

# THE IN-HOUSE TRAINING COMPANY

## Finance for project managers and engineers

### Overview

What do engineers and project managers need to know of finance? 'Nothing – leave it to the accountants!'

No, no, no! Engineers must be conversant with the terminology and statements that accountants use. Technical expertise in projects, service delivery, production or other areas can only really be harnessed if the managers understand the accounting and reporting that drives businesses.

This course gives the necessary understanding to project, production and technical managers. It develops their skills in understanding financial and management accounting.

Accountants may not always like it but a major part of their work is to be the 'servants of business' and to gather, compile and present your figures. So you must understand the figures – they belong to you, your processes or projects. There are many reasons for maintaining accurate accounts. This course focuses on the strategic issues (those over-used words) – what figures reveal about the drivers of business and what they reveal about the day-to-day issues that accountants bother you with. The course will enhance your understanding of finance and of the accounting issues which affect your projects, production and technical areas of business.

### Learning objectives

This course will help you:

- Understand the business world in figures – make sense of what the accountants are telling you
- Appreciate what drives business – and how this affects your role in your part of the business
- Relate your activities to the success of the business – through figures
- Gain the skills to advance in management – financial awareness is a 'must have' if you are to progress in your career

### Who should attend?

- All non-accountants who need an understanding of finance and accounts in order to perform their roles effectively, including:
- Engineers, technical managers, production managers, project managers and all those from non-financial disciplines.
- Newly appointed managers, supervisors and team leaders

### **Format**

A very practical – and enjoyable – two-day programme made up of straightforward, plain-speaking trainer-led sessions, interspersed with practical exercises and case studies.

### **Special features**

For maximum benefit, this programme can be tailored to reflect your organisation's internal budgeting and control systems. Examples can be taken from your own (or your competitors') reports and accounts and specific regulatory or practical issues relevant to your particular sector can be highlighted.

The programme can also be combined with another course delivered by the same trainer, 'Project appraisal and risk management', to create a three-day programme.

### **Expert trainer**

**Ralph** is, unusually, dual-qualified as both an engineer and a chartered accountant. Having worked initially as an engineer, he qualified as an accountant and was a manager in one of the big international accountancy firms before setting up his own accountancy and consultancy practice. His clients include many international businesses from the banking, power, telecom, oil, manufacturing, engineering, construction and retail sectors.

He is an acknowledged expert in the area of project and capital expenditure appraisal. The author of Practical Investment Appraisal and Successful Project Appraisal, he is also a consultant to a number of international banks on their internal and external appraisal measures. He believes passionately in the importance of practical methods for improving investment appraisal and subsequent project / capex cost control.

Ralph is in great demand as a lecturer and trainer. He presents technical update courses on behalf of professional organisations such as the Institute of Chartered Accountants of Scotland and the Institution of Chemical Engineers as well as public training programmes on behalf of commercial organisations in the UK and internationally on finance for non-accountants, cost reduction and other subjects.

Ralph's unusual combination of depth of technical expertise with breadth of approach and excellent training skills makes him a very popular trainer with audiences from all backgrounds and at all levels. See what people have said about his training:

'A very good presentation'

'Was eloquent and seemed to genuinely enjoy talking about subject matter'

'Quizzes helped me to think more about fraud'

'Good mix of teaching and group work'

'Energetic trainer'

'Raised my overall awareness of fraud and its different aspects'

'An entertaining review of a potentially dry subject'

## **Workshop outline**

### **1 What do accountants do?**

- The finance function, types of accountant, financial v management accounting and the treasury function
- Understanding the role of the finance function and how the information you provide may be used

### **2 The basic financial statements**

- Balance sheets and income statements (P&L accounts)
- What they are, what they contain and above all what they can reveal – how to read them
- The accounting process – from transactions to financial statements
- What underpins the statements – accounting systems and internal controls

### **3 Why be in business – from a financial perspective**

- The driving forces behind financial information
- Performance measures – profitability, asset utilisation, sales and throughput, managing capital expenditure

### **4 Accounting rules – accounting standards**

- Accounting concepts and the accounting rules: accruals, 'going concern' – substance over form and other 'desirable qualities'
- Accruals – why the timing of a transaction is so important to the finance function
- Depreciation and amortisation – the concepts and practice
- Accounting standards – the role of International Financial Reporting Standards

### **5 Cash**

- The importance of cash flow – working capital management
- Cash flow statements – monitoring overall cash flows
- Raising cash – levels of borrowing, gearing
- Spending cash – an outline of capital expenditure appraisal

## 6 Budgeting

- Why budget? – good and bad practice
- Determining why budgets play a key role and should not be simply an annual ritual
- Justifying your budgets – the link between the strategic plan and day-to-day budgeting – alignment of company culture
- Budgets as motivators – the importance of the right culture
- Techniques to improve budgeting – whether day-to-day or capital budgeting

## 7 Costing

- The type and detail of costing very much depends on your business – eg, manufacturing piston rings is quite different from the construction of a power plant
- Issues with overhead allocation
- Accounting for R&D

## 8 Reading financial statements

- Annual financial statements – why they are produced, what's in them and what you should look for
- Learning what a set of accounts reveals about a company's current situation, profitability and future prospects

## 9 Performance measurement – analytical reviews and ratio analysis

- ROI / ROCE
- Profitability, margins and cost control
- Sales – asset turnover
- Efficiency (asset / stock turnover, debtor / creditor days)
- 'City' measures
- Investment (interest / dividend cover, earnings per share, dividend yield)

## Any questions?

Please just give us a call on **01582 463463** – we're here to help!

Or visit [www.theinhousetrainingcompany.com](http://www.theinhousetrainingcompany.com)