



## **FINANCE FOR NON-FINANCIAL MANAGERS TRAINING**

*This programme is designed to equip non-financial managers with a level of knowledge and understanding of financial management, relevant to their function.*

### **USID 117156: "INTERPRET BASIC FINANCIAL STATEMENTS"**

### **USID 13941: "APPLY THE BUDGET FUNCTION IN A BUSINESS UNIT".**

#### **The qualifying learner is capable of:**

- Analysing the basic elements of an income and expenditure statement.
- Analysing the basic elements of a balance sheet.
- Compiling a personal assets and liabilities statement.
- Using the evidence in financial statements to make a financial' decision.
- Explaining the concept of budgeting in a business unit.
- Analysing the budget needs of a business unit.
- Presenting and justifying a proposed budget for a business unit.
- Monitoring and controlling actual expenses and revenue against projected expenses and revenue.

#### **CHAPTER 1 — REVIEW OF THE BASICS**

*(presentation of relevant terminology accompanied by examples and exercises to enhance learning)*

- 1.1 Basic terminology to the accounting function.
- 1.2 The double entry system.
- 1.3 The Balance Sheet Equation
- 1.4 Income Statements
- 1.5 Cash Flow Statement
- 1.6 Statement of Retained Earnings

#### **CHAPTER 2 - ASSET MANAGEMENT**

*(presentation of relevant terminology accompanied by examples and exercises to enhance learning)*

- 2.1 Management of Current Assets
- 2.2 Managing Receivables Policy
- 2.3 Inventory Valuation Methods
- 2.4 Depreciation

#### **CHAPTER 3 - HOW TO READ AN ANNUAL REPORT**

*(presentation of relevant terminology accompanied by examples and exercises to enhance learning)*

- 3.1 Start at the Back
- 3.2 Footnotes
- 3.3 Financial Statements
- 3.4 CEO'S letter
- 3.5 Explanations and Analysis
- 3.6 Checklist

## **CHAPTER 4 - RATIONALE FOR BUDGETING AND BUDGET CONTROL**

*(presentation of relevant terminology accompanied by case study)*

- 4.1 Financial Tools for Business Decision Making
  - 4.1.1 Choosing New Projects and Capital Budgeting
  - 4.1.2 Project Execution and Monitoring
- 4.2 The Basics of Accounting for the Project Manager
- 4.3 Cash Flow

## **CHAPTER 5 - BUDGETING**

*(presentation of relevant terminology accompanied by case study)*

- 5.1 What is a Budget?
  - 5.1.1 The Planning Process
- 5.2 The Budgeting Process
- 5.3 Limiting factors
- 5.4 Types of budget
- 5.5 The advantages of budgeting
- 5.6 The disadvantages of budgeting
- 5.7 The Incremental Budget
- 5.8 Zero- Based Budgets

## **CHAPTER 6 - HOW TO PREPARE BUDGET FORECASTS**

*(presentation of relevant terminology accompanied by case study)*

- 6.1 Gathering information
- 6.2 Anticipating revenues
- 6.3 Estimating expenditure
- 6.4 Impact of Inflation on Financial Decisions
  - 6.4.1 Calculating the Inflation Rate
  - 6.4.2 Real Versus Nominal Rates Of Return
  - 6.4.3 Real Versus Nominal Interest Rates
  - 6.4.4 Real Versus Nominal Cash Flows
  - 6.4.5 Net Present Value Analysis in an Inflationary Environment

## **CHAPTER 7 - PLANNING**

*(presentation of relevant terminology accompanied by case study)*

- 7.1 Effective Implementation of Integrated Development Planning Process
- 7.2 Purpose of Performance Budgeting
- 7.3 Benefits of Performance Budgeting
- 7.4 Performance Measures in the Strategic Planning and Performance Budgeting System
- 7.5 Strategic Planning Phase
- 7.6 Performance Budget Development Phase
- 7.7 Performance Budget Implementation Phase
- 7.8 Performance Monitoring Phase
- 7.9 Foster Internal/External Involvement and Communication

## **CHAPTER 8 - CAPITAL STRUCTURE AND FINANCING DECISIONS**

*(presentation of relevant terminology accompanied by examples and exercises)*

- 8.1 First Principles
- 8.2 Objective in Decision Making
- 8.3 Debt: The Basic Trade-Off
- 8.4 Analysing External Financing Methods
- 8.5 Impact on shareholder income
- 8.6 EBIT — EPS Analysis
- 8.6.1. Financial Leverage
- 8.7 Impact on shareholder risk

## **CHAPTER 9 - THE TIME VALUE OF MONEY**

*(presentation of relevant terminology accompanied by examples and exercises)*

- 9.1 Present Value and Future Value
- 9.2 After Tax Interest Rates
- 9.3 Five-Step Procedure for Solving TVOM Problems
- 9.4 End-of- Period Convention

## **CHAPTER 10 - NET PRESENT VALUE**

*(presentation of relevant terminology accompanied by examples and exercises)*

- 10.1 The Key to Creating Wealth
- 10.2 The Net Present Value Decision Rule
- 10.3 Choosing from among Alternative Projects Using The NPV Rule
- 10.4 Selecting a Discount Rate
- 7.5 Weighted Average Cost of Capital

## **CHAPTER 11 - ALTERNATIVE PROJECT DECISION RULES AND THEIR FAILINGS**

*(presentation of relevant terminology accompanied by examples and exercises)*

- 11.1 Introduction
- 11.2 The Payback Period Rule
- 11.3 The Discounted Payback Period Rule
- 11.4 The Internal Rate of Return Rule
- 11.5 Flaws in the IRR Rule

## **CHAPTER 12 – HOW TO PROJECT CASH FLOWS AND CALCULATE NET PRESENT VALUE**

*(Presentation of relevant terminology accompanied by examples and exercises)*

- 12.1 Introduction
- 12.2 Principle 1: Focus on Cash Flows
- 12.3 Principle 2: Use Expected Values
- 12.4 Principle 3: Focus on the incremental
- 12.5 The Input Data Needed for NPV Analysis
- 12.6 An Example of NPV Analysis: The Case of Master Chef Pizza Company

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