

Understanding Financial Statements

By Koh Siew Min



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.

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Trainer Profile – Ms. Koh Siew Min

Koh Siew Min leads a team in providing financial consultancy and training to banks, MNCs and management institutes in the Asia-Pacific region. In addition to possessing a degree in Accountancy from the National University of Singapore, Siew Min is also a qualified Chartered Financial Analyst (CFA, USA). She taught Corporate Finance as well as Bank Financial Management for the Master in Financial Management by University of London (“UOL”). She has also been teaching banking and finance courses for the UOL at the Singapore Institute of Management since 1995 (teaching Financial Management/Corporate Finance, Principles of Banking, International Financial Management). These courses cover treasury risk management, corporate risk management and use of derivatives. She was in the adjunct faculty with the Nanyang Technological University in Singapore (teaching Commercial Bank Management, Corporate Finance, Investment Analysis and Portfolio Management etc). She also teaches Commercial Bank Management and Credit Lending Decision for the University of Canberra. In the above capacities, she teaches subjects covering retail and corporate bank management, loan packaging and monitoring, credit evaluation, investment analysis and corporate finance, analysis of financial statements and international financial management, amongst others.

Her broad exposure in the banking sector involved working with bank branch network and top executives of client organisations across a variety of industries. Her areas of specialisation covers retail banking, investment analysis and portfolio management, financial management and credit management.

Siew Min has delivered trainings to large organisations : Keppel Land Ltd, KPMG, Hewlett – Packard, Intel, BPP Asia, Ministry of Finance, Accountant General Dept, MINDEF, SingTel, Motorola, Institute of Banking and Finance, Premas International, Chartered Semiconductors, Courts, Nomura Singapore Limited, Thai Village Holding Ltd, Flextech Holding Ltd, Institute of Certified Public Accountants of Singapore (ICPAS), Citibank, Institute Bank- Bank Malaysia, Bank of China, OCBC Bank, Southern Bank, Bank Mandiri and Standard Chartered Bank (Jakarta). Siew Min is bilingual in English and Chinese and she conducts programs in Mandarin for China participants in a variety of banking subjects. She brings to her training programs a unique blend of academia and practical industry experience in banking and finance gleaned from years of research, teaching and business management in the sector.