# Business studies - stage 6 - finance

**Note for teachers:**

Students are guided in completing an investigation into the role of financial management using real and hypothetical case studies. This sample virtual program is intended for two weeks of learning and includes several lessons and online resources.

Worksheets and resources are found at the end of the learning sequence.

This document references the [Business Studies](https://www.educationstandards.nsw.edu.au/wps/portal/nesa/11-12/stage-6-learning-areas/hsie/business-studies) Stage 6 Syllabus © 2010 Copyright NSW Education Standards Authority for and on behalf of the Crown in right of the State of New South Wales.

## 1.0 Role of financial management

**Students:**

* strategic role of financial management
* objectives of financial management
	+ profitability, growth, efficiency, liquidity, solvency
	+ short-term and long-term

### 1.1 Strategic role and objectives of financial management

**Teachers note - an understanding of business concepts is essential for student learning. Students will need access to ICT throughout some of the activities, but alternatives have been suggested. Students will need prior knowledge and definitions of:**

**Financial Management** - the planning, organising and controlling of the financial resources such as the uses of funds for a business.

**Strategical role of finance** - the setting of clear and achievable objectives that allocates financial resources to achieve those objectives.

**Objectives** refer to what the enterprises want to achieve (goals). There are five main financial objectives; profitability, growth, efficiency, liquidity and solvency.

#### **Activities:**

* Students complete a [KWLH chart](https://app.education.nsw.gov.au/digital-learning-selector/LearningActivity/Card/562?clearCache=a58c5fe0-e038-ff42-36ee-20cee76744d1) about the role of finance management in a small and a large business.
* Define financial management and provide real or hypothetical examples. Describe the key areas and features of financial management, for example, forecasting or cash management.
* Student investigate a case study of a real business and answer the following questions:
	+ Who are the owners of the business?
	+ What is the legal structure?
	+ Is there a Chief Financial Officer? What is their role?
	+ Where is the business operations? How long has the business been operating in those locations? Where are financial headquarters located? Why do you think that area was chosen?
	+ What is the current level of debt in the business? And why? This information can found in financial reports, if they are public listed company and for further information about debt please read the [Money Smart](https://static.moneysmart.gov.au/files/money-management-kit/debt.pdf) fact sheet.
	+ What are the key factors that has made the business successful? What is the future financial plan for the business? Do you think it is strategically focused?
* **Students develop a** [generated list](https://app.education.nsw.gov.au/digital-learning-selector/LearningActivity/Card/563?clearCache=be3840bb-fd8d-78d3-9b4c-296393f25027) **of business financial management objectives. Based on that list, students** [formulate questions](https://app.education.nsw.gov.au/digital-learning-selector/LearningActivity/Card/572?clearCache=cc822e70-3abb-98a0-34e1-94d73599962) **and conduct research to answer their questions.**
* **Objectives refer to what the business wants to achieve (goals). Complete the flashcards, write, match and test sections of the** [quizlet](https://quizlet.com/au/305446453/role-of-financial-management-flash-cards/) **on the role and objectives of financial management. The quizlet defines the main business objectives of profitability, growth, efficiency, liquidity and solvency. Use these definitions and provide real business examples that relate to those definitions. Students explain how these objectives relate to achieving the strategic role of the business.**
* **Watch the YouTube video -** [Objectives of financial management](https://www.youtube.com/watch?v=JTVQr5t0cfU) (video duration: 6:02) **and use the previous activity to complete the following table:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ****Objective**** | ****Your own definition**** | ****Characteristics and features**** | ****Real world business example**** | ****How does the objectives relate to the strategic role of financial management**** |
| ****Profitability**** |  |  |  |  |
| ****Growth**** |  |  |  |  |
| ****Liquidity**** |  |  |  |  |
| ****Efficiency**** |  |  |  |  |
| ****Liquidity**** |  |  |  |  |
| ****Solvency**** |  |  |  |  |

* **Using the table above, explain how each of the main financial objectives are either short term or long term objectives for the real world business example. Use the example throughout your response to show the cause and effect of the short or long term objective to achieve the financial goal of the enterprise. Students should use business concepts and terminology in their structured response. The response should outline the potential conflicts between achieving short-term and long-term financial objectives.**

## 2.0 Interdependence with other key business functions

**Students:**

* interdependence with other key business functions

### 2.1 Interdependence with key business functions

**Teachers’ note** – Provided is a [digital example](https://schoolsnsw.sharepoint.com/%3Ap%3A/s/DLS/EUOlhUz4MmFJg4zU5Oe3SnUB8glfYQhe3318ny91S_5EPg?e=4OBjW1&clearCache=4719509e-5a7c-5b24-b981-99124f3e825) of the instructions for a concept map and the tree and radial structure. Alternatively, the task can be completed offline.

Access to the internet for the NESA exam pack activity is required but teachers may choose to provide a hard copy of the exam pack for student examination practice. It is important that students have knowledge and ability to access the NESA HSC exam packs. Students should be made aware of how to access HSC exam papers for further study. It is important to note that the sample answers provided in the HSC exam packs are not intended to be exemplary or even complete answers or responses, however, they are useful for students to develop knowledge of syllabus content and will help to develop student understanding of the marking process for HSC examinations.

**Activities:**

* Develop a glossary of terms and business concept from the previous activities and continuously throughout the finance topic.
* Students complete worksheet 1 Interdependence diagram.
* Using the interdependence diagram and glossary, students develop a [concept map](https://app.education.nsw.gov.au/digital-learning-selector/LearningActivity/Browser?cache_id=883b4) of the relationships between the key business functions to show their interdependence. This concept map can be expressed in a tree or radial structure, depending on the student’s preference.
* PMG Financial Pty Ltd is a global network of professional firms that provides financial advisory services to large enterprises. PMG has commissioned you to write a business case study about the interdependence of key business functions for a business in financial stress. This response should be based on a case study of your choice. Your case study should have experienced recent financial, operational, marketing and/or HR issues in recent years. Students complete worksheet 2 – PMG case study. Your response should provide recommendations for your case study to PMG.
* Access the NESA Business studies 2012 HSC [exam pack](https://educationstandards.nsw.edu.au/wps/portal/nesa/resource-finder/hsc-exam-papers/2012/business-studies-2012-hsc-exam-pack), and answer [question 22d](https://educationstandards.nsw.edu.au/wps/wcm/connect/7679a329-7a3c-4f73-96bf-a22d5ae4e08d/business-studies-hsc-exam-2012.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-7679a329-7a3c-4f73-96bf-a22d5ae4e08d-lG9CfCy) (page 11). Students then read through the [marking criteria](https://educationstandards.nsw.edu.au/wps/wcm/connect/0365dc52-cc87-44b0-9b0b-754ff1713a7c/business-studies-hsc-mg-2012.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-0365dc52-cc87-44b0-9b0b-754ff1713a7c-lG9CfVq) for question 22d (page 3) and students assess their response by giving themselves a theoretical mark out of 4. Students read and highlight key business concepts in question [22d sample answer](https://educationstandards.nsw.edu.au/wps/wcm/connect/9a972e62-1f90-42f0-97f1-972537320d39/business-studies-hsc-sa-2012.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-9a972e62-1f90-42f0-97f1-972537320d39-lG9CfaT) (page 3) and read through the marking criteria again. Students mark the sample response. Using this experience of understanding the marking process, students now re-attempt question 22d and should be aware of the HSC directive that was used in the question. Students compare their first and second response for question 22d and compare their response to the sample response and the marking criteria.

#### Worksheet 1 – Interdependence diagram

Complete the following diagram

#### Worksheet 2 – PMG case study

PMG Financial Pty Ltd is a global network of professional firms that provides expert financial advisory services to large enterprises. PMG has commissioned you to write a business case study about the interdependence of key business functions for a business in financial stress. This response should be based on a case study of your choice. Your case study should have experienced recent financial, operational, marketing or human resources issues in recent years. For example, Tesla Motors profitability and liquidity issues in the production of the new Model 3 electric vehicle. Student’s case study should address the following questions:

##### Question 1

Outline the key business functions and provide examples from your case study.

##### Question 2

Describe how your case study is in financial stress and relate to key business functions.

##### Question 3

Using your case study, explain how marketing/operations and finance are interdependent.

Provide three recommendations for PMG to address the financial issue at your case study.

1.

2.

3.

## Resources

* [KWLH chart](file:///C%3A%5CUsers%5Cmsidhu1%5CDownloads%5Capp.education.nsw.gov.au%5Cdigital-learning-selector%5CLearningActivity%5CCard%5C562%3FclearCache%3Da58c5fe0-e038-ff42-36ee-20cee76744d1)
* [Money management kit](file:///C%3A%5CUsers%5Cmsidhu1%5CDownloads%5Cstatic.moneysmart.gov.au%5Cfiles%5Cmoney-management-kit%5Cdebt.pdf) from [Money Smart website](file:///C%3A%5CUsers%5Cmsidhu1%5CDownloads%5Cmoneysmart.gov.au%5Cpublications%5Cmoney-management-kit)
* [Student generated lists](file:///C%3A%5CUsers%5Cmsidhu1%5CDownloads%5C%E2%80%A2%09app.education.nsw.gov.au%5Cdigital-learning-selector%5CLearningActivity%5CCard%5C563%3FclearCache%3Dbe3840bb-fd8d-78d3-9b4c-296393f25027)
* [Formulate questions](file:///C%3A%5CUsers%5Cmsidhu1%5CDownloads%5C%E2%80%A2%09app.education.nsw.gov.au%5Cdigital-learning-selector%5CLearningActivity%5CCard%5C572%3FclearCache%3Dcc822e70-3abb-98a0-34e1-94d73599962)
* [Quizlet](file:///C%3A%5CUsers%5Cmsidhu1%5CDownloads%5Cquizlet.com%5Cau%5C305446453%5Crole-of-financial-management-flash-cards%5C)
* **YouTube video** [Objectives of financial management](file:///C%3A%5CUsers%5Cmsidhu1%5CDownloads%5Cyoutube.com%5Cwatch%3Fv%3DJTVQr5t0cfU)
* [NESA Business studies](file:///C%3A%5CUsers%5Cmsidhu1%5CDownloads%5Ceducationstandards.nsw.edu.au%5Cwps%5Cportal%5Cnesa%5Cresource-finder%5Chsc-exam-papers%5C2012%5Cbusiness-studies-2012-hsc-exam-pack) 2012 HSC exam pack
* Instructions for a [concept map](file:///C%3A%5CUsers%5Cmsidhu1%5CDownloads%5Cschoolsnsw.sharepoint.com%5C%3Ap%3A%5Cs%5CDLS%5CEUOlhUz4MmFJg4zU5Oe3SnUB8glfYQhe3318ny91S_5EPg%3Fe%3D4OBjW1%26clearCache%3D4719509e-5a7c-5b24-b981-99124f3e825)
* [NESA Business studies](file:///C%3A%5CUsers%5Cmsidhu1%5CDownloads%5Ceducationstandards.nsw.edu.au%5Cwps%5Cwcm%5Cconnect%5C7679a329-7a3c-4f73-96bf-a22d5ae4e08d%5Cbusiness-studies-hsc-exam-2012.pdf%3FMOD%3DAJPERES%26CACHEID%3DROOTWORKSPACE-7679a329-7a3c-4f73-96bf-a22d5ae4e08d-lG9CfCy) HSC 2012 examination paper
* [NESA Business studies](file:///C%3A%5CUsers%5Cmsidhu1%5CDownloads%5Ceducationstandards.nsw.edu.au%5Cwps%5Cwcm%5Cconnect%5C0365dc52-cc87-44b0-9b0b-754ff1713a7c%5Cbusiness-studies-hsc-mg-2012.pdf%3FMOD%3DAJPERES%26CACHEID%3DROOTWORKSPACE-0365dc52-cc87-44b0-9b0b-754ff1713a7c-lG9CfVq) HSC 2012 marking criteria
* [NESA Business studies](https://educationstandards.nsw.edu.au/wps/wcm/connect/9a972e62-1f90-42f0-97f1-972537320d39/business-studies-hsc-sa-2012.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-9a972e62-1f90-42f0-97f1-972537320d39-lG9CfaT) HSC 2012 sample answers