

Understanding Company Reports and Company Accounts

Duration: 3 days

For many non-financial managers the prospect of reading, let alone understanding, a Company's Annual Report and Accounts would be a daunting task. It is, however, a task that is essential for anyone providing goods or services to a company, buying goods or services from a company, or responsible for evaluating the strengths and weaknesses of a competitor.

In addition to providing a broad understanding of the subject, this course is designed to show delegates how to select and use that information which is most relevant to their particular needs.

Above all, it recognises that a company's end of year figures are much more than numbers on a piece of paper. They represent the results of decisions and actions taken at all levels throughout the organisation, including decisions of a strategic nature possibly taken many years in the past. In making an evaluation of financial performance delegates will be encouraged to explore not only 'what has happened' but 'why it happened'.

The course includes a blend of classroom-based lectures with discussions, group exercise and a case study. Although some processing of numbers is unavoidable on a course of this nature, the emphasis will be very much on interpretation of the information (both financial and non-financial) and application of the key learning points.

Who should attend this course?

- Non-financial managers, particularly those employed in sales or procurement
- Managers with responsibility for assessing the financial status of customers, suppliers and/or competitors
- Recently appointed finance graduates
- Non-financial professionals who wish to gain an understanding of the topic to help them in discussions with clients

Course Objectives

- To explain why Company Reports and Accounts are produced and how to use them
- To explain financial terminology and accounting policies
- To explore the range of funding options available to a company and the costs involved
- To provide the skills required to analyse financial performance and, where appropriate, to make an evaluation of a company's future strategy
- To identify the pitfalls of placing too much dependence on 'book figures'

On completion of the course, participants will be better able to:

- Understand key financial terms and expressions
- Extract relevant information from a company's annual report and accounts
- Calculate a range of financial ratios

- Identify trends and highlight potential threats or opportunities
- Measure year on year performance of a particular company or compare performance of that company against its competitors
- Make a judgement about a company's likely future strategy and any financial constraints it may face
- Recognise the warning signs when dealing with companies experiencing actual or potential financial problems

Course Outline

Day 1 - The Past: A Reliable Guide to the Future?

Followed by a detailed examination of a company's Annual Report and Accounts, during which the following will be covered in detail:

- Structure / Format
- Compliance
- Readers / Users
- Layout of Financial Statements
- Notes to the Accounts
- The Auditors Report
- The Chairman and CEO's Reports
- Financial and Operational Review
- Accounting Policies
- Ascertaining Strategy

Day 2 - Evaluating Performance

Participants will be encouraged to apply the knowledge and skills gained from day one in a series of practical evaluation exercises. The following topics will be covered and the session will conclude with a comprehensive case study.

- Analysing Financial Statements
- SWOT Analysis
- Calculating Ratios
- Trend Analysis
- Source and Application of Funds
- Cost of Capital
- Capital and Reserves
- Financing Options – Long Term and Short Term
- Case Study: Analysing Company Performance

Day 3 - For What It Is Worth – But Just What Is It Worth?

In this, the final day, we take a critical look at the Balance Sheet and consider to what extent it reflects the true value of a business.

- De-constructing the Balance Sheet
- Intangible Assets
- Valuing Companies
 - Book Value v. Market Value
 - Going Concern v. Liquidation

The Importance of Cash

Consideration will then turn to what many now regard as the most significant of the three financial documents.

- The Cash Flow Statement

Satisfying Shareholder Expectations Today and Tomorrow

When a company makes a profit it has to balance the desire (and possibly the pressure) to reward its shareholders with a generous dividend against the need to invest for the future. In this final session we will consider the criteria that is, or should be, taken into consideration

- Meeting Shareholder Expectations
 - Profit Distribution v. Profit Retention

Course Review