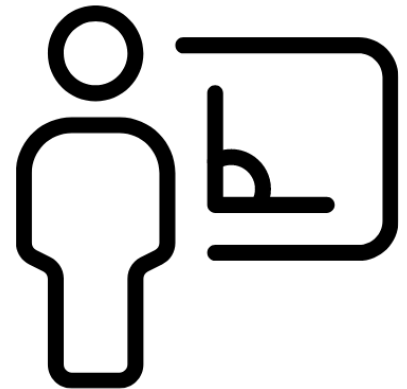


# Instructors Guide



On the following pages is a sample module from our Instructor Guide. It provides the instructor with a copy of the material and a Lesson Plans box.

The key benefit for the trainer is the Lesson Plan box. It provides a standardized set of tools to assist the instructor for each lesson. The Lesson Plan box gives an estimated time to complete the lesson, any materials that are needed for the lesson, recommended activities, and additional points to assist in delivering the lessons such as Stories to Share and Delivery Tips.



*Finance is the art of passing money from hand to hand until it finally disappears.*

*Robert Sarnoff*

## Sample Module: Other Financial Statements



In this unit, we will introduce the income statement, cash flow statement, capital statement, and budget versus actual. These terms all involve money or the use of money in some form. When we are done, you will have a better understanding of how the use of these methods will help your business run more efficiently. You'll be swapping accounting terms with that hotshot accountant friend of yours in no time.

### Income Statement



An income statement is a financial statement that summarizes the amounts of revenue earned and the expenses incurred by a business or entity over a period of time, which measures the financial performance of a business. This statement includes a summary of how a business typically incurs its revenues and expenses over a fiscal quarter or year. “Profit and Loss Statement” or “Statement of Revenue and Expense” are also terms used in reference to the income statement.

Income statements are divided into two parts, which are the operating and non-operating sections. The operating section will cover information with regard to revenues and expenses, which are directly related to or resulting from normal business operations. For instance, for a restaurant, the food the business must buy and then sell can be listed as both revenue and an expense. The non-operating section on the other hand, deals with revenues and expenses that are not directly related to the business' normal operations. For instance, if a business were to have an all-expense paid company picnic for its employees, this could be considered an abnormal expense, unrelated to normal business operations and would therefore go under the “non-operations” section as a non-operations expense. Additionally, if the business as a whole had shareholders equity or “stock” in another business or company's product, any profits obtained from the stock would be non-operations revenue.

<b>Estimated Time</b>	10 minutes
<b>Topic Objective</b>	To obtain a better understanding of the income statement
<b>Topic Summary</b>	Use the handout as a tool for discussing the income statement
<b>Materials Required</b>	Handout Two: Income Statement
<b>Planning Checklist</b>	None
<b>Recommended Activity</b>	Review the sample income statement and discuss its components
<b>Stories to Share</b>	None
<b>Delivery Tips</b>	Divide the group into small groups or pairs and review and discuss the income statement.
<b>Review Questions</b>	What is an income statement used for?

## Cash Flow Statement



The Cash Flow Statement is a part of a total of four statements which also include: Balance Sheet, Income Statement, and Statement of Retained Earnings. The cash flow statement shows the flow of cash within the business, where that money came from, and how that money may have been spent during a certain time period. This statement can prove to be very important because it allows the cash flow of the company to be tracked from its origin, by indicating which types of transaction help create cash flow.

There are three forms of cash flow: operating cash flow, outbound cash flow, an inbound cash flow, each of which can be found on the statement of cash flows.

- Operating cash flow would be any cash generated from normal operations of the business, which is then calculated and adjusted to produce the net income. This is basically the money a business gets for being a business, whatever type it may be. It provides a better look at what profits the business makes rather than just its earnings. This type of cash flow would be used to pay debts and bills.
- Outbound cash flow is any money that a business must pay out when they complete a transaction with another party. This includes wages for employees, federal and state taxes, as well as the money it pays for the products it sells. Basically, whenever the business is required to pay money, this money is outbound cash flow.
- Inbound cash flow is the opposite of outbound cash flow and is quite similar in some ways to operating cash flow. It is any money a business receives via a transaction with another party.

This can include cash flow generated from normal business operations sales, refunds received from suppliers, and gains from legal proceedings. It is any positive monetary addition to the bank account of a business.

<b>Estimated Time</b>	10 minutes
<b>Topic Objective</b>	To obtain a better understanding of the cash flow statement
<b>Topic Summary</b>	Use the handout as a tool for discussing the cash flow statement
<b>Materials Required</b>	Handout Three: Cash Flow Statement
<b>Planning Checklist</b>	None
<b>Recommended Activity</b>	Review the sample cash flow statement and discuss its components
<b>Stories to Share</b>	None
<b>Delivery Tips</b>	Divide the group into small groups or pairs and review and discuss the cash flow statement.
<b>Review Questions</b>	What is a cash flow statement used for?

## Capital Statement



The Capital Statement is a statement that is concerned with, or keeps track of the items that are going to last for longer than one year, like the long term assets of a company (e.g. buildings).

The Capital Statement's major duty includes keeping track of the owner's account prior, current as well as the ending balance. It also serves as a connector between the income statement and the balance sheet. Capital Statements are usually checked monthly or annually.

<b>Estimated Time</b>	10 minutes
<b>Topic Objective</b>	To learn about capital statements
<b>Topic Summary</b>	Capital Statement
<b>Materials Required</b>	Flip chart, marker

<b>Planning Checklist</b>	None.
<b>Recommended Activity</b>	Fill in the blanks of the review questions in the “review questions” section below. Write the answers on the flip chart.
<b>Stories to Share</b>	None
<b>Delivery Tips</b>	None
<b>Review Questions</b>	<ol style="list-style-type: none"> <li>1. Long term assets of the company are _____.</li> <li>2. The Capital Statement’s major duty includes keeping track of _____.</li> </ol>

## Budget vs. Actual



The main purposes of a budget are to plan for the future and to control the long term operations and spending of a company. Just like any budget, at a certain time, it may be adjusted according to what is needed, or changes that have occurred since the budget was created. Past financial statements are often used when creating a budget. These allow one to see what has worked in the past and what has not.

Additionally, a list of all possible sources of income should be kept as reference and updated when necessary. Creating a budget mainly involves considering all possible expenses. Some expenses are fixed and others are variable. This means some do not change and others have the ability to change from month to month or year to year, for example. Though a budget is the ideal or projected amount of money a business expects to spend, things are not always so. This is where actual expenses come in. The actual on the other hand is when the revenues or expenses are recognized on an income statement when they are incurred whether or not the cash for them has been received. While expenditures can easily change from the budgeted amount due to unexpected costs, revenue or income can also turn out to be more or less than the forecasted amount. This is why it is important to create a budget that is very much within the means of a business and based on past financial experiences and statements.

<b>Estimated Time</b>	15 minutes
<b>Topic Objective</b>	To obtain a better understanding of the budget vs. actual statement
<b>Topic Summary</b>	Use the handout as a tool for discussing the budget vs. actual statement
<b>Materials Required</b>	Handout Five: Budget vs. Actual
<b>Planning Checklist</b>	None

<b>Recommended Activity</b>	Review the sample budget vs. actual statement and discuss its components
<b>Stories to Share</b>	None
<b>Delivery Tips</b>	Divide the group into small groups or pairs and review and discuss the budget vs. actual statement.
<b>Review Questions</b>	What is a budget vs. actual statement used for?

## Practical Illustration

A month had passed, and Bob finally had a handle on his business. His accounts were in order, his ledger was organized, and he had a definite list of his assets, liabilities, and equity. He had a meeting with Jeremy to discuss his financial situation, so he gathered everything he would need.

First off, he prepared his Income Statement, which summarized the amounts of revenue and expenses for the month. He also organized his Cash Flow Statement, which showed where his revenue came from and how it was spent. Next up was his Capital Statement, showing his account status throughout the month. Finally, he prepared his Budget, which was a plan for the future financial choices of Bob's company.

## Module Seven: Review Questions

1.) What does the income statement summarize?

- a) Revenue earned and expenses incurred
- b) Revenue earned only
- c) Expenses incurred only
- d) None of the above

This is a financial statement that measures the company's performance over time.

2.) The income statement also includes which of the following?

- a) How the company incurs its expenses over time
- b) How the company earns its revenue over time
- c) How the company incurs its expenses and earns its revenue over time
- d) None of the above

This is a financial statement that measures the company's performance over time.

3.) How many financial statements are there?

- a) 2
- b) 6
- c) 4
- d) 7

The four financial statements are: Cash flow, Balance Sheet, Income Statement, and Statement of Retained Earnings.

4.) Cash flow statements show what?

- a) How the money comes into the company
- b) How the money flows out of the company
- c) How the money comes in and flows out of the company
- d) None of the above

As its name states, this statement shows the activity of money in both directions (in and out of the company).

5.) Capital statement keeps track of items that last for longer than \_\_\_ year(s).

- a) 10
- b) 7
- c) 5
- d) 1

Items that last longer than 1 year are considered long-term items. Buildings are an example of such items.

6.) What is an example of something that would be on a capital statement?

- a) Ream of paper
- b) Pens and pencils
- c) Building
- d) Printer cartridge

Items that last longer than 1 year are considered long-term items. Buildings are an example of such items.

7.) What is budget, in regards to financial statements?

- a) The amount planned for ahead of time
- b) The amount that was actually realized
- c) Both A & B
- d) None of the above

The budget is the amount planned for ahead of time and the actual, the amount that is realized.

8.) What is actual, in regards to financial statements?

- a) The amount planned for ahead of time
- b) The amount that was actually realized
- c) Both A & B
- d) None of the above

The budget is the amount planned for ahead of time and the actual, the amount that is realized.

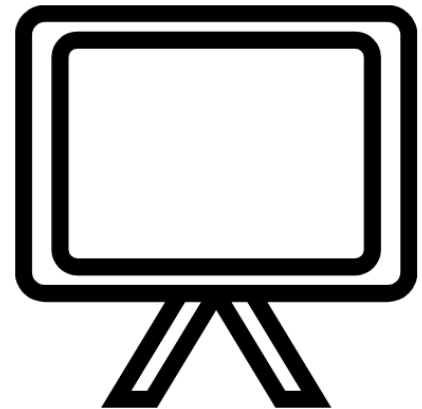


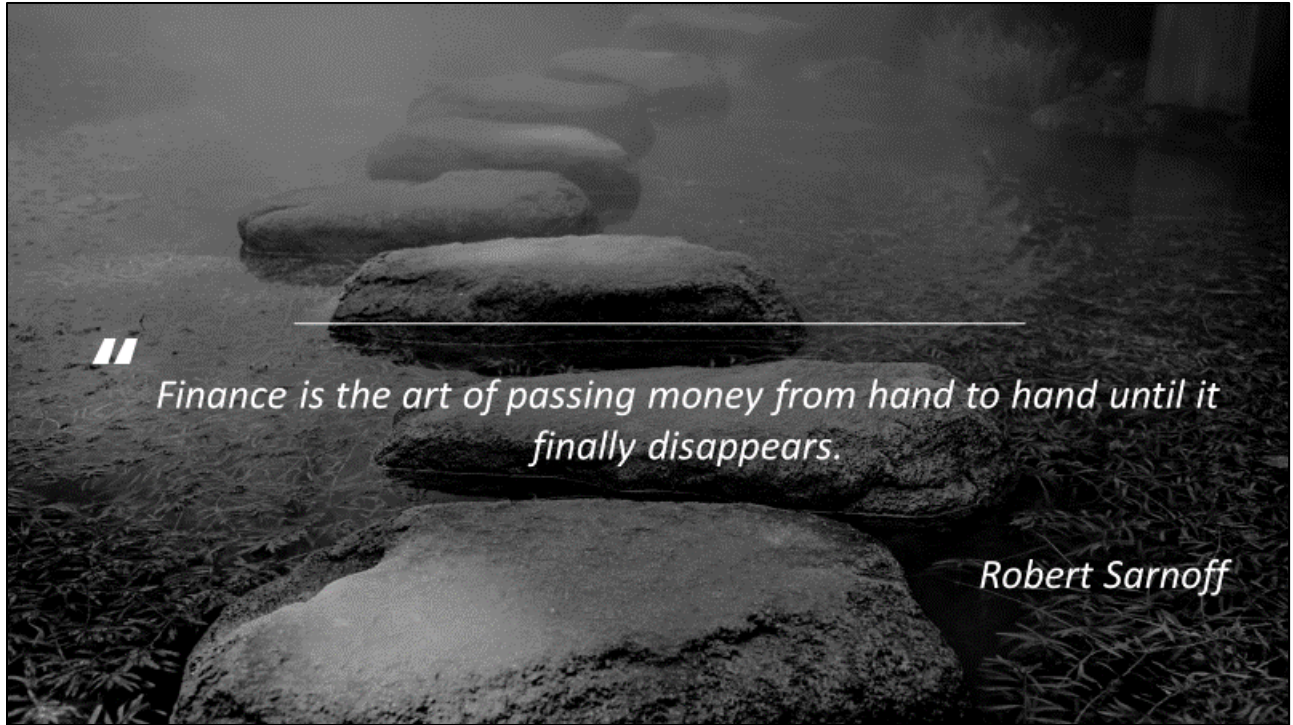
# PowerPoint Slides



Below you will find the PowerPoint sample. The slides are based on and created from the Instructor Guide.

PowerPoint slides are a great tool to use during the facilitation of the material; they help to focus on the important points of information presented during the training.





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*Robert Sarnoff*

## MODULE SEVEN

# Other Financial Statements

Income statement, cash flow statement, capital statement, and budget versus actual. These terms all involve money or the use of money in some form.



# Income Statement

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Income statements are divided into two parts, which are the operating and non-operating sections.

# Cash Flow Statement

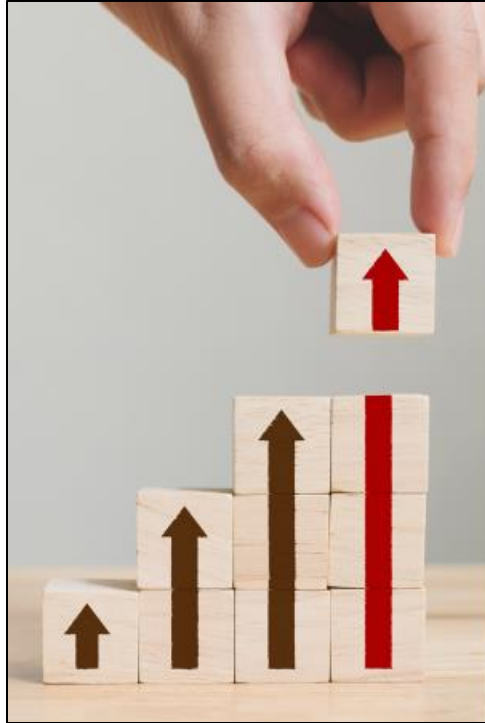
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Balance Sheet

Income Statement

Statement of Retained Earnings





## Capital Statement

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The Capital Statement's major duty includes keeping track of the owner's account prior, current, as well as the ending balance.

## Budget vs. Actual

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The main purposes of a budget are to plan for the future.



## Practical Illustration



- Income Statement
- Cash Flow Statement
- Capital Statement
- Budget vs. Actual

## Module Seven: Review Questions

1. What does the income statement summarize?

A. Revenue earned and expenses incurred

B. Revenue earned only

C. Expenses incurred only

D. On breaks

# Quick Reference Sheets



Below is an example of our Quick Reference Sheets. They are used to provide the participants with a quick way to reference the material after the course has been completed. They can be customized by the trainer to provide the material deemed the most important. They are a way the participants can look back and reference the material at a later date. They are also very useful as a take-away from the workshop when branded. When a participant leaves with a Quick Reference Sheet it provides a great way to promote future business.





# Basic Bookkeeping

## Assets

Assets are probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events. Anything that has an economic value and can be owned or controlled to produce value has the potential to produce such future economic benefits. Whether tangible or intangible, ownership of any form of value such as cash money or stock is considered to be an asset.



## Liabilities

Probable future sacrifices of income or assets, arising from present obligation to a particular entity. If liabilities are settled, they may become transferred assets or provide services to other entities in the future as a result of past transactions or events. A liability is a duty or responsibility to another in return for some form of debt such as a business loan which would entail the settlement of that loan.



## The Accounting Equation

The accounting equation is simple. It is the combination of liabilities and equity, which equals assets.

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

The accounting equation helps to identify the relationship between crucial elements of accounting. An asset is anything of value, that which a company owns. Assets consist of tangible and intangible assets. Examples of current assets include: stocks, bonds, cash, and property. Liabilities are, a company's existing debts that are owed to third parties. Examples of liabilities would be, accounts payable, wages payable and interest payable.



## Accounts Receivable

This type of record is used to keep track of money that is owed to a business. Such money can come from extending credit to a customer who purchases the businesses products or services. The best way to keep track of these figures is to set up a separate accounts receivable record for each customer.



## Accounts Payable

This type of record is used to keep track of debts owed by a business to creditors for purchased goods or services. Though the business will likely be billed regularly by its creditors for the balance on the account, having its own records will allow the business to be aware of their financial standing with the creditors at any given time.



## Revenue

The fee paid to a lender for a loan or all transactions for which monies are received. It can be the income from products and services sold and the use of investments. Revenue can also be a transaction and the resulting income for which monies are received, however, loan funds and equity deposits are not considered revenue.



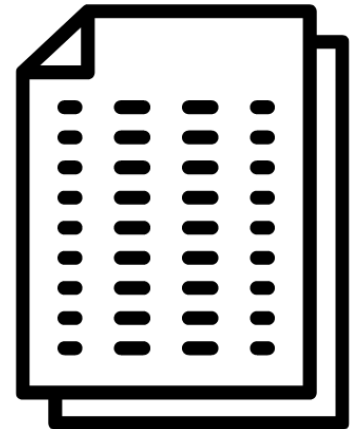
# Handouts



Each course is provided with a wide range of worksheets.

Worksheets help check your participants' understanding. If a lesson calls for a worksheet, it will be listed in the Lesson Plan box under Materials Required. All worksheets are customizable and can be found in the Appendix of the Instructor Guide and the Training Manual.

As a trainer, icebreakers give your participants the opportunity to get to know each other better or simply begin the training session on a positive note. Icebreakers promote collaboration, increase engagement, and make your training more light-hearted and fun. Below is an example from the Icebreakers folder.





## Sample Handout Two: Income Statement

SAMPLE INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2009 (CLASSIFICATION OF EXPENSES BY NATURE)				
	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	RM	RM	RM	RM
<b>Continuing Operations</b>				
Revenue	2,800,000	2,500,000	300,000	250,000
Other operating income	35,000	30,000	5,000	3,000
Changes in inventories of finished goods and work in progress	(300,000)	(150,000)	(50,000)	(35,000)
Raw materials and consumable used	(2,143,000)	(1,897,000)	(182,000)	(182,000)
Employee benefits expenses	(50,000)	(45,000)	(10,000)	(12,000)
Depreciation of property, plant and equipment	(12,000)	(10,000)	(5,000)	(4,000)
Amortisation charges	(3,000)	(3,000)	-	-
Other operating expenses				
Finance costs	(11,000)	(8,000)	-	-
Share of profit of associates	850,000	480,000	-	-
Profit before tax	1,166,000	897,000	58,000	20,000
Income tax expense	(360,000)	(260,000)	(18,000)	(5,000)
Profit for the year from continuing operations	806,000	637,000	40,000	15,000
<b>Discontinuing Operations</b>				
Profit for the year from discontinuing operations	150,000	-	-	-
Net Profit For The Year	956,000	637,000	40,000	15,000
Attributable to:				
Equity holders of the parent	800,000	550,000	40,000	40,000
Minority interest	156,000	87,000	-	-
	956,000	637,000	40,000	40,000

### Sample Handout Three: Cash Flow Statement

<b>Cash Flow Statement</b> <b>Company XYZ</b> <b>FY Ended 31 Dec 2003</b>	
all figures in USD	
<b>Cash Flow From Operations</b>	
Net Earnings	2,000,000
<i>Additions to Cash</i>	
Depreciation	10,000
Decrease in Accounts Receivable	15,000
Increase in Accounts Payable	15,000
Increase in Taxes Payable	2,000
<i>Subtractions From Cash</i>	
Increase in Inventory	(30,000)
<u>Net Cash from Operations</u>	<u>2,012,000</u>
<b>Cash Flow From Investing</b>	
Equipment	(500,000)
<b>Cash Flow From Financing</b>	
Notes Payable	10,000
<b>Cash Flow for FY Ended 31 Dec 2003</b>	<b><u>1,522,000</u></b>

# Icebreaker: The 10 Minute Challenge

## PURPOSE

It will help introduce the topic of time management in a fun, non-confrontational manner.

## MATERIALS REQUIRED

1. Flip chart paper
2. Markers
3. Timer or watch
4. Craft supplies if desired (colored paper and pencils, glue, sparkles, etc.)

## PREPARATION

Write out the following list on a piece of flip chart paper. Ensure that it stays covered until the end of the activity explanation.

5. Do a lap around the room (5 points)
6. Create something for the instructor to wear, such as a hat or tie (10 points; bonus 5 points if the instructor actually wears it)
7. Find out something unique about each person on the team (5 points)
8. Sing a song together (15 points)
9. Make a paper airplane and throw it from one end of the room to another (10 points)
10. Get everyone in the room to sign a single piece of paper (5 points)
11. Count the number of pets owned by your group (20 points)
12. Assign a nickname to each member of the team (5 points)
13. Create name cards for each team member (5 points; bonus 5 points if you use your team nicknames)
14. Make a tower out of the materials owned by your group (10 points)
15. Convince a member of another team to join you (20 points)
16. Name your team and come up with a slogan (5 points for the name, 5 points for the slogan)
17. Re-create the sounds of the Amazon rainforest with the sounds of your voices (10 points)
18. Make a list of what your team wants out of the workshop (15 points)
19. Form a conga line and conga from one end of the room to another (5 points; bonus 10 points if anyone joins you)

You can customize this list as you wish; just make sure there is a point value (which is completely up to you) assigned to each item.

You will also want to create a scoreboard matrix on flip chart paper that looks like this:

	TEAM 1	TEAM 2	TEAM 3
TASK 1			
TASK 2			
TASK 3			
TASK 4 (AND ON...)			
TOTAL			

This should stay hidden until the end of the activity.

#### EXPLANATION

Divide participants into teams of five to eight. Unveil the numbered list of tasks. Explain that they have ten minutes to collect as many points as possible. They must be safe and they only have ten minutes!

#### ACTIVITY

Give participants ten minutes to perform their tasks, and enjoy the show! After ten minutes, add up their points using your pre-designed matrix and announce the winner. Keep the list of tasks; you may want to tape it to the wall.

#### DEBRIEF

After the activity, discuss learning points. Possible discussion topics include:

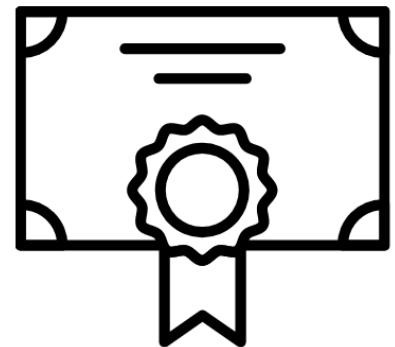
20. How did teams decide what tasks they wanted to do? Most groups will analyze the time the task will take and/or the difficulty level, compare it with the value (possible number of points), and prioritize as a result. We do this when managing our time, too: we often choose the high-yield, low-effort tasks over the low-yield, high-effort tasks (and rightly so!).
21. Were any decisions based on task dependencies? For the name card task, for example, teams received bonus points if they used team nicknames. Performing these two tasks together would triple the points received. This often happens in life, too – batching tasks increases your results exponentially.
22. What group dynamics came into play? If participants knew each other before, they may feel more comfortable performing a personally risky activity, like singing a song. This comes into play when prioritizing tasks, too; we're more likely to stay within our comfort zone, especially if we're working in a team.

23. What skills came into play? For example, several tasks involved creativity and artistic skills. Did teams find out whether any members had artistic talent before deciding to do the task?
24. What additional information did you ask for? How did that affect your approach? Some groups will catch on to the fact that there is no rule that the whole group must perform every task, and will divide their resources and achieve more points as a result. The lesson to learn here is that you need all the information you can get before prioritizing tasks and making a plan. Some teams may have even realized this partway through the activity and adjusted their approach as a result. Kudos to them!
25. Did ethics come into play? Although “stealing” another team member was worth a lot of points, some teams are uncomfortable with the idea and avoid this task.

# Certificate of Completion



Every course comes with a Certificate of Completion where the participants can be recognized for completing the course. It provides a record of their attendance and to be recognized for their participation in the workshop.



CERTIFICATE OF COMPLETION

**[Name]**

*Has mastered the course*  
*Basic Bookkeeping*

Awarded this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

Presenter Name and Title

\_\_\_\_\_