

## PSC Elective – understanding company accounts

### Synopsis

A practical introduction to reading and understanding accounts.

Delegates will learn to deal with financial information with more confidence. The course covers analysis and interpretation, how to ask the right questions and the importance of developing commercial awareness.

### Duration

3 hours

### Format

The course uses quizzes, exercises and case studies to ensure the training is interactive and engaging. It's taught by chartered accountants who recognise that this is uncomfortable territory for some lawyers.

### Delegates

Trainee solicitors

Maximum 20 per course

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### Outcomes

As a result of the session trainees will:

1. improve their ability to read and understand published accounting information
2. recognise the key elements of a set of accounts
3. appreciate how the information in a set of accounts can be manipulated
4. practise using financial interpretation techniques to develop understanding
5. appreciate the importance of developing their commercial awareness
6. be encouraged to improve their knowledge of the economy, their clients' businesses and financial reporting in a legal context

### Content

1. Quiz – what do you already know?
2. Valuation exercise
  - Can you value a business from the P&L and balance sheet?
  - Key message - accounting is **not** an exact science
3. Investment exercise
  - £1m to invest
  - The 5 key attributes you would look for
4. Analysis and interpretation – a quick reminder
  - Profitability and efficiency
  - Gearing
  - Liquidity and solvency
  - Investor ratios
5. Case study – putting theory into practice
  - Two groups – company and potential buyer
  - 5 year financial history
  - Basic calculations plus analysis and interpretation