

Analysing Company Accounts

OVERVIEW

Course duration: 1 day.

The second of our series of company accounts courses that enables you to analyse and work with corporate accounts and make informed judgements about the status of companies.

This intensive and practical course introduces delegates to the principles of analysing company accounts using ratios and trends. It is the second in the series of three company accounts courses, and knowledge of the content of financial statements is a pre-requisite.

IS IT RIGHT FOR ME?

Suitable for anyone with little or no experience of analysing company accounts. Delegates are expected to have attended Introduction to Company Accounts or to have attained that level of knowledge.

WHAT WILL I LEARN?

By the end of this course you will be able to:

- Understand the form and structure of companies and groups.
- Understand and apply key ratios.
- See the bigger picture; know what results you expect to see from any company or any industry.
- Identify trends and comparisons over time and against industry norms.
- Utilise a bank of important questions.
- Analyse real company accounts.

WHAT WILL IT COVER?

Preparing for Analysis

- Refresher on the content and format of the Profit and Loss Account and Balance Sheet
- Issues arising from the industry and sector that the company operates in
- Considering company size
- Anything to be learnt from the Memorandum and Articles of Association?
- Understand the differences between public and private companies
- An introduction to group accounting

Analysing the Accounts

Analysing various ratios that tell us about:

- Capital structure
- Efficiency of working capital
- The cash position
- Profitability
- Return on investment
- The importance of cash in a business
- Capital employed: understand the issues surrounding it
- What do the profit margins tell us?

- Calculating asset turnover
- Understanding when the working capital ratios are useful
- Assess whether a business can meet its short-term liabilities
- Understanding gearing and how it affects earnings

What to look for in the Annual Report

- The Chairman's Statement
- The Director's Report
- The Auditor's Report
- The notes to the Accounts

Putting it into Practice

- Learn to make comparisons between companies and industries
- Assess current business and financial issues
- Analyse a set of accounts yourself