



CAREER CLUSTER

Finance

CAREER PATHWAY

Corporate Finance

INSTRUCTIONAL AREA

Financial Analysis

BUSINESS FINANCE SERIES EVENT

PARTICIPANT INSTRUCTIONS

- The event will be presented to you through your reading of the 21st Century Skills, Performance Indicators and Event Situation. You will have up to 10 minutes to review this information and prepare your presentation. You may make notes to use during your presentation.
- You will have up to 10 minutes to make your presentation to the judge (you may have more than one judge).
- You will be evaluated on how well you meet the performance indicators of this event.
- Turn in all of your notes and event materials when you have completed the event.

21st CENTURY SKILLS

- Critical Thinking – Reason effectively and use systems thinking.
- Problem Solving – Make judgments and decisions, and solve problems.
- Communication – Communicate clearly.
- Creativity and Innovation – Show evidence of creativity.

PERFORMANCE INDICATORS

1. Explain the role of finance in business.
2. Describe components of a payment system.
3. Describe components of a collection system.
4. Analyze the impact of accounts payable schedules on working capital.
5. Analyze the impact of accounts receivable collection on working capital cycle.

EVENT SITUATION

You are to assume the role of accounts receivable manager for WATCHIT, a small manufacturing company that designs and makes fashionable watches. The company has been specializing in time pieces for over 20 years and has manufactured and sold the watches internationally. The general manager (judge) has asked you to prepare a presentation to share your knowledge of accounts payable and accounts receivable with the accounting staff. The general manager (judge) would like you to include the following topics in your presentation:

- Components of a payment system (general)
- Components of a collection system (general)
- Impact of accounts payable and accounts receivable on working capital

You will present the information to the general manager (judge) in a role-play to take place in the general manager's (judge's) office. The general manager (judge) will begin the role-play by greeting you and asking to hear the information. After you have presented the information and have answered the general manager's (judge's) questions, the general manager (judge) will conclude the role-play by thanking you for your work.

JUDGE'S INSTRUCTIONS

DIRECTIONS, PROCEDURES AND JUDGE'S ROLE

In preparation for this event, you should review the following information with your event manager and other judges:

1. Procedures
2. 21st Century Skills and Performance Indicators
3. Event Situation
4. Judge Role-play Characterization
Participants may conduct a slightly different type of meeting and/or discussion with you each time; however, it is important that the information you provide and the questions you ask be uniform for every participant.
5. Judge's Evaluation Instructions
6. Judge's Evaluation Form
Please use a critical and consistent eye in rating each participant.

JUDGE ROLE-PLAY CHARACTERIZATION

You are to assume the role of the general manager for WATCHIT, a small manufacturing company that designs and makes fashionable watches. The company has been specializing in time pieces for over 20 years and has manufactured and sold the watches internationally. You have asked your accounts receivable manager (participant) to prepare a presentation to share his/her knowledge of accounts receivable and accounts payable with the accounting staff. You would like the accounts receivable manager (participant) to include the following topics in the presentation:

- Components of a payment system (general)
- Components of a collection system (general)
- Impact of accounts payable and accounts receivable on working capital

The participant will present the information to you in a role-play to take place in your office. You will begin the role-play by greeting the participant and asking to see the presentation.

During the course of the role-play you are to ask the following of each participant:

1. Should we allow retailers to purchase on credit from us? If so, what should we consider?

2. What are the pros and cons of accepting checks as payment?

After the candidate (participant) has explained the material and has answered your questions, you will conclude the role-play by thanking him/her for the work.

SOLUTION

1. Components of a payment system:

A payment system is a system that is used to settle financial transactions through the transfer of monetary value, and includes the following:

- Banks providing financial intermediation.
- A legal and statutory framework.
- Rules, regulations and agreements.
- Various payment instruments and payment streams.
- Payment and settlement transactions.

2. Components of a collection system:

- Length of terms
- Security
- Amounts involved
- Resource transferred (goods vs money)
- Extent of analysis

3. Impact of accounts payable and accounts receivable on working capital:

Working capital has a direct impact on cash flow in a business. Accounts payable and accounts receivable are a large contributor to the working capital and cash flow. The finance function must keep the accounts payable and accounts receivable functions aligned to make sure there is ample cash flow for the day-to-day operations of the company.

Questions:

1. Should we allow retailers to purchase on credit from us? If so, what should we consider?

Answers will vary. If yes, participant should provide criteria for credit, such as a process for a credit application.

2. What are the pros and cons of accepting a check as payments?

Pro:

- a. **Increase business** – some of your customers may not have credit or debit cards or may choose not to use them. Most companies like to be invoiced and a check is manually generated. Without allowing the check process; business could be lost.
- b. **Process Electronically** – Now a days; you can have the checks processed electronically as opposed to taking them to the actual bank. Definitely a time saver!

Con:

- a. **Insufficient Funds** – Checks given by clients could bounce for insufficient funds and then the process to collect the debt could be lengthy or even not possible.
- b. **Stop Payments** – A client could possibly receive merchandise and stop payment on the check which would result in the inability for the company to collect and the merchandise.

JUDGE'S EVALUATION INSTRUCTIONS

Evaluation Form Information

The participants are to be evaluated on their ability to perform the specific performance indicators stated on the cover sheet of this event and restated on the Judge's Evaluation Form. Although you may see other performance indicators being demonstrated by the participants, those listed in the Performance Indicators section are the critical ones you are measuring for this particular event.

Evaluation Form Interpretation

The evaluation levels listed below and the evaluation rating procedures should be discussed thoroughly with your event chairperson and the other judges to ensure complete and common understanding for judging consistency.

Level of Evaluation	Interpretation Level
Exceeds Expectations	Participant demonstrated the performance indicator in an extremely professional manner; greatly exceeds business standards; would rank in the top 10% of business personnel performing this performance indicator.
Meets Expectations	Participant demonstrated the performance indicator in an acceptable and effective manner; meets at least minimal business standards; there would be no need for additional formalized training at this time; would rank in the 70-89 th percentile of business personnel performing this performance indicator.
Below Expectations	Participant demonstrated the performance indicator with limited effectiveness; performance generally fell below minimal business standards; additional training would be required to improve knowledge, attitude and/or skills; would rank in the 50-69 th percentile of business personnel performing this performance indicator.
Little/No Value	Participant demonstrated the performance indicator with little or no effectiveness; a great deal of formal training would be needed immediately; perhaps this person should seek other employment; would rank in the 0-49 th percentile of business personnel performing this performance indicator.

**BUSINESS FINANCE SERIES, 2018**

Participant: _____

**JUDGE'S EVALUATION FORM
SAMPLE****INSTRUCTIONAL AREA**

Financial Analysis

Did the participant:		Little/No Value	Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
PERFORMANCE INDICATORS						
1.	Explain the role of finance in business?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
2.	Describe components of a payment system?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
3.	Describe components of a collection system?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
4.	Analyze the impact of accounts payable schedules on working capital?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
5.	Analyze the impact of accounts receivable collection on working capital cycle?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
21st CENTURY SKILLS						
6.	Reason effectively and use systems thinking?	0-1	2-3	4	5-6	
7.	Make judgments and decisions, and solve problems?	0-1	2-3	4	5-6	
8.	Communicate clearly?	0-1	2-3	4	5-6	
9.	Show evidence of creativity?	0-1	2-3	4	5-6	
10.	Overall impression and responses to the judge's questions	0-1	2-3	4	5-6	
TOTAL SCORE						