The Basics of Business Finance

Essentials - 2-3 Hours

This course is designed to give you a good understanding of the basics of business finance. You will learn how businesses are funded and what the money's used for; how they make profits and generate cash; how to measure business performance; where to find the information you'll need. You'll see how income statements and balance sheets work and you'll also understand key financial jargon, concepts and commonly used financial metrics.

OUTCOMES
• Develop a good understanding of the basics of business finance
• Learn lots of key concepts and financial language
• See how financial statements work and how they are used
• See how to calculate commonly used financial metrics

WHAT YOU WILL LEARN

Introduction
• Overview

Where the money comes from
• Funding options & characteristics
• Typical company funding
• Cost of capital

What the money is spent on
• Types of asset
• Balance sheet jargon
• Depreciation and amortisation
• Net debt and net working capital
• Reviewing a real balance sheet

How much profit does the business make
• Income statement jargon
• Who uses what
• Adjusted profit and EBITDA

How much profit does the business make (continued)
• Impact of changing prices and volumes
• Income statement analysis
• Reviewing a real income statement

Does the business generate cash
• Making profits versus generating cash
• How cash flows work
• How the three statements fit together

Is it worth the effort
• Return on investment
• Economic profit

Summary and conclusion