

Business Finance and Interpreting Financial Statements

Course duration: 1 day

Maximum 12 delegates

Course Introduction

In today's dynamic business landscape, fluency in financial language is not just an advantage—it's a necessity. Whether you're a newcomer to finance or a seasoned professional seeking to sharpen your analytical skills, our course is tailored to meet your needs.

Limited to a maximum of 12 delegates per session, our intensive program offers a focused and results-driven approach.

This full day course is split into 2 sessions.

In Session 1, we'll lay the groundwork by demystifying finance terminology and exploring the fundamental principles of financial analysis. From understanding the sources of business capital to deciphering financial reports, you'll gain the essential knowledge to navigate the complexities of finance with confidence.

Building upon this foundation, Session 2 delves deeper into financial statements and critical indicators of financial health. With a strategic focus on potential D&O risk triggers, we'll equip you with advanced analytical tools and industry-specific insights. Through interactive case studies and expert-led discussions, you'll learn to identify key financial metrics and assess their impact on diverse business models.

Join us for this immersive learning experience and gain the competitive edge you need to excel in today's business environment. Whether you're a broker, underwriter, or finance enthusiast, our webinar series promises to be a valuable investment in your professional growth. Unlock the power of financial analysis and elevate your business acumen with our interesting and participative course.

Who is it for?

At one level it can be an introduction or revision to finance and financial statements. At a second level, it is directed to brokers and underwriters in D & O and financial lines, for whom interpreting client accounts is essential. It is a practical course and therefore numbers are limited to 10.

Course approach

The workshop is split into two main parts:

A) commercial cashflow, process and language, and

B) financial statements and basic interpretation.

It blends input sessions, discussion and short practical exercises. Part B uses a progressive case study of a real company to enable learning by application.

It assumes some knowledge of business finance. Participants receive a set of stand-alone business finance notes which are written to support the course and for reference afterwards. Support notes and exercises are sent out as a pdf and participants beforehand. The exercises are used in hard copy during the Sessions.

Session 1

Session aim

Finance can seem a world all on its own. The jargon presents barriers and non-accountants can be forgiven for thinking the language is used like Humpty Dumpty in Alice in Wonderland – “it means what I want it to mean”. Consequently many people are tempted to avoid “business finance” until relatively late in their careers.

This focussed introduction to financial analysis rectifies this by providing a foundation. For people who have had little formal exposure to business finance, it uses simple models to demystify the sources and uses of money in business, its measurement and reporting, and what that can reveal. It is not the complete story but, when venturing into the new land of finance; this will be the tourist mapand the phrase book.... you need to translate the jargon, and the journey.

Objectives

By the end of the session, participants will be able to:

- Describe the cash flow in a commercial firm, and the risks
- Describe the sources of funding and the implications of each
- Explain the purposes of and interpret financial statements: reading between the lines
- Explain and apply the financial language of measurement and reporting.
- Apply the key ratios to measure financial performance, resilience and the critical indicators of a company's health
- Introduce and explore “M&As”, “MBOs” and “IPOs”: the drivers and implications

Content Overview

- Cashflow: keeping the business money machine working
- cash v profit
- financial concepts
- sources of finance: equity and debt
- working capital dynamics
- assets and liabilities
- fixed and variable costs
- creditors, debtors and credit control
- revenue, cost and break even
- depreciation and amortization
- the three main financial statements
- solvency and liquidity
- key ratios and financial analysis of profit, liquidity and return
- Mergers and acquisitions, Management buy outs, Initial public offerings.

Session 2

This second session follows on from the initial introduction into financial statements and financial, and an introduction the critical indicators of financial health....or otherwise.

In the context of possible D&O risk triggers, we revise some of the basic principles and go on to explore some of the more advanced tools and perspectives of financial analysis. We apply them to the original case study and then discuss what aspects might be most material in different industry business models.

Objectives

- Highlight the particular duties, responsibilities and legal obligations of directors in the UK
- Revise cash flow and the main financial statements.
- Describe capital gearing, identify the benefits and assess the inherent risks
- Explore the alternative ways of investment appraisal, and apply the tools of discounted cashflow/net present value/internal rate of return/hurdle rates.
- Identify the inherent risks within any form of investment appraisal.
- Outline the alternative ways of company valuation, and when/where each would be most appropriate.
- Extend ratio analysis to earnings per share; price/earnings and market capitalisation
- Draw out some the financial characteristics material to different industries.

Session approach

This is a more practical, hands-on workshop.

Part A: Individual needs/desired outcomes and an overview of Directors duties within UK governance. Revision, in the form of a practical exercise to assess adequate liquidity.

Part B: "Advanced concepts" and application to the case study firm from the Part 1 course.

Part C: What to look at. Different business models have different financial characteristics and risk triggers.

The additional topics will be covered by separate handouts specific to each, along with a pdf of the PowerPoint visuals.