



CURRICULUM

Catalogue of Learning Objectives for Business Competence in Social Enterprises

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- **Business Objectives and Financial Ratios**
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Developed for the project

Business Competence in Social Management

LLL, LdV Partnership

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BUSINESS OBJECTIVES AND FINANCIAL RATIOS

General learning targets

Being able to explain the most important objectives of a company.

- ☐ Being able to explain and compute the key ratios corresponding to these objectives

Specific learning targets

TOPICS	LEARNING TARGETS
1. Profitability	1.1 Being able to define and explain the term “profitability”
2. Return on equity	2.1 Being able to define and explain the term “return on equity”
	2.2 Being able to compute the return on equity using the basic formula
	2.3 Being able to explain whether generating a profit automatically means that a company is “profitable”
	2.4 Being able to analyse and gauge the return on equity in the given context
3. Return on investment (ROI)	3.1 Being able to define and explain the term “return on investment” (ROI)
	3.2 Being able to compute the ROI using the basic formula
	3.3 Being able to analyse and gauge the ROI in the given context
4. Liquidity	4.1 Being able to define and explain the term “liquidity”

	4.2	Being able to define and explain the term “liquid funds” and identify them correctly in the annual financial statements
	4.3	Being able to define and explain the term “liquidity shortage”
	4.4	Being able to explain why the objective of achieving sufficient liquidity is of central importance
	4.5	Being able to compute the cash ratio using the basic formula
	4.6	Being able to state the desirable minimum cash ratio and substantiate your result
	4.7	Being able to compute the quick ratio using the basic formula
	4.8	Being able to state the desirable minimum quick ratio and substantiate your result
	4.9	Being able to compute the current ratio using the basic formula
	4.10	Being able to state the desirable minimum current ratio and substantiate your result
	4.11	Being able to state whether liquidity or profitability is more important and why
5. Equity ratio, Debt ratio	5.1	Being able to define and explain the term “equity ratio”
	5.2	Being able to compute the equity ratio
	5.3	Being able to define and explain the term “debt ratio” (also called gearing ratio)
	5.4	Being able to compute the debt ratio using the basic formula
	5.5	Being able to explain why the equity ratio is a key business ratio
	5.6	Being able to explain the principal factors that influence the creditworthiness (credit rating) of the company

6. Cash flow	6.1 Being able to define and explain the term “cash flow”
	6.2 Being able to compute the cash flow using the basic formula (rule of thumb valuation)
7. Productivity	7.1 Being able to define and explain the term “productivity”
	7.2 Being able to explain why achieving high productivity is of central importance
	7.3 Being able to define and explain the term “return on sales”
	7.4 Being able to compute the return on sales using the basic formula
	7.5 Being able to explain why the return on sales is a key business ratio

ACCOUNTING

General learning objectives

- Being able to understand the basic structure of annual financial statements (balance sheet, profit and loss account) and draw initial conclusions
- Being able to explain the most relevant terms found in annual financial statements

Specific learning targets

TOPICS	LEARNING TARGETS
1. Objectives of an annual financial statement	1.1 Being able to explain the principal objectives of annual financial statements (balance sheet, P&L account)
	1.2 Being able to name the parties interested in the annual financial statements of a company
2. Structure of a balance sheet	2.1 Understanding and being able to explain the basic layout of a balance sheet
	2.2 Being able to explain why a balance sheet needs to be “balanced” (total assets must be equal to total equity and liabilities)
3. Assets	3.1 Being able to define, explain and use the terms “asset side” of the balance sheet and “assets”
	3.2 Being able to define the term “fixed assets” and state examples
4. Equity and liabilities	4.1 Being able to define, explain and use the terms “equity and liabilities side” of the balance sheet and “liabilities”
	4.2 Being able to define “equity capital” and explain its meaning
	4.3 Being able to define the term “borrowed capital” and state examples

5. Inventory	5.1 Being able to explain the purpose of drawing up an inventory (stocktaking)
	5.2 Being able to list and explain the steps in drawing up an inventory
6. Profit and loss account (P&L account)	6.1 Being able to explain the basic structure and define the most important items in a profit and loss account (P&L account, also called income statement)
	6.2 Being able to define the terms “expenses” and “income”.
	6.3 Being able to define and explain the term “sales revenues” (also called turnover) and compute it
	6.4 Being able to define and explain the term “cost of sales”
	6.5 Being able to explain the difference between “sales revenues” and “profit”
7. Annual accrual accounting, result on an accrual basis	7.1 Being able to explain why the annual financial statements may contain business transactions that have not yet given rise to an in- or outflow of funds in the respective business year (accrual accounting)
8. Accounts receivable / accounts payable	8.1 Being able to define and explain the term “accounts receivable” (receivables) and place it in the correct context in the annual financial statements
	8.2 Being able to define and explain the term “accounts payable” (payables) and place it in the correct context in the annual financial statements
9. Provisions	9.1 Being able to define the term “provisions” and identify them correctly in the annual financial statements
	9.2 Being able to state reasons for setting up provisions
	9.3 Being able to explain the difference between “provisions” and “accounts payable”
10. Reserves	10.1 Being able to define the term “reserves” and identify them correctly in the annual financial statements
	10.2 Being able to state and explain reasons for setting up reserves

	10.3 Being able to explain the difference between “provisions” and “reserves”
11. Depreciation	11.1 Being able to define and explain the term “depreciation”
	11.2 Being able to calculate linear depreciation
	11.3 Being able to explain the problems encountered in calculating depreciation
12. Capital expenditure	12.1 Being able to define and explain the term “capital expenditure”
	12.2 Being able to differentiate between expenses that must be capitalised in the balance sheet and expenses that can be booked through the P&L account at their full amount
	12.3 Being able to define and explain the term “low-cost assets”
	12.4 Being able to explain the effects of capitalised and non-capitalised expenses in the annual financial statements
13. Profit and loss account in report form	13.1 Being able to describe, explain and analyse the P&L account in report form
	13.2 Being able to define and explain the benefits of the P&L account in report form compared with the P&L account in account form
	13.3 Being able to define and explain the term “operating result (operating profit/loss)”
	13.4 Being able to define and explain the term “financial result”
	13.5 Being able to define and explain the term “profit/loss on ordinary activities”
	13.6 Being able to define and explain the term “extraordinary result”
	13.7 Being able to define and explain the terms “profit/loss before taxes” (PBT) / “earnings before taxes” (EBT) / “pre-tax profit”

	13.8 Being able to define and explain the term “net profit/loss for the year”
	13.9 Being able to define and explain the terms “allocation to reserves/retained profit”
	13.10 Being able to define and explain the term “distributable profit”
	13.11 Being able to calculate the operating profit/loss, the profit/loss on ordinary activities, the extraordinary result, the pre-tax profit/loss and the net profit/loss for the year using the basic formula
	13.12 Being able to define and explain the term EBIT (earnings before interest and taxes)
	13.13 Den englischen Begriff EBT (earnings before tax) definieren und zuordnen können.
14. Analysis of the P&L account in report form	14.1 Being able to explain how an operating profit or loss may have been generated
	14.2 Being able to explain how a profit or loss on ordinary activities may have been generated
	14.3 Being able to explain how a pre-tax profit or loss may have been generated
	14.4 Being able to describe and explain the two basic options for using the net profit for the year
15. Analysis of annual financial statements	15.1 Being able to read simple financial statements and draw basic conclusions (case study)

COSTING AND PRICING

General learning targets

- ☐ Being able to explain the most important objectives, tasks and key concepts of cost accounting
- ☐ Being able to explain the economic background of entrepreneurial decision-making (markets, customers, competition, cost of sales)
- ☐ Being able to explain the significance of the contribution margin as a central concept in cost accounting, and compute it
- ☐ Being able to explain the objectives and basic structure of cost centre accounting and profit centre accounting and giving reasons why cost awareness and entrepreneurial thinking are necessary

Specific learning targets

TOPICS	LEARNING TARGETS
1. Tasks of cost accounting	1.1 Being able to explain and define the objectives of cost accounting
	1.2 Being able to explain the difference between financial accounting and cost accounting
	1.3 Being able to explain why figures taken from financial accounting have to be adjusted before they can be used in cost accounting
2. Terms of cost accounting	2.1 Being able to define and explain the term “cost elements” and give examples
	2.2 Being able to define and explain the term “cost centre” and give examples
	2.3 Being able to define and explain the term “cost unit” and give examples

	2.4	Being able to define and explain the term “direct costs” (also called prime costs) and give examples
	2.5	Being able to define and explain the term “overhead costs” (also called indirect costs or overheads) and give examples
	2.6	Being able to define and explain the term “fixed costs” and give examples
	2.7	Being able to define and explain the term “variable costs” and give examples
	2.8	Being able to explain the basic difference between full cost accounting and direct cost accounting
3. Pricing	3.1	Being able to explain which factors significantly influence the price of a product
	3.2	Being able to explain the interaction between demand and supply (price-demand function)
	3.3	Being able to define and explain the various market types (monopoly, oligopoly, perfect competition)
	3.4	Being able to attribute various price margins to the different market types and give reasons for your decisions
	3.5	Being able to explain different possible price strategies
	3.6	Being able to explain the term “fixed cost degression” and its influence on the business strategy
	3.7	Being able to explain the significance of the contribution margin for price calculations
	3.8	Being able to define and compute the contribution margin of a product or service
	3.9	Being able to explain the effects of a positive or negative contribution margin on the operating result
	3.10	Being able to define the term “capacity utilisation” and explain its impact on price calculations

	3.11 Being able to explain the basic difference between short-term break-even price and the long-term bottom price
	3.12 Being able to compute the short-term break-even price and the long-term bottom price (for one-product companies)
	3.13 Being able to define and explain “economies of scale”
4. Cost centre accounting	4.1 Being able to explain the purpose of cost centre accounting
	4.2 Being able to explain the purpose of a cost distribution sheet and reproduce its basic structure
	4.3 Being able to compute the costs for a cost centre
	4.4 Being able to explain the purpose of internal cost allocation
5. Profit centre accounting	5.1 Being able to explain the purpose and basic structure of profit centre accounting
	5.2 Being able to compute the contribution margin of a profit centre
	5.3 Being able to state why a positive “contribution margin” of a profit centre cannot be equated with “profit”
	5.4 Being able to explain basic measures to improve the contribution margin of a profit centre

BUSINESS LAW

General learning objectives

- ☐ Being able to explain the characteristics of the principal legal forms of business organisation
- ☐ Being able to explain the main features of a sales contract
- ☐ Being able to explaining the basics of insolvency and bankruptcy law

Specific learning targets

TOPICS	LEARNING TARGETS
6. Legal forms of business organisations	6.1 Being able to explain why there are different legal forms of business organisation
	6.2 Being able to name the principal difference between partnerships and incorporated companies and classify the individual forms of business organisation
	6.3 Being able to define and explain what “personal unlimited liability” means
	6.4 Being able to define and explain what “joint and several liability” means
	6.5 Being able to explain what “limited liability” means
	6.6 Being able to name and explain the principal characteristic features, advantages and disadvantages of being a sole trader (also called sole proprietorship)
	6.7 Being able to name and explain the principal characteristic features, advantages and disadvantages of a general partnership
	6.8 Being able to name and explain the principal characteristic features, advantages and disadvantages of a limited partnership

	6.9	Being able to name and explain the principal characteristic features, advantages and disadvantages of a private limited company (Ltd.)
	6.10	Being able to name and explain the principal characteristic features, advantages and disadvantages of a public limited company (plc.)
	6.11	Being able to name and explain the executive bodies of a public limited company (plc.) and their functions
	6.12	Being able to define and explain the term "nominal value" (or par value) of a share
	6.13	Being able to define and explain the term "share price" (stock price)
	6.14	Being able to define and explain the term "dividend"
	6.15	Being able to name and explain the principal characteristic features, advantages and disadvantages of being an undisclosed partnership (also called "silent partnership")
	6.16	Being able to name and explain the principal characteristic features, advantages and disadvantages of a civil law association
7. Sales contract	7.1	Being able to name and explain the basic elements of a contract of sale
	7.2	Being able to state the criteria for a legally binding signature
8. Power of representation	8.1	Being able to state and explain the basic rules regulating the power of representation in the different legal forms of business organisation.
	8.2	Being able to explain how the power of representation can be enlarged or limited
	8.3	Being able to define and explain the term "limited commercial authority or authority to act (assignment, scope)
	8.4	Being able to define and explain the term "general commercial power of attorney" (assignment, scope).

	8.5 Being able to define and explain the differences between sole (or individual) general commercial power of attorney and joint general commercial power of attorney
9. Commercial register	9.1 Being able to name the main features of the “Commercial Register” (the “Register of Business Names”) and state the company information it contains.
10. Business combinations, cooperation agreements	10.1 Being able to define and explain the term “group of companies”.
	10.2 Being able to define and explain the term “cartel” (“trust”).
11. Insolvency law, bankruptcy law	11.1 Being able to define and explain the term “insolvency”.
	11.2 Being able to state and explain the most important causes of insolvency.
	11.3 Being able to define the terms “out of court settlement, “composition in bankruptcy” (composition after receiving order) and “bankruptcy” and explain the differences.

SPECIAL TOPICS FOR SOCIAL ENTERPRISES

General learning objectives

- Being able to face the challenges specific and crucial to Social Enterprises.

Specific learning targets

TOPICS	LEARNING TARGETS
1. Networking for Social Enterprises	1.1 Being able to identify local and international networks of Social Entrepreneurs (online and offline).
	1.2 Being able to name the crucial factors in order to build, maintain and grow a professional network.
	1.3 Being able to describe the use modern information technology for networking purposes.
2. Public Procurement	2.1 Being able to define and explain the term “public tenders”.
	2.2 Being explain the most important features of socially responsible Public Procurement in terms of European, national and regional frameworks.
3. Legal Forms for Social Enterprises	3.1 Being able to name Legal Form for Social Enterprises according to the EU framework.
	3.2 Being able to name Legal Form for Social Enterprises according to the national framework.
	3.3 Being able to define the necessary conditions and procedures of establishing a social enterprise.

TOPICS	LEARNING TARGETS
4. Labour Law for NPO	4.1 Being able to define and explain the different kinds and the content of labour contracts.
	4.2 Being able to define the rights and duties of employees and employers.
	4.3 Being able to define which dues and taxes have to be paid for an employee.
	4.4 Being able to explain options for terminating labour contracts.