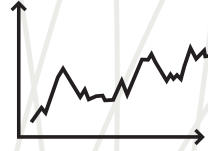# BH Financial Tuition

Understanding Profit and Loss

Overview

Understand profit and loss is a vital skill for business owners and managers. It shows quite simply whether your business is making a profit or a loss.

Regular review of the profit and loss guides the business owner/manager on the trends of their business and allows them to compare current activities with the budget or last year. The informed manager will be able to identify where there is good news for the company and where there may be trouble ahead.

The profit and loss report shows turnover, cost of sales, overheads expenses and finally profit or loss. The business manager can see how much that turnover costs the business by looking at the cost of sales. They can also see how much just being in business is costing them through the overheads expenses.

Key Content

- Turnover, costs of sales and overheads
- Fixed and variable costs and what these mean to the profitability of the business
- Direct and indirect costs
- Identifying and using key performance indicators
- Understand the limitations of the P&L
- Using the P&L to forecast future business activity

Audience

The course is designed for business owners and managers who have no formal financial training but want to understand clearly how to read a profit and loss statement.

This session will help managers to look at their profit and loss and understand what the information is telling them.

Course Objectives

Course delegates should be able to:

- Understand how the profit and loss statement can help them to run their business
- Understand about the nature of fixed and variable costs and the implications for profitability
- Understand and calculate basic ratios

Course Requirements

Delegates on this course do not require any qualifications or accounting knowledge. It would help the delegates understanding if they have some involvement with finances and financial information.

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