

€ TRAINING

Accounting, Decision Making & Financial
Communication





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Introduction:

Many managers and executives have heard that "accounting is the language of business;" yet have not taken the opportunity to become basically literate. This conference offers the accounting language in a structured process. Participants will gain access to the language in a variety of exercises that eventually link to the Annual Reports and to the budgets prepared and managed by the executives. No preparation is necessary except to bring an open mind and a budget document or other financial documents of interest.

By combining techniques, analysis, problems, and examples with real case studies the conference provides delegates with key cost awareness and budgetary skills, which is essential in managing and controlling processes/projects in times of increasing global competition where the budgets are inextricably linked with both strategy formulation and cost analysis. This conference not only presents the key financial tools generally used but also explains the broader context of how and where they are applied to obtain meaningful answers. It provides a conceptual backdrop both for the financial/economic dimensions of systematic business management and for understanding the nature of financial statements, analyzing data, planning, and controlling.

Conference Objectives:

At the end of this conference the participants will be able to:

- Understand the content of and relationships between financial statements income statement, balance sheet, and statement of cash flows
- Understand how to use financial statements to evaluate the financial performance of an organization
- Understand discounted cash flow DCF techniques and their application to financial decision making
- Understand how profit margin, asset utilization, and financial leverage are used by managers to maximize the return to investors
- Understand the budgeting process, including performance evaluation
- Understand cost behavior and its impact on management decisions
- Understand the need for and the methods used to allocate overhead
- Communicate and to question financial information effectively

Targeted Audience:

- Members of The Operational Management Team
- Managers who have responsibility for the divisional performance
- Managers who have responsibility for support functions
- Consultants who provide advice on systems and operations
- Senior staff members of any department

Conference Outlines:

Unit 1: Accounting:

- An introduction
- What is accounting?
- What forms can accounting take
- Definition and importance of profit
- Decision scenarios explored
- Funding business operations
- Who is interested in profit?
- Cash vs. Accrual accounting
- Cash flow forecasting and improvement
- Accounting policies chosen by companies
- Accounting standards

Unit 2: Financial Statements, Accounting Policies, and Reporting Standards:

Income Statement - Basic Components:

- Revenues & the questions
- Direct/variable/product costs
- Indirect/fixed/period costs
- Mixed costs
- Non-cash deductions: the what, the why & the how
 - Depreciation: various methods explored
 - Amortization: impairment test
 - Depletion: when & how
- The difference between profit and cash
- A closer look at costs and expenses
- Profit calculations
- Summarizing profit statements and extracting the key figures

Balance Sheet:

- Assets - current & long term
- Liabilities - current & long term
- Equity - components
- Capital employed - options
- Managing the working capital cycle

Cash Flow Statement:

- Operating sources/uses
- Investing sources/uses
- Financing sources/uses

Unit 3: Making and Communicating Decisions Using Budgets:

- The master budget
- The budgeting as a planning tool, a control mechanism, a communications device & value creation
- Budgeting Sales to "drive" the correct budget
- Operating budget components
- Financial budget
- Pro Forma Financial Statements
- Cash Budgets
- Capital budget
- Interrelationship of Financial Projections
- Dynamics and Growth of the Business System - a model review
- Flexible vs. traditional budgets - the pros & cons
- Variance analysis as a tool for improvement & communications
- Price and volume effects within variance analysis: state of the art

Unit 4: Financial VS Management Accounting: Differences and Similarities:

- Objectives of Managerial Accounting
- Managerial Versus Financial Accounting:
- Role of the Managerial Accountant
- Financial accounting: what we show to the public
- Objectives of financial accounting
- Role of financial accountant
- Cost terminology: variable, fixed, controllable, non-controllable, incremental, sunk, opportunity, and relevant
- Cost behaviors in Cost-Volume-Profit scenarios: contribution margin and fixed costs
- Breakeven and targeted net income scenarios
- Cost/Benefit analysis

Unit 5: Ultimatum Goal of Planning - Valuation, Business Performance & Decision Making:

- Definitions of Value
- Responsibility centers: cost, profit, and investment
- Measuring responsibility center performance
- Segment reporting internally and externally
- Business Valuation from multiple perspectives
- Managing for Shareholder Value
- Shareholder Value Creation in Perspective
- Evolution of Value-Based Methodologies in planning and budgeting
- Creating Value in Restructuring and Combinations beyond planning and reporting- the case for real change!