

Name \_\_\_\_\_

# BUSINESS PROJECT



## The aims of this project are:

- To introduce learners to the concept of budgeting
- To facilitate discussion about personal finances
- To ensure that learners are aware of how to manage their own money
- To promote discussion about banks and borrowing
- To introduce learners to basic business items such as Profit and Loss, projections and business plans
- To promote the use of dictionaries when dealing with new vocabulary
- To promote team work when learners work in groups of two
- To ensure that learners view planning as a key aspect of both literacy and numeracy
- To promote the concept of online research in planning
- To show learners with how businesses work on a basic level
- To familiarise learners with the concept of estimating

## Business Functional Skills Project

# Money Matters

What bills do you have to pay each week when you have your own house?

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Which is the most important bill?

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Why?

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Which is the least important?

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Why?

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What happens if you don't pay your bills on time?

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What are the different ways of paying your bills?

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# Business Functional Skills Project

## Borrowing

Where can you borrow money from?

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Which is the best place to borrow from?

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Why?

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Which is the worst place to borrow from?

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Why?

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Is it wise to borrow money to pay your bills?

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## Business Functional Skills Project

Rent: £80

Food: £30

Gas: £10

Electricity: £10

Telephone: £10

Water: £5

Clothes: £10

Council Tax: £20

TV License: £2

Internet: £5

Pet Food: £3

If you had a job and earned £200 per week, would you be able to afford to pay all of the above bills?

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Would you be able to save any money each week?

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Where might you save your money?

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Can you think of any other bills you might need to pay?

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Can you think of any other things you might want to add to a weekly budget?

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# Business Functional Skills Project

NAME: \_\_\_\_\_

## Budgeting Test!

*Please show your working out underneath the question*

1) Your weekly food shop is £32. How much do you spend per month on food?  
£\_\_\_\_\_

2) If you spend £10 per week on electricity, how much is your yearly bill? £\_\_\_\_\_

3) Your gas bill is £10 per week. How much do you spend per month? £\_\_\_\_\_

4) How much is your total energy bill per year (for gas and electricity)? £\_\_\_\_\_

5) Your telephone bill is currently £520 a year (which is £10 per week). You get a cheaper deal, making your bill only £8 per week. How much is your new total for the entire year? £\_\_\_\_\_

6) Your rent is £80 per week, and you move to a property costing £85 a week. How much more rent will you pay in total each year? £\_\_\_\_\_

7) If one cat costs £3 per week, how much **more** will it cost per year if you get a second cat? £\_\_\_\_\_

8) If a TV licence costs £8 per week, how much does it cost per year? £\_\_\_\_\_

9) If your total weekly outgoings come to £185 and you earn £212 per week, how much money do you have spare per year? £\_\_\_\_\_

10) Based on an income of £212 per week, what is your yearly take-home salary? £\_\_\_\_\_

# Business Functional Skills Project

## Planning a business



### Part 1

What do you think the word 'business' means?

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Name five businesses that you can think of who you would describe as 'respectable businesses'.

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What do you understand by the term 'business plan'?

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What sort of things do you think you should include in a business plan?

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# Business Functional Skills Project

## Planning a business

### Part 2

You are going to come up with an idea for a fictional business to run in the local shopping centre. The business can be anything you like, but it has to be original (so, no mobile phone shops or regular clothes outlets)

*First – use a dictionary to find out what the following words mean and write the meaning underneath*

### Fictional

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### Outlet

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### Local

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### Regular

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### Part 3 - Discussion

Okay – working in pairs, come up with an idea for an original business. Think of at least three suggestions each, and write your ideas below.

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Next, select one idea and write the idea that you have chosen below

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# Business Functional Skills Project

Why do you think that this kind of company would be successful?

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What competition will your business have locally? Who will be your main rivals?

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How could you find out more about your competition?

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Research your competition online. Write any information below that you think will be relevant to your business, such as how many stores your rivals have locally, what kinds of things they sell, whether they are successful or not, how many staff they have etc

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# Business Functional Skills Project

## PROJECTIONS

Projections are like predictions. You need to make a sensible estimate – not just a guess! – based on the information you have. Your product might not sell very well in the first month whilst you are still building up your business, but you might, for example, expect that you will make a lot more profit in December due to Christmas. Or, if your business sells swimming costumes, you might make a lot more money between April and August than you will between September and March. All of these things need to be considered when making your projections.

Your **GROSS PROFIT** is your total income, before any deductions

Your **NET PROFIT** is your total income after all deductions.

So, if your yearly takings are £20,000, this is your Gross Profit.

If your outgoings are £17,500, your net profit will be £2,500.

How much will each item that you sell cost? £\_\_\_\_\_

How many items do you think that you will sell each week? £\_\_\_\_\_

How much profit will you make in the first month **before** outgoings? £\_\_\_\_\_

How much profit will you make in the first month **after** outgoings? £\_\_\_\_\_

**Fill in the below table to estimate how many sales you will make each month. Be realistic!**

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Sales	£	£	£	£	£	£	£	£	£	£	£	£

How much do you project that your gross profit will be for your first year? £\_\_\_\_\_

How much do you project that your net profit will be for your first year? £\_\_\_\_\_

# Business Functional Skills Project

## THE BUSINESS PLAN

**EXAMPLE**

**Names of entrepreneurs:** Matt Barnes and Louise Hayes

**Name of Business:** Veganity

**Type of Business:** A small cosmetics shop offering specialised vegan cosmetic products to customers.

**Brief Summary of Business Activities:** This will be a joint venture between Matt Barnes and Louise Hayes and it will be based in the Arndale shopping centre in Manchester city centre. The shop will be located on the ground floor, near to the main entrance, in order to ensure that as many customers pass by the shop as possible. We will be paying an extra £20 per week in rent to be near to the main doors, but we feel that this is a good investment. The shop itself will be run by Matt and Louise and will employ three other staff: two in the stockroom and two to serve customers. The shop will stock specialised vegan products, none of which will contain any animal products. None of these products will they have been tested on animals at any point. Our core ethical values as a company will be based around the idea that beauty does not have to cost us the earth, and we will be paying constant attention to our carbon footprint, ensuring that all of our products are as eco-friendly as possible.

Our products will generally retail at around £3 to £5 per item, but we will stock a range of gift items at £19.99 and also a range of specialist hampers and treatments, which will retail between £149.99 and £199.99 per item. We anticipate building up a strong base of regular customers through our initial three-month marketing campaign, which involves hiring two junior members of staff on temporary contracts to hand out flyers in and around the city centre. These employees will also give out free samples to help raise awareness of our business.

In addition to our regular customers, who we anticipate will largely be women aged 18-34, we also expect to receive increased sales on our specialised items between September and December. We also expect increased sales in the summer months on our holiday and tanning product ranges. Our start-up costs will be in the region of £25,000. We would like to borrow £5,000 of this from your bank, to be repaid at a rate of £500 per month over 12 months (including interest).

**Expected running costs per month:** £5,100

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Expected Sales</b>	£3,900	£4,800	£4,500	£5,500	£5,500	£6,700	£7,000	£7,000	£7,000	£8,000	£8,000	£10,000

**Projected Gross Profit for first year of business:** £77,900

**Projected outgoings for first year of business:** £71,200

**Projected Net Profit for first year of business:** £6,700

**Amount requested to be borrowed to start business:** £5,000



## Business Functional Skills Project

# MARKETING

Now, create a promotional poster for your business using the information above. The poster should feature:

- The name of your business in bold print
- Information about the date and time of the grand opening
- Some information on the products you sell
- Contact information
- Where to find your shop

Your poster must be bright, colourful and, most of all, it must SELL your shop to potential new customers. Remember – this is the first time they will ever have even heard of your brand, so you need to make as much of an impact as possible!

Contact Matt or Louise on 0161 237 5600 for  
more information

# VEGANITY

Find us in The  
Arndale, next to  
Famous Al's  
Pizza!

*Specialist stockists of eco-friendly Vegan beauty products!*



**SOAP TANNING PRODUCTS LOTIONS**

**SHAVING GEL GIFTS MAKE-UP**

# OPENS 29/01/2010

## Answers | Teaching notes | Functional Skills mapping

### Budgeting Test answers (page 5)

- 1) Your weekly food shop is £32. How much do you spend per month on food? **£128**
- 2) If you spend £10 per week on electricity, how much is your yearly bill? **£520**
- 3) Your gas bill is £10 per week. How much do you spend per month? **£40**
- 4) How much is your total energy bill per year (for gas and electricity)? **£1040**
- 5) Your telephone bill is currently £520 a year (which is £10 per week). You get a cheaper deal, making your bill only £8 per week. How much is your new total for the entire year? **£416**
- 6) Your rent is £80 per week, and you move to a property costing £85 a week. How much more rent will you pay in total each year? **£260**
- 7) One cat costs £3 per week, how much **more** will it cost per year if you get a second cat? **£156**
- 8) If a TV licence costs £2 per week, how much does it cost per year? **£104**
- 9) If your total weekly outgoings come to £185 and you earn £212 per week, how much money do you have spare per year? **£1404**
- 10) Based on an income of £212 per week, what is your yearly take-home salary? **£11,024**

### Teaching Notes

This, basically, is a big business project. All of the aims are set out on the first page. It's a multi-level, multi-skill project that covers both English and maths. (Functional ICT could also be integrated – for example when creating posters, business plans, balance sheets, etc.). Most of the numeracy involves the four basic operations along with everyday measures (time and money) but it also deals with some large, difficult numbers.

The idea of this is to use business as a tool for embedding literacy and numeracy. It starts out by getting learners thinking about their own budgets, looks at household bills etc, borrowing and then moves on to planning an idea for a business to run in their local shopping centre, making projections (estimating), researching their business, creating a basic profit and loss sheet, a business plan and then a marketing poster. It sprung from my reading a four page resource on [www.skillsworkshop.org](http://www.skillsworkshop.org) which follows a very similar pattern (**Employment Skills, and Employment Skills lesson plan**, both contributed by Andrew Case in 2009).

It reminded me of something I did myself during my Business GCSE and from there I created this project. This resource also goes hand-in-hand with the **Payday maths game** that I contributed to skillsworkshop in February 2010.

*Matt Barnes, June 2010.*

### Functional Maths and English

This resource is ideal for underpinning several Functional Maths coverage and range statements at Entry 3 - Level 1 (see highlighted areas of the table on next page). However, in Functional Mathematics exams it is the process skills that are assessed; these are key to successful Functional Maths teaching and learning and must always be developed and stressed during teaching. (See page 16).

All aspects of Functional English are also covered. The exact coverage and range statements that are covered will depend on the learner group and how the teacher adapts and uses the resource. See page 15 for ideas.

# Business Functional Skills Project

## Functional English criteria

Highlighting indicates the main coverage and range skills covered in this resource, although these will vary with the student group and how the resource is used by the teacher.

Entry 3 Skill standard	Entry 3 Coverage and range Ofqual (2009), p9.
<p><b>Speaking, listening and communication</b> Respond appropriately to others and make some extended contributions in familiar formal and informal discussions and exchanges E.g. discussing ideas for a new business (pages 7-8)</p>	<ul style="list-style-type: none"> <li>Follow the main points of discussions</li> <li>Use techniques to clarify and confirm understanding</li> <li>Give own point of view and respond appropriately to others' point of view</li> <li>Use appropriate language in formal discussions/exchanges</li> <li>Make relevant contributions, allowing for and responding to others' input</li> </ul>
<p><b>Reading</b> Read and understand the purpose and content of straightforward texts that explain, inform and recount information E.g. reading the instructions throughout this project</p>	<ul style="list-style-type: none"> <li>Understand the main points of texts</li> <li>Obtain specific information through detailed reading</li> <li>Use organisational features to locate information</li> <li>Read and understand texts in different formats using strategies/techniques appropriate to the task</li> </ul>
<p><b>Writing</b> Write texts with some adaptation to the intended audience E.g. write a simple business plan, create a poster, taking notes during discussion.</p>	<ul style="list-style-type: none"> <li>Plan, draft and organise writing</li> <li>Sequence writing logically and clearly</li> <li>Use basic grammar including appropriate verb-tense and subject-verb agreement</li> <li>Check work for accuracy, including spelling</li> </ul>
Level 1 Skill standard	Level 1 Coverage and range Ofqual (2009), pp10-11.
<p><b>Speaking, listening and communication</b> Take full part in formal and informal discussions and exchanges that include unfamiliar subjects E.g. discussing ideas for a new business. (pages 7-8)</p>	<ul style="list-style-type: none"> <li>Make relevant and extended contributions to discussions, allowing for and responding to others' input</li> <li>Prepare for and contribute to the formal discussion of ideas and opinions</li> <li>Make different kinds of contributions to discussions</li> <li>Present information/points of view clearly and in appropriate language</li> </ul>
<p><b>Reading</b> Read and understand a range of straightforward texts E.g. reading the instructions throughout this project, reading the example business plan. (page 11)</p>	<ul style="list-style-type: none"> <li>Identify the main points and ideas and how they are presented in a variety of texts</li> <li>Read and understand texts in detail</li> <li>Utilise information contained in texts</li> <li>Identify suitable responses to texts</li> </ul> <p style="text-align: right;"><b>In more than one type of text.</b></p>
<p><b>Writing</b> Write a range of texts to communicate information, ideas and opinions, using formats and styles suitable for their purpose and audience E.g. write business plan, create poster. (pages 12-13)</p>	<ul style="list-style-type: none"> <li>Write clearly and coherently, including an appropriate level of detail</li> <li>Present information in a logical sequence</li> <li>Use language, format and structure suitable for purpose and audience (55-60% assessment weighting)</li> <li>Use correct grammar, including correct and consistent use of tense</li> <li>Ensure written work includes generally accurate punctuation and spelling and that meaning is clear (40-45% assessment weighting)</li> </ul> <p style="text-align: right;"><b>In more than one type of text.</b></p>
Level 2 Skill standard	Level 2 Coverage and range Ofqual (2009), pp12-13.
<p><b>Speaking, listening and communication</b> Make a range of contributions to discussions in a range of contexts, including those that are unfamiliar, and make effective presentations E.g. prepare and deliver a presentation about proposed new business.</p>	<ul style="list-style-type: none"> <li>Consider complex information and give a relevant, cogent response in appropriate language</li> <li>Present information and ideas clearly and persuasively to others</li> <li>Adapt contributions to suit audience, purpose and situation</li> <li>Make significant contributions to discussions, taking a range of roles and helping to move discussion forward</li> </ul>
<p><b>Reading</b> Select, read, understand and compare texts and use them to gather information, ideas, arguments and opinions E.g. read and compare a selection of business plans from other students in order to select the best business idea. Then write a summary or report explaining the reasons for the choice.</p>	<ul style="list-style-type: none"> <li>Select and use different types of texts to obtain and utilise relevant information</li> <li>Read and summarise, succinctly, information/ideas from different sources</li> <li>Identify the purposes of texts and comment on how meaning is conveyed</li> <li>Detect point of view, implicit meaning and/or bias</li> <li>Analyse texts in relation to audience needs and consider suitable responses</li> </ul> <p style="text-align: right;"><b>In three or more texts.</b></p>
<p><b>Writing</b> Write a range of texts, including extended written documents, communicating information, ideas and opinions, effectively and persuasively E.g. write an extended business plan, write a report (see L2 reading above).</p>	<ul style="list-style-type: none"> <li>Present information/ideas concisely, logically, and persuasively</li> <li>Present information on complex subjects clearly and concisely</li> <li>Use a range of writing styles for different purposes</li> <li>Use a range of sentence structures, including complex sentences, and paragraphs to organise written communication effectively (55-60% assessment weighting)</li> <li>Punctuate written text using commas, apostrophes and inverted commas accurately</li> <li>Ensure written work is fit for purpose and audience, with accurate spelling and grammar that support clear meaning (40-45% assessment weighting)</li> </ul> <p style="text-align: right;"><b>In a range of text types.</b></p>

**References:** Ofqual (2009), *Functional Skills criteria for English: Entry 1, Entry 2, Entry 3, level 1 and level 2.*

Ofqual (2009), *Functional Skills criteria for Mathematics: Entry 1, Entry 2, Entry 3, level 1 and level 2.*

Further functional skills documents available at <http://www.ofqual.gov.uk/>

# Business Functional Skills Project

## Functional Maths criteria

Highlighting indicates the main coverage and range skills covered in this resource, although these will vary with the student group and how the resource is used by the teacher.

### Coverage and Range statements (indicative only)

Coverage and range statements provide an indication of the type of mathematical content candidates are expected to apply in functional contexts. Relevant content can also be drawn from equivalent National Curriculum levels & Adult Numeracy standards.

#### Level 1

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|--|---|
| <ul style="list-style-type: none"> <li>• understand and use whole numbers and understand negative numbers in practical contexts</li> <li>• add, subtract, multiply and divide whole numbers using a range of strategies</li> <li>• understand and use equivalences between common fractions, decimals and percentages</li> <li>• add and subtract decimals up to two decimal places</li> <li>• solve simple problems involving ratio, where one number is a multiple of the other</li> <li>• use simple formulae expressed in words for one- or two-step operations</li> </ul> | <ul style="list-style-type: none"> <li>• use data to assess the likelihood of an outcome</li> <li>• solve problems requiring calculation, with common measures, including money, time, length, weight, capacity &amp; temperature</li> <li>• convert units of measure in the same system</li> <li>• work out areas and perimeters in practical situations</li> <li>• construct geometric diagrams, models and shapes</li> <li>• extract and interpret information from tables, diagrams, charts and graphs</li> <li>• collect and record discrete data and organise and represent information in different ways</li> <li>• find mean and range</li> </ul> |
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#### Entry 3

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|---|---|
| <ul style="list-style-type: none"> <li>• add and subtract using three-digit numbers</li> <li>• solve practical problems involving multiplication and division by 2, 3, 4, 5 and 10</li> <li>• round to the nearest 10 or 100</li> <li>• understand and use simple fractions</li> <li>• understand, estimate, measure and compare length, capacity, weight and temperature</li> <li>• understand decimals to two decimal places in practical contexts</li> </ul> | <ul style="list-style-type: none"> <li>• recognise and describe number patterns</li> <li>• complete simple calculations involving money and measures</li> <li>• recognise and name simple 2D and 3D shapes and their properties</li> <li>• use metric units in everyday situations</li> <li>• extract, use and compare information from lists, tables, simple charts and simple graphs</li> </ul> |
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### Process Skills (all levels)

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| <p><b>Representing</b> – selecting the mathematics and information to model a situation</p> <ul style="list-style-type: none"> <li>• recognise that a situation has aspects that can be represented using mathematics</li> <li>• make an initial model of a situation using suitable forms of representation</li> <li>• decide on the methods, operations and tools, including ICT, to use in a situation</li> <li>• select the mathematical information to use</li> </ul> | <p><b>Analysing</b> – processing and using mathematics</p> <ul style="list-style-type: none"> <li>• use appropriate mathematical procedures</li> <li>• examine patterns and relationships</li> <li>• change values and assumptions or adjust relationships to see the effects on answers in models</li> <li>• find results and solutions</li> </ul> | <p><b>Interpreting</b> – interpreting and communicating the results of the analysis</p> <ul style="list-style-type: none"> <li>• interpret results and solutions</li> <li>• draw conclusions in light of situations</li> <li>• consider the appropriateness and accuracy of results and conclusions</li> <li>• choose appropriate language and forms of presentation to communicate results and solutions</li> </ul> |
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### Skill Standards (Level 1)

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|--|---|---|
| <ul style="list-style-type: none"> <li>• understand practical problems in familiar and unfamiliar contexts and situations, some of which are non-routine</li> <li>• identify and obtain necessary information to tackle the problem</li> <li>• select mathematics in an organised way to find solutions</li> </ul> | <ul style="list-style-type: none"> <li>• apply mathematics in an organised way to find solutions to straightforward practical problems for different purposes</li> <li>• use appropriate checking procedures at each stage</li> </ul> | <ul style="list-style-type: none"> <li>• interpret and communicate solutions to practical problems, drawing simple conclusions and giving explanations</li> </ul> |
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### Skill Standards (Entry 3)

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|--|---|---|
| <ul style="list-style-type: none"> <li>• understand practical problems in familiar contexts and situations</li> <li>• begin to develop own strategies for solving simple problems</li> <li>• select mathematics to obtain answers to simple given practical problems that are clear and routine</li> </ul> | <ul style="list-style-type: none"> <li>• apply mathematics to obtain answers to simple given practical problems that are clear and routine</li> <li>• use simple checking procedures</li> </ul> | <ul style="list-style-type: none"> <li>• interpret and communicate solutions to practical problems in familiar contexts and situations</li> </ul> |
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## Ideas for developing maths process skills

### Encourage students to:

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|---|--|
| <ul style="list-style-type: none"> <li>• highlight key information, cross out unneeded information</li> <li>• show all their working out (note that calculators are permitted at all levels of FM assessment but learners should get into the habit of recording their calculations)</li> <li>• check all their calculations or procedures and show proof that they have done so</li> </ul> | <ul style="list-style-type: none"> <li>• discuss and justify their methods and their answers</li> <li>• investigate other options / situations</li> <li>• create new questions about given information and try them out on other students</li> <li>• mark each others work</li> <li>• draw conclusions</li> <li>• explain their answers and conclusions to others – verbally and in writing</li> </ul> |
|---|--|