



## **UNIX Trainers & Consultants**

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## **Financial Accounting & Reporting in the Public Sector**

### **Course Overview:**

This course will develop an understanding of the importance of financial reporting in the business. It will consider how the Annual Report provides an opportunity for the management of a company to account for its actions to the stockholders. The course will consider the framework imposed by accounting and financial reporting standards, corporate legislation, and the requirements of stock markets around the world.

The course will also consider how internal reporting contributes to the control of costs, identification and correction of problems, and how to make and implement profitable decisions.

### **Course Objectives:**

**At the end of this course, the participants will be able to:**

- Evaluate the new investment proposals – will they add value to their organization?
- Understand and use analytical tools and techniques
- Appreciate the importance of new investments in maintaining growth and competitiveness, and how these investments should be evaluated.
- Identify the role of accounting standards in the communication of financial results
- Apply key accounting standards to their respective enterprises
- Understand the role of audit
- Increase awareness of techniques in financial analysis and capital appraisal
- Understand the business risk
- Increase the ability to identify problem areas
- Increase the confidence to tackle new situations

### **Course Coverage:**

#### **Topic 1: Financial Reporting and Corporate Governance:**

- Business Objectives and shareholder wealth
- The users of financial information
- The Role of Accounting in financial reporting
- Key financial statements, their nature and purpose

- The conceptual framework of accounting and financial reporting
- Introduction to accounting standards
- The development of accounting standards
- International financial scandals
- The agency problem
- The role of audit
- The need for corporate governance
- Corporate governance in the UK, US, and in GCC countries
- The Balance Sheet
- Shareholders equity
- Current and non-current assets
- Current and non-current liabilities
- Working capital
- Preparing the balance sheet
- What does the balance sheet tell us?
- What are its limitations?
- Accounting terminology

## **Topic 2: Accounting Systems, Reporting, and Decisions:**

- Preparation of the Income Statement
- Calculation of profit
- Categories of income and expenditure
- Valuation of current and non-current assets
- The format of the Income Statement and Balance Sheet
- The link between cash and profit
- The link between asset valuation and profit
- Inventory, receivables, payables, and cash
- The application of judgment
- The nature and purpose of working capital
- Management accounting and cost-volume-profit (CVP) analysis
- Break-even analysis
- The impact of volume and sales changes on cost structures
- The limitations of break-even analysis

## **Topic 3: Cash Flow and Investment Appraisal:**

- The purpose of the Cash Flow Statement, and its contents
- The preparation and presentation of the Cash Flow Statement
- Sources and uses of cash
- The link between the Cash Flow Statement, the Balance Sheet, and the Income Statement
- The Cash Flow Statement as a predictor of future performance
- Interest rates and the time value of money
- Discounting and compounding - present values and future values
- Annuities and perpetuities
- Investment appraisal: what is an investment?
- Appraisal techniques NPV and IRR
- Relevant cash flows and free cash flows
- The effect of inflation
- Dealing with risk and uncertainty
- Asset replacement and annual equivalent value

- Capital rationing
- Managing the investment project

#### **Topic 4: Financing and Cost of Capital:**

- Financing the business
- Financing principles
- Sources and types of finance, and the effect of gearing
- Defensive, neutral, aggressive financing policies
- Stock Market Listing
- The Cost of Capital
- Cost of equity ( $K_e$ )
- Cost of debt ( $K_d$ )
- Weighted average cost of capital (WACC)
- Capital Asset Pricing Model (CAPM)
- The need for company valuations
- Valuation methods: Net assets; PE Ratio; Dividend growth model; Present value of future free cash flows; Capitalized earnings
- Shareholder value-added
- Financial growth modelling: analysis of growth patterns
- Use of Excel for growth forecasting
- DCF valuation

#### **Topic 5: Analysis and Interpretation of Financial Reports:**

- The contents of the published annual report
- Recent developments in financial reporting
- Interpretation of financial statements
- Common size analysis
- Ratio analysis, including the Dupont system
- Profitability ratios
- Liquidity ratios
- Efficiency ratios
- Capital structure ratios
- Investment performance ratios
- Measuring performance – cash ratios or profit ratios?
- Value Added analysis
- Segmental analysis
- The shortcomings of financial statements, for interpretation purposes
- Predicting corporate failure
- Non-financial factors
- General financial management issues
- The effect of poor liquidity
- Post balance sheet events and contingencies
- The auditors report
- Failure-predicting ratios
- Multivariate failure predicting models – Altman Z score

#### **Targeted Groups:**

- Financial Accounting Team Members
- Financial Planning and Budgeting Professionals
- Strategic Planning and Head Office Team Members
- Corporate Communication and Investor Relations Professionals
- Investment Analysts and Advisers
- Auditors and Tax Managers