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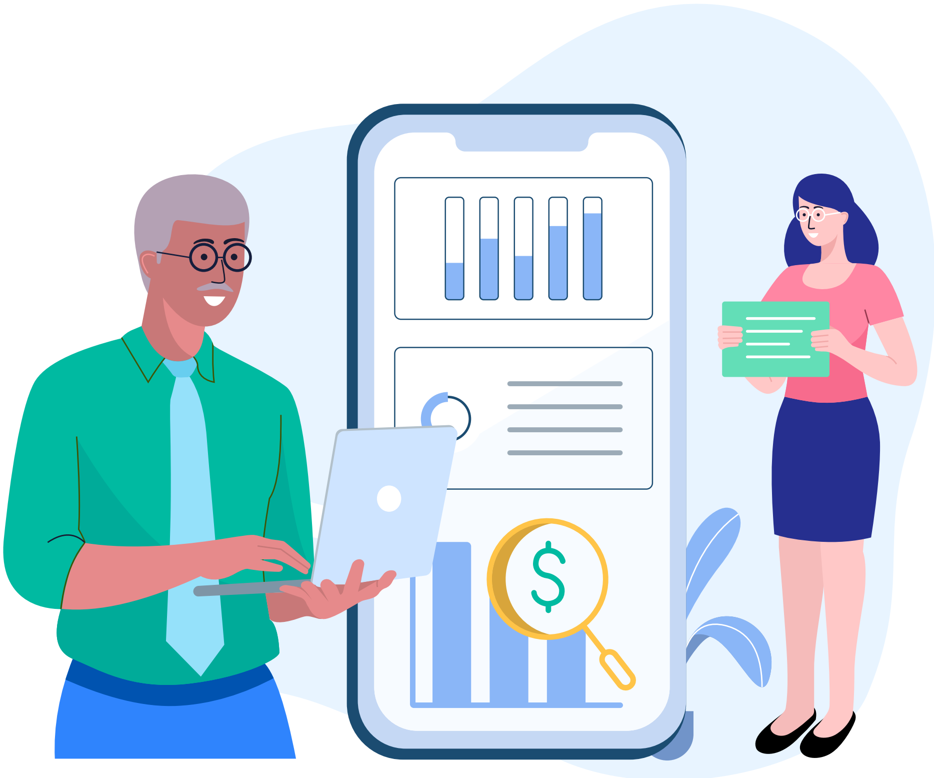

FINANCIAL MANAGEMENT

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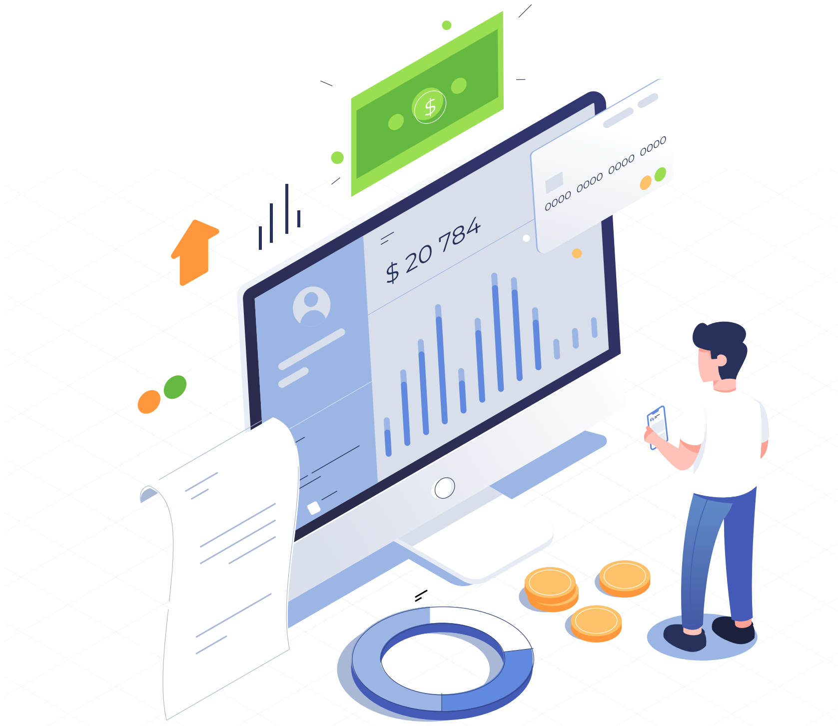
INTRODUCTION TO THE MODULE

In this module, you will learn to what extent budgeting and forecasting differs from one another. Besides, you will get an extensive understanding of reconciliations, cash flow management, balance sheet. By the end of this module, you will get to learn pricing and costing methods. Let's get started.

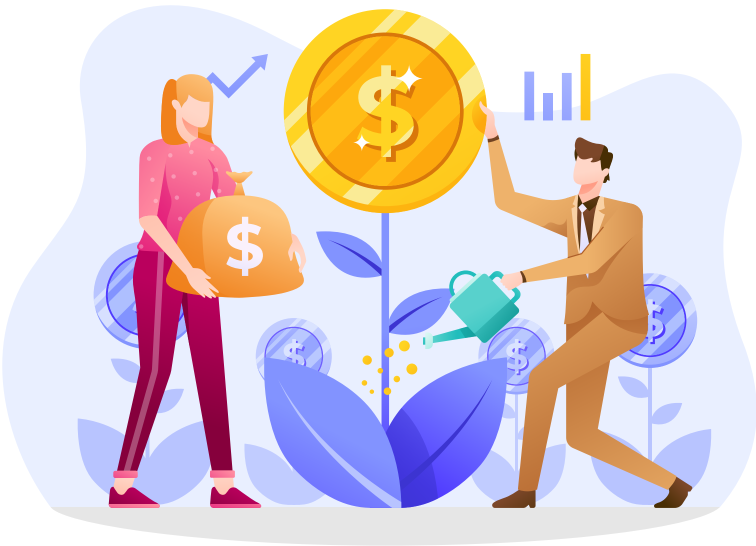
Topics to be covered in this module are:

- Budgeting and forecasting
- P&L statement + Balance sheet
- Reconciliations
- Pricing
- Cash flow management
- Costing



BUDGETING AND FORECASTING

DOES THE COMPANY PERFORM BUDGETING AND FORECASTING?



1.1 Budgeting

A budget is an outline of expectations for what a company wants to achieve for a particular period, usually one year. Characteristics of budgeting include:

- Estimates of revenues and expenses.
- Expected cash flows
- Expected debt reduction.
- A budget is compared to actual results to calculate the variances between the two figures.

1.2 Forecasting

Forecasting is a process of making predictions about the future course of a business or a company based on trend analysis and past and present data. Forecasting takes historical data and current market conditions and then makes predictions as to how much revenue an organization can expect to bring in over the next few months or years.

- Forecasting analysis, the probability of a future event or transaction occurring or happening
- It involves analysis of data from the past and the present
- Forecasting uses scientific techniques and methods to make such forecasts
- But it also involves certain guesswork and observations

1.3 Key differences between budgeting and forecasting

The significant differences between budget and forecast are mentioned below:

1. A financial plan expressed regarding money, prepared by the management in advance for the forthcoming period, is called a budget. The forecast is an estimation of future business trends and outcomes based on historical data.
2. Budget is a financial expression of a business plan, whereas forecast is a prediction of upcoming events or trends in business, on the basis of present business conditions.
3. Budgets are prepared annually for every accounting period. On the other hand, the forecast is revised and frequently adjusted, i.e. at short intervals.
4. In budgeting, variance analysis is done to compare actual results with the expected results. Conversely, in forecasting, variance analysis is not done.
5. Budgets estimate what business plans to achieve. As opposed to the forecast, which estimates what business will achieve.

1.4 How to build a budget

- **Tally Your Income Sources:** when building a business budget, you need to figure out how much money your business is bringing in each month and where that money is coming from.
- **Determine fixed cost:** fixed costs are any expenses that stay the same from month to month.
- **Include Variable Expenses:** Variable expenses will, by definition, change from month-to-month. Variable costs don't come with a fixed price tag—and will vary each month based on your business performance and activity.
- **Predict One-Time Spends:** The factor those expenses into your budget as well.one-time spends to your budget, you should also add a buffer to cover any unplanned purchases or expenses.
- **Pull It All Together:** you've gathered all of your income sources and all of your expenses.

1.4 How to generate a forecast

To help get you started with forecasting with this step-by-step guide. You'll learn how to think about the critical steps in establishing your forecast, including:

- Start with the goals of your forecast
- Understand your average sales cycle
- Get buy-in is critical to your forecast
- Formalize your sales process
- Look at historical data
- Establish seasonality
- Determine your sales forecast maturity

1.6 How to improve your budgeting and forecasting

Budgeting and forecasting allow a business to plan accurately for its fiscal year. Below are 9 ways to improve these processes to create a strategic plan that meets your business's financial goals.

- Keep Budgeting and Forecasting Flexible
- Implement Rolling Forecasts and Budgets
- Budget to Your Plan
- Communicate Early and Often
- Involve Your Entire Team
- Be Clear About Your Goals
- Plan for Various Scenarios
- Track Everything
- Include Profit and Cash Flow Goals

1.7 Common challenge with budgeting and forecasting

- There are 5 well known challenges in financial budgeting and forecasting.
- **Delay in Outputs:** The financial budgeting and forecasting process often takes too long to complete.
- **Cost and Effort:** This gives us an insight into how much staff effort and money goes into an ineffective process.

- **Rigidity of Process and Systems:** Majority of financial budgeting and forecasting processes and systems do not have the capability to accommodate reorganizations, mergers & acquisitions or divestitures.
- **Inaccuracy/Unreliability:** An accountant that is responsible for budgets and forecasts spend a considerable amount of his time going back and forth trying to cross check that the information is correct.
- **Lack of Transparency:** Organizations constantly battle with a lot of bottlenecks. Sadly, many are a bit uncertain exactly what is causing the delay, who, and how to address it.

Reconciliations

Does the company perform reconciliations?

2.1 What Does Reconciliation Mean?

Reconciliation is an accounting process that seeks to check two sets of records, often internal and external, to ensure that the figures are correct and in agreement. Reconciliation also confirms that accounts in the general ledger are consistent, accurate, and complete.
The task requires comparing two pieces of data - typically one created internally and the second by a third party such as a bank, supplier or customer - and ensuring that they match up to give the same value on a specific date.

2.2 Reconciliation Methods

Reconciliation must be performed on a regular and continuous basis on all balance sheet accounts as a way of ensuring the integrity of financial records. This helps uncover omissions, duplication, theft, and fraudulent transactions. There are two ways of reconciling financial records, as follows:

Document review: The document review method involves reviewing existing transactions or documents to make sure that the amount recorded is the amount that was actually spent. The review is mostly carried out using accounting software.

Analytics review: Analytics review uses previous account activity levels or historical activity to estimate the amount that should be recorded in the account. It looks at the cash account or bank statement to identify any irregularity, balance sheet errors, or fraudulent activity.

2.3 Types of Reconciliation

- **Bank reconciliation**: These are the most common type of reconciliation and require businesses to reconcile their cash position by comparing the value of recorded bank transactions in their accounting software to those on their monthly bank statements.
- **Vendor reconciliation**: Vendor reconciliations compare the balance owed on supplier provided statements to transactions within the payable ledger and its overall balance.
- **Customer reconciliation**: Customer reconciliations are performed by businesses which offer credit terms to their customers. The receivables control account is a summary of

receivables transactions as opposed to the recognition of them individually.

- **Intercompany reconciliation**: Intercompany reconciliations are undertaken by companies which are part of a wider group. Performing intercompany reconciliations allow for the parent company to produce accurate consolidated accounts.
- **Business specific reconciliation:** These are unique and relate to the specifics of individual businesses. For example, companies which sell goods will need to conduct a stock take to ensure that the inventory value in the balance sheet accurately reflects the value of goods held in storage.

2.4 Why one should reconcile his/her accounts

- accurate annual accounts must be maintained by all businesses
- Maintain good relationships with suppliers
- Avoid late payments and penalties from banks
- Detection of errors like missed payments and calculation mistakes
- Tracking bank fees and penalties in the books
- Discovering theft and fraudulent transactions
- Tracking of accounts payable and receivable

2.5 The Reconciliation Process

The five steps will help you make sure all of your money is accounted for.

1. **Compare your internal account register to your bank statement:** Go through and check off each payment and deposit on your register that matches the statement. Make a note of all transactions on your bank statement for which you don't have any other evidence.
2. **Check that all outgoing funds have been reflected in both your internal records and your bank account**: Whether it's checks, ATM transactions, or other charges, subtract these items from the bank statement balance.
3. **Check that all incoming funds have been reflected in both your internal records and your bank account**: Find any deposits and account credits that haven't yet been recorded by the bank and add these to the statement balance. If the bank shows money deposits not reflected in your internal books, make the entries.
4. **Check for bank errors**: Bank errors don't occur very often, but if they do, the proper amount needs to be added or subtracted from your account balance.
5. **Make sure the balances are accurate**: Your bank statement balance should now equal the balance in your records. Depending on the number of discrepancies, you may need to create a supporting schedule that details the differences between your internal books and bank accounts.

CASH FLOW MANAGEMENT

DOES THE COMPANY IMPLEMENT CASH FLOW MANAGEMENT?

3.1 What is cash flow management

Cash flow management is the process of tracking how much money is coming into and out of your business. The definition of cash flow management for business can be summarized as the process of monitoring, analyzing, and optimizing the net amount of cash receipts minus cash expenses. Net cash flow is an important measure of financial health for any business.

Cash flow management refers to the process by which an organization maintains control over the inflow and outflow of funds. The fundamental goal of cash flow management is to ensure that the incoming flow of funds is always greater than the outgoing so that the business sits on a surplus. Money or cash is the lifeblood of any business.

KEY TAKEAWAYS

- Cash management is the process of managing cash inflows and outflows.
- There are many cash management considerations and solutions available in the financial marketplace for both individuals and businesses.
- For businesses, the cash flow statement is a central component of cash flow management

1.2 Types of Cash Flow

There are several types of Cash Flow, so it's important to have a solid understanding of what each of them is. Types of cash flow include:

- Cash from Operating Activities – Cash that is generated by a company's core business activities – does not include CF from investing. This is found on the company's Statement of Cash Flows (the first section).
- Free Cash Flow to Equity (FCFE) – FCFE represents the cash that's available after reinvestment back into the business (capital expenditures). Read more about FCFE.
- Free Cash Flow to the Firm (FCFF) – This is a measure that assumes a company has no leverage (debt). It is used in financial modeling and valuation. Read more about FCFF.
- Net Change in Cash – The change in the amount of cash flow from one accounting period to the next. This is found at the bottom of the Cash Flow Statement.

1.2 How to improve your cash flow management

Most business owners see growth as the solution to a cash-flow problem. That's why they often achieve their goal of growing the business only to find they have increased their cash-flow problems in the process.

- **Check your profitability:** First, make sure your business is earning a reasonable profit.
- **Do a cash flow projection**: Next, prepare a cash flow projection for the coming year.
- **Finance big buys instead of draining cash**: One of the most common cash flow mistakes is using cash to buy a major long-term asset, instead of getting financing.
- **Speed up cash inflows**: Getting money into your business more quickly can save you carrying costs on your line of credit.
- **Raise cash quickly in a crunch:** Facing an unexpected cash flow crunch? You can raise cash quickly using various techniques**.**
- **Tightening credit requirements**: Businesses often have to extend credit to customers, particularly when starting out or growing.
- **Increasing sales**: If you need more cash, it seems like a no brainer to go out and try to attract new customers or sell additional goods or services to your existing customers.
- **Pricing discounts**: One option to increasing cash flow is to offer your customers discounts if they pay early.
- **Securing loans**: Short-term cash flow problems may sometimes necessitate a business taking out a loan from a financial institution. Most of the time this type of borrowing accomplishes its goals, although during the financial crisis many banks were canceling credit lines and calling in loans.

1.3 Why keeping on top of your cash flow is so important

1. **Make Better Plans and Decisions:** With an accurate cash flow statement, you'll know the exact amount of funds you have available at any given moment. This is vital because any plans and decisions you make must be supported by accurate information.
2. **Understand Where You're Spending Money:** Manage your cash flow effectively and you'll gain a better understanding of where you're currently spending your money.
3. **Protect Business Relationships:** If you're having cash flow problems, then you may not have the funds available to pay your suppliers. This can harm the business relationship you have with them and damage your overall reputation.
4. **Expand at the Right Time**: Growing and expanding your business is exciting. It means new markets, new staff members and more revenue.

3.5 Risk factor of cash flow management

Cash flow is the amount of cash and cash-equivalents being transferred in and out of your business. Unless there is no gap between accounts receivables and your payable's, cash flow problems are likely to occur**.**

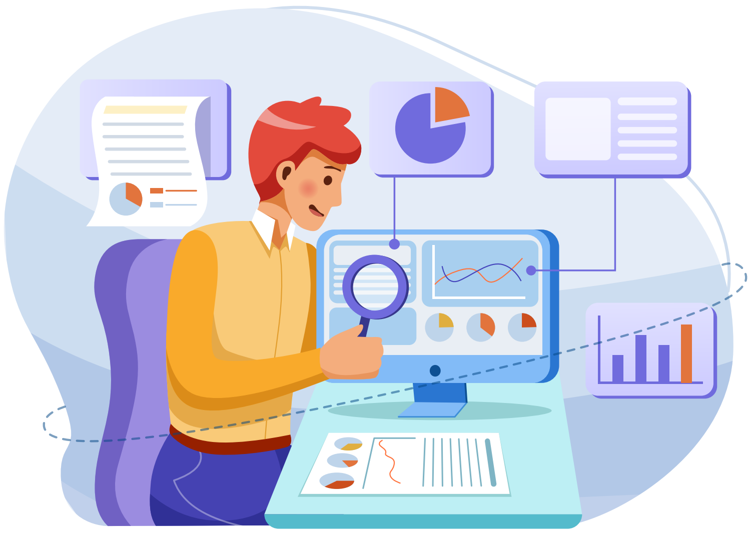
Here are six crucial factors that affect your business' cash flow:

- **Receivables Management:** Account receivable is the balance of money owed to a company after rendering products and services.
- **Investing and Financing**: The investing and financing decisions of your company will also affect your cash flow.
- **Employee Management:** The lack of working capital makes it challenging for business owners to pay their employees on time.
- **Market Environment:** The current market plays a role in small business cash flow as well. The current state of the market impacts investing and financing for businesses.
- **Payment Management:** Approximately 53% of businesses send out invoices to be paid on a specific date. On the other hand, 47% require advance payment. Depending on the arrangement, business owners can receive payment from customers before, during, or after rendering the products or services.

Working Capital Acquisition: Working capital is essential for small businesses. Without enough cash on hand, you will not be able to fund daily business operations.

P&L STATEMENT + BALANCE SHEET

DOES THE COMPANY DOCUMENT THE FINANCIALS OF THE BUSINESS?



4.1 What is financial document

Financial documents, including the budget, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services. Financial documents (audited/certified financial statements or equivalent) for the last few years.

There are four main financial statements.

- balance sheets
- income statements (P&L statement)
- cash flow statements
- statements of shareholders' equity.

4.2 Key elements of financials document

There are 10 key elements of financial document-

- ✓ Assets
- ✓ Liabilities
- ✓ Equity (net assets)

- ✓ Revenues
- ✓ Expenses
- ✓ Gains
- ✓ Losses
- ✓ Investments by owners
- ✓ Distributions to owners
- ✓ Comprehensive income

4.3 What is P&L statement

The profit and loss (P&L) statement is a financial statement that summarizes the revenues, costs, and expenses incurred during a specified period, usually a fiscal quarter or year.

Usually produced monthly, this is a summary of income and expenses for your business. P&L management refers to how a company handles its P&L statement through revenue and cost management. The P&L will inform you whether your business made or lost money for the month under review.

The main categories that can be found on the P&L include:

- Revenue (or Sales)
- Cost of Goods Sold (or Cost of Sales)
- Selling, General & Administrative (SG&A) Expenses
- Marketing and Advertising
- Technology/Research & Development
- Interest Expense
- Taxes
- Net Income

4.4 What is Balance sheet

A balance sheet is a snapshot of what a business owns (assets) and owes (liabilities) at a specific point in time. A balance sheet is usually completed at the end of a month or financial year and is an indicator of the financial health of your business.

The company uses the balance sheet to determine if the company has enough assets to meet financial obligations. Lenders use the balance sheet to see if they should extend any more credit.

A balance sheet is in three sections:

- assets – including cash, stock, equipment, money owed to business, goodwill
- liabilities – including loans, credit card debts, tax liabilities, money owed to suppliers
- owner's equity – the amount left after liabilities are deducted from assets

4.5 Why financials document is important for a company

A company's financial statements provide vital information about its financial health. These statements are compiled based on day-to-day bookkeeping that tracks funds flowing in and out of the business.

Financial statements are useful for making decisions regarding expansion and financing. They also figure into marketing decisions, providing data indicating which aspects of company operations provide the best return on investment. Some additional points are given in below-

- **Credit decisions**: Lenders use the entire set of information in the financials to determine whether they should extend credit to a business or restrict the amount of credit already extended.
- **Investment decisions**: Investors use the information to decide whether to invest, and the price per share at which they want to invest.
- **Taxation decisions**: Government entities may tax a business based on its assets or income and can derive this information from the financials.
- **Union bargaining decisions**: A union can base its bargaining positions on the perceived ability of a business to pay; this information can be gleaned from the financial statements.

Pricing

5.1 Meaning of Pricing

Pricing is a process of fixing the value that a manufacturer will receive in the exchange of services and goods. The pricing depends on the company's average prices, and the buyer's perceived value of an item, as compared to the perceived value of competitors product.

- Pricing is the act of determining the value of a product or service
- Pricing determines the cost paid by a customer

Every businessperson starts a business with a motive and intention of earning profits. While fixing the cost of a product and services the following point should be considered:

- The identity of the goods and services
- The cost of similar goods and services in the market
- The target audience for whom the goods and services are produces

- The total cost of production (raw material, labor cost, machinery cost, transit, inventory cost
- External elements like government rules and regulations, policies, economy

5.2 Objectives of Pricing

Survival: The objective of pricing for any company is to fix a price that is reasonable for the consumers and also for the producer to survive in the market. Every company is in danger of getting ruled out from the market because of rigorous competition, change in customer's preferences and taste

Expansion of current profits: Most of the company tries to enlarge their profit margin by evaluating the demand and supply of services and goods in the market. If the demand is high, the price will also be high.

Ruling the market: Firm's impose low figure for the goods and services to get hold of large market size. The technique helps to increase the sale by increasing the demand and leading to low production cost.

A market for an innovative idea: Here, the company charge a high price for their product and services that are highly innovative and use cutting-edge technology.

5.3 What is Pricing Method?

Pricing method is a technique that a company apply to evaluate the cost of their products. This process is the most challenging challenge encountered by a company, as the price should match the current market structure and also compliment the expenses of a company and gain profits.

5.4 Types of Pricing Method

- **Cost Oriented Pricing Method**– It is the base for evaluating the price of the finished goods, and most of the company apply this method to calculate the cost of the product. This method is divided further into the following ways.
- **Cost-Plus Pricing**- In this pricing, the manufacturer calculates the cost of production sustained and includes a fixed percentage (also known as markup) to obtain the selling price. The mark up of profit is evaluated on the total cost (fixed and variable cost).
- **Target-Returning Pricing-** The company or a firm fix the cost of the product to achieve the Rate of Return on Investment.
- **Market-Oriented Pricing Method**- Under this category, the is determined on the base of market research
- **Value pricing**- Here, the company produces a product that is high in quality but low in price.
- **Going-Rate Pricing**- In this method, the company reviews the competitor's rate as a foundation in deciding the rate of their product.

Auction Type Pricing- With more usage of internet, this contemporary pricing method is blooming day by day. Many online platforms like OLX, Quickr, eBay, etc. use online sites to buy and sell the product to the customer.

5.5 Importance of Pricing in Marketing Strategy

- **Price is the Pivot of an Economy**: In the economic system, price is the mechanism for allocating resources and reflecting the degrees of both risk and competition.
- **Price regulates demand:** Price increases or decreases the demand for the products. To increase the demand, reduce the price and increase the price to reduce the demand.
- **Price is competitive weapon:** Price as a competitive weapon is of paramount importance. Any company whether it is selling high or medium or low priced merchandise will have to decide as to whether its prices will be above or equal to or below its competitors.
- **Price is the determinant of profitability:** Price of a product or products determines the profitability of a firm, in the final analysis by influencing the sales revenue.
- **Price is a decision input:** In the areas of marketing management, countless and crucial decisions are to be made. Comparatively marketing decisions are more crucial because, they have bearing on the other branches of business and more difficult as the decision-maker is to shoot the flying game in the changing marketing environment.

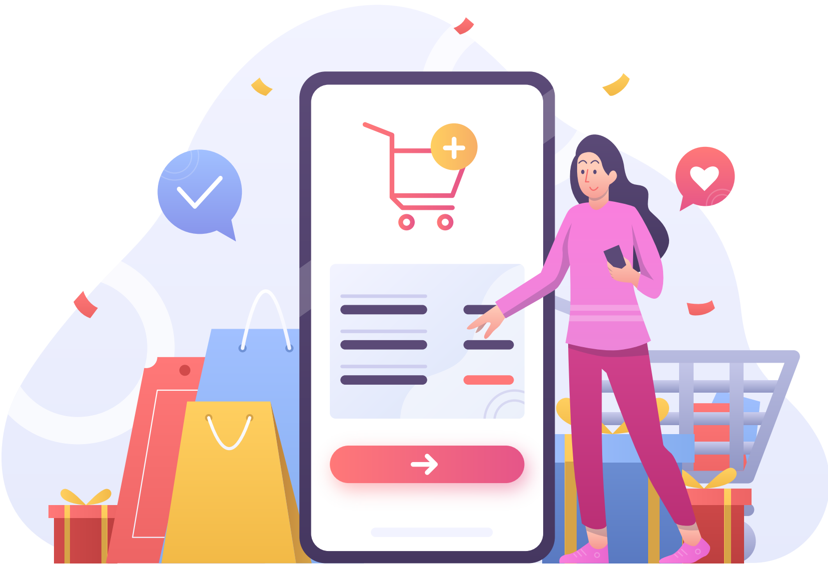
5.6 Factors Affecting Pricing Decisions in Marketing Management

- Price-quality relationship
- Demand for the Product
- Competition
- Buyers Behavior
- Government Rules and Restrictions
- Ethical Consideration or Codes of Conduct
- Seasonal Effects
- Economic Condition
- Brand Image and Reputation in Market
- Product Quality
- Objectives of Company

Stages of Product Life Cycle

COSTING

HAVE THE COSTS INVOLVED IN DELIVERING THE KEY ACTIVITIES BEEN DETERMINED?



6.1 what is meant by costing

The Institute of Cost and Management Accountants (ICMA) defines costing as "the techniques and process of ascertaining costs".

This simply speaks of technique and process. To elaborate it can be said that costing is a systematic process of determining the unit cost of output produced or service rendered, It analyses the expenditure incurred on manufacturing an item or for rendering a service.

6.2 Aim of costing

Main aims of costing are:

- To determine the exact cost of each article
- To determine the cost incurred during each operation to keep control over workers' wages
- To provide information to ascertain the selling price of the product
- To supply information for detection of wastage
- It helps in reducing the total cost of manufacture
- It suggests changes in design when the cost is higher

6.3 What are the main key activities of a company?

The Key activities of a business represent what the company must do to make the business model work. These activities can be producing a product or providing a service, or a mix of both. Key activities are the things that you do to add value. The following are illustrative examples.

Marketing: Adding value by marketing products and services.

Sales: Selling a product.

Design: Designing things

Development: Developing products and services.

Operations: The production of products and delivery of services

Distribution: The process of reaching the customer to sell to them and deliver your obligations.

Customer Experience: Customer experience related activities such as customer service, consulting and support.

6.4 Activity based costing

To use activity-based costing, you must understand the process for assigning costs to activities;

1. First, identify which activities are necessary to create a product.
2. Then, separate each activity into its own cost pool, which is a group of individual costs associated with an activity. Determine the total overhead of each cost pool.
3. Next, assign activity cost drivers to each cost pool. Cost drivers are things (e.g., units, hours, parts, etc.) that control the changes in costs.
4. Divide the total overhead in each cost pool by the total cost drivers to get your cost driver rate.
5. Lastly, compute how many hours, parts, units, etc. that the activity used and multiply it by the cost driver rate.

HAVE THE COSTS INVOLVED IN ACQUIRING THE KEY RESOURCES BEEN DETERMINED

7.1 key resources and it cost

Key resources are the talent and capital that are required to execute a strategy or plan. The resources are needed to create value for your customers. These resources can be categorized into four main categories:

- Physical resources: such as raw material, buildings, vehicles, transportation, storage facility, machines and factory.
- Human resources, or staff, such as a talented engineer or marketing experts. These resources are more important in companies in the knowledge-intensive and creative sectors.
- Intellectual resources, such as your brand, patents, copyrights, partnerships, and customer databases. This can include recipes for those who deals with food. Or it can include a particular way of doing things (that maybe only you know).
- Financial resources, such as cash, credit etc.

If you produce handbags, you will need to have workspace, machines to stitch, people to manage the machines, materials (e.g fabric, thread and zips) and money to keep the operations going. You may also need to protect your handbags and could for example build a strong brand that customers relate to you and your business.

DO YOU KNOW THE COSTS INVOLVED IN MAINTAINING CUSTOMER RELATIONSHIPS?

8.1 What Is Customer Relationship

Customer relations is the process and manner by which a business develops, establishes, and maintains relationships with its customers. Businesses rise and fall through the support of their customer bases. On a practical level, customer relations is effectively communicating with your customers and promptly addressing complaints and treating them as opportunities for improvement. In other words, listen to your customers!

8.2 How to maintain customer relationships

Take these seven steps to effectively strengthen your customer relationships:

- ✓ Send greeting cards
- ✓ Keep lines of communication with customers open
- ✓ Know the stages of customer loyalty
- ✓ Provide customer support
- ✓ Ask for customers' opinions
- ✓ Don't overlook current customers in your marketing
- ✓ Adapt your business plan/model

8.3 What kind of cost are involved in maintaining customer relationship?

The main costs of a CRM budget are listed below -

- Needs analysis and vendor selection
- Baseline system cost
- Training
- Migration
- Customization and dashboard setup
- Storage
- Integration

The hidden costs are what normally spiral these budgets out of control. Here are the key culprits:

- Vendor support
- Consultancy
- Ongoing customization
- Ongoing staff training
- Minimum contract terms
- Staff overtime during implementation
- Opportunity cost

We advise looking at the whole process from vendor selection to a full implementation program when allocating a budget. Custom CRM development can be a good idea if you know exactly what you need; this can be a good option even for small businesses.

DO YOU KNOW THE COSTS INVOLVED IN DETERMINING AND ACQUIRING MARKET SEGMENTS?

9.1 What is market segmentation

Market segmentation is a process of dividing a heterogeneous market into relatively more homogenous segments based on certain parameters like geographic, demographic, psychographic, and behavioral. Market segmentation is a business practice that brands use to divide their target market into smaller, more manageable groups of people based on common ground they share to optimize their marketing, advertising, and sales efforts. Simply put, customers of each market segment have similar characteristics that businesses can leverage to advance their efforts.

Companies can generally use three criteria to identify different market segments:

- Homogeneity, or common needs within a segment
- Distinction, or being unique from other groups
- Reaction, or a similar response to the market

9.2 How do Companies Segment Consumer?

The most common way to segment consumers is by looking at geography, demographics, psychographics, behavior, and benefits sought. Another way to segment consumers is by asking,

- -why
- -what
- -who

-A more difficult but important thing for companies when segmenting consumers is understanding their behavior. This is the "why" question.

-The "what" that companies ask focuses on purchase behavior. These three things show when the last visit to the store was, how frequently customers shop in the store, and how much money they spend.

-Segmenting consumers by "who" is arguably the easiest way because the information is readily available. Information can include a person's income, education, family size, and age.

9.3 The cost involved in determining and acquiring market segments

Product costs: To accommodate each market segment, the firm goes ahead with designing a specific product. It involves good deal of research and development activities as a product is to be separated for each market segment.

Production cost: Though technological break-through have made possible good many firms to reduce the number of units needed to achieves economics of scale, still there persists a problem of high productivity cost.

Promotion costs: Multiple strategies require huge expenditure on both human and financial resources to design different ads and place them in various media. This results in mounting promotion costs.

Inventory costs: More the segments the firm wants to serve, the larger will be the inventory costs. These inventory costs work out higher.

Management costs: Market segmentation strategy consumes good deal of valuable time of management. Such a coordinated strategy deals with product pricing, promotion and distribution.

Module Summary

In this module, you have learned:

- A financial plan expressed regarding money, prepared by the management in advance for the forthcoming period, is called a budget. In contrast, the forecast is an estimation of future business trends and outcomes based on historical data.
- Reconciliation is an accounting process that seeks to check two sets of records, often internal and external, to ensure that the figures are correct and in agreement.
- The definition of cash flow management for business can be summarized as the process of monitoring, analyzing, and optimizing the net amount of cash receipts minus cash expenses.
- The profit and loss (P&L) statement is a financial statement that summarizes the revenues, costs, and expenses incurred during a specified period, usually a fiscal quarter or year.