

Understanding Financial Statements

By Lim Kaim Soon



Introduction

This course is designed to discuss the main features of the financial statements prepared by a business enterprise. The course is divided into 2 sessions. In the first session, participants will understand the meaning and fundamental structure of the financial statements, and the inter-relationship of the items in the statements. Thereafter, participants will learn to apply key management ratios to evaluate the strengths and weaknesses of the business operations.

Outline

1	What you want to know about the financial statements?
	Nature and role of accounting; Desirable qualities of a financial report;; Accounting as an information system; Financial and management accounting compared; Fundamental accounting assumptions; Accounting policies; Objectives of financial statements. User groups and their areas of interest.
2	Three basic financial statements
	Balance sheet – source and use of funds approach; vertical format presentation; current assets; fixed assets; liabilities; shareholders funds; capital employed; net worth; working capital; long and short balance sheet analysis. Profit and loss account – timing adjustments; distribution or appropriation of profits; and cash flow statement. Cash Flow Statement – operating cash cycle; relationship between depreciation and cash flow; non-operating cash outflows and inflows.
3	Interpretation of Auditors’ Reports
	Objectives and scope of audit; Reasonable assurance; True and Fair View; Auditors opinion – unqualified, emphasis of matters, qualified, disclaimer, adverse opinion.
4	Analyzing Performance of An Enterprise
	Liquidity Ratios Importance of liquidity; application, case study and interpretation techniques.
	Profitability Ratios Importance of profitability; meaning of return on investment; drivers of margin on sales; drivers of sales to total assets; operating profit model; application, case study and interpretation techniques.
	Solvency Ratios Importance of solvency; application, case study and interpretation techniques.
	Asset Management Ratios Importance of asset management; application, case study and interpretation techniques.
	Stock Market Ratios Application, case study and interpretation techniques.

Note: Participants are required to bring calculators.

Understanding Financial Statements

By Lim Kaim Soon



Trainer Profile – Mr. Lim Kaim Soon

Kaim Soon is the corporate trainer specializing in accounting and financial management. Working with various local and overseas consulting and training institutes, he conducts regular workshops, seminars, and trainings to management and staff of statutory boards and business corporations including Hitachi Cable, Housing and Development Board (HDB), Ministry of Community Development Youth & Sports (MCYS), Murata Electronics, YCH International Ltd, Times Publishing Ltd, AON Consulting, Singapore Law Society, etc. Kaim Soon also provides financial consultancy services to locals as well as foreign companies, in Singapore and the People's Republic of China. His areas of specialization includes financial and management accounting, corporate investment and financing, as well as corporate due diligence.