a collateral is needed		Dividens not tax deductible

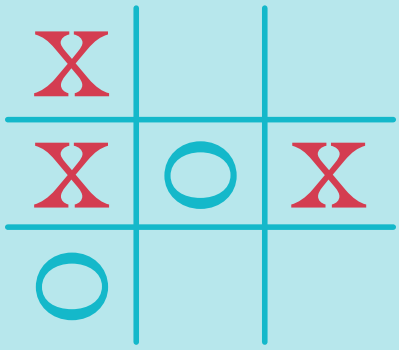
Play Tic-Tac-Toe with financial products



Youth Finance Academy

20'- 30'

Version 1 | Categories of Financial Instruments

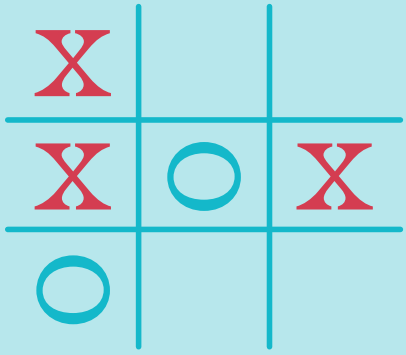


Each square of the grid contains the name of a financial product.

Decide to which "category" does the product in each square belongs to:

Cash or **Derivative? Debt** or **Equity?**

Version 2 | Definitions of financial instruments



Each square of the grid contains the definition of a financial product.

Name correctly the financial product!

D3 S1

Financial Products - General Concepts

Financial Instruments Diary

Youth Finance Academy

20'- 30'

1. What financial products did I made use of or acquired during the last month for my business?
E.g. Did I obtain a credit or debit card? Did I pay an instalment for my insurance?

2. Why did I make use/acquired this financial product?
E.g. to make an investment, make a non-cash payment, manage a financial risk

3. What category did every financial product belong in?
Cash or derivative? Equity or debt?

4. Share your answers with your group! Why is it important to use the appropriate financial products for financial well-being at a personal and at a business level?

What is Banking?

Banking is the business activity of accepting and safeguarding money owned by other individuals/ entities and then lending out this money in order to earn a profit, in the form of various banking products *(e.g. term loans, LOC, bank overdraft etc)*

Other banking services include the issuance of debit and credit cards, providing safe custody of valuable items, lockers, ATM services, and online transfer of funds across the country/world.

Learning card 1

Types of banking

Retail banking, also known as consumer banking or personal banking, is banking that provides financial services to individual consumers rather than businesses.

Business

Small business owners

Commercial

Mid-size and less complex large companies

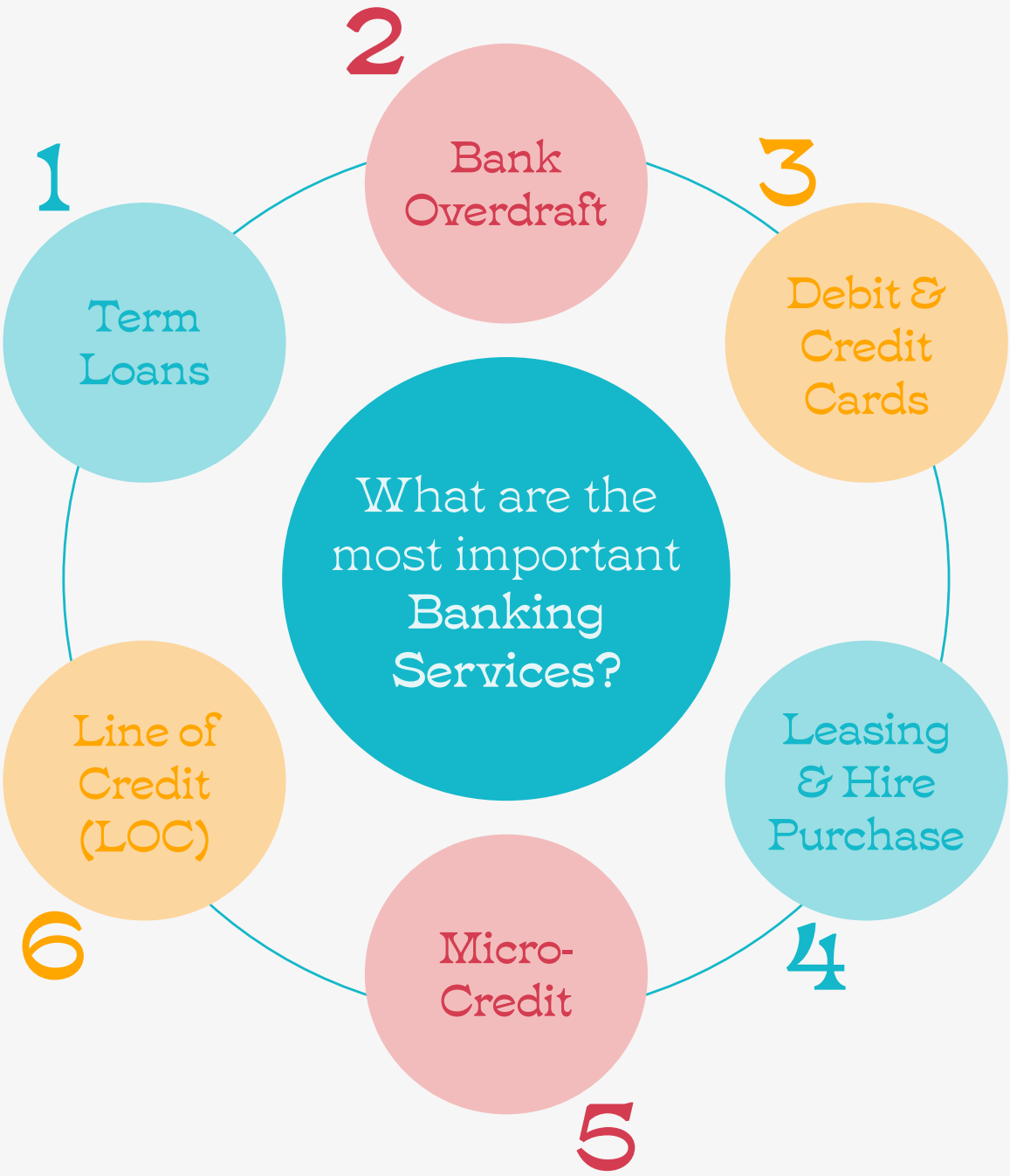
Corporate

Large companies with more complex needs

Business Banking offers services to mainly small business owners.

Commercial banking offers consumers and small to mid-sized businesses with basic banking services including deposit accounts and loans.

Corporate banking is the set of tailored financial services for corporations in the context of corporate financing and raise capital.


What are the most important Banking Services?
1
Term Loans
2
Bank Overdraft
3
Debit & Credit Cards
4
Leasing & Hire Purchase
5
Micro-Credit
6
Line of Credit (LOC)

1

A **term loan** is a loan from a bank for a specific amount that has a specified repayment schedule and either a fixed or variable interest rate.
Short-term; intermediate-term or long-term loans

2

A **Bank overdraft** is an extension of credit from a lending institution that is granted when an account reaches zero,.

3

A Debit Card deducts money directly from a checking account, eliminating the need to carry cash to make purchases.
A Credit Card is a form of loan with interest, used for financial transactions instead of cash or debit card.

4

A lease is a contract outlining the terms under which one party agrees to rent property owned by another party.
Hire purchase is an arrangement, where the buyer makes an initial down payment and pays the balance plus interest in installment.

5

An extremely small loan (which can range from as small as 10 to 100 €, and rarely exceed 2,000 €) given to an individual to help them become self-employed or grow a small business.

6

A revolving loan that allows access to a fixed amount of capital, which can be used to meet short-term business needs.

Banking Bingo

Youth Finance Academy

10'- 20'

Fill in the name of the person who holds the bank product/service that:

	A	B	C
1	Is useful for short-term business funding, but not medium- or long term	It's the easiest to qualify for	Typically does not require a collateral Mandy
2	Gives you use but not property rights Beth	Is not a debt instrument John	May charge your cash advance fees
3	Appropiate for businesses with little-to-no revenue history	Concerns asset use, not money	Offers cash back or airline miles rewards

The first person to fill in all the boxes correctly wins!

Loan decision factors

"DECISION CARDS"

Match each term with its definition

Interest Rate	APR	Principal
It is the percentage of the total amount you're borrowing and will determine how much you officially end up paying for your loan.	It includes the interest rate in addition to loan fees, which can give you a better sense of the loan's actual cost.	It is the amount of money you owe that will have to be repaid.

What elements are preferable with regards to each card/loan characteristic?

E.g. For the Card "Loan Term" considerations might be: The longer this period, the more interest you will be paying overall for the loan (higher cost of borrowing). However, longer repayment times are liked with lower monthly payments on your loan.

Decide the best business loan option!

Help Raul decide for the most favourable loan for the renovation of his business in **5 steps:**

1

- Make a first exclusion of not advantageous loan options;
- Consider Interest Rates and Loan Terms

2

- Business Loan Calculator

3

- Consider monthly payment amount and APR;
- Examine total loan cost

4

- Importance of checking for qualifications first;
- Take required collateral into account

5

- Check how a down payment influences the total loan cost;
- Help Raul solve his loan dilemma!!

Get an insight into The perspective of the lender!

Improve your decision-making abilities about banking services for your business!

Youth Finance Academy

40'- 50'

Split the group into:

"Lenders"

Ask about:

- What is the loan for?
- Does the applicant business have verifiable income?
- What is the business' debt-to-income ratio?
- What other proof would you need of the borrower's ability to repay?
- What are the business's goals, experience and industry?

&

"Borrowers"

Be prepared to be asked about:

- **Your industry:** Is your business seasonal or vulnerable to cash flow fluctuations? Or is it rather stable;
- **Your experience:** Is your business a young one? Do you have an established customer base?
- **Your business goals:** How do you intend to use the business loan? What do you want to achieve?

1

What is insurance and what are the basic insurance elements?

2

Premium

3

Quote

4

Policy limits

5

Deductible

1. **Insurance** is a contract, represented by a policy, in which an individual or entity receives financial protection or reimbursement against losses from an insurance company.

2. **Premium:** is the actual cost of your business insurance protection paid in full when you through recurring monthly payments.

3. **Quote:** An estimate of what you'll pay for insurance from a specific insurance company.

4. **Policy Limits:** If your business has a covered loss, your insurer will cap how much it will pay to settle your claim. These caps are known as policy limits (or limit of liability).

5. **Deductible:** what you pay out of pocket before your insurance policy provides financial assistance and coverage.
When you choose a higher deductible, your total premium will typically be lower.
However, you will pay more out of pocket before your insurance coverage is activated.

Youth Finance Academy

20'- 25'

Part A: Do I really need to Insure my Business?

1. Read the "Reasons to have Business Insurance" Handout
2. List potential risks for your own business
3. Rank the risks from "most probable" to "least probable"
4. Discuss and decide about what risks would you need an insurance for

What are the most common Insurance Types I might consider for my business?

Business interruption insurance

Commercial property insurance

Business interruption insurance

Business interruption insurance replaces income lost in the event that business is halted due to direct physical loss or damage, such as might be caused by a fire or a natural disaster. This type of insurance also covers operating expenses, a move to a temporary location if necessary, payroll, taxes, and loan payments.

Commercial property insurance

Commercial property insurance helps cover the damage or loss of property, like structures or buildings, and items including equipment, furniture, inventory, supplies and fixtures. It can also help cover the costs to repair or replace stolen, damaged or destroyed property.

What are the most common Insurance Types I might consider for my business?

Third-party Liability Coverage refers to any type of insurance covering the legal liability of one party to another party. This is a general category, comprised by many different insurance coverage themes

General liability insurance protects a business in cases of claims of bodily injury or other physical damage incurred on the commercial premises of the business or through use of the business's product.

Professional liability insurance covers claims against negligence, misrepresentation or inaccurate advice that result from mistakes or failure to perform.

Product liability insurance covers claims related to product design defects, manufacturing defects, warning or use defects, and strict liability.

Employers' liability insurance - handles claims from workers who have suffered a job-related injury or illness not covered by workers' compensation.

What are the most common Insurance Types I might consider for my business?

Other types

- Key person insurance
- Trade credit insurance
- Data breach insurance

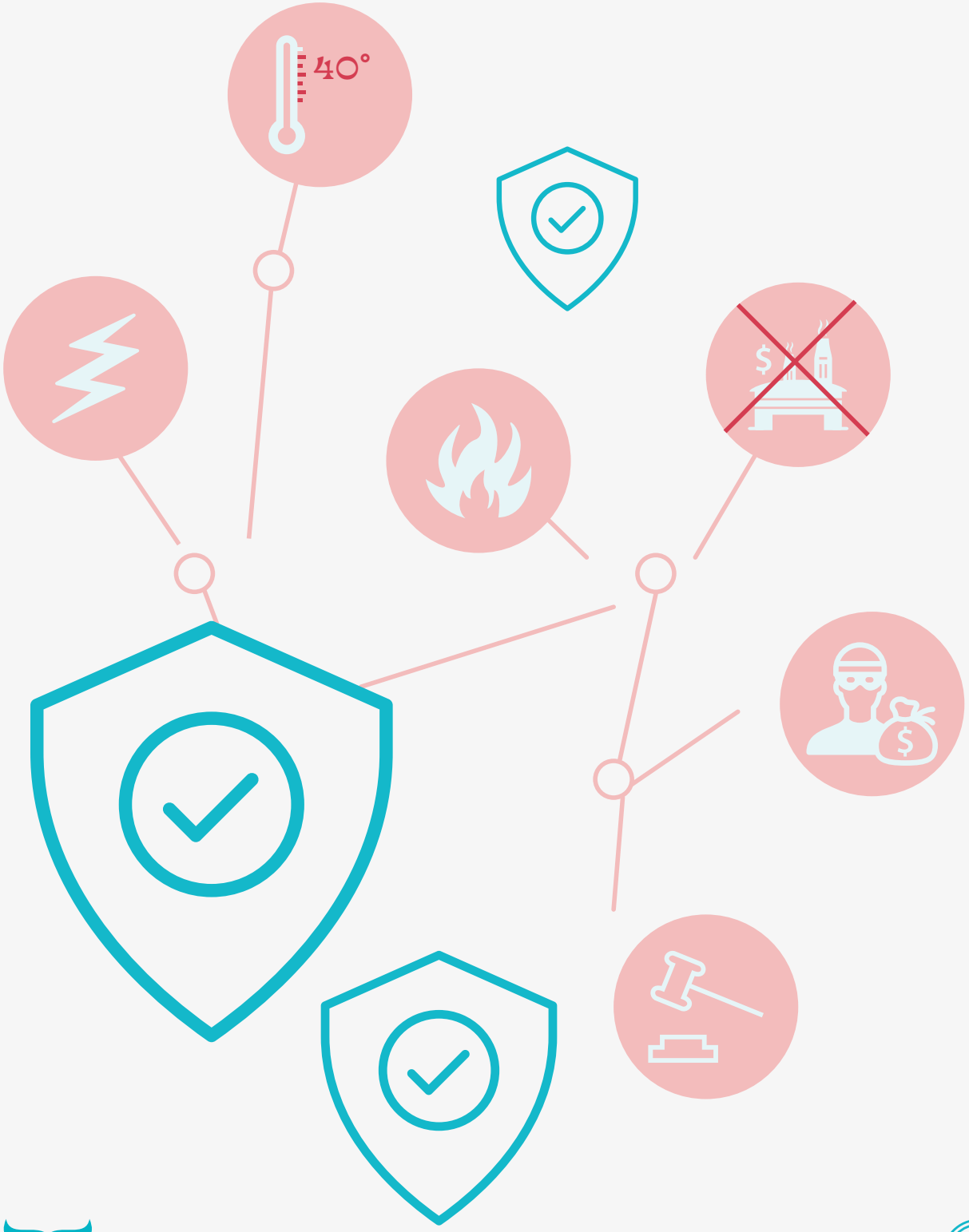
Other types of business insurance that are important for specific businesses, and cover more specialized needs

Key person insurance: a life insurance policy that a company purchases on the life of an owner, a top executive, or another individual considered critical to the business.

Trade credit insurance: provides cover for businesses if customers, who owe money for products or services, do not pay their debts, or pay them later than the payment terms dictate, because of insolvency or destabilizing political conditions.

Data breach insurance: a type of monetary coverage purchased by organizations to protect financial interests in the event of data loss.

Business at risk - Part B



Youth Finance Academy

25'

Business interruption insurance

Key person insurance

Commercial property insurance

Data Breach Insurance

Third-party Liability Coverage

Trade Credit Insurance

Part B: What Insurance do I need for my Business?

Shield yourself with insurance information against the most probable risks for your business!

1. Use the list you created in Part A
2. Which type of insurance can protect you against your business risks?
3. Which insurance type(s) have you mentioned more than once? Which insurance type(s) can protect you against the top 3 risks?
4. Discuss your findings with your team!

What are investments?

Investment can be defined as "a commitment of funds made in the expectation of some positive rate of return". When an individual purchases a good as an investment, the intent is not to consume the good but rather to use it in the future to create wealth.

What are the objectives of investments?

Objectives

- Maximization of return
- Minimization of risk
- Maintaining Liquidity
- Hedging against Inflation
- Saving Tax

What are the main characteristics of investments?

- **Risk:** the chance that the actual outcome (return) of an investment will differ from the expected outcome
- **Return:** the benefit an investor receives in relation to their investment cost
- **Safety:** certainty of return of capital without loss
- **Liquidity:** the degree to which an asset can be quickly bought or sold in the market at a price reflecting its intrinsic value

Rule of thumb: the higher the risk, the higher the return!

How is investing different than saving?

Savings simply mean putting aside a part of your earnings over time. The saved amount of money is subject to no risk and, therefore, does not help you earn any profits or returns.

On the other hand, investing gives your money the potential to grow faster than it could in a savings account. However, there is always a risk that you might not get the expected outcome, and even have losses

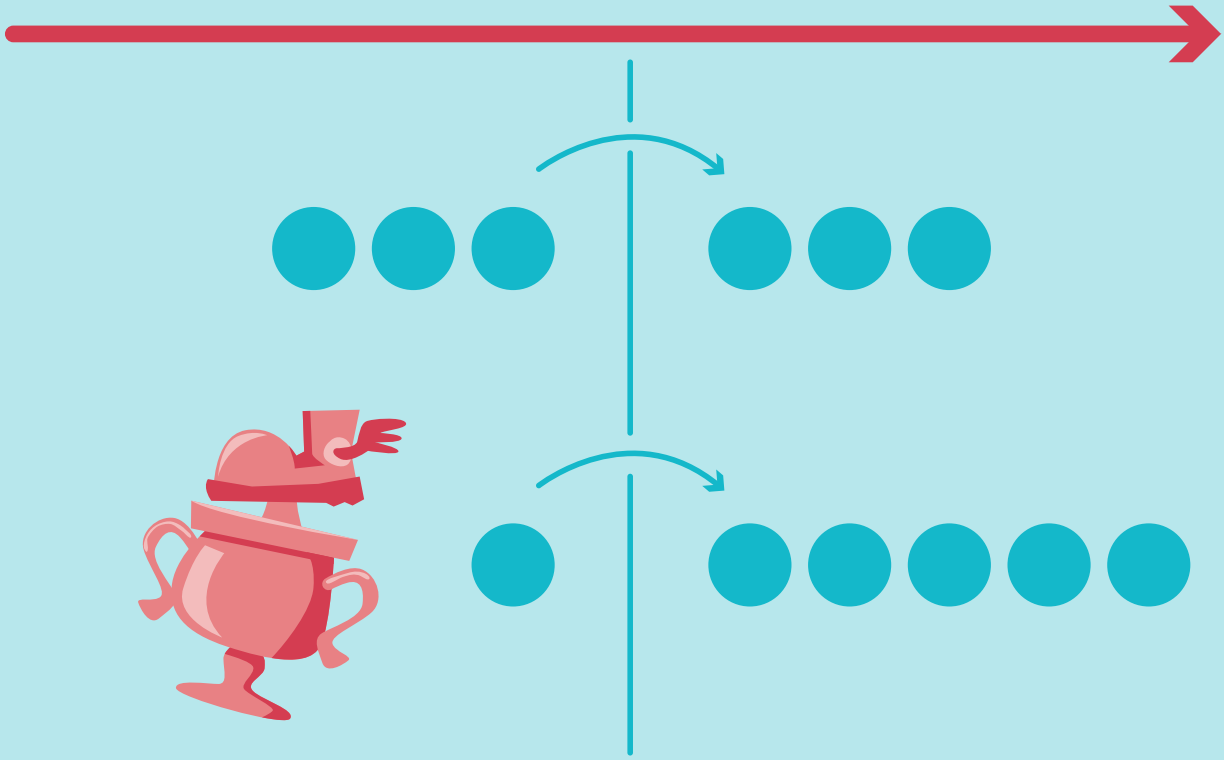
Understand the motivations behind investing!

"In which cases should shift their focus on investments rather than only savings?"

Identify correct reasons, and help your team win the Investments' race!

Savings Only

Investing Too!



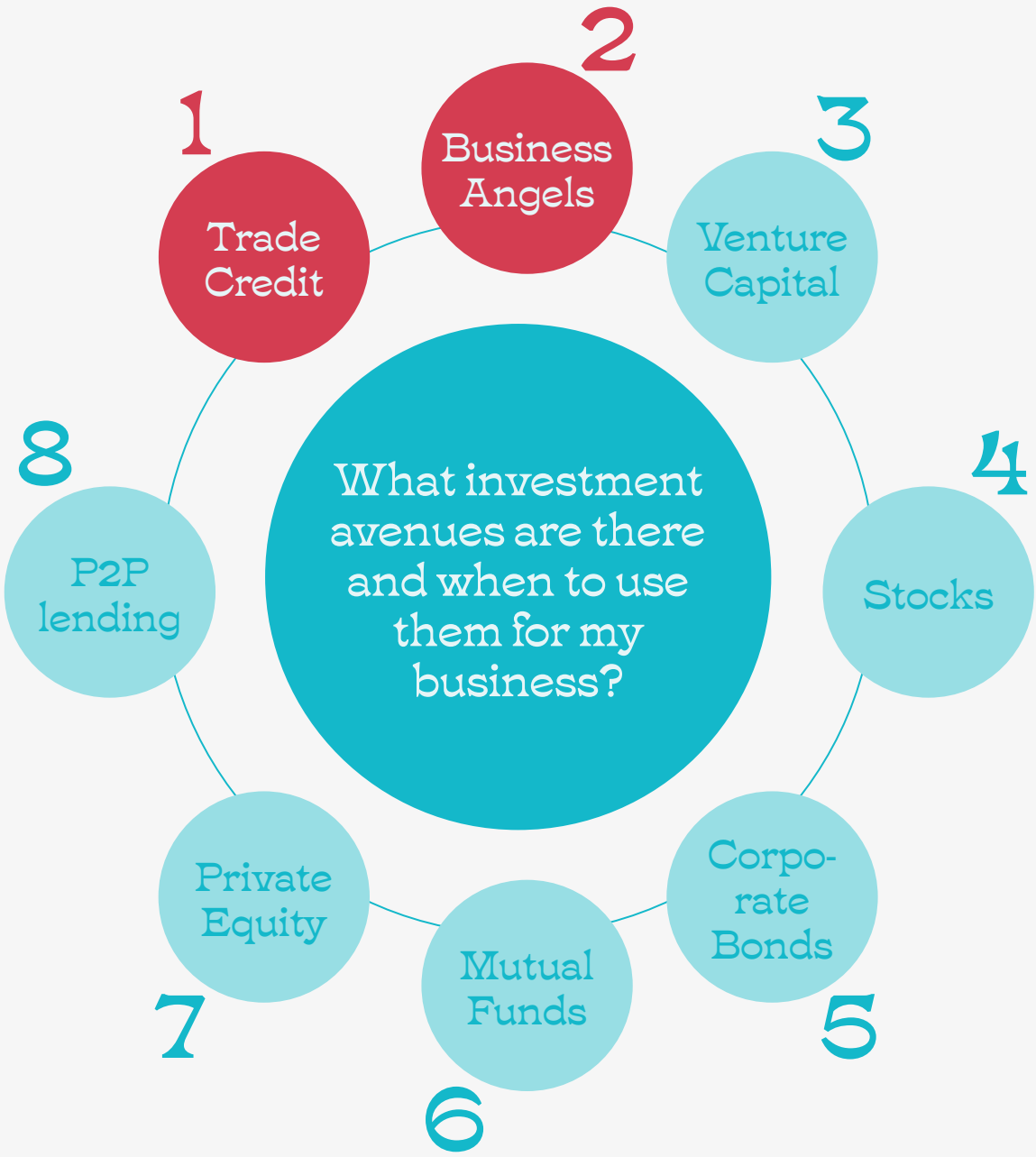
FACILITATOR'S CARD

1. Split the participants into 2-5 groups, taking care that they are equal in size
2. Create one line in the floor separating the space in the middle. The one side of the room is the initial stage of the race: "Saving only". The other side is "Investing too!"
3. Explain the rules of the game:
   - The question of the race is: In which cases should an entrepreneur shift their focus on investments rather than only savings?
   - To cross the line, participants need to give a correct answer to the question to the facilitator of their group.
   - The winning team is the one, all members of which cross to the "Investment" side first.

For more details, check the extended instructions on the platform.

"In which cases should an entrepreneur shift their focus on investments rather than only savings?"

- When they want to diversify their sources of income
- When they are willing to assume some risk, for the promise of higher returns
- To build up some starting capital
- To overcome limitations at the start-up phase, like the need to give a collateral to take out a loan
- To make some business improvements, which require funds that would otherwise take too long to be raised
- To expand business operations
- To keep up with inflation
- To increase liquidity
- To reduce operating costs, through upgrading some equipment/ part of the production process etc
- To reduce taxation (e.g. through adopting green practices of production/waste management)



Youth Finance Academy

Learning card 2

1. **Trade credit** is a business-to-business (B2B) agreement in which a customer can purchase goods without paying cash up front and paying the supplier at a later scheduled date.

A B2B trade credit can help a business **obtain, manufacture, and sell goods before ever having to pay for them.**
This allows businesses to receive a revenue stream that can retroactively cover costs of goods sold.

2. A **Business Angel** is a high-net-worth individual who provides financial backing for small start-ups or entrepreneurs, typically in exchange for ownership equity in the company.

The funds that angel investors provide may be a one-time investment to help the business **get off the ground** or an ongoing injection to support and **carry the company through its difficult early stages.**

Youth Finance Academy

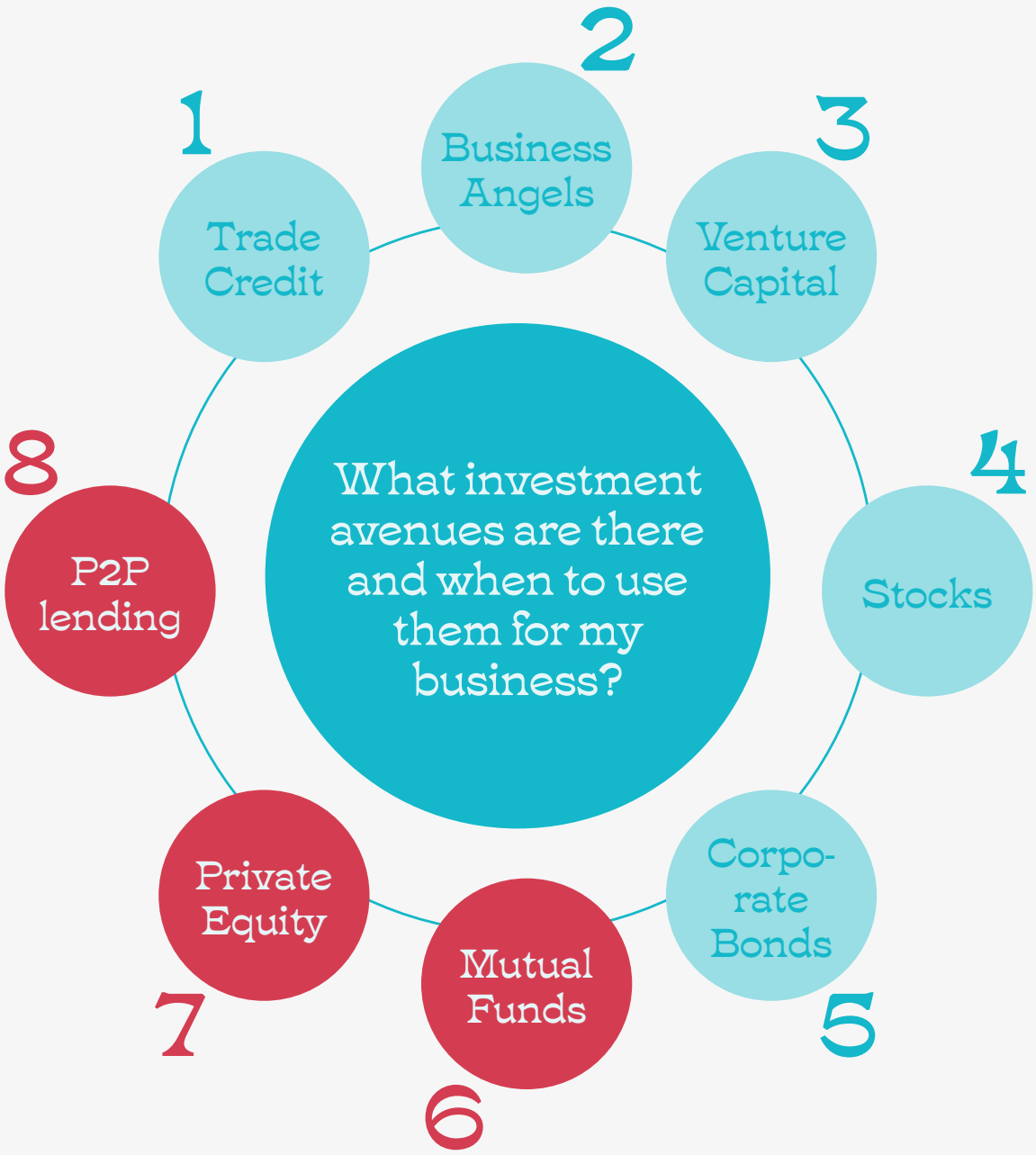
Learning card 3

3. Venture capital generally comes from well-off investors, investment banks, and any other financial institutions. However, it does not always take a monetary form; it can also be provided in the form of technical or managerial expertise.

Venture capital is typically allocated to small companies with exceptional growth potential, or to companies that have grown quickly and appear poised to continue to expand.

4. Stocks are securities that represent an ownership share in a company. For companies, issuing stock is a way to raise money to grow and invest in their business. For investors, stocks are a way to grow their money and outpace inflation over time.

5. A **corporate bond** is a debt instrument issued by a business to raise money. A bond is a loan with a fixed term and an interest yield that investors will earn. When it matures, or reaches the end of the term, the company repays the bond holder.
The biggest benefit of corporate bonds is **stability**.



Youth Finance Academy

Learning card 4

8. A **mutual fund** is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets.

9. Private Equity (PE) firms pool money from a number of investors, in order to fund or acquire stakes in established companies. **Private equity** is the fund that these PE firms collect from investors and invest in private companies (i.e. companies that have not been listed or traded on any stock exchange).

10. **P2P lending** is a way for borrowers to get funding without going to the traditional sources of finance, such as banks and building societies.
P2P websites work like marketplaces, in that they bring together people or businesses that want to lend money with those that want a loan.

D3 S4 Investments

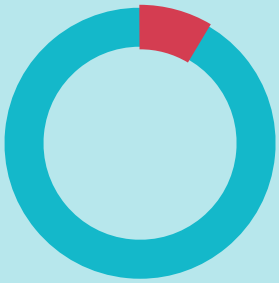
A2 Matching Investment Profile and Strategy

Youth Finance Academy

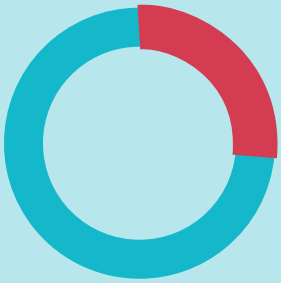
60'- 70'

What is your Investor's Risk Profile?

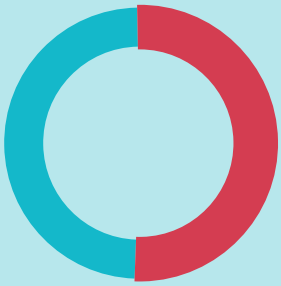
Defensive Investor



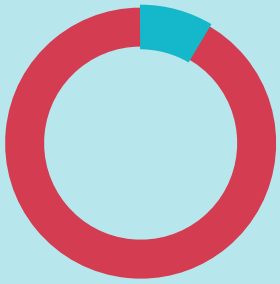
Conservative Investor



Balanced Investor

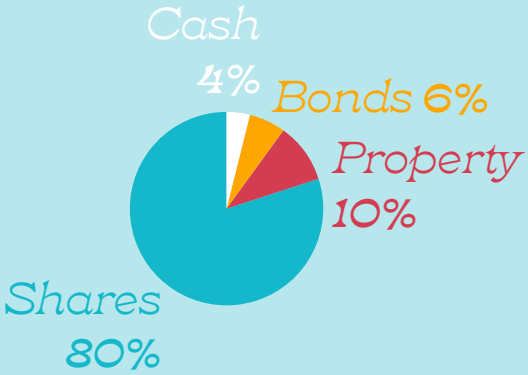


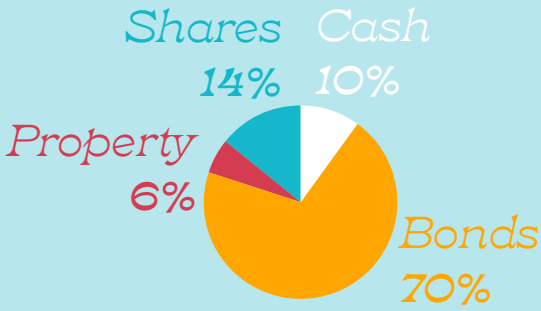
Aggresive Investor



Growth Investor

How does the ideal Investment Portofolio for you look like, depending on your risk profile?





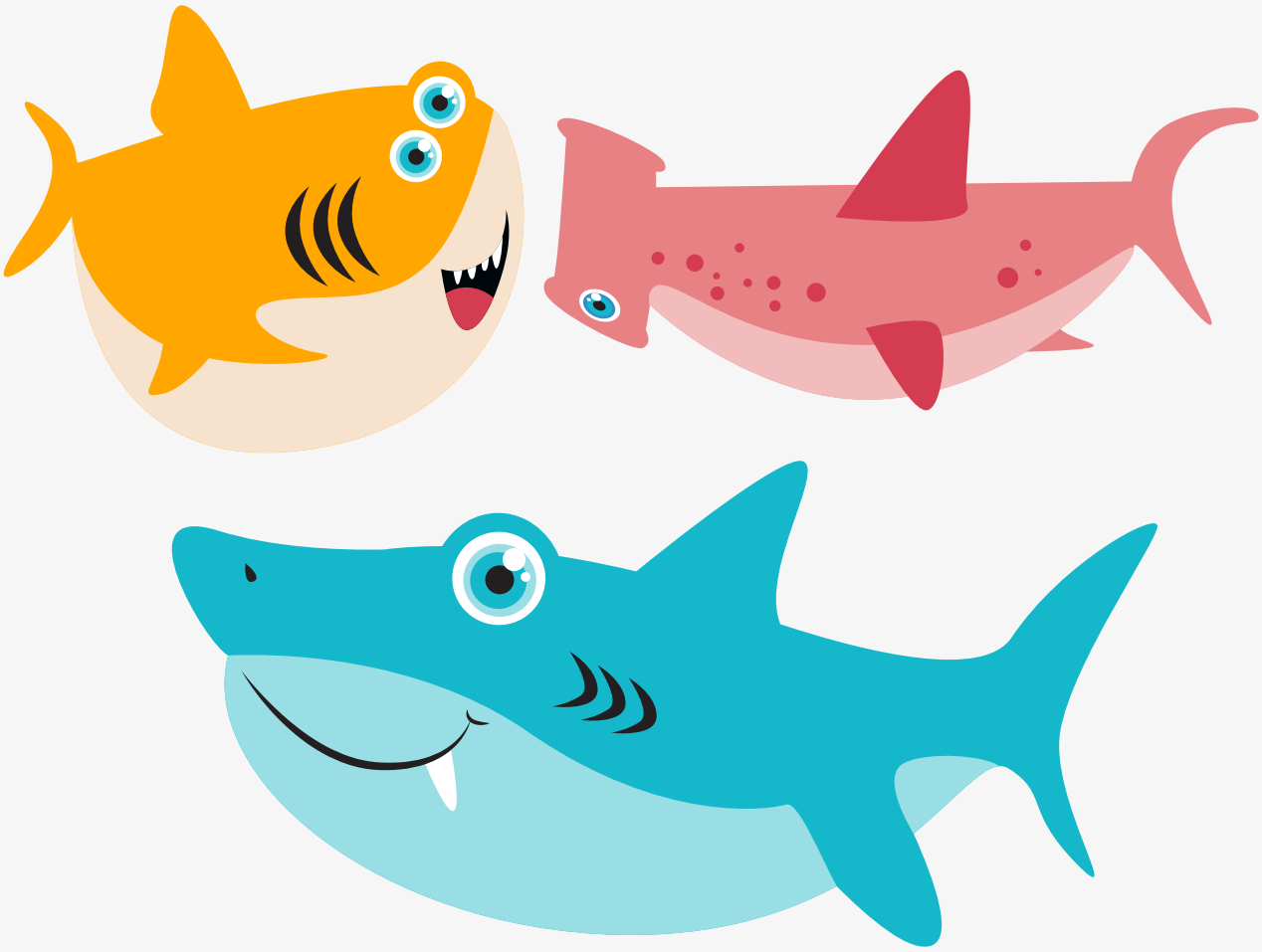
D3 S4 Investments

Matching Investment Profile and Strategy

FACILITATOR'S CARD

1. Divide participants in groups of 5-6.
2. Instruct them to find their risk profile through the Risk Profile Quiz on the Platform
3. Give each group a set of **Risk Profile Cards**, which they have to match with the right Investor's profile (Aggressive, Growth, Balanced, Conservative, Defensive)
4. Briefly describe 4 different avenues of investments (Cash, Bond, Property, Stocks)
5. Ask participants to match the **Portofolio Cards** with the different Investor's profile
7. Finally, ask the participants to fill in the **table of the Handout,** according to what each type of Investor can be expecting. Follow with the discussion on the right Answers.

What to expect	Investor 1	Investor 2	Investor 3	Investor 4	Investor 5
Minimum years you should be investing					
Answers:					
Expected average annual return					
Answers:					
Range of annual returns					
Answers:					
Chance of a negative return					
Answers:					
Chance you might experi-ence a loss over the next 3 years					
Answers:					



Decide the best investment option

Youth Finance Academy

40'- 45'

Help **Sea Life Tours Company** decide which glass bottom boat is the best investment for the company in 4 steps:

Step 1 Calculate the payback period

Step 2 Calculate the average rate of return (ARR)

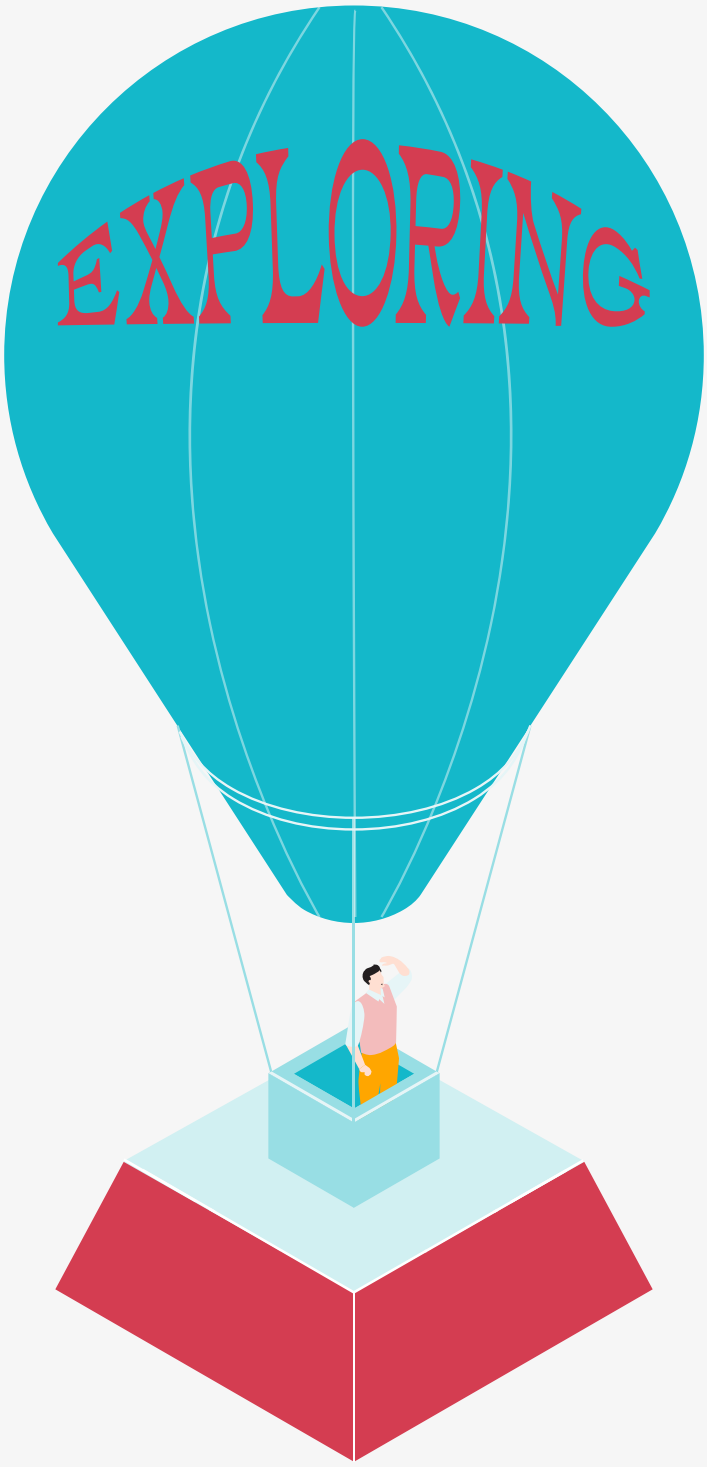
Step 3 Calculate the net present value (NPV) at a discount rate of 12%

Step 4 Take all above measures into account and decide:

Which boat model should Sea Life purchase?

D3 S4 Investments

A4 A Start-Up's Investment Journey



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STEP 1 of the Investment Journey: EXPLORING

What can I do if I've run out of/don't have enough budget for my start-up?

What should be the focus of the investing strategy, at the very early phases of one's business?

D3 S4 Investments

A4 A Start-Up's Investment Journey

Youth Finance Academy

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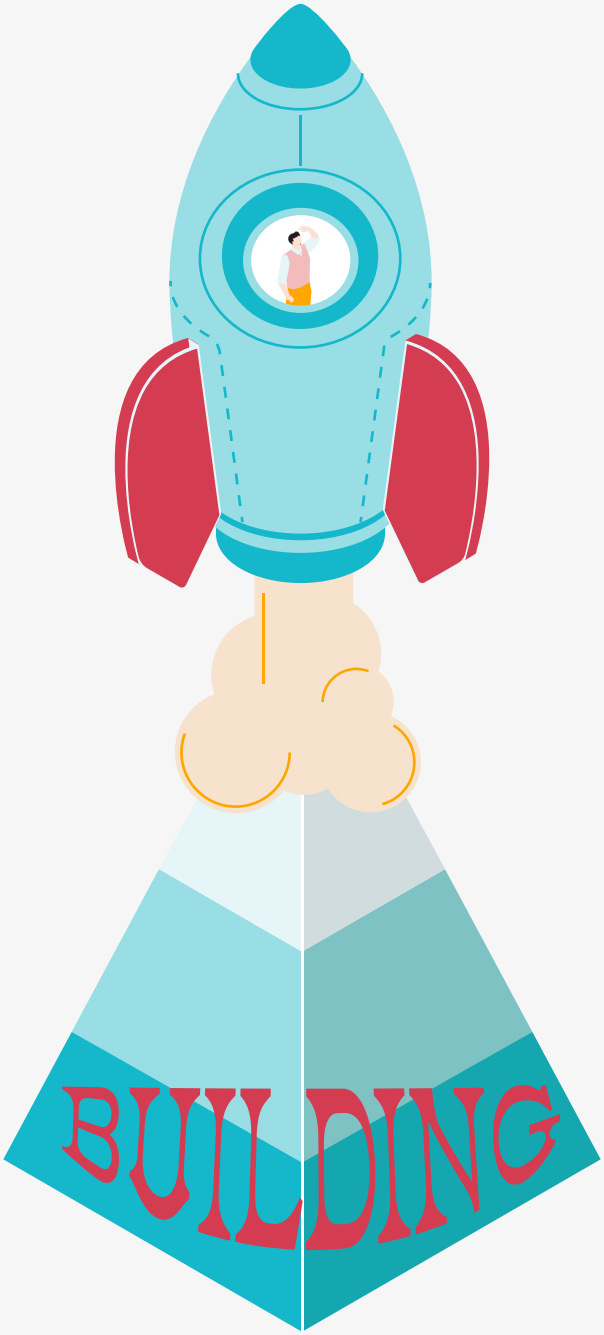
STEP 2 of the Investment Journey: PLANNING

What percentage of start-ups who apply receive angel investment from angel groups?

How can I identify an angel group's criteria and determine if my company is a good match?

D3 S4 Investments

A4 A Start-Up's Investment Journey



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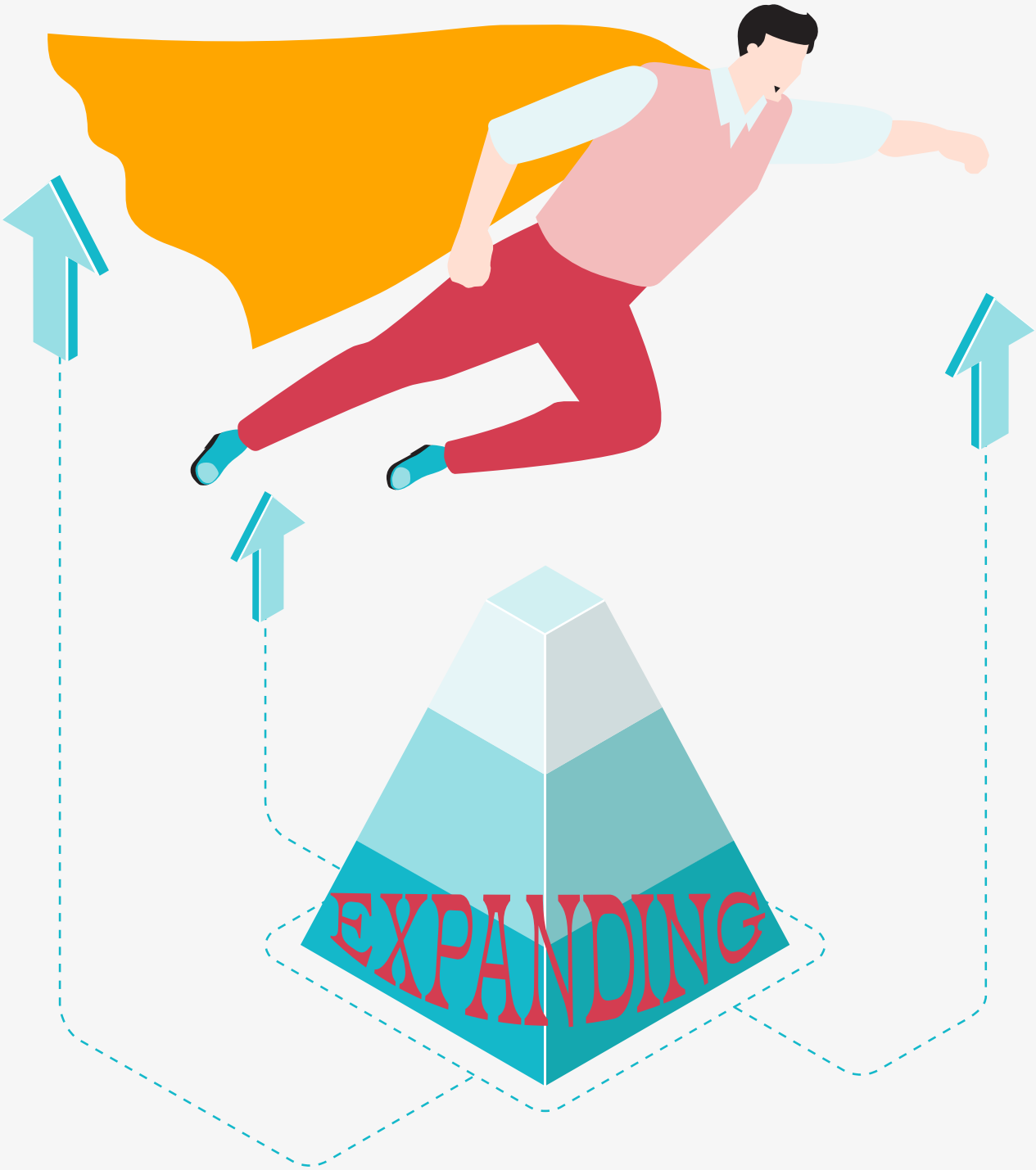
STEP 3 of the Investment Journey: BUILDING

What do I need to accomplish before my investor meeting?

What is a Start-up Pitch Deck?

D3 S4 Investments

A4 A Start-Up's Investment Journey



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STEP 4 of the Investment Journey: EXPANDING

What should be the focus of the investing strategy, after the business is starting to grow?

What are the benefits of giving away ownership of my company via equity investments?

What equity investment avenues are there?

DAY 4

Youth Finance Academy

S1 Sustainability & Leadership

A1. Intro into grants world - 60'

S2 Sustainability & Leadership

A2. Crowdfunding - 60'

S3 Costs and Sales Forecast

A1. Production Cost - 40'
A2. Production Forecast - 30'
A3. Sales Forecast - 30'

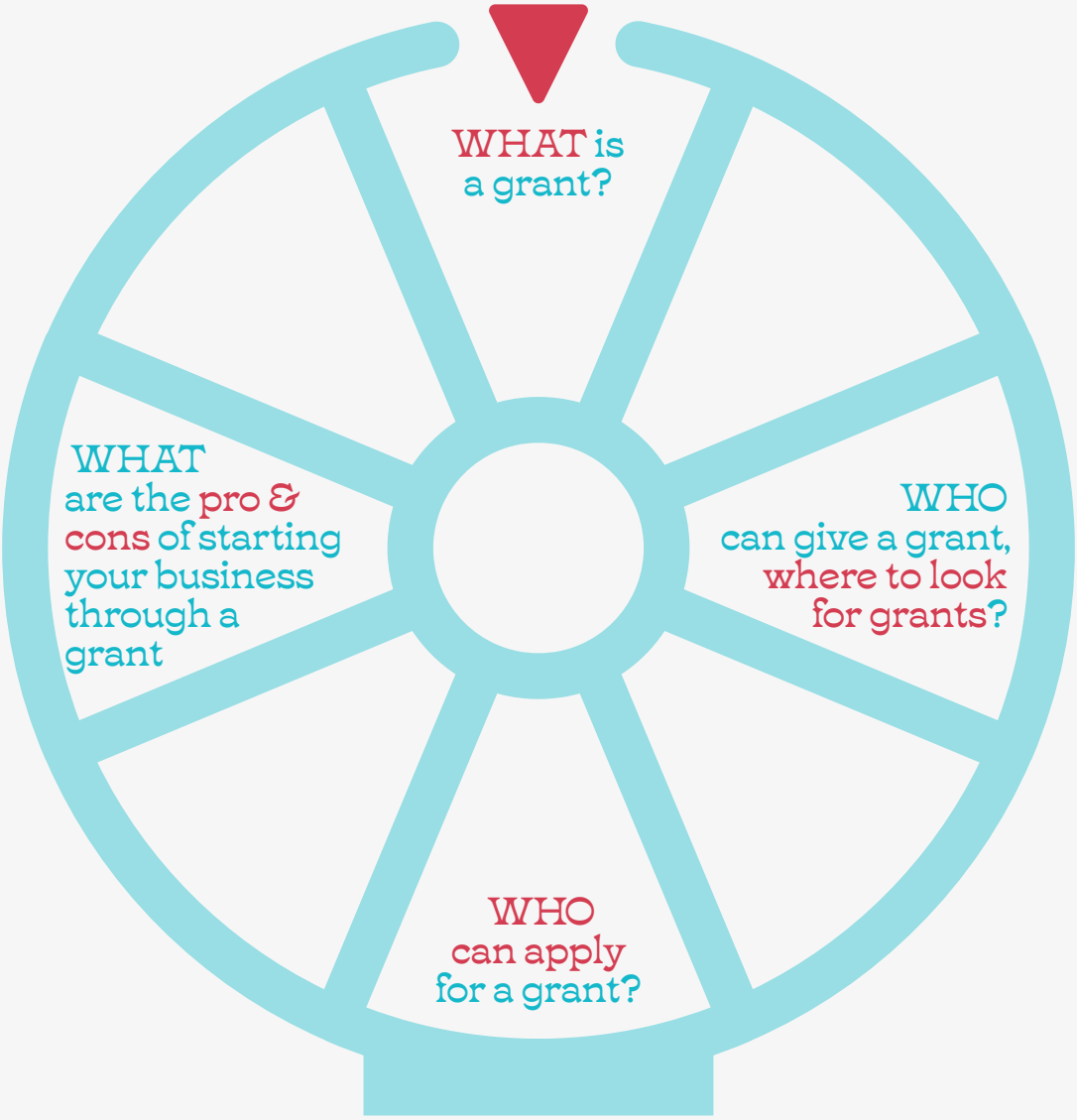
S4 Budget and Budget execution

A1. Budget - 60'
A2. Budget execution - 20'

D4 S1

Sustainability & Leadership

Intro into grants world



Youth Finance Academy

10'- 15'

Increase your **level of knowledge** about basic concepts necessary for **applying for a business grant!**

D4 S1 Sustainability & Leadership

Intro into grants world

Unravel the mysteries of a grant guide!

Youth Finance Academy

60'

1. How to use a grant guide?

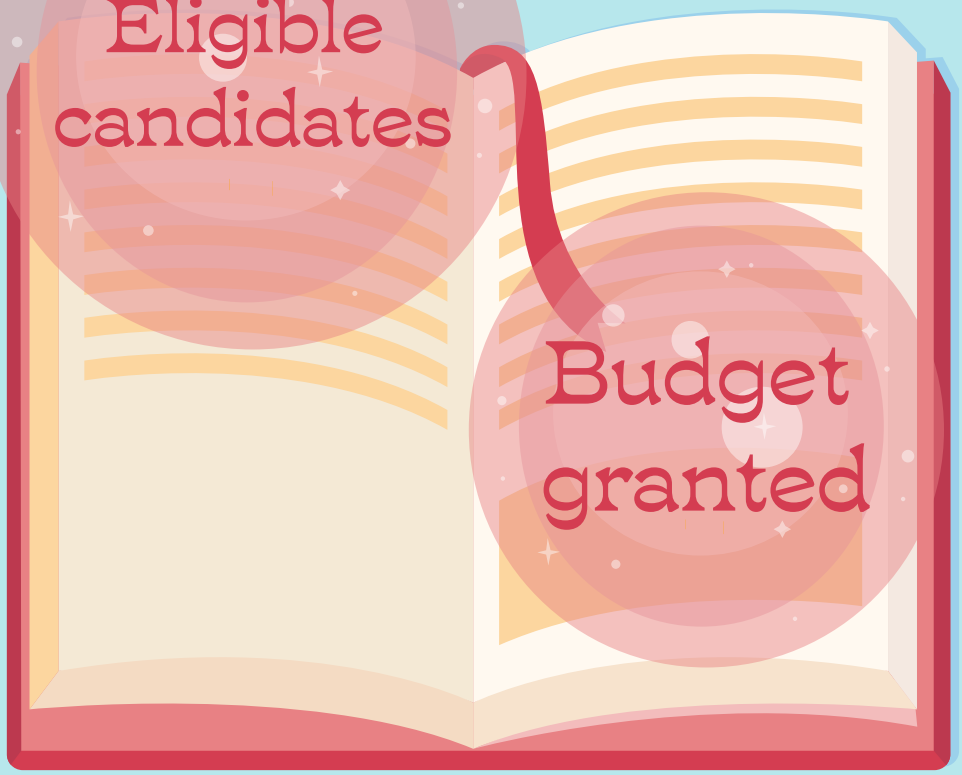
Understand:

Objectives of the call

What conditions do you have to fulfil?

Eligible candidates

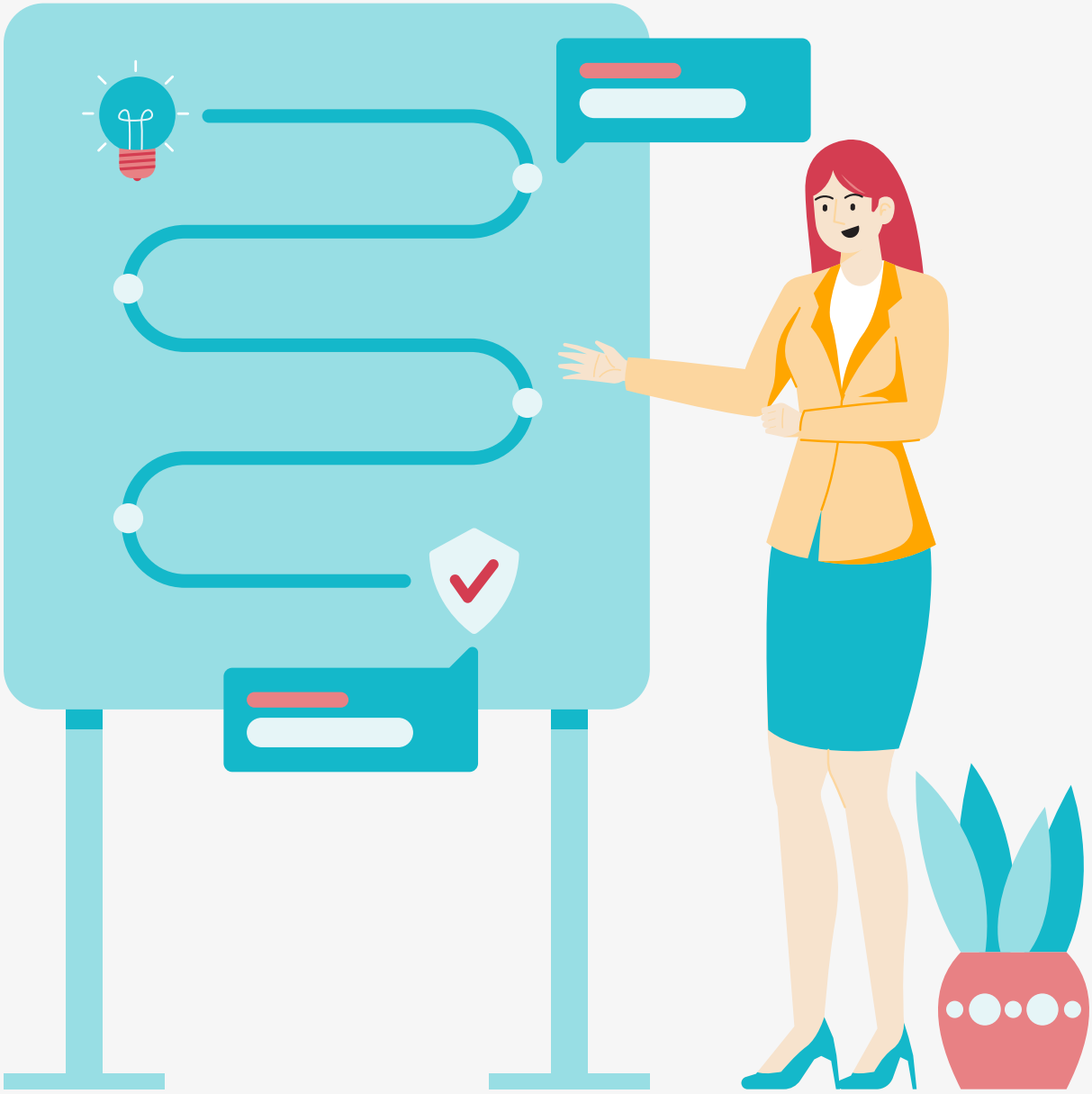
Budget granted



D4 S1

Sustainability & Leadership

Intro into grants world



Youth Finance Academy

60'

2. What are the **eligible costs,** what **types of cost** you can add in your budget.

Identify the **main sections** & specific elements of the **business plan** required by the call.

D4 S1

Sustainability & Leadership

Intro into grants world

Youth Finance Academy

60'

3. What are the implementation conditions?

What will happen after you receive the grant?

A2 Crowdfunding

> The unique value of crowdfunding is not money, it's community

Ethan Mollick

Create your own successful crowdfunding campaign

D4 S3

Costs and Sales Forecast

A1 Production Cost

Youth Finance Academy

40'

Know what is under the iceberg!

Identify what you need:

- Materials
- Services
- Human resources

What is the **production cost?**
Think about your **profit margin.**

D4 S3

Costs and Sales Forecast

A2 Production Forecast

Forecast your production in order to cover your orders!

Youth Finance Academy

30'

Production forecasting means to estimate the future demand for goods or services including human resources, financial and material resources.

- Find out that is the **net profit** you can have **per month**
- What is the **budget/cash flow** you will need to have available in order to achive your **target production level**

At the end you will have to deliver **all expected gifts!**

Deliver your business to the community

Youth Finance Academy

30'

Practice your ability to see into the future, i.e forecast your sales!

Prepare yourself to make **informed business decisions** and **develop data-driven strategies.**

What does **success** means to you?

Develop your own realistic budget. Estimate the need of:

HUMAN RESOURCES

Estimate the **human resources** you will need.

Which is the **net** and **gross cost.**

Estimate in a realistic way the **quantity** you will need (no. of employees/month or hours etc.).

Develop your own realistic budget. Estimate the need of:

SERVICES

What kind of **services** will you need in order to **produce, sell, advertise** your product or service?

Develop your own **realistic budget.** Estimate the need of:

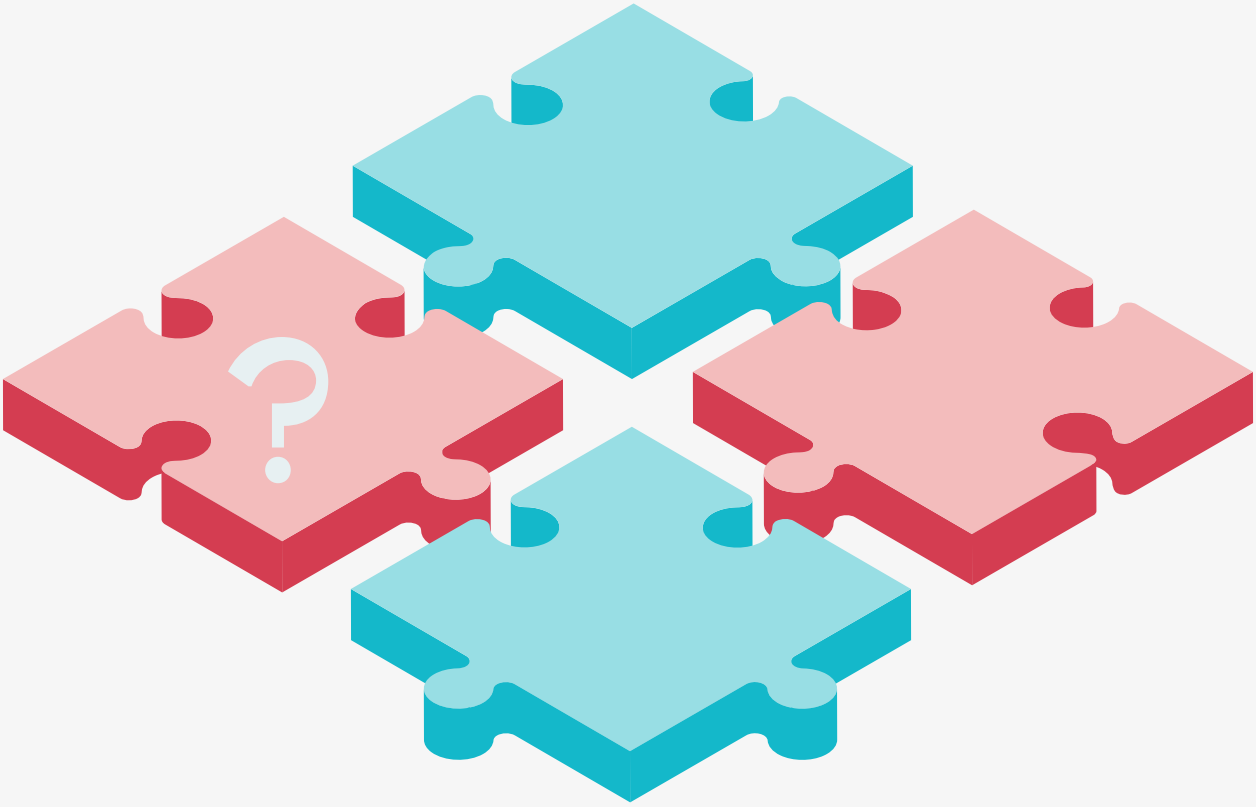
GOODS - RESOURCES

Estimate all the

- Gears
- Equipments
- Raw materials

What will you need for your business?

Develop your own **realistic budget.** What **OTHER COSTS** will you have?



How does the whole puzzle of your budget looks like?

What else will you need to budget?

(exemples insurances, sick leave, unpredicted costs margin, replacing machine/devices etc.)

Have into consideration:

- The amount of money you have available
- The quantities you need in order to implement your business plan
- Make a market research in order to budget realistic costs

Keep track of your budget

STAY ON TOP OF YOUR CASH FLOW!

Keeping daily records of your expenses by **tracking receipts, invoices** and **other outgoing expenses**, improves the financial health of your business.

Staring from the budget excel, simulate for each month the expenditures that you forecast in order to see each month the cash flow you will have.