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## Learning Module 2 – Financing the Business

### Module introduction

Finance is the language of business and this module aims to provide the financial perspective (knowledge, skills and attitudes) necessary to calculate, source and secure adequate and appropriate funding for your business. It provides a dedicated modelling tool to automate calculations and explains the important terms and concepts micro-entrepreneurs need to confidently communicate and explain their requirements to lenders, advisers and investors.

### The objective of this module is to enable you to:

1. Use relevant financial terms, concepts, techniques and simple financial modelling applications.
2. Calculate the funding you will require to execute your business model.
3. Understand the classes and sources of funding available.
4. Decide on the best balance of borrowings and owner's funding.
5. Communicate confidently to your advisers and providers of funding.

### Expected learning outcomes:

#### Knowledge

Upon completion of this module you will be able to:

1. Understand why finance is called the “language of business” and financial statements the “scorecards”.
2. Use the Profit & Loss, Balance Sheet and Cash Flow to make smart business decisions.
3. Identify and access sources of funding, equity, grants and borrowing.
4. Recognise when borrowed funding can threaten the survival of a business.
5. Evaluate the motivations and procedures of those providing the different classes of funding.
6. Recognize the need to behave in an ethical way towards all stakeholders and particularly to those who show faith in you by providing credit and risk capital.
7. List common overhead expense items, distinguish between Fixed and Variable expenses and understand why the distinction is vital when planning.
8. Understand the financial terms and concepts needed to communicate confidently about the finances of your business.



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## Competences and Skills

Upon completion of this module you will be able to:

1. Build a high-level financial model for your business on a spreadsheet of your own design or using a provided link to a dedicated financial modelling application.
2. Calculate the overall funding required to execute your business model.
3. Quantify and assess the advantages and disadvantages of borrowing rather than seeking funds from equity investors.
4. Talk the talk – be able to coherently explain your funding structure to investors, lenders and advisers, and confidently deal with questions and suggestions.
5. Compile a list of sources of funding specific to your business and location on a template downloaded from the course materials.

## Syllabus

Module 2 is divided into 5 units:

Unit 1 – A Fast Track Introduction to Finance

Unit 2 – Funds from Trading Activities

Unit 3 – Adding overheads

Unit 4 – Needing costly fixed assets

Unit 5 – Sources of External Funds

Furthermore, there are Multiple Choice Questions related to each Unit.

Duration of the module: approximately 180 minutes.