

BUSINESS FINANCE

MIS03 14016

Students in Business Finance will focus on a business's financial behavior; examine the financial side of running a business, keeping records, investing, protecting against loss, obtaining credit, and making strategic decisions.

Credit ½ credit
Max credit = ½

Level Grades 9-12

Prerequisite: Accounting I

-These are the standards/competencies taken from the larger Business Education document that are the bare minimum to be covered in the class in any school using this MIS03 code.

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Standard 1	<i>ACCOUNTING</i>	
THE ACCOUNTING PROFESSION		
Topic 1.2	Explain career opportunities in the accounting profession.	
	Student Competencies	
	1.2.3	Explain the educational requirements for various careers, professional designations, and certifications in the accounting profession.
Topic 1.3	Demonstrate the business and professional skills and competencies required to succeed in the accounting profession and/or in an accounting-related career.	
	Student Competencies	
	1.3.8	Demonstrate the ability to draft properly written communication based on the task (e.g., e-mail, memorandum, analytics, process document).
FINANCIAL REPORTS		
Topic 1.4	Use an annual report and financial statements to make informed business decisions.	
	Student Competencies	
	1.4.1	State the sources for obtaining financial reports.

	1.4.2	Describe the users and explain the uses of financial information.
	1.4.3	Identify the sections in an annual report and explain the purpose of each.
	1.4.5	State and explain the types of audit opinions.
	1.4.7	State and explain the information provided in each financial statement and how the statements articulate with each other.
	1.4.8	Explain the relationship between assets, liabilities, and equity on the balance sheet.
	1.4.9	State and explain the classifications within assets, liabilities, and equity.
	1.4.17	Explain how the different types of business operations are reflected in the financial statements.
	1.4.18	State and explain the business activities reported in a statement of cash flow (e.g., operating, investing, financing).
FINANCIAL ANALYSIS		
Topic 1.5	Assess the financial condition and operating results of a company and analyze and interpret financial statements and information to make informed business decisions.	
Student Competencies		
	1.5.4	Assess profitability by calculating and interpreting financial ratios (e.g., gross profit margin, operating profit margin, net profit margin, return on assets, return on operating assets, sales turnover).
	1.5.12	Use the statement of cash flow to analyze business activities (e.g., operating, investing, financing).
	1.5.13	Analyze cash flow from operating activities to assess profitability and liquidity.
ACCOUNTING PRINCIPLES		
Topic 1.6	State and explain generally accepted accounting principles (GAAP) and explain how applying GAAP impacts the recording of financial transactions and the preparation of financial statements.	
Student Competencies		
	CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING	
	1.6.4	Define assets, liabilities, equity, revenue, expenses, gains, and losses.
	LIABILITIES	
	1.6.19	Explain why businesses issue bonds and why they are issued at a discount or premium.
	1.6.20	Calculate the cost of borrowed funds and determine the impact on the financial statements.
	GAINS AND LOSSES	
	1.6.35	Distinguish between revenue and gains.
	1.6.36	Distinguish between expenses and losses.
INTERPRETATION AND USE OF DATA		
Topic 1.8	Use planning and control principles to evaluate the organization’s performance and apply differential analysis and present-value concepts to make informed business decisions.	
Student Competencies		
	PLANNING AND CONTROL	
	1.8.2	State and explain the most effective way to test internal controls.
	1.8.5	Explain and compare the behavior of fixed, variable, and mixed costs.

COMPLIANCE		
Topic 1.9	<i>PERSONAL FINANCE</i>---Explain the individual income tax procedures and requirements to comply with tax laws and regulations.	
Student Competencies		
	1.9.2	Explain the composition of taxable income and calculate individual income tax.
	1.9.3	Complete individual income tax forms.
	1.9.4	Identify, discuss, and apply strategies for minimizing taxable income.
	1.9.5	Distinguish between tax avoidance and tax evasion.

Standard 2	<i>BUSINESS LAW</i>	
BUSINESS ORGANIZATIONS		
Topic 2.4	Describe the major types of business organizations, including sole proprietorships, partnerships, corporations, and limited liability companies, and operating within the socioeconomic arena of the national and international marketplace.	
Student Competencies		
	<i>SOLE PROPRIETORSHIPS AND PARTNERSHIPS</i>	
	2.4.1	Define sole proprietorship.
	2.4.2	Define partnership.
	<i>CORPORATIONS</i>	
	2.4.23	Differentiate between common and preferred stock.
PROPERTY LAW		
Topic 2.5	Explain the legal rules that apply to personal property, real property, and intellectual property.	
Student Competencies		
	<i>PERSONAL PROPERTY</i>	
	2.5.1	Compare and contrast real property, personal property, and fixtures.
	2.5.2	Give examples of tangible and intangible personal property.
	2.5.3	List different methods by which acquiring property.
	2.5.5	Identify the forms of personal property co-ownership.
	<i>REAL PROPERTY</i>	
	2.5.15	Explain the rights and obligations of landlords and tenants on the termination of a lease.
	<i>INTELLECTUAL PROPERTY</i>	
	2.5.16	Identify the types of intellectual property (e.g., trademark, tradename, trade dress, copyright, patent, trade secret).
NEGOTIABLE INSTRUMENTS, INSURANCE, SECURED TRANSACTIONS, BANKRUPTCY		
Topic 2.6	Analyze the functions of negotiable instruments, insurance, secured transactions, and bankruptcy.	
Student Competencies		
	<i>NEGOTIABLE INSTRUMENTS</i>	
	2.6.1	Explain the concept of negotiability.
	2.6.4	Describe the different types of negotiable instruments.
	2.6.5	Describe the different types of indorsements.
	2.6.7	Describe stop-payment orders.
	<i>INSURANCE</i>	
	2.6.10	Explain the benefits of insurance.
	2.6.11	Explain the requirements for an insurable interest.
	2.6.12	Compare and contrast the different types of life insurance.
	2.6.13	Compare and contrast the different types of personal liability and property insurance.
	2.6.15	Explain the nature and the need for renter's insurance.

	2.6.16	Explain some of the different kinds of health insurance coverage.
	<i>SECURED TRANSACTIONS</i>	
	2.6.19	Describe a secured transaction and explain the requirements for creating a valid security interest.
	2.6.20	Identify and describe the major types of collateral.
	2.6.21	Compare and contrast a secured creditor with an unsecured creditor.
	2.6.22	Determine the priority of secured and unsecured creditors.
	<i>BANKRUPTCY</i>	
	2.6.23	Define bankruptcy.
	2.6.24	Describe Chapter 7 bankruptcy of the federal bankruptcy law.
	2.6.25	Explain the requirements for creditors to file for Chapter 7 involuntary bankruptcy.
	2.6.26	Summarize the principal features of Chapters 11, 12, and 13 Bankruptcy Code.
	2.6.27	Identify the eligibility requirements for debtors who must file for bankruptcy under Chapter 13.
	2.6.29	Explain the procedure for the administration of the debtor's estate.
WILLS AND TRUSTS		
Topic 2.10	Determine the appropriateness of wills and trusts in estate planning.	
	Student Competencies	
	<i>WILLS</i>	
	2.10.3	Identify the requirements necessary for a valid will.
	2.10.12	Identify the responsibilities of an executor.
	2.10.13	Describe the probating of a will.
	2.10.14	Describe the contesting of a will.

Standard 5	<i>ECONOMICS/PERSONAL FINANCE</i>	
<i>ECONOMICS</i>		
ECONOMIC INSTITUTIONS AND INCENTIVES		
Topic 5.3	Analyze the role of core economic institutions and incentives in the U.S. economy.	
	Student Competencies	
	5.3.1	Identify the returns for various productive resources (e.g., interest, rent, profit, and wages).
	5.3.2	Describe and give examples of different kinds of economic institutions in the U.S. economy (e.g., households, businesses, financial institutions, government agencies, labor unions, and nonprofit organizations).
	5.3.3	Explain the purpose of incentives and disincentives in the U.S. economy and give examples of each.
	5.3.5	Explain how specific financial and nonfinancial incentives influence economic behavior of individuals in different ways.
	5.3.7	Explain the roles of profit and competition in a market-oriented economy.
PRODUCTIVITY		
Topic 5.6	Explain the importance of productivity and analyze how specialization, division of labor, investment in physical and human capital, and technological change affect productivity and global trade.	
	Student Competencies	
	5.6.1	Describe how investment in human capital and/or physical capital (e.g., equipment, plants, and technology) can increase productivity.
	5.6.2	Explain the relationship between productivity and standard of living.
	5.6.3	Analyze and discuss economic indicators that reflect productivity (e.g., GDP, unemployment rate, and CPI).
	5.6.5	Assess opportunity costs and economic risks involved when investing in physical and human capital to increase productivity.
	5.6.6	Discuss the effects of government expenditures, regulations, and tax policies on productivity.
	5.6.7	Explain how investment in research and development affects productivity.
	5.6.8	Distinguish between fixed, variable, explicit, and implicit costs.
	5.6.9	Explain the principle of diminishing returns and illustrate how it relates to productivity.
	5.6.10	Explain the law of profit maximization (e.g., marginal cost equals marginal revenue).
	5.6.11	Differentiate between lowest total cost, lowest marginal cost, and lowest average cost.
	5.6.12	Distinguish between short-run average costs and long-run average costs.
	5.6.13	Analyze the impact of the global economy on U.S. business.
	5.6.14	Identify and illustrate choices, opportunity cost, and productivity using the Production Possibilities Curve model.
GLOBAL ECONOMIC CONCEPTS		
Topic 5.8	Examine the role of trade, protectionism, and monetary markets in the global economy.	
	Student Competencies	
	5.8.5	Differentiate between currency appreciation and currency depreciation.

	5.8.6	Analyze how a change in the value of a nation's currency (appreciation or depreciation) can affect the level of its imports and exports.
AGGREGATE SUPPLY AND AGGREGATE DEMAND		
Topic 5.9	Analyze how the U.S. economy functions as a whole and describe selected macroeconomic measures of economic activity.	
	Student Competencies	
	5.9.3	Explain who benefits and who loses with inflation/ deflation.
	5.9.4	Analyze the causes and effect of demand-pull and cost-push inflation.
	5.9.5	Calculate the real interest rate (nominal minus rate of inflation).
	5.9.6	Compare and contrast the different stages of the business cycle (e.g., recovery, expansion, trough, and peak).
	5.9.7	Identify the components of the labor force.
PERSONAL FINANCE		
EARNING AND REPORTING INCOME		
Topic 5.11	Identify various forms of income and analyze factors that affect income as a part of the career decision-making process.	
	Student Competencies	
	5.11.2	Discuss how personal choices concerning human capital (e.g., experiences, technology, education/training, and other factors) influence income.
	5.11.3	Analyze the characteristics and requirements of occupations of interest, including entrepreneurial opportunities.
	5.11.4	Differentiate between gross and net income.
	5.11.5	Identify benefits as a component of total income.
	5.11.6	Explain the various types of taxes and their impact on purchasing power.
	5.11.7	Identify types of income other than wages (e.g., interest, rent, and profit) that people earn from their resources.
	5.11.8	Discuss how actors affect income from employment such as supply and demand, geographic location, level of education, type of industry, union membership, productivity, skill level, and work ethic.
	5.11.10	Compare compensation packages that include varying levels of wages and benefits.
	5.11.11	Analyze how career choice, education, and skill affect income and goal attainment.
	5.11.12	Describe the different types of taxes (e.g., progressive, regressive, and proportional) and how they can impact disposable income.
	5.11.13	Explore potential tax deductions and credits on a tax return.
	5.11.14	Calculate personal tax liabilities for various types of taxes (e.g., property, income, sales, FICA, and Medicare).
	5.11.15	Explain the impact of taxes on personal financial planning.
	5.11.16	Calculate net pay.
	5.11.17	Investigate employee benefits and incentives.
	5.11.18	Describe information and required forms relevant to the completion of state and federal income tax forms.
MANAGING FINANCES AND BUDGETING		
Topic 5.12	Develop and evaluate a spending/savings plan.	
	Student Competencies	
	5.12.1	Identify ways in which individuals and families obtain financial resources.

	5.12.2	Define fixed and variable expenses.
	5.12.3	Categorize expenses as fixed or variable.
	5.12.4	Classify periodic expenses as fixed or variable.
	5.12.5	Determine discretionary income in a spending plan.
	5.12.6	Evaluate a personal spending plan for consumer spending to determine individual financial goals.
	5.12.7	Construct and use a personal spending/savings plan and evaluate it according to short- and long-term goals.
	5.12.8	Discuss reasons why income and spending patterns change throughout the life cycle for the typical person and family.
	5.12.9	Illustrate how income and spending patterns change through the life cycle for the typical person and family.
SAVING AND INVESTING		
Topic 5.13	Evaluate savings and investment options to meet short- and long-term goals.	
	Student Competencies	
	5.13.1	Describe the advantages and disadvantages of various savings and investing plans.
	5.13.3	Identify the risk/return trade-offs for saving and investing.
	5.13.5	Apply criteria for choosing a savings or investment instrument (e.g., market risk, inflation risk, interest rate risk, political risk, liquidity, and minimum amount needed for investment).
	5.13.6	Distinguish between the rights and responsibilities of owners of debt and equity investments.
	5.13.8	Differentiate between interest, dividends, capital gains, and rent from property.
BUYING GOODS AND SERVICES		
Topic 5.14	Apply a decision-making model to maximize consumer satisfaction when buying goods and services.	
	Student Competencies	
	5.14.2	Describe reasons and research why there are variances in price for a given item purchased from different providers.
	5.14.5	Compare the costs and benefits of purchasing, leasing, and renting.
	5.14.9	Calculate the costs of utilities, services, maintenance, and other expenses involved in independent living.
BANKING AND FINANCIAL INSTITUTIONS		
Topic 5.15	Evaluate products and services provided by financial deposit institutions to transfer funds.	
	Student Competencies	
	5.15.5	Identify new and emerging methods of transferring money (e.g., PayPal, Zello, Venmo, ApplePay) and how they affect financial institutions.
	5.15.6	Examine the use of banks and other financial institutions from a global consumer perspective (e.g., immigrants to the U.S., fear of banks, cash-based systems in some countries, safety of deposits made in banks in other countries).
	5.15.7	Identify other means of transferring funds (e.g., money orders and certified checks).
	5.15.9	Describe and demonstrate the steps involved in the bank reconciliation process.
	5.15.10	Compare and contrast the various forms of endorsement.
	5.15.11	Compare costs and benefits of online and traditional banking.
	5.15.12	Analyze privacy and security issues associated with financial transactions.

USING CREDIT		
Topic 5.16	Analyze factors that affect the choice of credit, the cost of credit, and the legal aspects of using credit.	
Student Competencies		
	5.16.1	Determine advantages and disadvantages of using credit.
	5.16.4	Define interest as a cost of credit and explain why it is charged.
	5.16.6	Explain how the amount of principal, the period of the loan, and the interest rate affect the amount of interest charged.
	5.16.7	Explain why the interest rate varies with the amount of assumed risk.
	5.16.8	Examine the use of credit from a global consumer perspective (e.g., immigrants to the United States, family history, cash-based system in some countries, ease of overextension of credit).
	5.16.10	Calculate a payment schedule for a loan.
	5.16.11	Calculate interest based on various calculation methods.
	5.16.13	Analyze various sources and types of credit (e.g., short and long-term) and related costs.
	5.16.14	Select an appropriate form of credit for a particular buying decision.
	5.16.15	Compare and contrast the various aspects of credit (e.g., APR, grace period, incentive buying, methods of calculating interest, and fees).
	5.16.18	Identify strategies for effective debt management.
5.16.22	Explain the implications of foreclosure and bankruptcy.	
PROTECTING AGAINST RISK		
Topic 5.17	Analyze choices available to consumers for protection against risk and financial loss.	
Student Competencies		
	5.17.1	Explain how all types of insurance are based on the concept of risk sharing and statistical probability.
	5.17.2	Evaluate insurance as a risk management strategy.
	5.17.3	Identify the type of insurance associated with different types of risk (e.g., automobile, personal and professional liability, home and apartment, health, life, long-term care, disability).
	5.17.4	Explain why insurance needs change throughout the life cycle.
	5.17.5	Identify various suppliers of insurance (e.g., public and private).
	5.17.6	Explain the role of insurance in financial planning as a wealth-building and wealth preservation tool.
	5.17.7	Explain the legal expectations for certain insurances (e.g., automobile, health, homeowners).

Standard 6	<i>ENTREPRENEURSHIP</i>	
IDEA GENERATION AND VALIDATION (LEAN STARTUP)		
Topic 6.3	Use lean startup methods to generate, develop, and test ideas to identify market and business opportunities.	
	Student Competencies	
	<i>IDEA GENERATION</i>	
	6.3.8	Describe the value proposition for a product or service solution.
ECONOMICS		
Topic 6.4	Apply economic concepts when making decisions for an entrepreneurial venture.	
	Student Competencies	
	<i>COST ANALYSIS</i>	
	6.4.10	Describe the difference between fixed costs and variable costs.
	6.4.11	Describe the impact of variable costs on pricing.
	6.4.13	Describe the interrelationship between cost and price.
	6.4.15	Calculate unit economics for a given product to find contribution margin.
	6.4.16	Conduct a break-even analysis.
	<i>ROLE OF PROFIT</i>	
	6.4.18	Evaluate strategies for a business to reach profitability.
	6.4.20	Identify strategies to reduce costs (e.g., economies of scale).
	6.4.21	Calculate gross and net profit.
	6.4.22	Identify options for use of profit in a business.
MARKETING		
Topic 6.5	Develop a marketing strategy to introduce a product or service.	
	Student Competencies	
	<i>SUSTAINING AND GROWING THE MARKET</i>	
	6.5.25	Research the advantages and disadvantages of selling on credit and how it relates to market share.
FINANCE		
Topic 6.6	Understand financial concepts and use the financial tools available to make sound business decisions.	
	Student Competencies	
	<i>DETERMINING CASH NEEDS</i>	
	6.6.3	Identify projected operational expenses.
	6.6.4	Project the total cash needed to start a business (e.g., startup costs, ongoing operational expenses, and cash reserves).
	<i>OBTAINING FUNDING</i>	
	6.6.5	Differentiate between debt and equity financing.
	6.6.6	Explain the advantages and disadvantages of primary sources of borrowing.

	6.6.7	Discuss potential sources of funding (e.g., mortgage, short-term loan, long-term loan, grants, angel network, investor, credit line, crowdfunding, etc.).
	6.6.9	Compare and contrast debt and equity financing options.
ACCOUNTING		
Topic 6.7	Recognize that entrepreneurs must establish, maintain, and analyze appropriate records to make business decisions.	
	Student Competencies	
	6.7.1	Identify types of financial statements and the type of data in each (e.g., income statement, balance sheet, cash flow statement).
	6.7.2	Describe the impact of incomplete and/or inaccurate financial statements on a business.
	6.7.3	Maintain an accurate ledger of business transactions.
	6.7.4	Describe the various financial statements (e.g., income statement, balance sheet, cash flow statement).
	6.7.5	Analyze the effect that inaccurate and/or missing records have on other financial statements.
	6.7.6	Evaluate and use software to record business transactions.
	6.7.7	Prepare basic financial statements (e.g., income statement, balance sheet, cash flow statement).
	6.7.8	Estimate purchasing needs based on sales data.
	6.7.9	Compare actual income and expenses to budgeted amounts for a specific period.

Standard 9	MANAGEMENT	
BUSINESS ORGANIZATION		
Topic 9.3	Analyze the organization of a business.	
Student Competencies		
	<i>FORMS OF BUSINESS OWNERSHIP</i>	
	9.3.1	Define and provide examples of the basic forms of business ownership (e.g., sole proprietorship, partnership, and corporation).
	9.3.2	Identify variations of basic forms of business ownership (e.g., franchise, limited partnership, limited liability company, and S corporation).
	9.3.3	Compare and contrast the basic forms of business ownership.
INDUSTRY ANALYSIS		
Topic 9.10	Analyze a business organization’s competitive position within the industry.	
Student Competencies		
	<i>COMPETITION</i>	
	9.10.2	Define market share.
	9.10.4	Compare and contrast various forms of competition (pure competition, monopolistic competition, oligopoly, and monopoly).
	<i>COMPETITIVE ADVANTAGE</i>	
	9.10.6	Define competitive advantage.
	9.10.7	Analyze various organizations to determine their competitive advantage.
	9.10.8	Discuss how financial ratios are used in business decision making.
	FINANCIAL DECISION MAKING	
Topic 9.11	Analyze financial data influenced by internal and external factors in order to make short-term and long-term decisions.	
Student Competencies		
	<i>FINANCIAL STATEMENTS</i>	
	9.11.1	Describe the purpose of financial statements.
	9.11.2	Distinguish between internal and external financial statements.
	9.11.3	Interpret the data shown on financial statements (e.g., income statement, balance sheet, cash flow statement, and statement of net worth).
	<i>SHORT-TERM AND LONG-TERM FINANCING</i>	
	9.11.4	Identify sources of short- and long-term financing.
	<i>RISK MANAGEMENT</i>	
	9.11.5	Identify risks to business.