

**Mississippi Department of Education  
Office of Curriculum and Instruction**

Course Title: **Business Finance**

Grade Level: **9, 10, 11, 12**

Carnegie Unit: **1**

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# Unit 1: Professional Development in Business Finance

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## Understandings and Goals

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### **Enduring Understandings**

In this unit, the student will:

- Understand the important role that career planning plays in determining a career field
- Understand that guiding principles, such as legal and ethical behavior, can vary from one career field to another

### **Essential Questions**

- What information should be researched prior to pursuing a particular career field?
- Why do ethical standards vary from one profession to another even though values stay the same?

## Vocabulary

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**Identify and review the unit vocabulary.**

Corporate Governance  
Corporate Responsibility  
Ethics

## Suggested Learning Experiences

<b>Competency 1:</b> Explore the fundamentals of business finance to build a foundation for employment in business finance.		
Suggested Performance Indicators	Suggested Teaching Strategies	Suggested Assessment Strategies
a. Describe the nature of business finance. b. Explain the role and responsibilities of various careers in business finance (e.g., financial managers, controller, risk manager, treasurer, or chief financial officer).	a. Ask students to research careers in corporate finance and to also assess their personal strengths and weaknesses.  The following web sites are great resources: <a href="http://www.iseek.org/">http://www.iseek.org/</a> <a href="http://www.careers-in-finance.com/cf.htm">http://www.careers-in-finance.com/cf.htm</a> <a href="http://www.careerpath.com/career-tests/">http://www.careerpath.com/career-tests/</a> <a href="http://www.keirseey.com/sorter/instruments2.aspx?partid=0">http://www.keirseey.com/sorter/instruments2.aspx?partid=0</a>  Have students start a career awareness portfolio (see Performance Task for this unit)	a. Portfolio Rubric
<b>Competency 2:</b> Acquire knowledge of corporate governance to be aware of restraints under which business finance function.		
Suggested Performance Indicators	Suggested Teaching Strategies	Suggested Assessment Strategies
a. Discuss business ethics for business finance. b. Discuss corporate responsibility issues in business finance.	a. Explain that corporate responsibility has a huge impact not only on the local community, but also on the world. Its affects are social, economic and environmental. Bad and good corporate responsibility has effects that reach from the worker in the third world country to the air that we breathe.  Divide students into groups and have them use the Internet to research how some corporations address corporate responsibility.	a. Teacher observation of student participation in Discussions and activities.
<b>Competency 3:</b> Explain professional designations in the field of business finance (e.g. CF, CFA, CCM, CTP, CFM, etc.).		
Suggested Performance Indicators	Suggested Teaching Strategies	Suggested Assessment Strategies
a. Explain professional designations in the field of business finance (e.g. CF, CFA, CCM, CTP, CFM, etc.)	a. Discuss the significance of professional designations.  Ask students to research finance certifications and determine the impact the certification would have on a career.	a. Teacher observation of student participation in Discussions and activities.

# Performance Task

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## **Electronic Career Portfolio**

In this unit you had the opportunity to assess your personal traits and strengths, as well as explore careers for which you are suited. You are going to compile this information in an Electronic Career Portfolio (ECP) that you can present to potential employers and college admission staff. Employers and college admissions staff will use your portfolio to judge your academic ability, maturity, and motivation. The portfolio should display samples of your work, achievements, and accomplishments that you would refer to in an interview. Instructions for completing the portfolio are provided in the Electronic Career Portfolio Guidelines.

You be evaluated on the accuracy and thoroughness of your resume and career research and the inclusion of relative sample materials.

## **Attachments for Performance Task**

*Electronic Career Portfolio Guidelines* in Appendix A

*Electronic Career Portfolio Rubric* in Appendix A

## Unit Resources

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### **Books:**

Kelly-Plate, J and Volz-Patton, R (2007). Exploring Careers. Woodland Hills, CA: Glencoe/McGraw-Hill.

### **Web sites:**

Careerpath.com <http://www.careerpath.com/career-tests/>

Careers-in-Finance.com - <http://www.careers-in-finance.com/cf.htm>

iSeek.org - <http://www.iseek.org/>

Keirseey - <http://www.keirseey.com/sorter/instruments2.aspx?partid=0>

# Unit 2: Financial Analysis

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## Understandings and Goals

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### Enduring Understandings

In this unit, the student will:

- Understand the role analysis plays in the decision making process
- Understand the importance of maintaining accurate records

### Essential Questions

- How can analysis be used in the decision making process to reduce the impact of uncertainty?
- Is an inaccurate budget better than no budget at all?

## Vocabulary

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**Identify and review the unit vocabulary.**

Balance Sheet  
Basis points  
Benchmark Company  
Bond rating  
Budget Discrepancies  
Capital Budget  
Cash Flow Statement  
Common Stock  
Cost of Capital  
Cost of Debt  
Cost of Equity  
Coupon Rate  
Current Yield  
Debenture Bond  
Dividend  
Bond Rating  
Financial Budget  
Financial Leverage  
Financial Ratios  
Income Statement  
Internal Rate of Return (IRR)  
Investment Banker  
Mortgage Bond  
Net Present Value (NPR)  
Operating Budget  
Operating Income  
Payback Method  
Preferred Stock

Primary Market

Ratio Analysis

Secondary Market

Trend Analysis

Weighted Average Cost of Capital (WACC)

# Suggested Learning Experiences

**Competency 1:** Describe the financial management tools used for financial analysis and decision making.

Suggested Performance Indicators	Suggested Teaching Strategies	Suggested Assessment Strategies
a. Discuss the analysis of a company's financial situation using its financial statements.	<p>a. Discuss how the balance sheet, income statement, cash flow statement are used to analyze a company's financial situation.</p> <p>Divide students into three groups. Assign each group one of the financial statements. Have students use the Internet and other classroom resources to research their statement and prepare a 5 minute lesson to teach other students about their statement. Students should prepare at least 3 slides for their presentation and a 2 question quiz to give to the class at the end of their presentation.</p>	a. Presentation Rubric
b. Discuss the use of financial ratios in business finance.	<p>b. Discuss how financial ratios are used to compare a company's performance with other companies and industry norms and how benchmarks are established.</p> <p>Have students complete the <i>Categories of Financial Ratios</i> activity in Appendix A</p>	b. Project Rubric
c. Determine business liquidity.		
d. Calculate asset management ratios'		
e. Calculate corporate debt ratios.		
f. Calculate business profitability.		
g. Calculate market ratios.		
h. Discuss the use of benchmarks when analyzing ratios.		

**Competency 2:** Understand the concept of financial budgets.

Suggested Performance Indicators	Suggested Teaching Strategies	Suggested Assessment Strategies
a. Explain the purpose of financial budgets.	<p>a. Explain how each type of financial budget is used in financial planning and the process for preparing financial budgets.</p> <p>Ask students to debate whether it's better to have an inaccurate budget or no budget at all.</p> <p>Have students outline the steps in budget preparation in their notes and write a description of each step to help them remember.</p>	a. Teacher observation of student participation in Discussions and activities.
b. Recognize the types of financial budgets.		
c. Understand the process for developing a financial budget.		

**Competency 3:** Understand the capital budgeting process.

Suggested Performance Indicators	Suggested Teaching Strategies	Suggested Assessment Strategies
a. Discuss the steps in the capital budgeting process	<p>a. Explain that capital budgeting is a method for choosing capital projects such as equipment and buildings.</p> <p>Describe various activities involved in each step of the capital budgeting process</p> <p>Ask students to name some business goals that might be achieved using capital projects.</p>	a. Teacher observation of student participation in Discussions and activities.
b. Understand the importance of cash flows in the capital budgeting process.	<p>b. Explain that cash flows are a forecast of income (inflows) and expense items (outflows) for a project and serve as the basis for analyzing the project.</p> <p>Have students discuss the effects of overestimating income or expenses for the project.</p>	
c. Explain factors that affect the cost of capital.	<p>c. Explain how debt and risk determine cost of capital.</p> <p>Ask students to identify current events that could be potential risks to a capital project.</p>	

**Competency 4:** Conduct cash flow analysis to select an acceptable capital expenditure.

Suggested Performance Indicators	Suggested Teaching Strategies	Suggested Assessment Strategies
a. Identify the tools used to analyze capital projects.	<p>a. Explain how the payback method, net present value (NPV), and internal rate of return (IRR) influence long-term capital project expenditures.</p> <p>Demonstrate how to calculate each method.</p> <p>Discuss the advantages and disadvantages of each method.</p> <p>Have complete <i>Capital Project Analysis Exercise</i> in Appendix A.</p>	a. Project Rubric
b. Understand the purpose of the payback method		
c. Calculate the payback period.		
d. Discuss the use of net present value (NPV).		
e. Explain the relationship between the internal rate of return and net present value.		
f. Calculate the net present value (NPV).		
g. Calculate the internal rate of return (IRR). <sup>1)</sup>		

**Competency 5:** Understand why various types of debt are necessary for most businesses.

Suggested Performance Indicators	Suggested Teaching Strategies	Suggested Assessment Strategies
a. Discuss ways to determine the best	a. Explain the difference between short-term and long-term business activities and the financing options for	a. Teacher observation of student participation in

financing option for a company.	each. Ask students to create situations for short-term and long-term financing options.	discussions and activities.
b. Discuss debt financing and the issuance of corporate bonds.	b. Describe the main types of corporate bonds and the issuing of bonds to finance long-term debt.	
c. Discuss the cost of long-term debt.	Explain the cost of long-term debt (market value) and how the cost of long-term debt is determined.	
d. Determine the cost of long-term debt.	Ask students to name factors that could result in the value of a bond being different for companies.	
e. Discuss equity financing the issuance of stock from a corporation.	e. Describe the types of capital stock sold by corporations and explain the process for issuing stock.  Explain the main differences between common and preferred stock.	
f. Understand the difference between common and preferred stock.		
g. Discuss bankruptcy as it applies to corporations.	g. Discuss what happens when a public company files for protection under the federal bankruptcy laws.  Explain the difference between Chapter 11 and Chapter 7 and how filing bankruptcy impacts stocks and bonds.  A good source for information on corporate bankruptcy is the Securities and Exchange Commission (SEC) web site: <a href="http://www.sec.gov/investor/pubs/bankrupt.htm">http://www.sec.gov/investor/pubs/bankrupt.htm</a>  Have students search the SEC's EDGAR database for recent company filings and discuss what they learned. <a href="http://www.sec.gov/edgar.shtml">http://www.sec.gov/edgar.shtml</a>  <a href="http://www.sec.gov/investor/pubs/bankrupt.htm">http://www.sec.gov/investor/pubs/bankrupt.htm</a>	

## Performance Task

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### **Financial Analysis Using Business Ratios**

Your company is thinking about expanding their operation. Before they move forward with the expansion they need to assess the financial health of the company. The chief financial officer (CFO) of your company has asked you to conduct a financial analysis to determine if your company's performance is at par or better than other companies in your industry. Using business or financial ratios, assesses your firm's strengths and weaknesses compared to a peer industry and prepare a report for your CFO.

You will be evaluated on the organization, quality of information, grammar and spelling, vocabulary, neatness, and timeliness of your report.

**Attachments for Performance Task**

*Business Ratios* in Appendix A

*Report Rubric* in Appendix A

# Unit Resources

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**Books:**

Dlabey, L and Burrow, J (2008). Business Finance, Fourth Edition. Mason, OH: Thompson Higher Education.

**Web sites:**

CreditGuru.com <http://www.creditguru.com/financial.htm>

Security and Exchange Commission

Investor Information <http://www.sec.gov/investor/pubs/bankrupt.htm>

EDGAR Database <http://www.sec.gov/edgar.shtml>

# Unit 3: Risk Management

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## Understandings and Goals

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### Enduring Understandings

In this unit, the student will:

- Understand the concept of chance or probability
- Understand that uncontrollable risks cannot be influenced by human action but losses can be reduced through planning and preparation

### Essential Questions

- What is the relationship between risk and opportunity?
- How can planning and preparation reduce losses caused by uncontrollable risks?

## Vocabulary

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**Identify and review the unit vocabulary.**

Risk  
Economic Risk  
Pure Risk  
Speculative Risk  
Natural Risk  
Human Risk  
Controllable Risk  
Uncontrollable Risk  
Risk Management  
Liability

# Suggested Learning Experiences

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<b>Competency 1:</b> Understand how risk management protects a company's well-being		
<b>Suggested Performance Indicators</b>	<b>Suggested Teaching Strategies</b>	<b>Suggested Assessment Strategies</b>
a. Discuss the relationship between risk management and business finance.	a. Define risks and the type of risks faced by individuals and businesses and the primary methods for managing risk.	a. Teacher observation of student participation in discussions and activities.
b. Understand the meaning of risk	Ask students to explain their understanding of the concept of chance or probability.	
c. Identify the types of risks faced by businesses		
d. Explain the nature of interest rate risk		
e. Explain approaches to financial risk management		

## Performance Task

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### **Understanding Types of Risks**

In this unit you learned how businesses use risk management to reduce losses. As an individual, you can also practice risk management to help you reach your goals. Define your personal goals for three of the following goal categories:

- Career
- Financial
- Educational
- Health and Fitness
- Leisure Time
- Community Involvement

Develop a plan that includes deadlines, why these goals are important to you, the potential risks that you may face from the four types of risk (natural, human, controllable, and uncontrollable) and what you can do to avoid or reduce their potential negative impact on your goals.

Using presentation software, prepare a 10 minute presentation that you will use to present your plan to the class.

You will be evaluated based on the achievability and specificity of your goals, the level of your awareness of rewards and risks associated with your goals, and whether or not your plan for achieving your goals is realistic.

### **Attachments for Performance Task**

*Goal Setting Guidelines* in Appendix A

*Goal Setting Evaluation Rubric* in Appendix A

*Goal Setting Worksheet* in Appendix A

# Unit Resources

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**Books:**

Dlabey, L and Burrow, J (2008). Business Finance, Fourth Edition. Mason, OH: Thompson Higher Education.

Goodcharector.com

**Web sites:**

Goodcharactor.com <http://www.goodcharacter.com/index.html>

# Unit 4: Banking and Finance

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## Understandings and Goals

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### **Enduring Understandings**

In this unit, the student will:

- Understand that the American Banking System contributes to the stability of our economy.
- Understand the relationship between ethics and compliance.

### **Essential Questions**

- Why is it important for the American Banking System to remain stable for our economy?
- What is the difference between compliance based and integrity based ethics codes?

## Vocabulary

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**Identify and review the unit vocabulary.**

Automatic Teller Machines (ATM)  
Capital Markets  
Commercial Lending  
Debit Cards  
Federal Reserve System  
Lock Box  
Money Markets  
Open Market Operations  
Safe-deposit Box

## Suggested Learning Experiences

<b>Competency 1:</b> Explain the fundamentals of bank functions and operations.		
<b>Suggested Performance Indicators</b>	<b>Suggested Teaching Strategies</b>	<b>Suggested Assessment Strategies</b>
a. Describe the three major functions of the commercial bank (deposit, credit, and payments) and know the essential interrelationship of the three.	a. Explain the meaning of commercial banking in comparison to personal banking. Give the class an overview of the three major functions of the commercial bank and how they interrelate.  Have students write a brief summary of their findings on the information available from the Small Business Association <a href="http://www.sba.gov/">http://www.sba.gov/</a> to assist companies.	a. Report Rubric
b. Describe the bank's relationship to the community and its dual desire to make a profit and provide valuable services to the community.	b. Explain that a bank is a business that sells services such as savings accounts, loans, and investments. Discuss why banks are regulated more strictly than most other businesses.  Have students create a timeline showing how banking has evolved over the past hundred years.	b. Project Rubric
c. Explain the relationship among banks, the Federal Reserve System, the state banking departments, and the Comptroller of the Currency and other regulatory bodies having to do with financial institutions.	c. Point out economic conditions that resulted in the creation of the Federal Reserve System. Present an overview of the Federal Reserve Systems and the relationship between district reserve banks and member banks of the Federal Reserve System.  Have students locate a map showing the locations of the Federal Reserve Banks in the U. S. <a href="http://www.federalreserve.gov/otherfrb.htm">http://www.federalreserve.gov/otherfrb.htm</a> and ask them to describe how they are distributed across the country. Ask students to create a diagram to communicate the Federal Reserve actions to influence the money supply.	c. Teacher observation of student participation in discussions and activities.  Project Rubric

<b>Competency 2:</b> Understand government regulations pertaining to the finance industry to protect the financial services well-being.		
<b>Suggested Performance Indicators</b>	<b>Suggested Teaching Strategies</b>	<b>Suggested Assessment Strategies</b>
a. Explain federal legislation impacting the finance industry (e.g., Gramm–Leach–Bliley Act, Sarbanes–Oxley Act,	a. Discuss events that led government to pass legislation to regulate the finance industry.  Ask students to discuss the importance of consumers having confidence in corporate finance and accounting	a. Teacher observation of student participation in discussions and activities.

Uniform Commercial Code, etc.).	practices.	
b. Discuss the impact of the U.S. Securities and Exchange Commission (SEC) Division of Corporation Finance on business finance.	b. Discuss the role the SEC plays in corporate finance. Have students explore the Frequently Requested Materials section of the SEC web site. <a href="http://www.sec.gov/divisions/corpfm.shtml">http://www.sec.gov/divisions/corpfm.shtml</a> and discuss their findings.	b. Teacher observation of student participation in discussions and activities.

**Competency 3:** Acquire a foundational knowledge of finance and compliance to understand its nature and scope.

Suggested Performance Indicators	Suggested Teaching Strategies	Suggested Assessment Strategies
a. Discuss the nature and scope of compliance in the finance industry.	a. Explain business's responsibility to know, comply with, and enforce laws and regulations that affect financial business operations and transactions.	a. Teacher observation of student participation in discussions and activities.
b. Explain the role of ethics in banking compliance.	Ask students to discuss the difference between compliance based and integrity based ethics codes?	
c. Discuss trends in the current financial environment (i.e., consolidation, regulatory burden, role of technology, and globalization). <sup>1</sup>	c. Explain how various factors have influenced changes in the competitive environment of financial institutions.  Using the Cause and Effect diagram in Appendix A, have students to show the effects of globalization and technology on banking and the causes of consolidation and regulatory burden.	
d. Discuss the use of technology in compliance (e.g., Electronic Transfer System). <sup>1</sup>		

**Competency 4:** Understand financial markets to recognize their importance in business.

Suggested Performance Indicators	Suggested Teaching Strategies	Suggested Assessment Strategies
a. Describe the role of financial institutions.	a. Discuss purpose and general structure of financial markets and the major types of financial markets.	a. Teacher observation of student participation in discussions and activities.
b. Explain types of financial markets (i.e., money markets and securities market).	Ask students to explain why people are willing to borrow money instead of waiting to earn the money they need.	

## Performance Task

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### Corporate Ethics--An Oxymoron?

You have been given the task of writing an effective code of ethics for your organization. First you are going to research a brief history of American business; investigate several major business scandals and document

commonalities and differences among them. When you complete your research, write a set of ethical guidelines or code of ethics that might serve to prevent at least some future breaches of business ethics.

You will be evaluated based on your ability to articulate the values and beliefs that your code of ethics is aiming to uphold and your understanding of the purpose and application of a code of ethics.

**Attachments for Performance Task**

*Corporate Ethics--An Oxymoron?* In Appendix A.

*Code of Ethics Rubric* in Appendix A

## Unit Resources

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### Books:

Dlabey, L and Burrow, J (2008). *Business Finance*, Fourth Edition. Mason, OH: Thompson Higher Education.

### Web sites:

Advameg, Inc. (2011). *Timeline of American Business*. Retrieved December 9, 2011, from Reference for Business: <http://www.referenceforbusiness.com/businesses/A-F/Timeline-of-American-Business.html#b>

Corporate Ethics. (2011). *Company Search*. Retrieved December 2011, from Corp-Ethics: [http://www.corp-ethics.com/company\\_search.php](http://www.corp-ethics.com/company_search.php)

Davies, R. (2011, September 19). *Classic Financial and Corporate Scandals*. Retrieved December 9, 2011, from University of Exeter: <http://projects.exeter.ac.uk/RDavies/arian/scandals/classic.html>

International Federation of Accountants. (2010, April). *2010 Handbook of the Code of Ethics for Professional Accountants*. Retrieved December 9, 2011, from International Federation of Accountants: <http://www.ifac.org/sites/default/files/publications/files/2010-handbook-of-the-code-o.pdf>

Keith, T. (2009, December 31). *Decade In Review: Corporate Scoundrels And Scandals*. Retrieved December 9, 2011, from NPR: <http://www.npr.org/templates/story/story.php?storyId=122083807>

Lehrer, J. (2002). *Corporate Ethics*. Retrieved December 9, 2011, from PBS: <http://www.pbs.org/newshour/bb/business/ethics/>

Maxfield, M. (2009). *Corporate Ethics--An Oxymoron?* Retrieved October 25, 2011, from National First Ladies' Library: <http://www.firstladies.org/curriculum/curriculum.aspx?Curriculum=1850>

Poyzner, M. (2011). *USA, Business Timeline*. Retrieved December 9, 2011, from World News Atlas: <http://www.mapreport.com/subtopics/b/countries/usa.html>

The Annenberg Foundation. (2011). *U. S. Economic Timeline*. Retrieved December 9, 2011, from Economics U\$A: 21st Century Edition: <http://www.learner.org/series/econusa/interactivelabs/economic-timeline/>

U.S. Small Business Administration. (2011). *Home*. Retrieved October 25, 2011, from U. S. Small Business Administration: <http://www.sba.gov/>

# Unit 5: International Finance

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## Understandings and Goals

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### Enduring Understandings

In this unit, the student will:

- Understand how foreign exchange rates affect companies engaged in international business
- Be able to identify risks associated with international trade

### Essential Questions

- Why does the value of currency vary from country to country?
- What financial risks are associated with international business?

## Vocabulary

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**Identify and review the unit vocabulary.**

Currency Option  
Exchange Controls  
Exchange Rate  
Floating Exchange Rate  
Foreign Exchange  
Foreign Exchange Market  
Hard Currency  
Interest Rate  
International Monetary Fund (IMF)  
Micro Country Risks  
Soft Currency  
World Bank

## Suggested Learning Experiences

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<b>Competency 1:</b> Explain the Role, Importance, and Concepts of International Finance and Risk Management.		
<b>Suggested Performance Indicators</b>	<b>Suggested Teaching Strategies</b>	<b>Suggested Assessment Strategies</b>
a. Explain the role of money and currency systems in international business.	a. Discuss the three main purposes that money serves.  Have students complete the activity Identifying the Function of Money in Appendix A	a. Project Rubric
b. Explain factors that affect the value of currency.	b. Discuss factors that affect the value of currency.  Have students complete the activity Analyzing Factors Affecting Foreign Exchange in Appendix A	
c. Identify risks associated with international trade.	c. Have students complete the activity Analyzing International Business Risks	

## Performance Task

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### **Assessing the Risk of Foreign Investment**

Your company is trying to determine if it is cost effective for them to purchase materials from some foreign suppliers. As the financial analyst, you have been asked to research the economic, political, and social risks associated with doing business in each country and submit a report to the CFO. Use the following guidelines to create your report:

1. Select three countries to research.
2. Use spreadsheet software for the data tables and charts that you'll use to back up your findings.
3. Use word processing software to write the report (be sure to incorporate the charts and data tables you created in your spreadsheet and to cite sources).
4. Your report should have an Economic, Political, and Social section for each country and a Summary section with your recommendations.

5. The following web sites are good sources of information for your research:
  - a. The International Monetary Fund web site <http://www.imf.org>
  - b. xe.com Universal Currency Converter <http://www.xe.com/ict/>
  - c. The World Trade Organization <http://www.wto.org/>

You will be evaluated on the organization, quality of information, grammar and spelling, vocabulary, neatness, and timeliness of your report.

**Attachments for Performance Task**

*Report Rubric* in Appendix A.

# Unit Resources

## Books:

Dlabey, L and Scott, J (2008). International Business, Fourth Edition. Mason, OH: South-Western Cengage Learning.

## Web sites:

Aneki – country records and ratings <http://www.aneki.com/>

California Subject Examination for Teachers. (2005). Business Subject Matter Requirements Part I: Content Domains for Subject Matter Understanding and Skill in Business

[http://www.cset.nesinc.com/PDFs/CS\\_business\\_SMR.pdf](http://www.cset.nesinc.com/PDFs/CS_business_SMR.pdf)

Connecticut Department of Education. Business and Finance Technology Education Frameworks 2009 International Business <http://www.sde.ct.gov/sde/cwp/view.asp?A=2678&Q=320804>

EconEdLink, How Global is Your Portfolio - This engaging lesson challenges students to connect economics and geography as they investigate global companies in the stock market

<http://www.econedlink.org/lessons/index.php?lid=918&type=educator>.

Global Edge <http://globaledge.msu.edu/> - Created by the International Business Center at Michigan State University (IBC), globalEDGE™ is an international business web-portal with a wealth of information, insights, and learning resources on global business activities.

Kwintessential. <http://www.kwintessential.co.uk/resources/country-profiles.html>

Mississippi World Trade Center <http://www.mswtc.org/>

National Business Education Association Curriculum Forum  
<http://nbea.org/newsite/curriculum/index.html>

United Nations Millennium Development Goals Indicators <http://unstats.un.org/unsd/mdg/Data.aspx>

World Bank. <http://www.worldbank.org/>

## Appendix A: Activities and Rubrics

## Accounting Concepts: M & M Closing Entries

### Objective:

This lesson is a way to teach students the abstract concept of Closing Entries in a more concrete format. Perform the closing entries while simultaneously working with T-accounts on the board.

### Supplies Needed:

- 10 clear cups
- 1 pound bag of M & M's

### Preliminary Work:

Prior to the lesson, label the cups and fill with M & M's as follows:

Label	Number of M & M's	Color of M & M's
Sales Credit	154	Brown
Rent Expense Debit	34	Green
Misc. Expense Debit	30	Blue
Utilities Expense Debit	40	Orange
Income Summary Debit	Empty	
Income Summary Credit	50	Red
D.S. Capital Debit	Empty	
D.S. Capital Credit	132	Yellow
D.S. Drawing Debit	32	Blue

### Procedure:

Follow the Closing Entry process and illustrate as follows--

Close Sales to Income Summary

- Transfer the M&M's from the Sales Credit cup to the Income Summary Credit cup
- Show the students the empty Sales Credit cup which is now closed

Close each Expense account to Income Summary

- Transfer the M&M's from each of the Expense Debit cups to the Income Summary Debit cup
- Show the students each of the empty Expense Debit cups which are now closed

#### Close Income Summary to Capital

- Explain that the difference between the Income Summary Credit cup and the Income Summary Debit cup is the Net Income which has a credit balance
- Put the two Income Summary cups out of sight and bring out the Income Summary Credit cup containing the Net Income
- Transfer the M&M's from the Income Summary Credit cup to the D.S., Capital Credit cup on top of the M&M's already in the cup
- Show students the empty Income Summary Credit cup which is now closed

#### Close Drawing to Capital

- Transfer the M&M's from the D.S., Drawing Debit cup to the D.S., Capital Debit cup
- Show the students the empty D.S., Debit cup which is now closed

#### New Capital

- Explain that all accounts are closed except for D.S. Capital which is now equal to New Capital (Beginning Capital + Net Income - Drawing)

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*This activity was presented by Dana Simpson West of Northwest High School at MBEA Conference  
Summer 2000*

## Accounting Simulation Rubric

	Unsatisfactory	Partially Proficient	Proficient	Advanced	Percent (%) Score
<b>Journalizing Business Transactions</b>  25 points	Shows little to no understanding of the principles of journalizing accurately in the appropriate journal. (10 points)	Shows a basic understanding of the principles of journalizing accurately in the appropriate journal. (15 points)	Shows a good understanding of the principles of journalizing accurately in the appropriate journal. (20 points)	Shows a well-developed understanding of the principles of journalizing accurately in the appropriate journal. (25 points)	
<b>Posting</b>  15 points	Shows little to no understanding of the principles of posting. (6 points)	Shows a basic understanding of the principles of posting. (9 points)	Shows a good understanding of the principles of posting. (12 points)	Shows a well-developed understanding of the principles of posting. (15 points)	
<b>Worksheet</b>  10 points	There is no worksheet. (0 points)	The entire worksheet is not completed. (6 points)	The entire worksheet is correctly prepared, with no more than two major errors. (8 points)	The entire worksheet is correctly prepared with no major errors. (10 points)	
<b>Financial Statements</b>  15 points	No financial statements are included. (0 points)	Some of the Financial Statements are included. More than two errors on those presented. (9 points)	All of the Financial Statements are included with no more than two major errors on the complete set. (12 points)	All of the financial statements are presented with no major errors. (15 points)	
<b>Adjusting/Closing Entries</b>  10 points	There are no adjusting and closing entries. (0 points)	Only adjusting entries are completed. (6 points)	Adjusting and closing entries are completed with no more than two errors. (8 points)	Adjusting and closing entries are completed with no errors. (10 points)	
<b>Post-Closing Trial Balance</b>  5 points	The post-closing trial balance has not been completed. (0 points)	The post-closing trial balance is complete, but does not balance correctly. (2 points)	The post-closing trial balance is correct, with no major errors. (4 points)	The post-closing trial balance is correct, with no errors. (5 points)	
<b>Average Score →</b>					

# Analyzing Factors Affecting Foreign Exchange

For each of the following international activities, indicate whether the value of the country's currency would increase or decrease by putting a check mark in the appropriate column. If you cannot determine the effect the activity would have on the currency, put a check mark in the last column.

	<b>Increase</b>	<b>Decrease</b>	<b>Unable to Determine</b>
A nation imports more than it exports.			
Interest rates in a country rise.			
A new president is elected in a country.			
A nation's inflation rate drops.			
The exports for a country increase as a result of technology.			
The military seizes control of the government and takes over major industries.			
New tourist attractions and international publicity increase international tourism by over one million people.			

# Analyzing International Business Risks

Directions: For each of the following situations, place a check mark in the appropriate column to identify whether the situation is an example of a political risk, social risk, or economic risk.

	Political Risk	Social Risk	Economic Risk
Changes in consumer spending in a nation due to reduced employment opportunities			
New business regulations that require all food packages to list the potential dangers of ingredients			
Religious beliefs in a country that do not allow people to eat certain foods			
A trade deficit of a nation that reduces the value of its currency			
Traditions in a country that encourage family members to work for the family business			
Frequent changes in the government ruling party in a nation			
Import taxes that discourage buying foreign-made goods			
Changes in the buying power of a nation's currency			

# Business Ratios

Financial analysis using business or financial ratios and norms provides a means of assessing a firm's strengths and weaknesses. Using data from the balance sheet and income statement, you will calculate and compare various ratios to a peer industry.

To perform ratio analysis:

1. Decide what type of industry you want ABC Company to be (use an industry type from the *Industry Ratios* table).
2. Use ABC Company's balance sheet and income statement and calculate the following ratios:
  - a. Ratio
  - b. Current Ratio
  - c. Quick Ratio
  - d. Debt Ratio (Debt to Equity)
  - e. Inventory Turnover (Sales to Inventory)
  - f. Accounts Receivable Turnover (using total sales)
  - g. Profit Margin on Sales

Industry	Current Ratio	Quick Ratio	Debt to Equity	Sales to Inventory	Accounts Receivable Turnover	Profit Margin %
ABC Company						
Peer Industry						

3. Compare the ABC Company's financial performance to the industry in the *Industry Ratio* table and determine a benchmark for your company.
4. List individual companies within your industry that could be compared to ABC Company.

**ABC Company**  
**Balance Sheet**  
**For the year ending December 31, 20xx**

<b>Assets</b>	<b>\$\$</b>	<b>%</b>
<i>Current Assets</i>		
Cash	12,000	6.6%
Marketable Securities	10,000	5.5%
Accounts Receivable (net of uncollectible accounts)	17,000	9.4%
Inventory	22,000	12.2%
Prepaid Expense	4,000	2.2%
<b>Total Current Assets</b>	<b>65,000</b>	<b>35.9%</b>
<i>Fixed Assets</i>		
Building and Equipment	105,000	58.3%
Less Depreciation	30,000	16.6%
<b>Net Buildings and Equipment</b>	<b>75,000</b>	<b>41.6%</b>
Land	40,000	22.2%
<b>Total Fixed Assets</b>	<b>115,000</b>	<b>63.8%</b>
<b>Total Assets</b>	<b>180,000</b>	<b>100.0%</b>
<b>Liabilities</b>		
<i>Current Liabilities</i>		
Wages Payable	3,000	1.6%
Accounts Payable	25,000	13.8%
Taxes Payable	12,000	6.6%
<b>Total Current Liabilities</b>	<b>40,000</b>	<b>22.2%</b>
<i>Long-Term Liabilities</i>		
Mortgage Payable	70,000	38.8%
Note Payable	15,000	8.3%
Deferred Taxes	15,000	8.3%
<b>Total Long-Term Liabilities</b>	<b>100,000</b>	<b>55.5%</b>
<b>Total Liabilities</b>	<b>140,000</b>	<b>77.7%</b>
Owner's Equity	40,000	22.2%
<b>Total Liabilities and Owner's Equity</b>	<b>180,000</b>	<b>100.0%</b>

**ABC Company  
Income Statement**

	\$\$	%
Sales	\$ 200,000	100%
Cost of goods sold	130,000	65%
Gross Profit	70,000	35%
Operating expenses		
Selling expenses	22,000	11%
General expenses	10,000	5%
Administrative expenses	4,000	2%
Total operating expenses	36,000	18%
Operating income	34,000	17%
Other income	2,500	1%
Interest expense	500	0%
Income before taxes	36,000	18%
Income taxes	1,800	1%
Net profit	34,200	17%

### Industry Ratios

Industry	Current Ratio	Quick Ratio	Debt to Equity	Sales to Inventory	Accounts Receivable Turnover	Profit Margin %
Agriculture	1.31	0.39	1.33	2.52	19.00	2.58
Mining	1.19	0.77	0.48	0.00	52.00	0.00
Construction	1.44	0.98	1.31	4.74	43.00	1.74
<b>Manufacturing</b>						
Leather/Textile/App	1.50	0.62	1.48	6.05	34.00	1.64
Chem. Petrol. Metal	1.54	0.75	1.33	6.94	48.00	2.23
Wood Related Prod	1.43	0.62	1.41	6.46	33.00	2.16
Mach-trans equipment	1.54	0.74	1.34	5.89	51.00	2.38
Trans-Communication	1.03	0.70	1.64	0.00	34.00	1.84
<b>Wholesale</b>						
Non-Durable	1.53	0.66	1.70	4.63	39.00	1.40
Durable	1.42	0.69	1.60	7.36	31.00	1.11
<b>Retail</b>						
Hardware	1.68	0.43	1.30	4.20	22.00	1.11
Gen. Merchandise	2.14	0.15	0.59	3.81	4.00	0.16
Automobiles	1.23	0.19	2.61	4.75	9.00	0.84
Apparel	1.90	0.14	0.91	2.96	2.00	1.35
Furniture	1.61	0.38	1.33	4.03	16.00	0.92
Restaurants	0.73	0.18	1.24	35.65	1.00	0.43
Financial Services	1.18	0.34	0.72	0.00	1.00	1.29
Business Services	1.36	0.84	1.11	0.00	42.00	1.75
Service Industry	1.29	0.68	0.75	3.04	15.00	0.77

## Capital Project Analysis Exercise

Complete the following exercise using an electronic spreadsheet program such as Microsoft Excel®.

Investment - \$150,000

Annual Cash Inflows - \$40,000

Cost of Capital - 10%

Life - 10 years

Calculate:

Net Present Value

Internal Rate of Return

Payback Period

# Electronic Career Portfolio Guidelines

*An electronic career portfolio is a purposeful collection of work that tells the story of an applicant including achievements, growth, vision, reflection, skills, experience, education, training, and career goals. It is a tool that gives employers a complete picture of who you are—your experience, your education, your accomplishments—and what you have the potential to become—much more than just a letter of application and resume can provide.*

## **Overview**

The portfolio should display samples of your work, achievements, and accomplishments you would refer to in an interview. Electronic portfolios use interactive multimedia to increase the range and type of materials that can be included as evidence of learning.

## **Guidelines**

- Student members, not advisers, must prepare portfolios.
- The portfolio should have no more than 30 pages (i.e., slides, links, and text files).
- All information should reflect the student's accomplishments and experiences. No fictitious information should be presented.
- Navigation through portfolio should be easy and consistent in appearance and format.
- The portfolio must include: table of contents, a resume, and career summary. The career summary page should include career choice, description of career, education required, and future job outlook (e.g., monetary, advancement).
- Sample materials also must be included in the portfolio.

Samples must include, but are not limited to, the following:

### *Career-Related Education:*

Describe career-related education that enhances employability. Include a summary of school activities, career research projects, application of business education, and/or related occupational skills and their relationship to job.

### *Educational Enhancement:*

Describe educational opportunities that enhance employability. Include career opportunities development planning, summaries of job shadowing, internships, apprenticeships, informational interviews, community service projects, and products developed during these experiences.

### *Examples of Special Skills:*

Include up to five examples of special skills, talents, and/or abilities related to job and career goals. These may be in any format but must fit within the dimensions of the portfolio. Audio and/or video recordings may be included.

Additional sample materials may include: awards and honors, certifications, community and volunteer activities, conferences or workshops, examples of projects or presentations, letters of recognition and recommendation, list of accomplishments, leadership development activities,

recognitions, self-assessments, evidence of specific skills, a page from a Web site created, writing samples, and so forth.

## Electronic Career Portfolio Rubric

Name \_\_\_\_\_ Date \_\_\_\_\_

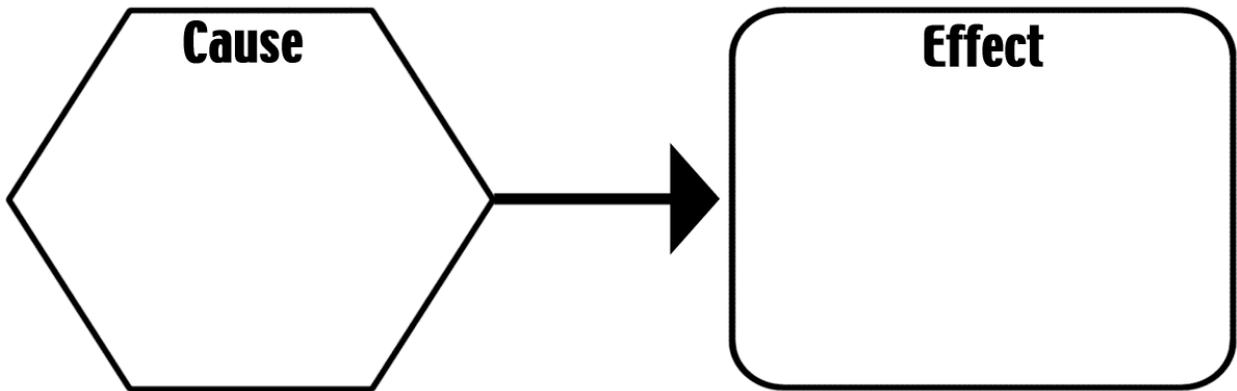
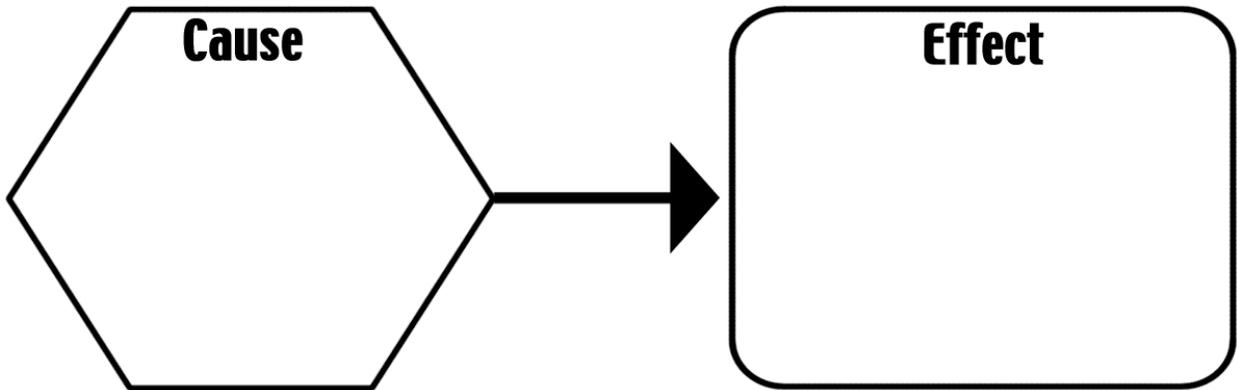
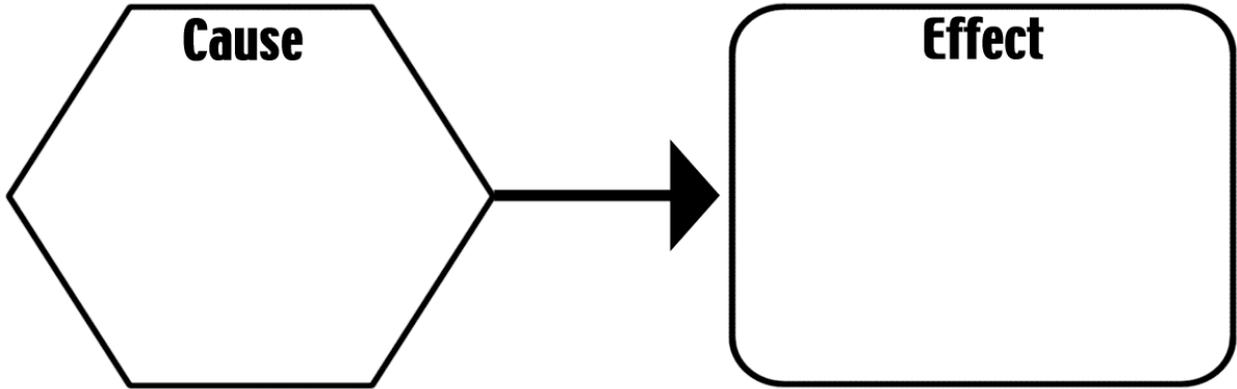
Evaluation Item	Not Demonstrated	Does Not Meet Expectations	Meets Expectations	Exceeds Expectations	Points Earned
<b>Content</b>					
Resume	0	1 – 3	4 – 7	8 – 10	
Career summary: <ul style="list-style-type: none"> <li>• Career description</li> <li>• Skills and education needed for the career</li> <li>• Money/salary and outlook for the career</li> </ul>	0	1 – 5	6 – 10	11 – 15	
Evidence of research in career summary; sources of information cited in proper copyright format	0	1 – 2	3 – 4	5	
<b>Samples</b>					
Career-Related Education <ul style="list-style-type: none"> <li>• Describes career-related education that enhances employability. Includes a summary of school activities; career research projects, application of Business Education and/or related occupational skills and their relationship to job.</li> </ul>	0	1 – 5	6 – 10	11 – 15	
Educational Enhancement <ul style="list-style-type: none"> <li>• Describes educational enhancement opportunities that enhance employability. Includes career opportunities development planning, summaries of job shadowing, internships, apprenticeships, informational interviews, or community service projects, and products developed during these experiences.</li> </ul>	0	1 – 5	6 – 10	11 – 15	
Examples of Special Skills <ul style="list-style-type: none"> <li>• Includes up to five examples of special skills, talents, and/or abilities related to job and career goals. These may be in any format but must fit within the dimensions of the portfolio. Audio and/or video recordings may be included in the portfolio.</li> </ul>	0	1 – 5	6 – 10	11 – 15	
<b>Delivery</b>					
Thoughts and statements are well-organized and clearly stated; appropriate business language used	0	1 – 3	4 – 7	8 – 10	

Demonstrates self-confidence, poise, and good voice projection	0	1 – 3	4 – 7	8 – 10	
Demonstrates the ability to effectively answer questions	0	1 – 2	3 – 4	5	
<b>Total Points</b>					

# Cash Flow Statement Example

A	B	C	D	E
1		<b>[Company Name]</b>		
2		<b>Cash Flow Statement</b>		
3				
4		For the Year Ending	12/31/2008	
5		Cash at Beginning of Year	15,700	
6				
7		<b>Operations</b>		
8		Cash receipts from customers	693,200	
9		Cash paid for		
10		Inventory purchases	(264,000)	
11		General operating and administrative expenses	(112,000)	
12		Wage expenses	(123,000)	
13		Interest	(13,500)	
14		Income taxes	(32,800)	
15		<b>Net Cash Flow from Operations</b>	<b>147,900</b>	
16				
17		<b>Investing Activities</b>		
18		Cash receipts from		
19		Sale of property and equipment	33,600	
20		Collection of principal on loans		
21		Sale of investment securities		
22		Cash paid for		
23		Purchase of property and equipment	(75,000)	
24		Making loans to other entities		
25		Purchase of investment securities		
26		<b>Net Cash Flow from Investing Activities</b>	<b>(41,400)</b>	
27				
28		<b>Financing Activities</b>		
29		Cash receipts from		
30		Issuance of stock		
31		Borrowing		
32		Cash paid for		
33		Repurchase of stock (treasury stock)		
34		Repayment of loans	(34,000)	
35		Dividends	(53,000)	
36		<b>Net Cash Flow from Financing Activities</b>	<b>(87,000)</b>	
37				
38		<b>Net Increase in Cash</b>	<b>19,500</b>	
39				
40		Cash at End of Year	35,200	
41		© 2008 Vertex42 LLC	Templates by Vertex42.com	

## Cause and Effect



## Code of Ethics Rubric

	Does Not Meet Expectations 0	Meets Expectations 1	Exceeds Expectations 2	Score
Student can articulate the primary tenets of the profession's code of ethical conduct.				
Student is familiar with code(s) of ethics and standard(s) of professional practice within the discipline.				
Student can state the application of the code of ethics in the practice of the profession.				
Student's code of ethics addresses ethical concerns found in the research.				
<b>Total Score</b>				

# Corporate Ethics--An Oxymoron?

Skill: High School/College

Time Required: One Week

## Introduction:

During the administration of George Bush, the nation has been (seemingly) plagued with a series of business scandals and failures that have cost Americans literally billions of dollars. This is not the first time such scandals have occurred, and it probably won't be the last. But it does raise the question of how these breaches of ethical behavior occur and what might be done to prevent more of them.

## Objectives:

In this lesson, students will research a brief history of American business, investigate several major business scandals and document commonalities and differences among them. Having completed their research, students will be asked to write a set of ethical guidelines or code of ethics that might serve to prevent at least some future breaches of business ethics.

## Materials Required:

Computer with Internet access, printer, paper, pen or pencil.

## Procedures:

1. Using the websites provided, have all students read about the history of American business. This can be done online, or the article can be printed out and duplicated for each student.
2. With this information as background, students should be engaged in a discussion of what they know about recent business scandals. The teacher should correct any misperceptions, and then ask students, in small groups, to investigate the facts and commentary about several of the recent scandals, e.g., Enron, WorldCom, Martha Stewart, Adelphia, etc.
3. As they investigate, have students take notes on commonalities and differences among all them (titles of those involved, impact on others, consequences for those suspected, the story behind the scandal, etc.). These notes should be placed in a "Scandals" folder.
4. After researching the individual scandals, and discussing commonalities and differences among them—particularly with respect to the kinds of ethical lapses that were made—have each student write a Code of Ethics for American Business that might serve to prevent at least some similar business scandals in the future. The website, "Writing a Code of Ethics for Business" (below) provides many useful ideas for writing such a Code.
5. Once completed, collect the Codes from each group, and share them with the class. Engage students in a discussion of each one, and ask the class to vote on the one they think would be the most useful.

## Extending the Lesson:

Invite an attorney or a local CEO to speak to your class on corporate ethics.

**Sources & Resources:**

**Websites:**

[Definition of Oxymoron](#)

[History of U.S. Business - 19th and 20th Centuries](#)

[History of U.S. Business – 21<sup>st</sup> Century](#)

[U. S. Economic Timeline](#)

[Classic Financial and Corporate Scandals](#)

[Review of Business Scandals](#)

[More Business Scandals](#)

[Corporate Ethics](#)

[Corporate Ethics Watchdog](#)

[Writing a Code of Ethics for Business](#)

**Credits:**

This lesson was developed by Marian Maxfield, Kent State University.

# Goal Setting Evaluation Rubric

Student Name \_\_\_\_\_

Date \_\_\_\_\_

	<b>Level One 2 - 4</b>	<b>Level Two 5 - 7</b>	<b>Level Three 8 - 10</b>	<b>Score</b>
<b>ACHIEVABILITY</b>	Questions necessity and purpose of goal; unable to visualize achievability of goal; has little or no involvement in determining the goal	Visualizes goal; believes goal can be achieved; actively involved in determining goal	Demonstrates belief in the achievability of the goal in multifaceted ways; initiates the goal-setting process	
<b>SPECIFICITY</b>	Writes focused, measurable goals	Goals are written in a concise, focused, clear manner; provides a basic method to measure goals	Goals are written in a concise, focused, clear manner; goals relate specifically to the desired outcome; a detailed, realistic method has been developed to measure goals	
<b>AWARENESS</b>	Knows rewards and potential problems and is willing to work toward goal with assistance	Recognizes rewards of goal achievement; recognized potential risks; maintains willingness to continue working toward goal	Identifies and understand rewards to self and/or others, addresses potential risks before they occur; demonstrates an intrinsic desire for successfully accomplishing goal	
<b>REALIZATION</b>	Plans and/or manages deadlines with assistance	Sets realistic deadlines; steps taken toward deadline are manageable	Sets benchmarks for deadlines as well as goal attainment; steps taken toward meeting deadlines; evaluates how realistic and manageable the deadlines are	
<b>Total Score / 12</b>				

# GOAL SETTING GUIDELINES

1. Define the goal.\*
2. Outline the steps needed to achieve it.
3. Consider potential risks
4. Identify the type of risk (natural, human, controllable, and uncontrollable) and ways of dealing with them.
5. Set deadlines.

\*Not every wish can be a goal. For instance, you may wish you could live and stay young forever, but since there's nothing you can do to make that happen, it could never be considered a goal.

In order for something to be a goal:

- It has to be important to you, personally.
- It has to be within your power to make it happen through your own actions.
- It has to be something you have a reasonable chance of achieving.
- It must be clearly defined and have a specific plan of action.

## Goal Setting Worksheet

My three goals are:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

These goals are important to me because:

---

---

---

My to-do list to reach my goals:

---

---

---

The consequences of achieving my goals are:

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---

The consequences of not achieving my goals are:

---

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---

What potential risks could keep me from achieving my goals?

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---

---

How will I prepare for potential risks?

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---

---

Who will support and help me to achieve my goals and how?

---

---

---

# Identifying Functions of Money

Directions: For each of the following activities, decide whether the situation is an example of money as a medium of exchange, a measure of value, or a store of value. Place a check mark in the appropriate column to indicate your answer.

	Medium of Exchange	Measure of Value	Store of Value
The exchange rate for U.S. dollars to Canadian dollars 1.21.			
A company in Europe must pay for imported goods with Mexican pesos.			
A student is saving £50 a month to help pay for college expenses.			
A multinational company receives payment for the sale of goods and converts the funds into the currency of its home country.			
Food for a week for a family of four in France costs Fr230 in one city and Fr267 in another city.			
An engineer makes a higher salary than an administrative assistant at the same company.			
A shopper goes to three stores to compare prices on computer printers.			
A pair of a certain brand of jeans costs three times as much in a country where this kind of clothing is very scarce.			

**Presentation Rubric**

Student Name \_\_\_\_\_

Date \_\_\_\_\_

	<b>Exemplary 4 points</b>	<b>Accomplished 3 points</b>	<b>Developing 2 points</b>	<b>Beginning 1 point</b>	<b>Score Obtained</b>
<b>Content</b>	Addressed all assignment components	Addressed all but one assignment component	Omitted two assignment components	Omitted more than two assignment components	
<b>Detail</b>	Fully addressed all assignment components	Fully addressed most assignment components	Partially addressed most assignment components	Partially addressed few assignment components	
<b>Accuracy</b>	No grammatical, typographical, spelling, or punctuation errors	1–2 grammatical, typographical, spelling, or punctuation errors	3–5 grammatical, typographical, spelling, or punctuation errors	More than 5 grammatical, typographical, spelling, or punctuation errors	
<b>Clarity</b>	Logical, orderly sequence	Somewhat logical sequence	Confusing sequence	No evidence of order/sequence	
<b>Design</b>	Excellent design selection and usage	Adequate design selection or 1–2 design errors	Inadequate design selection or 3–5 design errors	Poor design selection or more than 5 design errors	
<b>Appeal</b>	Very appealing; excellent use of animation, transitions, sound, etc.	Somewhat appealing; adequate use of animation, transitions, sound, etc.	Not very appealing; limited use of animation, transitions, sound, etc.	Not appealing; very limited or no use of animation, transitions, sound, etc.	
				Score	

**Teacher Comments:**

## Report Rubric

Student Name \_\_\_\_\_

Date \_\_\_\_\_

	<b>EXEMPLARY (4)</b>	<b>ACCOMPLISHED (3)</b>	<b>DEVELOPING (2)</b>	<b>BEGINNING (1)</b>	<b>SCORE</b>
<b>Topic</b>	Directly relevant	Somewhat relevant	Remotely related	Totally unrelated	
<b>Organization</b>	Good organization; events are logically ordered; sharp sense of beginning and end	Organized; events are somewhat jumpy	Some organization; events jump around; start and end are unclear	Not organized; events make no sense	
<b>Quality of Information</b>	Supporting details specific to subject	Some details are non-supporting to the subject.	Details are somewhat unclear.	Unable to find specific details	
<b>Grammar and Spelling</b>	All grammar and spelling are correct.	Only one or two errors	More than two errors	Very frequent grammar and/or spelling errors	
<b>Interest Level</b>	Vocabulary is varied; supporting details are vivid.	Vocabulary is varied; supporting details need work.	Vocabulary is constant; details lack "color."	Needs descriptive words	
<b>Neatness</b>	Word processed or typed; clean and neatly bound in a report cover; illustrations provided	Legible writing; well-formed characters; clean and neatly bound in a report cover; illustrations provided	Legible writing; some ill-formed letters; print too small or too large; papers stapled together	Illegible writing; loose pages	
<b>Timeliness</b>	Report handed in on time	Up to 2 days late	Up to 1 week late	Report handed in more than 1 week late	
				Total	

**Teacher Comments:**

### **Social Accounting**

The Body Shop has always campaigned for greater social awareness and its Web site reflects that campaign. Visit the *Our Values* section of their Web site and make a note of their values under each of the following headings:

- Against animal testing
- Support community trade
- Activate self esteem
- Defend human rights
- Protect our planet

How do you think these issues might have an impact on the financial reports of The Body Shop?

# Appendix B: Glossary

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## Unit 1

Corporate governance - the set of processes, customs, policies, laws, and institutions affecting the way a corporation (or company) is directed, administered or controlled.

Corporate Responsibility - duty and rational conduct expected of a corporation; accountability of a corporation to a code of ethics and to established laws

Ethics - moral principles that govern a person's or group's behavior.

## Unit 2

Balance Sheet - summary of a company's financial status, including assets, liabilities, and equity

Basis Point – 1/100 of a percentage point, used chiefly in expressing differences of interest rates.

Benchmark Company – a competitor who has historically demonstrated outstanding financial performance.

Bond Rating - a grade given to bonds that indicates their credit quality.

Capital Budget - is the planning process used to determine whether an organization's long term investments such as new machinery, replacement machinery, new plants, new products, and research development projects are worth pursuing.

Cash Flow Statement – document that provides aggregate data regarding all cash inflows a company receives from both its ongoing operations and external investment sources, as well as all cash outflows that pay for business activities and investments during a given quarter.

Common Stock - Securities representing equity ownership in a corporation, providing voting rights, and entitling the holder to a share of the company's success through dividends and/or capital appreciation.

Cost of Capital - The opportunity cost of an investment; that is, the rate of return that a company would otherwise be able to earn at the same risk level as the investment that has been selected.

Cost of Debt - The effective rate that a company pays on its current debt

Cost of Equity - is the minimum rate of return a firm must offer owners to compensate for waiting for their returns, and for bearing risk.

Coupon Rate - is the annual interest rate of a bond.

Current Yield - in bonds, is the annual interest or dividend payments expressed as a percentage of the bond's current price. For bonds, where yield to maturity factors in the original purchase price, current yield is strictly a measure of the income stream.

Debenture Bond - is a corporate IOU that is not backed by the company's assets (unsecured) and is therefore somewhat riskier than a bond.

Dividend - is that portion of a corporation's earnings which is paid to the stockholders.

Financial Budget - is focused on capital expenditures and on a business's budgeted cash position:

Financial Leverage - is the use of debt to increase the expected return on equity. Financial leverage is measured by the ratio of debt to debt plus equity.

Financial Ratios - is the result of dividing one financial statement item by another. Ratios help analysts interpret financial statements by focusing on specific relationships.

Income Statement - a summary of income and expenses

Internal Rate of Return (IRR) - is the discount rate that makes the project have a zero Net Present Value (NPV). IRR is an alternative method of evaluating investments without estimating the discount rate.

Investment Banker - is an underwriter who serves as a middleman between a corporation issuing new securities and the public.

Mortgage Bond - is a bond in which the issuer has granted the bondholders a lien against the pledged assets.

Net Present Value (NPR) - is a method used in evaluating investments, whereby the net present value of all cash outflows (such as the cost of the investment) and cash inflows (returns) is calculated using a given discount rate, usually REQUIRED RATE OF RETURN.

Operating Budget - focuses on the budgeted income statement and its supporting components and schedules.

Payback Method - in capital budgeting, is the length of time needed to recoup the cost of CAPITAL INVESTMENT.

Preferred Stock - usually, non-voting capital stock that pays dividends at a specified rate and has preference over common stock in the payment of dividends and the liquidation of assets.

Primary Market - is the first sale of a newly issued security.

Ratio Analysis - involves conversion of financial numbers for a firm into ratios. Ratio analysis allows comparison of one firm to another.

Secondary Market - is buyers and sellers willing to trade securities after their initial issuance.

Trend Analysis - is the analysis of changes over time through the use of analytical techniques, such as time series analysis, to discern trends.

Weighted Average Cost of Capital (WACC) - is an average representing the expected return on all of a company's securities.

### **Unit 3**

Risk - is the measurable possibility of losing or not gaining value.

Economic Risk - The possibility that an economic downturn will negatively impact an investment.

Pure Risk - Any risk in which there is no possibility of gain, only the avoidance of loss.

Speculative Risk – the possibility of either financial loss or gain

Natural Risk – risk that arises from natural events or as a part of nature

Human Risk – risks that arise from the acts of individuals, groups, or organizations

Controllable Risk – risks that can be reduced or avoided by thoughtful actions

Uncontrollable Risk – risks that cannot be influenced by human action

Risk Management – the process of systematically identifying potential risks and making plans to reduce the impact of the risk on individuals and companies

Liability - money owed to creditors, vendors, etc.

### **Unit 4**

Automatic Teller Machines (ATM) - An electronic banking outlet, which allows customers to complete basic transactions without the aid of a branch representative or teller.

Capital Markets - A division within a larger company that uses its expertise in financial markets to provide financial services to specific types of clients

Commercial Lending - A debt-based funding arrangement that a business can set up with a financial institution.

Debit Cards - An electronic card issued by a bank which allows bank clients access to their account to withdraw cash or pay for goods and services.

Federal Reserve System - The banks that carry out Fed operations, including controlling the money supply and regulating member banks.

Lock Box - A service provided by banks to companies for the receipt of payment from customers.

Money Markets - A savings account that offers the competitive rate of interest (real rate) in exchange for larger-than-normal deposits.

Open Market Operations - Rate of interest that is paid on any debt security that trades in the open market.

Safe-deposit Box - A box - usually located inside a bank - which is used to store valuables.

## **Unit 5**

Currency Option: A contract giving the option holder the right to buy or sell an underlying currency at a specified price and on a specified date. The option writer (seller) holds the obligation to fulfill the other side of the contract

Exchange Controls: Government restrictions to regulate the amount and value of a nation's currency

Exchange Rate: The price of one currency in terms of another, i.e. the number of units of one currency that may be exchanged for one unit of another currency

Floating Exchange Rate: An exchange rate system in which currency values are allowed to fluctuate according to supply and demand forces in the market without direct interference by government authorities

Foreign Exchange: Currency of another country, or a financial instrument that facilitates payment from one currency to another

Foreign Exchange Markets: Networks of commercial banks, investment banks, and other financial institutions that convert, buy, and sell currencies in the global economy

Hard Currency: A monetary unit that is easily converted into other currencies

Interest Rate: The cost of using someone else's money

International Monetary Fund (IMF): An international organization designed to promote global economic stability and development. It compiles statistics on cross-border transactions and publishes a monthly summary of each country's balance of payments

Macro Country Risks: Country (or political) risks that affect all foreign firms in a host country

Micro Country Risks: Country risks that are specific to an industry, company, or project within a host country

Soft Currency: A currency which is not readily accepted in exchange for other currencies or convertible to gold

World Bank: An international organization created at Breton Woods in 1944 to help in the reconstruction and development of its member nations. Its goal is to improve the quality of life for people in the poorer regions of the world by promoting sustainable economic development. See also International Bank for Reconstruction and Development.

## **Unit 6**

Bureau of Labor Statistics: the principal fact-finding agency for the Federal Government in the broad field of labor economics and statistics.

Responsibility Accounting: the collection, summarization, and reporting of financial information about various decision centers throughout an organization; can also be called profitability accounting or activity accounting.

Social Responsibility: an ethical belief or theory that an entity, be it an organization or individual, has an obligation to act to benefit society at large

Stakeholders - a person, group, organization, or system who affects or can be affected by an organization's actions

## **Unit 7**

Accounting - process of identifying, measuring, and reporting financial information of an entity

Accounting Equation - assets = liabilities + equity

Accounts Payable - money owed to creditors, vendors, etc.

Accounts Receivable - money owed to a business, i.e. credit sales

Asset - property with a cash value that is owned by a business or individual

Balance Sheet - summary of a company's financial status, including assets, liabilities, and equity

Bookkeeping - recording financial information

Chart of Accounts - a listing of a company's accounts and their corresponding numbers

Closing the Books/Year End Closing – the process of reversing the income and expense for a fiscal or calendar year and netting the amount into “retained earnings”

Credit - an account entry with a negative value for assets, and positive value for liabilities and equity.

Debit - an account entry with a positive value for assets, and negative value for liabilities and equity.

Depreciation - recognizing the decrease in the value of an asset due to age and use

Equity - money owed to the owner or owners of a company, also known as "owner's equity"

Financial Accounting - accounting focused on reporting an entity's activities to an external party; ie: shareholders

Financial Statement - a record containing the balance sheet and the income statement

Fixed Asset - long-term tangible property; building, land, computers, etc.

General Ledger - a record of all financial transactions within an entity

Income Statement - a summary of income and expenses

Inventory – merchandise purchased for resale at a profit

Inventory Valuation – the method to set the book value of unsold inventory: i.e. “LIFO,” last in, first out; “FIFO,” first in, first out; “average,” an average cost over a given period, “last cost,” the cost based on the last purchase; “standard,” a “deemed” amount related to but not tied to a specific purchase, “serialized,” based on a uniquely identifiable serial number or character of each inventory item

Invoice – the original billing from the seller to the buyer, outlining what was purchased and the terms of sale, payment, etc.

Journal - a record where transactions are recorded, also known as an "account"

Liability - money owed to creditors, vendors, etc.

Net Income - money remaining after all expenses and taxes have been paid

Payroll - a list of employees and their wages

Posting – the process of entering then permanently saving or “archiving” accounting data

Reconciliation – the process of matching one set of data to another; i.e. the bank statement to the check register, the accounts payable journal to the general ledger, etc.

Retained Earnings – the amount of net profit retained and not paid out to shareholders over the life of the business

Revenue - total income before expenses.

Shareholder Equity - the capital and retained earnings in an entity attributed to the shareholders

Statement of Accounts - a summary of amounts owed to a vendor, lender, etc.

Supplies – assets purchased to be consumed by the entity.