Course Introduction

The importance of financial statements cannot be over-emphasized as, at the end of the day, the affairs of any business would be represented in Dollars and Cents by way of financial statements. Sales, Operation and HR Managers must, thus, understand and be able to analyse and interpret them for the purposes of analysis, budgeting, costing and reporting.

This 1 day course seeks to give the participants an understanding of what financial statements are all about – their uses, structure, format, contents and the key elements of financial performance indicators.

Participants will, after this module, feel more comfortable when faced with a set of financial statements. Financial statements can be very informative. At the same time, they can also be quite meaningless and even misleading, depending on whether one is able to read them beyond the figures shown. This course will take participants through discussions and exercises on both the qualitative and quantitative analysis of financial statements.

Course Outlines

Topic 1. Financial statements - what are they?

Topic 2. The different types of financial statements

Topic 3. Uses and users of financial statements

Topic 4. Limitations of financial statements/ shortcomings of financial statements - why you should be very careful when reading them

Topic 5. The Annual Report - what it contains

Topic 6. Structure / format and contents of Financial Statements:

- the Balance Sheet
- the Profit & Loss Statement
- the Cash-Flow Statement

Topic 7. Qualitative analysis - establishing how reliable the statements are

Topic 8. Quantitative / ratio analysis (of key financial performance indicators)

- types of ratios
- calculating the ratios
- interpreting the ratios
- comparing the ratios ; rule of thumb, trend analysis, industry comparison

Topic 9. Using cash flow projections and costing as a management tool

Topic 10. From the concept of cash flow, understand what is time value of money and how to do capital budgeting using tools based on time value of money.

Note: Participants are required to bring calculators.