

BUS 0145 - PLANNING, FINANCING AND OPERATING A SMALL BUSINESS

Catalog Description

Formerly known as BUS B

Advisory: Completion of BUS 144 with grade of "C" or better

Hours: 54 lecture

Description: Practical study of the accounting and financial management methods essential for the efficient operation of small businesses.

Provides entrepreneurs with skills to prepare and analyze financial statements, tax planning, ratio analysis and financial projections; and manage cash flow, accounts receivable, accounts payable, inventory management, and break-even analysis. (not transferable)

Course Student Learning Outcomes

- CSLO #1: Critique legal entity choices for small business owners.
- CSLO #2: Investigate the importance of cash flow management on A/R, A/P and inventory.
- CSLO #3: Develop budgets and projections for small business owners.

Effective Term

Fall 2020

Course Type

Credit - Degree-applicable

Contact Hours

54

Outside of Class Hours

108

Total Student Learning Hours

162

Course Objectives

Through written activities, computations, group activities and case studies the student will:

1. Assess the importance of accounting and financial management for the small business owner.
2. Evaluate the pros and cons of different ownership structures.
3. Evaluate the difference between cash flow and net income and manage cash flow.
4. Analyze and evaluate balance sheets, income statements and statements of cash flow using vertical, horizontal, and ratio analysis.
5. Learn how to use ratios in analyzing financials.
6. Establish credit policies and manage and collect accounts receivable.
7. Learn how to do break-even analysis.
8. Develop internal controls to safeguard assets, prevent fraud and theft and encourage operational efficiency.
9. Critique credit terms and management of accounts payable.

10. Develop financial projections.

General Education Information

- Approved College Associate Degree GE Applicability
- CSU GE Applicability (Recommended-requires CSU approval)
- Cal-GETC Applicability (Recommended - Requires External Approval)
- IGETC Applicability (Recommended-requires CSU/UC approval)

Articulation Information

- Not Transferable

Methods of Evaluation

- Essay Examinations
 - Example: Identify the three fraud triangle factors and explain how each contributes to the possibility of fraud. Which factors are best mitigated through internal controls? This essay will be graded by the instructor using a rubric.
- Objective Examinations
 - Example: Answer multiple choice questions on course topics (business structures, financial statements, inventory management). Questions will be graded using a scantron form. Example: True or False - A Balance Sheet covers a period of time.
- Problem Solving Examinations
 - Example: Given a set of data, calculate the company's break-even point in price and quantity of products using the concepts of fixed, variable, and mixed costs. This problem will be graded by the instructor to ensure the accuracy of calculations.
- Projects
 - Example: Using the given financial statements, calculate the following ratios: acid-test, accounts receivable turnover, inventory, debt, and profit margin. From your results write an evaluation using a minimum of 150 words, analyzing the company's performance and suggestions for improvement. This project will be graded by the instructor using a rubric to ensure that all points in the evaluation are covered and proper grammar/spelling is used.
- Skill Demonstrations
 - Example: Create a pro forma cash budget and determine the company's future cash needs. This demonstration will be graded by the instructor to ensure the correct responses and format.

Repeatable

No

Methods of Instruction

- Lecture/Discussion
- Distance Learning

Lecture:

1. Topic - Selecting a Form of Business Ownership The presentation of this topic would begin with a lecture that introduces and defines each form of ownership structure. This would include a discussion of advantages and disadvantages of each ownership form. It would also cover how to set up a company utilizing each ownership structure; including filing requirements and costs. Local companies would be used to illustrate the concepts. At the conclusion of the lecture, students would be broken into small groups. They would be asked

to select a form of business ownership for two "mini cases" and be prepared to present their ownership selection and reasons for that selection to the class. The homework assignment would be to research a company and identify its form of business ownership. (Objective 2)

2. Topic - Cash Flow Management This topic would be introduced with a lecture that defines cash flow management, its importance and the benefits of a cash budget. The lecture would be followed by a group case study. Each group would be given the company history and current financial statements. The case study would show a company with positive net income, but poor cash flow. The students would be required to identify why this is happening and brainstorm options for this business owner. The homework assignment would be to create a cash budget. (Objective 3)

Distance Learning

1. Topic - Selecting a Form of Business Ownership The presentation of this topic would begin with a instructor created materials that introduces and defines each form of ownership structure. This would include information about the advantages and disadvantages of each ownership form. It would also cover how to set up a company utilizing each ownership structure; including filing requirements and costs. Local companies would be used to illustrate the concepts. Students will be asked to select a form of business ownership for two "mini cases" and be prepared to post on the discussion board their ownership selection and reasons for that selection. The homework assignment would be to research a company and identify its form of business ownership. (Objective 2)
2. Topic - Cash Flow Management This topic would be introduced with instructor created materials that defines cash flow management, its importance and the benefits of a cash budget. The instructor will put students into group in the course management website and each group would be given the company history and current financial statements. The case study would show a company with positive net income, but poor cash flow. The students would be required to identify why this is happening and brainstorm options for this business owner. The group would turn in a one page paper outlines their suggestions to the business owner. The homework assignment would be to create a cash budget. (Objective 3)

Typical Out of Class Assignments

Reading Assignments

1. Read the chapter that covers the different financial statements (income statement, balance sheet, and statement of cash flows) and be prepared to discuss how the small business owner can use these statements to evaluate the financial performance of their business.
2. Evaluate corporate financials and use principles taught in class to discuss the businesses strengths and weaknesses financially.

Writing, Problem Solving or Performance

1. Create financial statements for a small business.
2. Develop credit and collection policies.
3. Analyze financials using ratios.

Other (Term projects, research papers, portfolios, etc.) Required Materials

- Managerial Accounting for Small Businesses
 - Author: Kenneth Creech
 - Publisher: North Atlantic Business Press, Inc.
 - Publication Date: 2013
 - Text Edition: 1st
 - Classic Textbook?: No
 - OER Link:
 - OER:

Other materials and-or supplies required of students that contribute to the cost of the course.

Calculator