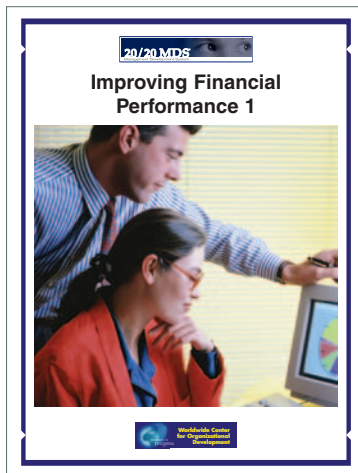


Improving Financial Performance (Levels B & C)



Underpinning Competencies

- Thinking Clearly and Analytically
- Setting Goals and Standards
- Planning and Scheduling Work
- Getting Unbiased Information

Linked Assessments (where applicable)

N/A

How well is your organisation performing? How can its performance be improved? Why is turnover up and yet profits are down? How effectively are you using resources? What can be done to improve the cash flow of the organisation? How is your organisation viewed by “outsiders” and indeed do you assess other organisations?

Questions such as these are constantly being asked and a mass of accounting information is often given in an attempt to provide the answers. Many managers, however, fail to make effective use of the available information, simply because there is so much information available. In order to get the best out of such information managers must understand the main jargon used by accountants and be able to use some of the “tools” or techniques which are available to analyse financial information.

This module examines the terminology you will encounter in “internal” accounting information produced specifically for managers. The techniques of ratio analysis (based on the information contained in the published external financial statements) are also examined in terms of how they offer a practical technique for using the financial, accounting information, including the “external” financial statements, to improve financial performance.

Objectives

At the end of this module you will be able to:

- identify the elements and behaviour of cost
- differentiate between the techniques of total costing and marginal costing
- select the most appropriate cost data for the use in decision-making
- outline the principles of ratio selection and identify ratios which measure performance in selected areas
- use ratio analysis to monitor business performance and identify where and when action can be taken to improve performance
- describe the limitations of the results revealed in ratio analysis.