



# LEARN TO READ FINANCIAL REPORTS

**It is imperative that business owners and managers develop basic financial management skills. Expecting others in the organization to manage finances is clearly asking for trouble.**

The data contained within the income statement, balance sheet and cash flow statement can provide business owners, managers and executives with key information for sound economic decision making. Therefore it is vital that business managers understand how to read and interpret these important financial reports.

## **Learn to Read and Understand: Balance Sheets Income Statements Cash Flow Statements**

Presented by Lori Williams  
LW and Associates, A Strategy Consulting Firm

**Date:** July 25, 2007 and Sept 12, 2007

**Location:** Westwood/Santa Monica

**Cost:** \$149 call for group discounts



To register call 310-473-9064 ext 2 or visit [www.lwandassoc.com](http://www.lwandassoc.com)

***NEXT CLASS DATE: SEPT 12th***

**The Basics of Finance  
Learn to Read and Understand  
Financial Statements**

**Balance Sheet**

**Income Statement**

**Cash Flow Statement**



**Presented by Lori Williams**

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## **The Basics of Finance—Learn to Read and Understand Financial Statements**

**Balance Sheet      Income Statement      Cash Flow Statement**

It is imperative that business owners and managers develop basic financial management skills. Expecting others in the organization to manage finances is clearly asking for trouble. Basic skills in financial management include critical areas such as cash management and bookkeeping, which should be done according to certain financial controls to ensure integrity of the numbers.

Business owners and managers should also learn how to generate financial statements (from bookkeeping journals) and analyze those statements to really understand the financial condition of the business. Financial analysis shows the "reality" of the situation of a business. For this reason, financial management is one of the most important practices in management.

The data contained within the income statement, balance sheet and cash flow statement can provide business owners, managers and executives with key information for sound economic decision making. Therefore it is vital that business managers understand how to read and interpret these reports.

### **This seminar will provide attendees with...**

- The ability to understand and analyze the income statement, balance sheet and cash flow statement.
- The ability to use key ratios to monitor business performance.
- An understanding of the different types of financing available for companies.

## **Seminar Agenda:**

### **I. Overview**

- Financial versus Managerial Accounting
- Four Financial Statements (list)
- Accounting Standards-GAPP
- Financial Analysis-Purpose of

### **II. Basic Accounting Terminology**

- Historical vs. Pro Forma
- Forecast vs. Projection
- Assets/Liabilities/Equity
- Current Assets/Liabilities vs. Non-Current

### **III. Understanding The Four Basic Financial Statements**

#### Income Statement

- Revenue
- Cost Of Goods Sold
- Gross Profit
- Operating Expenses
- Other Income and Expense
- Interest Income
- Interest Expense
- Depreciation
- Net Income
- EBIT and EBITDA

#### Balance Sheet

- Current Assets
- Property And Equipment
- Other Assets
- Current Liabilities
- Long Term Liabilities
- Owner's Equity

#### Cash Flow Statement

- Types Of Cash Flows
- Where Should Cash Be Generated And Used
- Alternate Statement Formats

#### Owner's Equity Statement

- Types Of Equity
- Retained Earnings

#### **IV. Financial Statement Analysis**

- Benefits of ratio analysis
- Vertical Analysis
- Horizontal Analysis
- Breakdown of ratio by type
  - Liquidity
  - Activity
  - Solvency
  - Profitability
  - Stock Market
- Summary of all ratios

#### **V. External Financial Reporting**

Types Of Accountant's Reports

- Audited
- Reviewed
- Compiled

GAAP Accounting

#### **VI. Financing Options and Alternatives**

Debt

- What Bankers Look For
- Uses and advantages of: Line of credit, Term loan, Leasing, SBA
- Other options: Asset based and PO financing
- Loan Documentation- understanding covenants and other considerations
- Key Bank Financial Covenants

Equity

- What Investors Look For
- Different types of investors: Angel, Venture Capital, Capital Markets

**LW AND ASSOCIATES** is an innovative strategic advisory firm, providing businesses with growth strategies designed to increase revenues, profitability and productivity. Our expertise includes strategic planning, financial analysis / restructuring, marketing / selling strategies and change management techniques.

We help companies to achieve the next level of growth. We participate from strategy development through implementation. Services are customized to meet the specific requirements of the client based on scope, budget and time frame.

The chief strategist, Lori Williams works directly with the client and is personally involved in all client interactions. Lori has over 15 years of experience in strategic planning, finance, marketing and operations. She has functioned as a business owner, corporate officer and consultant in a variety of industries.

Lori holds an MBA from Pepperdine University, BS in Business and Management, an AA in Medical Science, and a Practitioner's license in NeuroLinguistic Programming. Through a combination of real life experiences and academia, she has developed a unique balance of intellect, experience and interpersonal skills.

#### **Strategic Planning / Growth Strategies/ Financial Analysis**

- Develop long-term growth strategies with a defined competitive advantage
- Analyze current market conditions for predictability and sustainability
- Identify changes in market conditions and emergent trends
- Profit analysis, financial controls and capital restructuring

#### **Marketing and Sales Strategies**

- Concept to market strategies, new market opportunities assessment
- Marketing plan authorship, creative oversight in the development of collateral
- Sales training and motivation: NLP based selling strategies

#### **Operational Efficiencies**

- Process reengineering/ systems development
- Human capital development and management
- Integration versus elimination-a unified and strategically aligned work force

