

Part 1 – Modern day scenario

You start with £100. You can choose just one company to invest in, or you can spread your investment across the three different companies. For each year, record how your company/ies perform, and how this affects the value of your shares. You may get additional income in the form of dividend payments from the companies you invest in. You can use this to buy more shares. You can also sell shares in one or all of your companies at the end of each year.

**Initial investment: £100**

	Share price	Number of shares bought	Total value of shares
<i>Example</i>	£5	10	£50
Chloe's Clothing	£5		
Toby's Trains	£6		
Simon's Supermarkets	£2		
Total			

A	B	C	D	E	F	G	H
<b>Year 1</b>	Number of shares held	Dividend paid	New share price	Value of shares	New transactions?		Remaining cash
				(B x D)	# of shares bought/sold	Cost (D x F)	(C - G)
<i>Example</i>	10	£0.50 x 12 = £6	£7	£70	+2	£14	£6
Chloe's Clothing							
Toby's Trains							
Simon's Supermarkets							
Remaining cash to carry forward							

Summary – explain what happened in year 1's trading.

## The stocks and shares game

A	B	C	D	E	F	G	H
<b>Year 2</b>	Number of shares held	Dividend paid	New share price	Value of shares (B x D)	New transactions		Remaining cash
	Add previous year B + F				# of shares bought/sold	Cost (D x F)	(C – G)
<i>Example</i>	12	£0.50 x 12 = £6	£7	£84			£30
Cash brought forward							
Chloe's Clothing							
Toby's Trains							
Simon's Supermarkets							
Remaining cash to carry forward							

Summary – explain what happened in year 2's trading.

A	B	C	D	E	F	G	H
<b>Year 3</b>	Number of shares held	Dividend paid	New share price	Value of shares (B x D)	New transactions		Remaining cash
	Add previous year B + F				# of shares bought/sold	Cost (D x F)	(C – G)
<i>Example</i>	12	£0.50 x 12 = £6	£9	£108			£25
Cash brought forward							
Chloe's Clothing							
Toby's Trains							
Simon's Supermarkets							
Remaining cash to carry forward							

Summary – explain what happened in year 3's trading.

- What have you learned so far about how the Stock Market works? Share your ideas with your neighbour.

Part 2 – 1920s scenario

Initial investment: \$100

	Share price	Number of shares bought	Total value of shares
Katy's Cars	\$4		
Henry's Home Appliances	\$3		
Sophie's Soft Drinks	\$2		
Total			

A	B	C	D	E	F	G	H
<b>1922</b>	Number of shares held	Dividend paid	New share price	Value of shares	New transactions?		Remaining cash
				(B x D)	# of shares bought/sold	Cost (D x F)	(C - G)
Cash brought forward							
Katy's Cars							
Henry's Home Appliances							
Sophie's Soft Drinks							
Remaining cash to carry forward							

Summary – explain what happened in this year's trading (1922).

A	B	C	D	E	F	G	H
<b>1925</b>	Number of shares held	Dividend paid	New share price	Value of shares	New transactions?		Remaining cash
	Add previous year B + F				# of shares bought/sold	Cost (D x F)	(C - G)
Cash brought forward							
Katy's Cars							
Henry's Home Appliances							
Sophie's Soft Drinks							
Remaining cash to carry forward							

Summary – explain what happened in this year's trading (1925).

A	B	C	D	E	F	G	H
<b>1928</b>	Number of shares held	Dividend paid	New share price	Value of shares	New transactions?		Remaining cash
	Add previous year B + F				# of shares bought/sold	Cost (D x F)	Add previous year B + F
Cash brought forward							
Katy's Cars							
Henry's Home Appliances							
Sophie's Soft Drinks							
Remaining cash to carry forward							

Summary – explain what happened in this year's trading (1928).

**Discuss in pairs:**

- Why did so many people invest in the Stock Market in the 1920s?
- Extension question:
  - If you could have borrowed money (at an interest rate of 5% per year) to invest in the Stock Market, how much would you have borrowed?

## The stocks and shares game

A	B	C	D	E	F	G	H
<b>1929</b>	Number of shares held	Dividend paid	New share price	Value of shares	New transactions?		Remaining cash
	Add previous year B + F				# of shares bought/sold	Cost (D x F)	Add previous year B + F
Cash brought forward							
Katy's Cars							
Henry's Home Appliances							
Sophie's Soft Drinks							
Remaining cash to carry forward							

A	B	C	D	E	F	G	H
<b>1929</b>	Number of shares held	Dividend paid	New share price	Value of shares	New transactions?		Remaining cash
	Add previous year B + F				# of shares bought/sold	Cost (D x F)	Add previous year B + F
Cash brought forward							
Katy's Cars							
Henry's Home Appliances							
Sophie's Soft Drinks							
Remaining cash to carry forward							

A	B	C	D	E	F	G	H
<b>1929</b>	Number of shares held	Dividend paid	New share price	Value of shares	New transactions?		Remaining cash
	Add previous year B + F				# of shares bought/sold	Cost (D x F)	Add previous year B + F
Katy's Cars							
Henry's Home Appliances							
Sophie's Soft Drinks							
Remaining cash to carry forward							

A	B	C	D	E	F	G	H
<b>1929</b>	Number of shares held	Dividend paid	New share price	Value of shares	New transactions?		Remaining cash
	Add previous year B + F				# of shares bought/sold	Cost (D x F)	Add previous year B + F
Cash brought forward							
Katy's Cars							
Henry's Home Appliances							
Sophie's Soft Drinks							
Remaining cash to carry forward							

### Teaching notes

This is a great simulation activity to help explain the Stock Market boom before the Wall Street crash.

The details of the share price and dividend payments for each year are given in the accompanying PowerPoint presentation (subscribers only, although the information from the slides is included as a PDF for all registered users).

The mechanics are simplified as far as possible in these worksheets. The modern day scenario is for you and students to practice on, before moving on to the 1920s model. There are blank grids included in the PowerPoint if you wish to show a worked example for the first couple of years.

Students should work in pairs. If possible it would be worth putting those who find Maths difficult with more able mathematicians! For each year, students can either reinvest the dividend payments or hold on to them as cash.

The tables for the 1929 share trading are designed to be given out separately after discussion of the 1928 scenario. There are four tables to the page for you to cut out and distribute. This is to prevent students from second-guessing the crash and trading accordingly.

After the simulation is complete you could discuss the impact of the crash. The suggested focus question is: 'Why did the fact that many American individuals and businesses had borrowed money to invest in the Stock Market make the crash so much worse?'

## The stocks and shares game

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## Part 1 - Modern day scenario

- You start off with £100.
- You can choose just one company to invest in, or you can spread your investment across the three different companies.
- For each year, see how your company/ies perform and calculate how this affects the value of your shares.

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## To make it more complex!

- You may get additional income in the form of dividend payments from the companies you invest in.
- You can use this to buy more shares.
- You can also sell shares in one or all of your companies at the end of each year.
- Be sure to keep careful records of your transactions.

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## Part 1: prices

Chloe's Clothing	£5 per share
Toby's Trains	£6 per share
Simon's Supermarkets	£2 per share

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## For example

	Share price	Number of shares bought	Total value of shares
Chloe's Clothing	£5		
Toby's Trains	£6		
Simon's Supermarkets	£2		
		Total	

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## Year 1

Chloe's Clothing	Has a record level of sales, and advertising has increased accordingly. Profits increase. Share prices rise to £6 per share. Shareholders are given a £0.50 per share dividend.
Toby's Trains	Achieves a record profit by expanding overseas. Share prices increase to £7 per share. Shareholders are given a £0.25 dividend per share.
Simon's Supermarkets	The chain has been hit by a food scare and customers have been shopping elsewhere. Share prices drop to £1 per share. The chain can't afford to pay its shareholders a dividend this year.

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## Year 1

A	B	C	D	E	F	G	H
	Number of shares held	Dividend paid	New share price	Value of shares (B x D)	New transactions?		Remaining cash (C - G)
					# of shares bought/sold	Cost (D x F)	
Chloe's Clothing							
Toby's Trains							
Simon's Supermarkets							
Remaining cash to carry forward							

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## Year 2

<b>Chloe's Clothing</b>	Competition from lower priced rivals has hit UK sales. Meanwhile, promotion in new countries has led to an increase in the number of stores overseas. Share prices remain the same. Shareholders receive a £0.25 per share dividend.
<b>Toby's Trains</b>	Achieves another year of record profit by expanding into new markets and maintaining customer loyalty with generous offers. Share prices increase to £8 per share. Shareholders are given a £0.50 per share dividend.
<b>Simon's Supermarkets</b>	A new CEO is appointed. Sales in the UK start to rise again. Share prices increase to £2.50 per share. No dividend.

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## Year 2

A	B	C	D	E	F	G	H
	Number of shares held	Dividend paid	New share price	Value of shares (B x D)	New transactions		Remaining cash (C - G)
	Add previous year (B x F)				# of shares bought/sold	Cost (D x F)	
Cash brought forward							
Chloe's Clothing							
Toby's Trains							
Simon's Supermarkets							
Remaining cash to carry forward							

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## Year 3

<b>Chloe's Clothing</b>	A high profile new advertising campaign starring top models has boosted its credibility on the UK high street. Profits increase, share prices rise to £8 per share. Shareholders receive a dividend of £25.
<b>Toby's Trains</b>	Terrible storms and flood lead to huge delays, cancellations and demands for compensation. Share prices plummet to £4 each. No dividend is paid.
<b>Simon's Supermarkets</b>	The decision to buy out a major competitor leads to a huge increase in market share. Share prices rise to £4 per share but no dividend is paid to shareholders.

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What have you learned so far about how the Stock Market works?

Share your ideas with your neighbour.

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## Stocks and shares game - prices

You have \$100 to invest.

Katy's Cars	\$4 per share
Henry's Home Appliances	\$3 per share
Sophie's Soft Drinks	\$2 per share

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## 1922

### Katy's Cars

Thanks to new production techniques, more people can afford to buy a car than ever before. Profits are at a record high and share prices increase to \$6 each. A dividend of \$0.50 per share is paid to shareholders.

### Henry's Home Appliances

Vacuum cleaners have increased in popularity and sales of Henry's Home Appliances have increased. However, they rely on electricity and not all homes have a supply yet. Share prices increase slightly to \$4 per share. No dividend is paid as Henry's Home Appliances decides to invest in development and advertising.

### Sophie's Soft Drinks

The distinctive bottle shape has just been developed and new bottlers found, so production increases. Share prices rise to \$4 per share and a dividend of \$0.50 per share paid.

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## 1925

### Katy's Cars

As the average wage has increased and more roads have been built, more Americans than ever are buying cars. Profits reach a record high and share prices increase to \$10 each. A dividend of \$1 per share is paid.

### Henry's Home Appliances

Investment in development has led to new models being built with far better efficiency. More homes now have electricity, so more people see the benefits of buying appliances to help with housework, and Henry's is a very trusted brand. Share prices rise to \$7 each and a dividend of \$0.50 per share is paid.

### Sophie's Soft Drinks

Under new management, Sophie's Soft Drinks creates hugely successful mass-marketing campaigns. The company expands overseas, hugely increasing profits. Share prices rise to \$8 each and a \$1 per share dividend is paid.

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## 1928

### Katy's Cars

By 1928 most people who will ever be able to afford a car have purchased one. Katy's Cars are so reliable that few people buy more than one. Sales and profits stagnate and share prices drop to \$10. A \$0.25 per share dividend is paid.

### Henry's Home Appliances

Henry's Home Appliances has continued to invest in new developments and advertising and has seen a steady increase in profits. Share prices increase to \$18 each and a \$0.50 dividend is paid.

### Sophie's Soft Drinks

Sophie's Soft Drinks have surged in popularity and the company has launched a successful campaign to promote its new six-pack unit. The decision to sponsor the USA Olympic Team in 1928 led to increased exposure in other countries, leading to record profits. Share prices increase to \$20 per share and a dividend of \$1 per share is paid.

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Why did so many people invest in the Stock Market in the 1920s?

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## 1929

In the late summer of 1929 share prices started to slide slowly downwards. By October values started tumbling as more and more investors tried to sell their shares before values dropped any further, which exacerbated the problem. On Tuesday 29 October Wall Street suffered its worst ever day's trading as 13 million shares were traded at a fraction of the price investors had paid for them.

### Katy's Cars

Shares fall to \$1.50. No dividend.

### Henry's Home Appliances

Shares fall to \$2. No dividend.

### Sophie's Soft Drinks

Shares fall to \$2. No dividend.

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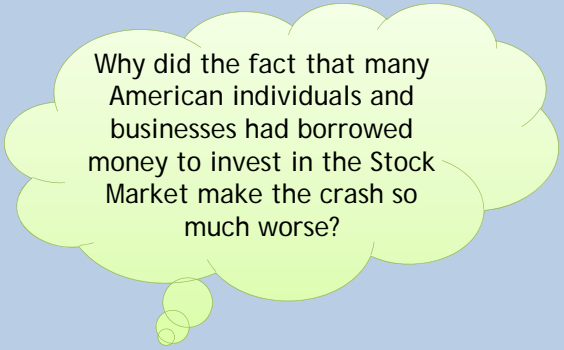
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What was the impact of the Wall Street crash on your share portfolio?

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Why did the fact that many American individuals and businesses had borrowed money to invest in the Stock Market make the crash so much worse?