Module Description

Financial Statement Analysis, Cost Management and Cost Analysis for Non-Finance Managers

Course Background

In today's competitive business environment, managers in non-financial roles are increasingly required to understand financial data to make informed decisions. Financial statement analysis provides a framework to interpret financial performance and organizational health, while cost management and analysis equip managers with the tools to control costs, optimize resources, and contribute to strategic planning. This course bridges the gap between finance and non-finance professionals by demystifying key concepts of financial ratio analysis, cost behavior, and budgeting. Through practical exercises and real-world examples, participants will develop confidence and competence to analyze financial data and utilize it effectively in decision-making.

Learning Outcome

Upon completion of this course, participants will:

1. Interpret Financial Ratios: Analyze profitability, liquidity, and efficiency ratios to assess business performance.
2. Understand Cost Management Concepts: Differentiate between types of costs and understand their impact on financial decision-making.
3. Analyze Cost Behaviors: Apply cost behavior analysis to operational scenarios and identify opportunities for cost optimization.
4. Develop Budgeting Skills: Prepare and control budgets effectively to achieve organizational goals.
5. Make Data-Driven Decisions: Use cost data and financial insights to guide resource allocation, pricing strategies, and operational improvements.
6. Enhance Financial Communication: Communicate financial insights and implications clearly to stakeholders.

Course Content

Session 1: Introduction to Financial Ratio Analysis

- Overview of financial ratios and their importance
- Understanding the relationship between financial ratios and business performance
- Limitations and challenges of ratio analysis

Session 2: Profitability Ratios

- Gross profit margin, operating profit margin, net profit margin
- Return on assets (ROA) and return on equity (ROE)
- Case studies and practical examples

Session 3: Liquidity Ratios

- Current ratio, quick ratio, cash ratio
- Working capital management and its impact on liquidity
- Cash conversion cycle and its significance
- Interpreting liquidity ratios in different business contexts

Session 4: Efficiency Ratios

- Inventory turnover ratio, accounts receivable turnover ratio, accounts payable turnover ratio
- Asset turnover ratio and fixed asset turnover ratio
- Analyzing operational efficiency and effectiveness

Session 5: Introduction to Cost Management

- Overview of cost management in non-financial roles.
- Understanding cost terminology: fixed vs. variable costs, direct vs. indirect costs.
- The importance of cost awareness for managers.

Session 6: Cost Behavior and Analysis

- Identifying and analyzing cost behaviors (linear, stepped, etc.).
- Break-even analysis: understanding the concept and its applications.
- Case study: Identifying costs in operational scenarios.

Session 7: Budgeting and Cost Control

- The budgeting process: types and best practices.
- Variance analysis: comparing actual vs. budgeted costs.
- Techniques to control and optimize costs.
- Interactive activity: Building a cost control plan.

Session 8: Decision-Making Using Cost Data

- Cost-volume-profit (CVP) analysis for strategic decisions.
- Using cost information for pricing strategies and resource allocation.
- Group exercise: Solving a cost management challenge.

Estimated Time	Content/Key Points	Instructional Technique	Material
Day 1			
8.30-8.45 (15 mins)	Trainer Introduction	Trainer Self Introduction	Slide
8.45-9.15 (30 mins)	Pre-test	Pre-test set of questions	Pre-test sheets
9.15-10.30 (1 hour and 15 mins)	Introduction to Financial Ratio Analysis	Lecture and Interactive Discussion o Lecture: Provide an overview of financial ratios, emphasizing their significance in assessing business performance. Discuss the relationship between ratios and business performance, as well as the limitations and challenges of ratio analysis. o Interactive Discussion: Engage participants in discussions about real-life scenarios where ratio analysis can be beneficial. Encourage questions and reflections to deepen understanding and address concerns.	Slide Flip chart Notes
10.30-10.45 (15 mins)	Tea Break		

10.45-12.30 (1 hour 45 mins)	Profitability Ratios	Case Studies and Practical Examples ○ Case Studies: Present case studies featuring companies from various industries. Have participants calculate and interpret profitability ratios such as gross profit margin, operating profit margin, and net profit margin. ○ Practical Examples: Provide practical examples of how profitability ratios are calculated and used in decision-making. Allow participants to practice calculating ratios using sample financial data.	Slide Flip chart Post it notes Stationeries
12.30-1.45 (1 hour 15 mins)	Lunch Break		
1.45-3.15 (1 hour 30 mins)	Liquidity Ratios	Problem-Solving Scenarios and Group Activities ○ Problem-Solving Scenarios: Present scenarios where participants need to assess liquidity using current ratio, quick ratio, and cash ratio. Encourage participants to analyze the impact of working capital management on liquidity. ○ Group Activities: Divide participants into groups and assign them different business contexts. Have each group interpret liquidity ratios in their assigned context and discuss the implications for financial health.	Slide Flip chart Post it notes Stationeries
3.15-3.30 (15 mins)	Tea Break		
3.30-4.45 (1 hour 15 mins)	Efficiency Ratios	Visual Aids and Guided Practice	Role play sheet Debate format sheet

		○ Visual Aids: Use visual aids such as graphs and charts to illustrate the calculation and interpretation of efficiency ratios like inventory turnover, accounts receivable turnover, and asset turnover. ○ Guided Practice: Provide guided exercises where participants calculate efficiency ratios using provided financial data. Offer feedback and support as participants practice analyzing operational efficiency.	Slide Flip chart
4.45-5.00 (15 mins)	Recap and Q & A session	Engage the participants to share their recap for the day	
Day 2			
9.00-9.30 (30 mins)	Introduction Day 2	Day 2 introduction and modules	
9.30-10.45 (1 hour and 15 mins)	Introduction to Cost Management	○ Lecture with Visual Aids: Present key cost management concepts using slides or diagrams. ○ Interactive Q&A: Engage participants by asking questions to connect cost concepts to their daily roles. ○ Scenario Demonstration: Use a simple scenario (e.g., departmental expenses) to explain fixed vs. variable costs.	Presentation Slides Handouts Flip Chart Scenario Documents
10.45-11.00 (15 mins)	Morning Tea Break		
11.00-12.30 (1 hour and 15 minutes)	Cost Behavior and Analysis	○ Case Study Analysis: Provide a real-world example of cost behavior (e.g., production costs) for participants to analyze. ○ Hands-On Exercise: Have participants calculate a break-even point using provided data. ○ Group Discussion: Discuss how understanding cost behavior impacts business decisions.	Case Study Handouts Worksheets Calculator

12.30-1.30 (1 hour)	Lunch Break		
1.30-3.00 (1 hour and 30 mins)	Budgeting and Cost Control	○ Demonstration and Explanation: Walk participants through the budgeting process and show examples of budget templates. ○ Role-Playing Activity: Assign roles (e.g., manager, accountant) to simulate a budgeting discussion. ○ Interactive Problem-Solving: Provide a scenario with budget variances for participants to identify and suggest cost control measures.	Budget Templates Variance Analysis Examples Interactive Analysis Examples
3.00-3.15 (15 mins)	Evening Tea Break		
3.15-4.15 (1 hour)	Decision-Making Using Cost Data	○ Lecture with Case Examples: Illustrate how CVP analysis is used in pricing or resource allocation decisions. ○ Small Group Activity: Participants solve a mini-case study involving cost analysis for a business decision. ○ Feedback and Discussion: Share and critique solutions from the group activity.	Visual Aids Group Activity Materials
4.15-4.30 (15 mins)	Post Test	Answering and discuss post test questions	Post test sheet Pens
4.30-5.00 (30 mins)	Question and Answer session	Open floor for any questions	Notes Pens