

## Finance and Accounting for Nonfinancial Managers - 3 Days

### Improving Financial Literacy

*Course 280 Overview*

- You Will Learn How To**
- Integrate financial concepts and policies into the management decision and budgeting process
  - Evaluate the meaning of income statements and balance sheets
  - Employ cash flow analysis to assess business status
  - Calculate the cost of business activities
  - Control business operations through effective budget management
  - Communicate effectively with financial executives and staff

**Course Benefits** All too often, a manager's performance is measured by how effectively they oversee departmental budgets. To succeed as a nonfinancial manager, knowledge of basic financial principles and the budgeting process is critical. This course transforms financial and accounting concepts into decision-making tools you can use successfully every day. You learn to apply the fundamentals of finance to improve budget management, increase potential profits, and assess the financial performance of business activities.

**Who Should Attend** Nonfinancial managers and anyone who wants to develop their knowledge of financial practices to improve their managerial skills.

**Workshop Course** Case studies reinforce the fundamentals of finance presented throughout the course. Participants work in teams to gain experience in:

- Analysing and creating profit and loss accounts, balance sheets and cash flow statements
- Establishing and managing realistic operating budgets
- Calculating a budget to achieve stated financial goals
- Applying financial principles to real-world situations

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#### Course 280 Outline

#### Why Finance Matters

- Demystifying financial jargon
- Generally Accepted Accounting Principles (GAAP)
- Accountability and responsibility for financial information

#### The Key Building Blocks of Financial Control

##### Decoding the profit and loss account

- Differentiating income, operating and capital expense items
- Putting the pieces together to measure profit and business success
- When a sale becomes a sale: sales recognition

##### Analysing the balance sheet

- Evaluating the worth of an established business
- Distinguishing between fixed and current assets and liabilities
- Depreciation and amortisation
- Linking the profit and loss account to the balance sheet
- Shareholder equity: What is it and why does it matter?

#### Cash Flow: The Lifeblood of Organisations

##### Making the key connection between business activity and cash flow

- Differentiating between cash flow, profit and net worth
- Connecting cash management to line management
- Credit and cash flow—maximising benefits and minimising costs
- How much cash is enough?
- Generating unique information from cash flow statements

##### The importance of depreciation and amortisation

- How depreciation impacts your budget over time
- Methods for calculating depreciation
- Advantages and disadvantages of various key methods
- Impacting the management budget
- Where depreciation rules come from

#### Managing a Cost Center

##### Overview of costing methods

- The difference between absorption and marginal costing
- Activity-based costing (ABC)

- Costing as the basis for unit pricing
- Analysing costs to gain competitive advantage
- Distinguishing between direct and indirect costs

##### Selecting the best costing method

- Break-even analysis
- Costing in service industries
- Costing with incomplete information

#### A Manager's Guide to Budgeting

##### Recognising that budgets are more than numbers

- Budgeting as sociology, not accounting
- The politics of getting a budget approved
- The relationship between a well-designed budget and how others measure your performance
- Managing effectively within budgeting constraints
- Making the budget work for you

##### Comparing budget approaches

- Top-down
- Bottom-up

##### Types of budgets

- Incremental
- Zero-based
- Rolling
- Others
- Developing the budget numbers

##### Budgeting as a planning and control tool

- Controlling and evaluating the business using the budget
- Dealing with limiting factors
- Budget process and coordination
- Forecasting sales revenues and expenses
- Adjusting the budget to reality

##### Pulling It All Together

- Applying financial tools and concepts in the real world
- Evaluating a company's health through its annual report
- Recognising potential traps in creative accounting
- Simple tools to determine whether you are working for the next Enron
- Learning from recent examples