

LEARNING ARRANGEMENT 2

Cash Flow Statements (IAS 7)

Time frame	16 hours		
Short description of the situation	<p>Cuckoo Ltd has run out of cash and cannot pay its bills. The company and all other firms need cash to survive. If they fail to make obligatory payments in time this leads to technical insolvency, possible bankruptcy and closing the factory down.</p> <p>We are going back in time to help our company to present this situation, to manage cash accounts, and to ensure that adequate finances are always available to fulfil its obligations.</p>		
Competences	Contents		
<p>Students are able to</p> <ul style="list-style-type: none"> ▪ understand why cash management is vitally important, ▪ prepare a cash flow statement and can differentiate the direct and indirect method, ▪ define the main terms (operating, investing and financing activities), ▪ explain benefits of cash flow information, ▪ do a cash flow forecasts, ▪ understand the importance of cash flow planning, ▪ calculate different ratios. 	<ul style="list-style-type: none"> ▪ IAS cash flow statement ▪ Importance of cash flow management ▪ Cash flow forecasts ▪ Calculation of ratios 		
Activities / tasks			
Principle steps/ process, e.g.:	Students' activities	Teacher`s activities	Media, material, tools
Planning of action	<p>Read the given material carefully</p> <p>Plan activities, e.g.</p> <ul style="list-style-type: none"> ▪ How is the group organised? ▪ Who is responsible for the different 	Introduces the case study	<p>In general:</p> <p>PC, Internet-access, Word-processor, Presentation-software, computer projector, transparencies, OHP, pens, paper, according</p>

Activities / tasks			
Principle steps/ process, e.g.:	Students' activities	Teacher's activities	Media, material, tools
	steps of the given assignment? <ul style="list-style-type: none"> Timeframe for the group work Find important information on the internet		to the user's facilities M7_LA2_G_Mat1_BasicSituation.doc
Sequence 1: IAS 7 in general			
Execution of different steps	Listen to teacher's presentation on IAS 7 / reads material on IAS 7	Depending on the pre-knowledge of students: presents information on cash-flow-statement or a text is given as background material to the groups.	M7_LA2_G_Mat2_CashFlowStatement_Input.ppt M7_LA2_G_Mat2_CashFlowStatement_Input.doc
Execution of given assignment	Pair work: Answer written questions on CFS	Supports pairs where necessary	Assignment 1: M7_LA2_G_Mat3_QuestionsDiscussion.doc
Presentation	Present their answers and discuss open problems / questions	Facilitates presentation Leads discussion	M7_LA2_G_Mat3_QuestionsDiscussion_Sol.doc
Execution of given assignment	Produce CFS using direct and indirect method	Instructs students how to make cash flow statement, Helps students with exercises Revises students solutions	Assignment 2 and 3: M7_LA2_G_Mat4_Exercises_CashFlow.xls
Presentation	Present their CFS and discuss open problems / questions	Facilitates presentation Leads discussion	M7_LA2_G_Mat4_Exercises_CashFlow_Sol.xls
Sequence 2: Case Study			
Execution of given assignment	Work on the case study and produce the different financial statements for the case study	Facilitates team work and helps solving problems	Assignment 4: M7_LA2_G_Mat5_Task1_CaseStudy.doc M7_LA2_G_Mat5_Task1_CaseStudy_Data.xls M7_LA2_G_Mat5_Task1_CaseStudy_Data_Sol.xls

Activities / tasks			
Principle steps/ process, e.g.:	Students' activities	Teacher`s activities	Media, material, tools
Evaluation of the process	Evaluate their competence progress Produce an <i>evaluation report</i> Evaluate the learning arrangement.	Gives own evaluation on student's performance	M7_LA1_G_Mat6_Exercise2.doc (Part 2)