

Making Sense of Finance – Essential Knowledge

### OVERVIEW

Course duration: 2 days.

Many people have a mental block when it comes to financial information and are therefore nervous about dealing with it. This overview takes the fear out of finance by removing the myths and explaining basic financial concepts in a manner that is straightforward and easy to grasp.

By attending this course delegates will learn how financial information and budgets are compiled, interpreted and impact on their role. Furthermore, delegates will acquire the skills to run budgets, monitor department costs and assist in the preparation of financial information.

### IS IT RIGHT FOR ME?

Suitable for those with little or no prior understanding of business finance, and who are looking for an introductory overview that demystifies business finance and accountancy.

Something to consider: are you a non-financial manager? As an alternative, you may want to consider Finance for Non-financial Managers.

### WHAT WILL I LEARN?

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

- Identify the users of financial information and their requirements.
- Remove the myths and fears about finance.
- Understand the jargon that surrounds many financial transactions.
- Read, understand and interpret balance sheets, and income statements.
- Work more productively with colleagues from the finance department.
- Use a structured process to prepare a budget, monitor actual costs and take action to ensure the budget is met.
- Appreciate the importance of reducing unnecessary costs and working towards increased profitability.

### WHAT WILL IT COVER?

Finance at Work

- The nature of business, business goals, the importance of finance
- Why do companies prepare accounts?
- Who are the main users of financial information?
- Translating financial jargon into plain English
- Finance as a means of measuring performance
- Understanding capital and revenue and the importance of this concept
- Understanding the distinction between financial and management accounting

An Introduction to the Key Financial Statements

- Profit and loss accounts
- The balance sheet
- Cash flow statements
- Reading the financial sections of an annual report
- Comparing theory with practice, producing a simple set of accounts

## Using Financial Information

- Understanding the use of financial information as a management tool
- What the accounts are really telling us
- Understanding the bottom line

## Budgeting Explained

- Budgets: What are they? Why are they needed?
- Understanding the budgeting process and your role in it
- Case study: preparing a budget, monitoring variances
- The nature of costs (fixed and variable, direct and indirect)
- Working out the break-even point

## Working Capital – Cash Flow Within an Organisation

- Working capital: What it is? How do we monitor it? How can we maintain it?
- The distinction between profit and cash flow
- Why discrepancies between them occur
- cash as opposed to credit events
  - effects of accruals/prepayments
  - effects of depreciation
- Case study: undertaking a cash flow forecast

## Personal Development

- Formulating a personal action plan