

Financial Analysis and Evaluation for Business Planning & Decision Making

Program Description

Managers are often required to make decisions in situations where a conclusion may depend on financial information provided by their accountants. Knowledge of analysing financial statements is important for managers to improve the quality and effectiveness of the decision making process through out the company.

This course looks at the importance of financial analysis and evaluation in the decision making process and how to do it effectively. Through group discussion and a range of case studies the participants will be able to relate the theory of financial analysis and evaluation to the decision making process in their own workplace.

Objectives

This course looks at various Objectives, such as:

- What is financial analysis and why should we carry it out?
- Why do we evaluate the financial information?
- How do we evaluate the financial information?
- What parts of the business are affected?
- Is this financial information needed for the assessment of an investment decision or for the day to day operation of the business?
- Why are our requirements different for long term and short term?
- Which outside factors should we consider and why?
- How often do we do the financial analysis?
- Can we ignore the information?

Program Outline

◆ Introduction to Financial Statement Analysis

- Fundamentals and general principles
- Income statement
- Balance sheet
- Cash flow statement

◆ Interpretation of Financial Information

- How to interpret financial information
- How do we collect this information
- Why do we want this information
- How should we present this information
- How do we use this information to help our decision making
- Comparison of performance with forecasts
- Operational reporting and strategic analysis

◆ Approach to Financial Analysis

- Define the purpose
- Identify the objectives
- Gather information and making preliminary assessment
- Evaluate in depth
- Calculation of the ratios
- Analysing the ratios
- Analysing the information

◆ Analysing the Income Statement for Measuring Performance

- Fixed and operating expenses
- Revenue recognition
- Accruals and prepayments
- Provisions and reserves
- Depreciation
- Operating and net profit ratio
- Dividends (Earning per share)

◆ Balance Sheet

- Fixed and current assets
- Current liabilities
- Working capital (and its cycle)
- Long-term debt
- Share capital
- Reserves and funds
- Gearing

◆ Cash Flow Analysis

- Cash flow categories
- Relationship to profit and loss/balance sheet
- Cash flow forecasting methods - direct and indirect
- Interpretation of financial statements
- Ratio analysis:- Activity, liquidity, Solvency, Profitability, etc.
- Simple example

◆ Analysing the Budget

- Actual expenses vs budgeted
- Variance analysis
- Reason for variations
- How to control cost/budget?

◆ Cost of Capital and Valuations.**◆ Return on Investment**

- Earning per share
- Earning ratio
- Dividend payout and yield

◆ Case Studies and Discussions.**◆ Objectives Review and Closing.****Who Should Attend**

This highly interactive course is intended for managers and other specialists who are involved in decision-making process within in the company.

For any further information please contact us at:

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