



ACCOUNTING & FINANCIAL MANAGEMENT
ACCOUNTING & FINANCIAL MANAGEMENT
FOR CONTRACTORS, SUB-CONTRACTORS & RENOVATORS

Course Outline

ACCOUNTING & FINANCIAL MANAGEMENT

FOR CONTRACTORS, SUBCONTRACTORS AND RENOVATORS

While countless books and courses are available on the subject of financial management, we felt that there was a need for an activity-oriented, learn-by-doing course for small business owner/managers in the Construction (Home Building Industry).

Divided into 10 modules, the course is designed for owner/managers of small and medium-sized businesses. No previous financial knowledge or experience is required. In keeping with the approach of our other business management courses, this one emphasizes the practical application of management theory. There are frequent examples, learn-by-doing activities, case studies and exercises.

COURSE OBJECTIVES

Accounting & Financial Management has two main objectives:

1. To simplify the topic of finance, thus eliminating the natural fear most non-financial people have confronted with the subject.
2. To help participants successfully manage their businesses by recognizing the importance of key financial functions:
 - understanding financial statements,
 - financial planning,
 - sources of financing,
 - management of working capital,
 - investment of surplus funds and estate planning.

COURSE MATERIALS

The course has 10 participant modules and cases and exercises.

Each module forms the basis of a three-hour class. It has an easy-to-read text (with many examples) and activities that promote the participatory approach. In addition, each module leads to a case study or exercise.

The approach is based upon the following learning sequence:

- Create interest by continually relating the text to participants' real life experiences.
- Facilitate understanding by supporting the basic theory with practical examples.
- Revise and complete the presentation by discussing questions raised by participants.
- Simulate a realistic situation through a case study, or an exercise (as suggested in each module).

Group participation is essential for this course. The more participants are involved in the learning process, the more successful you will be. The case studies and exercises have been developed with this approach in mind. At least half of each three-hour session will be devoted to discussion and participation, encouraging participants to develop their own ideas and relate their own experiences.

Training designed for delivery as 10 – 3 hour session with exam for each session

Or

33 hour session with 1 exam at completion

CONTENTS

SESSION 1 YOU'RE FINANCIAL STATEMENTS

"Accounting is the language of business". This module introduces you to the basic elements of accounting, including accounting terminology, operation of an accounting system and the resulting financial statements - balance sheet and income statement.

SESSION 2 UNDERSTANDING CONSTRUCTION FINANCIAL STATEMENTS OBJECTIVES

This module introduces you to construction accounting methods and formats that are used to reflect the activities that are peculiar to the industry.

SESSION 3 WORKING CAPITAL: AN ENIGMA

Managers of small and medium sized enterprises need to understand how the management of working capital helps to reduce the risk of insolvency. This module describes how to record changes in working capital, and prepare a statement that can help explain the business's position to those being approached for financing

SESSION 4 FINANCIAL PLANNING: YOUR BEST BET

Pro-forma financial statements are projections for future periods. They forecast the results that could be attained under certain conditions and assumptions. Their importance in budgeting and financial planning will become clear to you in this module.

SESSION 5 FORECASTING YOUR CASH NEEDS OBJECTIVES

It is important for a business to analyze and project its cash requirements in order to meet expected disbursements. This module explains cash accounting or cash management and addresses the matter of investing "surplus" funds

SESSION 6 HOW TO READ YOUR FINANCIAL STATEMENTS OBJECTIVES

A significant amount of information can be extracted from financial statements. Understanding this important process can help you to be a better manager. This module explains how.

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SESSION 8 WHERE TO LOOK FOR EXTERNAL FINANCING OBJECTIVES

In this module we shall study the sources and characteristics of the different kinds of financing that are available. This will help you select the most suitable financial structure for your company.

SESSION 7 WHERE SALES EQUAL COSTS: YOUR BREAK EVEN POINT OBJECTIVES

We come now to another important planning tool break-even analysis. This is the determination of costs and profits for a given sales volume and the calculation of the level of sales required to produce a given profit.

SESSION 9 DISTRIBUTING YOUR SURPLUS OBJECTIVES

These are several different methods of withdrawing surplus cash from a company and investing it to provide the maximum return. This module describes some of them

SESSION 10 PLANNING FOR THE FUTURE

If your company is successful you may have on hand surplus cash, which should be invested in the most profitable way.

This module introduces two ways of evaluating investment projects. It also examines the financial aspects of leasing or purchasing new equipment and possible directions of future growth for your company.

SESSION 11 ACCOUNTING & FINANCIAL MANAGEMENT

CONTRACTORS, SUB-CONTRACTORS AND RENOVATORS

FINAL TEST

ACCOUNTING & FINANCIAL MANAGEMENT
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SESSION 1 YOU'RE FINANCIAL STATEMENTS

"Accounting is the language of business". This module introduces you to the basic elements of accounting, including accounting terminology, operation of an accounting system and the resulting financial statements - balance sheet and income statement.

CONTENTS

Double-entry bookkeeping
The fundamental accounting equation
Revenues and expenses
Why double-entry bookkeeping?
The accounting cycle
Accounting records
Why use the accounting cycle?
Financial statements: a financial summary
Balance sheet - "a photograph"
Income statement - "a movie"
Link between the balance sheet and the income statement
Summary

SESSION 2 UNDERSTANDING CONSTRUCTION FINANCIAL STATEMENTS OBJECTIVES

This module introduces you to construction accounting methods and formats that are used to reflect the activities that are peculiar to the industry.

CONTENTS

Accounting conventions
Cash or accrual basis
Methods of recognizing income on the accrual basis
Cash basis for short term-contracts
Basic principles behind the accrual basis
Billing method
Percentage-of-Completion Method
Completed-Contract Method
Key balance sheet accounts for various methods
Summary

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SESSION 3 WORKING CAPITAL: AN ENIGMA

Managers of small and medium sized enterprises need to understand how the management of working capital helps to reduce the risk of insolvency. This module describes how to record changes in working capital, and prepare a statement that can help explain the business's position to those being approached for financing.

CONTENTS

What are we talking about?
Working capital and operating cycle: two partners
Elements of working capital
Changes in working capital
Management of working capital
Statement of changes in financial position
Summary

SESSION 4 FINANCIAL PLANNING: YOUR BEST BET

Pro-forma financial statements are projections for future periods. They forecast the results that could be attained under certain conditions and assumptions. Their importance in budgeting and financial planning will become clear to you in this module.

CONTENTS

The budget - key to success
The starting point - sales forecast
Pro-forma income statement
Pro-forma balance sheet
Budget for a new company
Summary

SESSION 5 FORECASTING YOUR CASH NEEDS OBJECTIVES

It is important for a business to analyze and project its cash requirements in order to meet expected disbursements. This module explains cash accounting or cash management and addresses the matter of investing "surplus" funds.

CONTENTS

Accrual or cash accounting
Cash flow
Preparing a cash budget
Cash receipts
Activity: Projecting cash receipts
Cash disbursements
Activity: Projecting cash disbursements
Put it all in a cash budget
Activity: Cash budgeting
Investment of surplus funds
Summary

ACCOUNTING & FINANCIAL MANAGEMENT
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SESSION 6 HOW TO READ YOUR FINANCIAL STATEMENTS OBJECTIVES

A significant amount of information can be extracted from financial statements. Understanding this important process can help you to be a better manager. This module explains how.

CONTENTS

How to analyze
Evaluation of operating results
Evaluation of current financial position
Working capital and the operating cycle
Inventory and accounts receivable turnover
Evaluation of total capital employed
A word of caution!
Summary

SESSION 8 WHERE TO LOOK FOR EXTERNAL FINANCING OBJECTIVES

In this module we shall study the sources and characteristics of the different kinds of financing that are available. This will help you select the most suitable financial structure for your company.

CONTENTS

Establishing your needs
Sources of financing
Short-term financing
Long-term financing
Your bank manager: a friend
Summary

SESSION 7 WHERE SALES EQUAL COSTS: YOUR BREAK EVEN POINT OBJECTIVES

We come now to another important planning tool break-even analysis. This is the determination of costs and profits for a given sales volume and the calculation of the level of sales required to produce a given profit.

CONTENTS

The components of break-even analysis
Classification of costs - fixed or variable
A choice of methods
The graphic method
The equation method
The trial and error method
Beyond the break-even point
Summary

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SESSION 9 DISTRIBUTING YOUR SURPLUS OBJECTIVES

These are several different methods of withdrawing surplus cash from a company and investing it to provide the maximum return. This module describes some of them.

CONTENTS

Withdrawal options
Investment objectives
What is the best investment?
Summary

SESSION 10 PLANNING FOR THE FUTURE

If your company is successful you may have on hand surplus cash, which should be invested in the most profitable way. This module introduces two ways of evaluating investment projects. It also examines the financial aspects of leasing or purchasing new equipment and possible directions of future growth for your company.

CONTENTS

Payback period
Average rate of return
Buy or lease?
Lease financing
Long-term leasing with a purchase option
Who is your successor?
Estate planning
New directions for your company
Summary

SESSION 11 ACCOUNTING & FINANCIAL MANAGEMENT

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FINAL TEST