



FINACIAL MANAGEMENT

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Residential Contractors and Renovators

Course Outline

FINACIAL MANAGEMENT

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Delivery options
9 – 3 Hour session with 9 exams
or
27 hour program with 1 exam

FINANCIAL MANAGEMENT

Lesson 1)

THE INCOME STATEMENT

1. Introduction
2. A Definition
3. The Bookkeeping Process
Where the Balance Sheet and Income Statements Meet
4. The Balance Sheet
Example
Five Basic Categories
Current Assets
Fixed Assets
Current Liabilities
Long-Term Liabilities
Owner's Equity
Composition of Each Category
Current Assets
Long-Term Assets
Current Liabilities
Long-Term Liabilities
Owner's Equity
5. Conclusion
6. Case

Lesson 3)

WORKING CAPITAL

1. Foreword
2. Working Capital
3. Circular Flow
4. Working Capital Needs
5. Analysis of Balance Sheet Accounts
6. Working Capital Management
7. Working Capital Ratio
8. Who Finances Working Capital
9. Sources of Working Capital
10. Conclusion
11. Case Study

Lesson 2)

THE BALANCE SHEET

1. Introduction
2. A Definition
3. The Bookkeeping Process
Where the Balance Sheet and Income Statements Meet
4. The Balance Sheet
Example
Five Basic Categories
Current Assets
Fixed Assets
Current Liabilities
Long-Term Liabilities
Owner's Equity
Composition of Each Category
Current Assets
Long-Term Assets
Current Liabilities
Long-Term Liabilities
Owner's Equity
5. Conclusion
6. Case Study

Lesson 4)

FINANCIAL ANALYSIS: PRIMARY RATIOS

1. Introduction
2. Ratios
Basic Types
A) Profitability Ratios
A1. R.O.I.
A2. Return on Total Assets
A3. Profit Earned on Sales
B) Activity Ratios
B1. Inventory Turnover Ratio
B2. Average Accounts Receivable
Collection
Period
C) Leverage Ratios
C1. Debt to Total Assets
C2. Debt/Equity Ratio
D) Liquidity Ratios
D1. Current Ratio
D2. Quick Ratio
3. Conclusion
4. Case Study

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Lesson 5)

THE BREAK-EVEN POINT

1. Introduction
2. Illustration
3. Components of Break-Even Analysis
 - Sales Price
 - Fixed Costs
 - Variable Costs
4. Classification of Costs
5. Calculating Break-Even Point
 - Graph Technique
 - Algebraic Technique
 - Trial and Error Technique
 - Choosing a Technique
6. Onwards and Upwards from Break-Even
7. Usefulness of Break-Even Analysis
8. Assumptions and Limitations
9. Conclusion
10. Case Study

Lesson 7)

PRO-FORMA INCOME STATEMENT OR PROFIT FORECAST

1. Introduction
2. Definition
3. Forecasting for a New Business
 - Guidelines and the Forecast
 - Be Sure of Your Sources
 - Don't Throw Away Your Money
 - The Operating Forecast - Not a Magic Potion
 - Preparing the Forecast
 - Major Items to be Considered
4. Forecasting for an Existing Business
 - What is it?
 - Why do it?
 - What You Expect; Not What You Hope
 - How to Prepare the Forecast
5. Conclusion
6. Case Study

Lesson 6)

THE SOURCE AND APPLICATION OF FUNDS STATEMENT

1. Introduction
2. Basic Definitions
3. Definition of the Source and Application of Funds Statement
4. Example of a Source and Application of Funds Statement
5. Conclusion
6. Case Study

Lesson 8)

THE PRO-FORMA BALANCE SHEET

1. Introduction
2. Definition
3. The Pro-Forma Balance Sheet
 - Spontaneous Increases
 - Current Assets
 - Fixed Assets
 - Current Liabilities
 - Long-Term Liabilities
 - Owners Equity
4. Conclusion
5. Case Study

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Lesson 9)

THE CASH BUDGET

1. Foreword
2. Definition
3. Use, Benefits and Importance
4. Example
5. Conclusion
6. Case Study