

Finance Training 2022



- Types of Accounting and Finance
- Profit and Loss Account
- Balance Sheet
- Cash Flow Statement

- Public Accounting
- Government Accounting
- Forensic Accounting. ...
- Tax Accounting
- Internal Auditing.
- Analytical
- Planners
- Asset Management
- Actuarial
- Financial Accounting
- Management Accounting
- Project based accounting

- Profit and Loss Account
- Balance Sheet
- Cash Flow Statement

WHAT IS A P&L STATEMENT?

INCOME STATEMENT

- A Profit & Loss statement summarizes the revenues, costs and expenses incurred during a specified period, usually a fiscal quarter or year.
- Synonymous with income statement.
- Provides information about a company's ability or inability to generate profit by increasing revenue, reducing costs or both.

- It is a comparator and a measure.
 - Prior periods
 - Budgets & Forecasts
 - Similar organisations
 - Modelling

Management Accounts Example



YTD Apr 21 - July 21

	YTD Actual £ 000,s	Prior Year £ 000,s	YTD Budget £ 000,s	PY Var £ 000,s	Budget Var £ 000,s
SALES	52,881,743	36,126,681	55,847,190	16,755,063	↓ -2,965,447
GROSS PROFIT %	14,512,817 27.44	9,991,758 24.17	14,754,424 26.42	4,521,059 3.27	↓ -241,606 ↑ 1.02
OVERHEADS	10,771,320 20.37	9,260,295 21.27	11,133,831 19.94	-1,511,025 0.90	↑ 362,512 ↓ -0.43
OPERATING PROFIT %	3,741,497 7.08	731,463 2.90	3,620,592 6.48	3,010,034 4.17	↑ 120,905 ↑ 0.59
INTEREST INCOME (NET)	0	14,110	0	14,110	↑ 0
NET PROFIT BEFORE TAX %	3,741,497 7.08	717,353 1.99	3,620,592 6.48	3,024,144 5.09	↑ 120,905 ↑ 0.59

Management Accounts Overheads Example



Overhead Extract		Actual	Budget	Variance
201010&201015	Salaries	300,000	400,000	100,000
	Total Overhead Staff Exp	300,000	400,000	100,000
201125&201127	Staff Recruitment	0	5,000	5,000
201129	Training Levy Refunds	-17,470	-16,041	1,430
202255	Staff - Uniforms	0	0	0
201130	Staff - Training	2,019	5,000	2,981
	Total Other Staff Costs	-15,451	-6,041	9,410
	Depreciation			
205030	Fixtures & Fittings	96	128	32
205070	Computer Hardware	1,795	2,286	491
205080	Computer Software	15,304	33,408	18,104
	Total Depreciation	17,195	35,822	18,627
	Overall Total	301,743	429,781	128,037

<u>Q3 Sales and Profit from 2013</u>			
Year	Sales	Profit	%
13-14	63,732	4,781	7.50%
14-15	89,741	6,617	7.37%
15-16	104,172	5,560	5.34%
16-17	98,063	4,939	5.04%
17-18	95,042	5,000	5.26%
18-19	117,774	8,475	7.20%
19-20	120,137	3,282	2.73%
20-21	101,580	6,720	6.62%
21-22	132,290	9,662	7.30%

Forecasting to the future



The ABC Company							
	Budget	Q1 Forecast	Q2 Forecast	Q3 Forecast		Q3 Actual	Q4 Forecast
	2021-22	2021-22	2021-22	2021-22		2021-22	2021-22
Turnover	169,259,906	178,119,703	183,000,000	196,000,000		132,290,000	63,710,000
%	100.00%	100.00%	100.00%	100.00%		100.00%	100.00%
GP	44,350,416	46,383,980	49,474,000	53,000,000		34,986,000	18,014,000
%	26.2%	26.0%	27.0%	27.0%		26.4%	28.3%
Overhead	28,538,377	27,977,209	32,267,500	34,000,000		21,900,000	12,100,000
%	16.9%	15.7%	17.6%	17.3%		16.6%	19.0%
Central OI	4,631,284	4,965,147	5,105,700	6,000,000		3,424,000	2,576,000
%	2.74%	2.79%	2.79%	3.06%		2.59%	4.04%
OP	11,180,756	13,441,624	12,100,800	13,000,000		9,662,000	3,338,000
%	6.61%	7.55%	6.61%	6.63%		7.30%	5.24%

A balance sheet provides a summary of a business at a given point in time. It's a snapshot of a company's financial position, as broken down into assets, liabilities, and equity.

What Does a Company Balance Sheet Tell You?

A balance sheet shows what a company owns and owes and how much shareholders have invested.

THE BALANCE SHEET FORMULA



Assets
cash, inventory, property

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Liabilities
rent, wages, utilities, taxes, loans

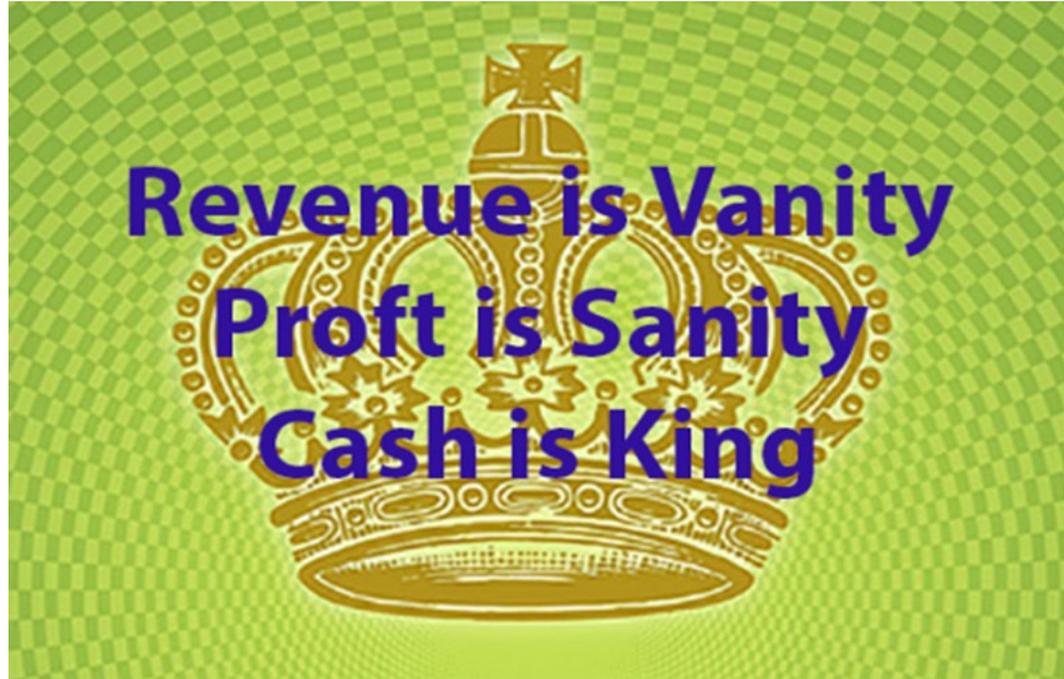
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Shareholders' Equity
retained earnings

Balance Sheet As at 31st March 2009

Assets		
Fixed Assets	10000	
Intangible Assets	<u>5000</u>	15000
Current Assets		
Bank	1000	
Stock	500	
Debtors	<u>2000</u>	3500
Total Assets		<u>18500</u>
Less		
Creditors falling due in one year		
Creditors	3000	
Loan	<u>500</u>	3500
Creditors falling due after one year		
Loan		2000
		<u>5500</u>
Net Assets		<u><u>13000</u></u>
Capital and reserves		
Issued share capital		2000
Retained Profits		11000
		<u><u>13000</u></u>



A cash flow statement provides aggregate data regarding all cash inflows a company receives from its ongoing operations and external investment sources. It also includes all cash outflows that pay for business activities and investments during a given period.

Elements of a Cashflow Statement



SAMPLE SUMMARY CASH FLOW STATEMENT

Operating Cash Flow	
Net Income	\$2,000
Depreciation	300
Increase in Accounts Receivable	(250)
Decrease in Inventory	200
Increase in Accounts Payable	100
	<u>2,350</u>
Investing Cash Flow	
Equipment Purchases	<u>(400)</u>
	(400)
Financing Cash Flow	
Payments on Debt	(300)
Owner Distributions	<u>(800)</u>
	(1,100)
Change in Cash	850
Beginning Cash	<u>1,350</u>
Ending Cash	<u>\$2,200</u>

Thank you, any questions?