

# ND BUSINESS EDUCATION FRAMEWORKS

## Business Finance

Course Code	Course Name/Course Description	Grade Levels	High School Credit Options
<b>14016</b>	<p>Business Finance: Students 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.</p> <p><b>Prerequisite: Accounting I</b></p>	<b>9-12</b>	<b>1/2</b>
Topic	Performance Expectations		
Forms of Business Ownership	<ul style="list-style-type: none"> <li>• Explain the legal procedures for forming and running a sole proprietorship (2.4a.1.6)</li> <li>• Distinguish between a limited partnership and a general partnership (2.4a.1.12)</li> <li>• Differentiate between types of corporations (e.g., profit, non-profit, professional, domestic, foreign, and alien) (2.4b.1.3)</li> <li>• Identify shareholder rights (2.4b.1.8)</li> <li>• Explain the nature of the shareholder’s liability (2.4b.1.9)</li> <li>• Identify and appraise the unique contributions of entrepreneurs to the economy of a country (6.1a.1.5)</li> <li>• Explain the importance of entrepreneurship as a choice in a market economy (6.1a.1.6)</li> <li>• Define and provide examples of the basic forms of business ownership (e.g., sole proprietorship, partnership, and corporation) (9.3a.1.1)</li> <li>• Identify variations of basic forms of business ownership (e.g., franchise, limited partnership, limited liability company, and S corporation) (9.3a.1.2)</li> </ul>		
Finance	<ul style="list-style-type: none"> <li>• List and describe the forms of co-ownership of real property (2.5b.1.4)</li> <li>• Explain the method of transferring title (deeding) to real property (2.5b.1.5)</li> <li>• Describe the kinds of rental relationships that landlord and tenants may create (2.5b.1.6)</li> <li>• Identify the types of intellectual property (e.g., trademark, trade name, trade dress, copyright, patent, trade secret) (2.5c.1.1)</li> <li>• Explain the concept of marginal benefit vs. marginal cost and how it relates to rational decision-making (5.1.1.9)</li> <li>• Explain the roles of profit and competition in a market oriented economy (5.3.1.11)</li> <li>• Distinguish between fixed, variable, explicit, and implicit costs (5.6.1.9)</li> <li>• Explain the law of profit maximization (ie. Marginal cost = marginal revenue) (5.6.1.11)</li> </ul>		

	<ul style="list-style-type: none"> <li>• Differentiate between lowest total cost, lowest marginal cost, lowest average cost (5.6.1.12)</li> <li>• Differentiate between monetary and fiscal policies and identify when it may be appropriate to use a given policy (5.7.1.15)</li> <li>• Compare and contrast the different stages of the business cycle (e.g., recovery, expansion, trough and peak) (5.9.1.8)</li> <li>• Identify the components of the labor force (5.9.1.9)</li> <li>• Analyze the effects of ethics on business and financial management decisions (5.10.1.10)</li> <li>• Evaluate short-term alternatives for a business to reach profitability (6.3c.1.3)</li> <li>• Evaluate long-term alternatives for a business to reach profitability. (6.3c.1.4)</li> <li>• Establish a profit goal for an entrepreneurial venture (6.3c.1.4)</li> <li>• Determine the costs of starting a business venture (6.5a.1.5)</li> <li>• Project the total cash needed to start a business (e.g., start-up costs, on-going operational expenses and cash reserves) (6.5a.1.7)</li> <li>• Project on-going cash needs for a business venture (6.5a.1.8)</li> <li>• Calculate financial ratios (6.6b.1.9)</li> <li>• Analyze for decision-making purposes the financial health of a business (6.6b.1.10)</li> <li>• Analyze for decision-making purposes the cash flow of a business (6.6b.1.11)</li> <li>• Analyze for decision-making purposes the worth of a business (6.6b.1.12)</li> <li>• Discuss how financial ratios are used in business decision-making (9.9b.1.3)</li> <li>• Identify sources of short and long-term financing (9.10b.1.1)</li> <li>• Assess the short-term and long-term financial needs of an organization (9.10b.1.2)</li> </ul>
Accounting	<ul style="list-style-type: none"> <li>• Describe the users and uses of financial information (1.2.1.2)</li> <li>• Identify the sections in an annual report and explain the purpose of each section (1.2.1.3)</li> <li>• Explain how and why the conceptual framework of accounting and generally accepted accounting principles provides guidance and structure for preparing financial statements (1.2.1.13)</li> <li>• Explain how the different forms of business ownership are reported in the financial statements (1.2.1.15)</li> <li>• Discuss the information that can be obtained from analyzing financial statements (1.3.1.1)</li> <li>• Recognize the primary areas of analysis (trend analysis, profitability, liquidity, capital structure) and explain the information that can be obtained from each type of analysis (1.3.1.2)</li> <li>• Assess profitability by calculating and interpreting financial ratios (gross profit margin, operating profit margin, net profit margin, return on assets, return on operating assets, sales turnover) (1.3.1.4)</li> <li>• Assess liquidity and solvency by calculating and interpreting financial ratios (working capital, current ratio, quick ratio, cash ratio, inventory turnover, accounts receivable turnover, operating cycle) (1.3.1.5)</li> <li>• Apply information technology to conduct financial analysis (1.3.1.9)</li> </ul>

	<ul style="list-style-type: none"> <li>• Analyze cash flow from operating activities to assess profitability and liquidity (1.3.1.13*)</li> <li>• Explain how to apply appropriate information technology to the accounting system (1.6a.1.2)</li> <li>• Prepare a budget for planning purposes (1.6a.1.6*)</li> <li>• Evaluate company performance by applying standard costing and variance analysis (1.6a.1.9)</li> <li>• Apply responsibility accounting concepts to evaluate cost, profit, and investment centers (1.6a.1.10)</li> <li>• Explain how accounting information facilitates management decision-making (1.6b.1.1)</li> <li>• Use the statement of cash flow to analyze business activities (operating, investing, financing) (1.13.1.12*)</li> <li>• Determine the appropriate records required for a business venture (6.6a.1.4)</li> <li>• Describe the importance of keeping accurate business records (6.6a.1.5)</li> <li>• Describe the inter-relationships of various business records (6.6a.1.7)</li> <li>• Compare actual income and expenses to budgeted amounts for a specific period (6.6a.1.8)</li> <li>• Evaluate software methods and systems available for maintaining business records (6.6a.1.9)</li> <li>• Develop an accounting system for an entrepreneurial venture (6.6a.1.10)</li> <li>• Prepare necessary financial statements for an entrepreneurial venture (6.6b.1.5)</li> <li>• Describe the purpose of financial statements (9.10a.1.1)</li> <li>• Interpret the data shown on financial statements (e.g., income statement, balance sheet, cash flow statement, and statement of net worth) (9.10a.1.3)</li> </ul>
Labor	<ul style="list-style-type: none"> <li>• Identify legislation that regulates employment conditions (e.g., Fair Labor Standards Act, Immigration Reform and Control Act, Employment, Retirement, Income Security Act, and Occupational Safety and Health Act) (2.3b.1.13)</li> <li>• Identify legislation that guarantees worker benefits (e.g., unemployment insurance, pension protection, worker's compensation, and Social Security legislation) (2.3b.1.14)</li> <li>• Differentiate between the different types of unemployment (e.g., frictional, structural, cyclical and seasonal) (5.9.1.10)</li> <li>• Compare and contrast compensation packages that include varying levels of wages and benefits (5.11.1.14)</li> <li>• Investigate employee benefits and incentives (5.11.1.21)</li> </ul>
Saving and Investing	<ul style="list-style-type: none"> <li>• Differentiate between common and preferred stock (2.4b.1.7)</li> <li>• Describe the advantages and disadvantages of various savings and investing plans (5.13.1.5)</li> <li>• Identify the risks/return trade-offs for saving and investing (5.13.1.7)</li> <li>• Apply criteria for choosing a savings or investment instrument (e.g., market risk, inflation risk, interest rate risk, liquidity, and minimum amount needed for investment) (5.13.1.9)</li> <li>• Distinguish between the rights and responsibilities of owners of debt and equity investments (5.13.1.10)</li> <li>• Evaluate the tax incentives available for certain investments (5.13.1.14)</li> </ul>

	<ul style="list-style-type: none"> <li>• Identify costs for investments.(5.13.1.15)</li> <li>• Identify income sources for investments (5.13.1.16)</li> </ul>
Banking and Credit	<ul style="list-style-type: none"> <li>• Explain the concept of negotiability (2.6a.1.1)</li> <li>• Identify the essential elements of a negotiable instrument (2.6a.1.3)</li> <li>• Describe the different types of negotiable instruments (2.6a.1.4)</li> <li>• Explain the contractual relationship between a bank and its customers (2.6a.1.6)</li> <li>• Describe stop payment orders (2.6a.1.7)</li> <li>• Describe a secured transaction and explain the requirements for creating a valid security interest (2.6c.1.1)</li> <li>• Define the major types of collateral (2.6c.1.2)</li> <li>• Compare and contrast a secured creditor with an unsecured creditor (2.6c.1.3)</li> <li>• Define bankruptcy (2.6d.1.1)</li> <li>• Summarize the principle features of Chapters 11, 12, and 13 Bankruptcy Code (2.6d.1.4)</li> <li>• Discuss the history of banking in the United States, how monetary and fiscal policies have evolved, and how monetary and fiscal policies have been in opposition or in harmony with one another (5.7.1.14)</li> <li>• Determine advantages and disadvantages of using credit (5.16.1.5)</li> <li>• Evaluate the various methods of financing a purchase (5.16.1.6)</li> <li>• Define interest as a cost of credit and explain why it is charged (5.16.1.7)</li> <li>• Calculate a payment schedule for a loan (5.16.1.13)</li> <li>• Analyze various sources and types of credit (e.g. short-and long-term) and related costs (5.16.1.14)</li> <li>• Describe the relationship between a credit rating and cost of credit (5.16.1.18)</li> <li>• Identify strategies for effective debt management (5.16.1.19)</li> <li>• Compare and contrast legal aspects of different forms of credit (e.g. title transfer, responsibility limits, collateral requirements and co-signing) (5.16.1.22)</li> <li>• Explain the implications of foreclosure and bankruptcy (5.16.1.27)</li> <li>• Identify the major options of funding for a business (6.5b.1.5)</li> <li>• Describe the advantages and disadvantages of debt and equity financing (6.5b.1.7)</li> <li>• Discuss potential sources of funding (e.g. mortgage, short-term loan, long-term loan, angel network, investors, and credit line) (6.5b.1.8)</li> <li>• Describe the criteria that determine an entrepreneur’s credit worthiness and the impact this might have on obtaining a business loan (6.5b.1.11)</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>• Compare and contrast the different types of life insurance (2.6b.1.4)</li> </ul>

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|  | <ul style="list-style-type: none"><li>• Compare and contrast the different types of personal liability and property insurance (2.6b.1.5)</li><li>• Explain some of the different kinds of health insurance coverage (2.6b.1.7)</li><li>• Identify types of business insurance (6.7e.1.4)</li><li>• Conduct a risk assessment and develop a risk management plan (6.7e.1.5)</li><li>• Select types of insurance needed for a business venture (6.7e.1.6)</li><li>• Identify risks to business (9.10c.1.1)</li><li>• Identify ways to minimize and manage risk (9.10c.1.2)</li></ul> |
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