

Getting on Track: Understanding Financial Performance

Educational Objectives:

- ✓ Describe liquidity and measures of liquidity.
- ✓ Describe profitability and measures of profitability.
- ✓ Describe solvency and measures of solvency.
- ✓ Describe financial efficiency and measures of financial efficiency.
- ✓ Describe repayment capacity and measures of repayment capacity.
- ✓ Calculating financial ratios for your own business.

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Session 1: 45 minutes - LIQUIDITY RATIOS

Timeline	Workshop Outline
Time: 10 minutes <ul style="list-style-type: none"> ○ Welcome ○ PowerPoint Presentation 	<ul style="list-style-type: none"> • Welcome • Brief overview of program contents. • Introduction to Jack and Joanie <ul style="list-style-type: none"> • Current situation • Why they should analyze their finances
Time = 10 Minutes <ul style="list-style-type: none"> ○ PowerPoint Presentation 	<ul style="list-style-type: none"> • What is financial analysis • What should be measured • What are financial ratios • Definition of the “stop light” approach
Time = 15 Minutes <ul style="list-style-type: none"> ○ PowerPoint Presentation ○ Exercise 	<ul style="list-style-type: none"> • Liquidity <ul style="list-style-type: none"> • Definition • Ratios to measure liquidity <ul style="list-style-type: none"> • Current ratio and working capital • Definitions • Where to find information • Calculating liquidity ratios <ul style="list-style-type: none"> • Current ratio • Working capital
Time = 5 Minutes <ul style="list-style-type: none"> ○ PowerPoint Presentation 	<ul style="list-style-type: none"> ▪ Summary ▪ Testing of “knowledge gained” ▪ Homework – Calculate liquidity ratios for your own operation.

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Session 2: 45 minutes - SOLVENCY RATIOS

Timeline	Workshop Outline
Time = 10 Minutes <ul style="list-style-type: none"> ○ Welcome ○ PowerPoint Presentation 	<ul style="list-style-type: none"> • Welcome • Brief overview of program contents. • Introduction to Jack and Joanie <ul style="list-style-type: none"> • Current situation • Why they should analyze their finances
Time = 15 Minutes <ul style="list-style-type: none"> ○ PowerPoint Presentation ○ Exercise 	<ul style="list-style-type: none"> • Solvency <ul style="list-style-type: none"> • Definition • Ratios to measure solvency <ul style="list-style-type: none"> • Debt/Asset and Equity/Asset ratios • Definitions • Where to find information • Calculating solvency ratios <ul style="list-style-type: none"> • Debt/asset ratio • Equity/asset ratio
Time = 5 Minutes <ul style="list-style-type: none"> ○ PowerPoint Presentation 	<ul style="list-style-type: none"> ▪ Summary ▪ Testing of “knowledge gained” ▪ Homework – Calculate solvency ratios for your own operation
Time = 15 Minutes <ul style="list-style-type: none"> ○ Q&A 	<ul style="list-style-type: none"> ▪ Question and Answer/Discussion

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Session 3: 45 minutes - PROFITABILITY RATIOS

Timeline	Workshop Outline
Time = 10 Minutes <ul style="list-style-type: none"> ○ Welcome ○ PowerPoint Presentation 	<ul style="list-style-type: none"> • Welcome • Brief overview of program contents. • Introduction to Jack and Joanie <ul style="list-style-type: none"> • Current situation • Why they should analyze their finances
Time = 15 Minutes <ul style="list-style-type: none"> ○ PowerPoint Presentation ○ Exercise 	<ul style="list-style-type: none"> • Profitability <ul style="list-style-type: none"> • Definition • Ratios to measure profitability <ul style="list-style-type: none"> • Rate of return on assets, rate of return on equity • Definitions • Where to find information • Calculating profitability ratios <ul style="list-style-type: none"> • Rate of return on assets • Rate of return on equity
Time = 5 Minutes <ul style="list-style-type: none"> ○ PowerPoint Presentation 	<ul style="list-style-type: none"> • Summary • Testing of “knowledge gained” • Homework – Calculate profitability ratios for your own operation
Time = 15 Minutes <ul style="list-style-type: none"> ○ Q&A 	<ul style="list-style-type: none"> • Question and Answer/Discussion

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Session 4: 45 minutes - FINANCIAL EFFICIENCY RATIOS

Timeline	Workshop Outline
Time = 10 Minutes <ul style="list-style-type: none"> ○ Welcome ○ PowerPoint Presentation 	<ul style="list-style-type: none"> • Welcome • Brief overview of program contents. • Introduction to Jack and Joanie <ul style="list-style-type: none"> • Current situation • Why they should analyze their finances
Time = 15 Minutes <ul style="list-style-type: none"> ○ PowerPoint Presentation ○ Exercise 	<ul style="list-style-type: none"> • Financial Efficiency <ul style="list-style-type: none"> • Definition • Ratios to measure financial efficiency <ul style="list-style-type: none"> • Asset turnover, operating expense, interest expense • Definitions • Where to find information • Calculating financial efficiency ratios <ul style="list-style-type: none"> • Asset turnover ratio • Operating expense ratio • Interest expense ratio
Time = 5 Minutes <ul style="list-style-type: none"> ○ PowerPoint Presentation 	<ul style="list-style-type: none"> • Summary • Testing of “knowledge gained” • Homework – Calculate financial efficiency ratios for your own operation
Time = 15 Minutes <ul style="list-style-type: none"> ○ Q&A 	<ul style="list-style-type: none"> • Question and Answer/Discussion

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Session 5: 45 minutes - REPAYMENT CAPACITY RATIOS

Timeline	Workshop Outline
Time = 10 Minutes <ul style="list-style-type: none"> ○ Welcome ○ PowerPoint Presentation 	<ul style="list-style-type: none"> • Welcome • Brief overview of program contents. • Introduction to Jack and Joanie <ul style="list-style-type: none"> • Current situation • Why they should analyze their finances
Time = 15 Minutes <ul style="list-style-type: none"> ○ PowerPoint Presentation ○ Exercise 	<ul style="list-style-type: none"> • Repayment Capacity <ul style="list-style-type: none"> • Definition • Ratios to measure repayment capacity <ul style="list-style-type: none"> • Capital debt repayment capacity, term debt and capital lease coverage ratio • Definitions • Where to find information • Calculating repayment capacity ratios <ul style="list-style-type: none"> • Capital debt repayment capacity • Term debt and capital lease coverage ratio
Time = 5 Minutes <ul style="list-style-type: none"> ○ PowerPoint Presentation 	<ul style="list-style-type: none"> • Summary • Testing of “knowledge gained” • Homework – Calculate repayment capacity ratios for your own operation
Time = 15 Minutes <ul style="list-style-type: none"> ○ Q&A 	<ul style="list-style-type: none"> • Question and Answer/Discussion