

**American Management Association's
Fundamentals of Finance and Accounting
For Non-Financial Managers**

Basic Accounting Concepts

- Understand the Importance of the Accounting Equation
- Understand the Significance of Generally Accepted Accounting Principles (GAAP)
- Understand the Accrual Process
- Understand the Difference Between Accounting Profit and Cash Flow

How Accounting Works and Understanding Financial Statements

- Understand the Purpose of and Terminology Associated with the Income Statement or Profit and Loss Statement (P&L), Balance Sheet, Statement of Retained Earnings, and Cash Flow Statement
- Prepare a Simple Set of Financial Statements
- Understand the Accounting Process, from the Recording of Business Transactions to the Preparation of Financial Statements
- Understand How Various Business Transactions Affect the Financial Statements

Reviewing an Annual Report

- Understand the Various Components of an Annual Report
- Know the Importance of Notes in Evaluating Financial Statements
- Understand the External Auditor's Role and the Significance of the Opinion Letter

Evaluating a Company's Financial Statements

- Calculate the Key Financial Ratios Using the Financial Statements
- Use Financial Ratios to Evaluate an Organization's Liquidity, Leverage and Profitability; Performance Compared to Its Competitors; and Performance Compared with Budgeted Goals
- Identify Sources of Financial Information Beyond the Financial Statements
- Use the DuPont Formula to Evaluate Management Performance
- Use the Concept of Economic Value Added (EVA[®]) and Cash Flow Return on Investment (CFROI) to Determine If a Segment of an Organization Is Adding Value to the Business

Improving Profitability Through Cost Analysis and Profit Planning

- Differentiate Between Fixed and Variable Costs
- Help Your Organization Improve Profitability Through the Use of Breakeven Analysis, Contribution Margin Analysis, and Direct Costing in Appropriate Situations
- Understand Traditional Cost Accounting and Its Limitations
- Understand the Relevance of Activity-Based Costing in Today's Business Environment

Capital Expenditure Analysis

- Define the Capital Budget
- Understand Why Cash Has a Time Value
- Recognize and Apply Different Methods of Evaluating Capital Expenditures and Monitoring Project Performance

Budgeting More Effectively

- Understand the Role of Budgeting and Issues That Budgets Can Solve
- Understand the Budgeting Process
- Identify Different Types of Budgeting Systems in Use Today
- Analyze Budgets for Different Purposes
- Recognize and Apply Different Methods of Evaluating and Monitoring Operating Performance