

# ENTREPRENEURIAL ACCOUNTING

MIS03 14015

*Students in Entrepreneurial Accounting will examine the principles, techniques, and uses of accounting in the planning, control, and decision-making of business organizations from an entrepreneurial perspective.*

**Credit** ½ credit  
Max credit = ½

**Level** Grades 11-12

*Prerequisite: Accounting IV*

*-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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<b>Standard 1</b>	<b><i>ACCOUNTING</i></b>	
<b>THE ACCOUNTING PROFESSION</b>		
<b>Topic 1.1</b>	<b>Explain the role that accountants play in business and society.</b>	
<b>Student Competencies</b>		
	1.1.5	Explain the need for a code of ethics in accounting and the ethical responsibilities required of accountants.
	1.1.6	Explain how accounting information is used to allocate resources in the business and personal decision-making process.
<b>Topic 1.3</b>	<b>Demonstrate the business and professional skills and competencies required to succeed in the accounting profession and/or in an accounting-related career.</b>	
<b>Student Competencies</b>		
	1.3.1	Deliver a speech and make a presentation.
	1.3.2	Perform research and communicate in writing the results of the research.
	1.3.3	Demonstrate ethical decision-making skills and conduct in a business scenario.
	1.3.4	Apply analytical and critical decision-making skills.
	1.3.5	Use information technology productively.
	1.3.6	Exhibit leadership skills.
	1.3.7	Demonstrate the ability to work within a team.

	1.3.8	Demonstrate the ability to draft properly written communication based on the task (e.g., e-mail, memorandum, analytics, process document).
<b>FINANCIAL REPORTS</b>		
<b>Topic 1.4</b>	<b>Use an annual report and financial statements to make informed business decisions.</b>	
<b>Student Competencies</b>		
	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.
	1.4.4	Explain the role of management and the auditor in preparing and issuing an annual report.
	1.4.7	State and explain the information provided in each financial statement and how the statements articulate with each other.
	1.4.11	State the classifications in an income statement and explain their relationship to each other (e.g., revenue, expenses, gains, losses).
	1.4.16	State and explain the different types of business operations.
	1.4.18	State and explain the business activities reported in a statement of cash flow (e.g., operating, investing, financing).
<b>FINANCIAL ANALYSIS</b>		
<b>Topic 1.5</b>	<b>Assess the financial condition and operating results of a company and analyze and interpret financial statements and information to make informed business decisions.</b>	
<b>Student Competencies</b>		
	1.5.1	Discuss the information that can be obtained from analyzing financial statements.
	1.5.3	Perform a horizontal and vertical analysis of the income statement and balance sheet.
	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).
	1.5.5	Assess liquidity and solvency by calculating and interpreting financial ratios (e.g., working capital, current ratio, quick ratio, cash ratio, inventory turnover, accounts receivable turnover, operating cycle).
	1.5.6	Compare and contrast debt and equity financing and explain the impact on the financial statements.
	1.5.9	Use current technology, research tools, financial/business or data analytic software to conduct financial analysis.
	1.5.10	State and explain common methods for manipulating financial statements and financial ratios.
	1.5.11	Explain the ethical and legal implications resulting from the manipulation of financial statements and financial ratios.
	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.
<b>ACCOUNTING PRINCIPLES</b>		
<b>Topic 1.6</b>	<b>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.</b>	
<b>Student Competencies</b>		
	<i>ASSETS</i>	

	1.6.6	Explain the accounting methods used to determine the value of accounts receivable to be reported on the balance sheet and describe the effect on the income statement.
	1.6.7	Record transactions for accounts receivable, including uncollectible accounts, write-offs, and recoveries.
	1.6.8	Explain the difference between the periodic and perpetual inventory methods.
	1.6.9	Determine the cost of inventory for merchandising and manufacturing businesses and apply appropriate valuation methods.
	1.6.10	State and explain the cost flow assumptions for inventory and explain the impact on the balance sheet and income statement.
	1.6.11	Explain the criteria used to distinguish between capital expenditures (recording an asset) and revenue expenditures (recording an expense).
	1.6.12	Determine the costs of property, plant and equipment, natural resources, and intangible assets.
	1.6.14	Calculate and record depreciation, depletion, and amortization expense and explain the impact on the financial statements.
	1.6.15	Determine the impact on the financial statements when assets are sold, disposed of, or rendered obsolete.
	<i>LIABILITIES</i>	
	1.6.16	Record transactions for accounts payable and other short-term debt.
	1.6.17	Record transactions for long-term debt instruments.
	1.6.20	Calculate the cost of borrowed funds and determine the impact on the financial statements.
	<i>EQUITY</i>	
	1.6.25	Record equity-related transactions.
	<i>REVENUE</i>	
	1.6.30	Explain the criteria used to determine revenue recognition.
	1.6.32	Record revenue-related transactions, including unearned portions of revenue.
	<i>EXPENSE</i>	
	1.6.33	Explain the criteria used to determine expense recognition.
	1.6.34	Record expense-related transactions.
	<i>GAINS AND LOSSES</i>	
	1.6.35	Distinguish between revenue and gains.
	1.6.36	Distinguish between expenses and losses.
	1.6.37	Record transactions resulting in gains and losses.
<b>INTERPRETATION AND USE OF DATA</b>		
<b>Topic 1.8</b>	<b>Use planning and control principles to evaluate the organization's performance and apply differential analysis and present-value concepts to make informed business decisions.</b>	
	<b>Student Competencies</b>	
	<i>PLANNING AND CONTROL</i>	
	1.8.1	State and explain internal control procedures used to safeguard assets and ensure the integrity of the accounting information system.

	1.8.5	Explain and compare the behavior of fixed, variable, and mixed costs.
	1.8.6	Apply cost-volume- profit and contribution margin analysis in planning operations.
	<i>DECISION MAKING</i>	
	1.8.7	Explain how accounting information facilitates management decision-making.
	1.8.8	Apply differential analysis to make the following types of decisions: make or buy a product; lease or buy an asset; discontinue a department, plant, or product; offer discounted prices on special orders; replace or repair equipment.
	1.8.9	Apply present-value concepts to evaluate capital investment opportunities.
<b>Topic 1.10</b>	<b><i>PAYROLL</i>---Apply appropriate accounting practices to payroll.</b>	
	<b>Student Competencies</b>	
	1.10.1	Explain the employer's responsibility in reporting payroll records through federal tax forms.
	1.10.2	Explain common methods of paying compensation (e.g., hourly, salary, commission, independent contractor) and the financial and tax implications of each.
	1.10.3	Calculate net pay and the employer's payroll taxes.
	1.10.4	Prepare payroll reports.
	1.10.5	Record payroll-related transactions (e.g., payroll payment, accrued payroll, payroll taxes).

Standard 6	<b><i>ENTREPRENEURSHIP</i></b>	
<b>ENTREPRENEURS AND ENTREPRENEURIAL SKILLS</b>		
<b>Topic 6.1</b>	<b>Examine the role entrepreneurs play in today's economy and recognize the unique personal characteristics and skills that successful entrepreneurs possess.</b>	
<b>Student Competencies</b>		
<i>ROLE OF THE ENTREPRENEUR IN BUSINESS</i>		
	6.1.1	Identify the benefits of being an entrepreneur.
	6.1.2	Analyze the trade-offs between the roles of an entrepreneur and an employee.
	6.1.3	Identify and appraise the unique contributions of entrepreneurs to a country's economy.
<i>CHARACTERISTICS AND SKILLS OF AN ENTREPRENEUR</i>		
	6.1.5	Analyze the characteristics and skills of successful entrepreneurs.
	6.1.8	Examine one's ability to recognize and manage risks as an entrepreneur.
	6.1.9	Self-assess one's personal qualifications and readiness to become an entrepreneur.
<i>COMMUNICATION SKILLS AND ETHICAL RESPONSIBILITIES</i>		
	6.1.13	Identify common ethical issues that entrepreneurs encounter.
	6.1.14	Demonstrate integrity in relationships, decisions, and communications.
	6.1.15	Evaluate the best method of communication for business scenarios.
	6.1.16	Prepare for and effectively participate in business collaborations with diverse partners.
	6.1.17	Develop a code of ethics for a business venture.
	6.1.18	Analyze the effect of unethical behavior on a business.
	6.1.19	Identify strategies that facilitate ethical behavior in a business.
<b>ECONOMICS</b>		
<b>Topic 6.4</b>	<b>Apply economic concepts when making decisions for an entrepreneurial venture.</b>	
<b>Student Competencies</b>		
<i>ROLE OF THE ENTREPRENEUR IN THE ECONOMY</i>		
	6.4.1	Describe how a market economy resolves the problems of what, how, and for whom to produce.
	6.4.2	Explain the determinants of supply and demand.
	6.4.3	Explain how supply and demand markets interact to determine price.
<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.
	6.4.14	Compare and contrast pricing approaches for an entrepreneurial venture.
	6.4.16	Conduct a break-even analysis.

	<i>ROLE OF PROFIT</i>	
	6.4.17	Establish a profit goal for an entrepreneurial venture.
	6.4.18	Evaluate strategies for a business to reach profitability.
	6.4.19	Calculate an entrepreneur's opportunity costs (e.g., value of time and money related to profit/loss).
	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.
<b>FINANCE</b>		
<b>Topic 6.6</b>	<b>Understand financial concepts and use the financial tools available to make sound business decisions.</b>	
	<b>Student Competencies</b>	
	<i>DETERMINING CASH NEEDS</i>	
	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.).
<b>ACCOUNTING</b>		
<b>Topic 6.7</b>	<b>Recognize that entrepreneurs must establish, maintain, and analyze appropriate records to make business decisions.</b>	
	<b>Student Competencies</b>	
	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.