

## **Finance Essentials for Absolute Beginners**

**2 days**

You are a secretary, PA, office assistant, sales representative, general manager – and you still don't understand how to read a balance sheet and income statement. Financial statements are a complete mystery.

This seminar will lead you through all the components of a corporate balance sheet, income statement and cash flow statement. You will feel familiar and comfortable with these statements; get a feel for what they tell us about a company's state of wealth.

Then, learn the techniques of financial statement interpretation using popular ratios and financial indicators. You will feel confident that your conclusions are correct and will be taken seriously by accountants.

*Annual financial statements should not be the domain of accountants only. This is information about a company's health and it should be understood by everybody.*

### **Course**

#### **Day 1**

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- Introduction to corporate finance
- The forms of company structure in South Africa
- Basic finance and costing definitions
- The basics of debit, credit and the accounting double-entry concept
- Introducing the Balance Sheet – a snap-shot of wealth in time
- Fixed assets (property, plant & equipment) and the concept of depreciation
- Current assets – inventory, accounts receivable, cash
- Investments, subsidiaries and associated companies
- Intangible assets
- Non-current liabilities
- Current liabilities – accounts payable, accruals and overdrafts
- Taxation and deferred taxation contrasted
- Shareholder's equity and capital reserves
- Balance Sheet scenarios and interpretation

#### **Day 2**

- The Income Statement – a track of profits & losses through time
- Turnover, mark-up and margins
- Gross Profit and Net Profit contrasted
- The meaning of overheads
- The bottom line!
- The Cash Flow Statement
- The Cash Flow forecast
- The relationship between the balance sheet, income statement and cash flow statement

- Contrast between a healthy and insolvent set of financial statements
- Basic ratios for financial statement interpretation
- Practical interpretation case studies and exercises