



ACCOUNTING AND FINANCE

Managing & Organizing Accounts Payable

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Managing & Organizing Accounts Payable

Introduction:

Cash flow is the lifeblood of organizations. While we cannot always predict the timing and values of cash inflows with absolute certainty, the timing and values of cash outflows is largely within the control of the business. The organization of the accounts payable function and the management of the accounts payable role are therefore of vital importance to the effective control of working capital and therefore cash flow. This program will develop your general financial knowledge and awareness and your specific accounts payable expertise by enabling you to:

- Appreciate the importance of the accounts payable function with regard to its links with the supply chain and cash flow
- Use the appropriate tools and techniques to evaluate suppliers and their financial and operational reliability
- Understand the integrated systems of purchase order processing, stock (inventory) control, purchase ledger, and cash payments, and their links with the general ledger
- Effectively manage cash and working capital to reduce costs and improve cash flow
- Consider the impact of risk and uncertainty on the business and its impact on accounts payable and cash flow.

Who Should Attend?

This Course provides a user-friendly environment to develop the knowledge and techniques related to accounts payable, you may be pursuing and developing a career in accounting, purchasing, warehousing and distribution, or stock control, or you may already be employed as a supervisor, team leader, manager, senior manager and director, or vice-president in any of these functions within the business

Course Objectives:

By the end of this course, delegates will be able to:

- Work effectively with the fundamentals of accounts payable, financial accounting, and the supply chain
- Appreciate the processes and procedures involved in the evaluation of suppliers
- Understand and apply the fundamentals of accounts payable systems
- Review and comment on payment methods and cash management
- Analyze the need to incorporate risk and uncertainty into accounts payable analysis

Course Outline:

Accounts Payable, Financial Accounting and the Supply Chain

- The Accounting environment
- Accounting and financial information
- Accounting terminology
- Sources of finance
- · The supply chain

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- · Financial position and financial performance
- The structure of the profit and loss account (Statement of Comprehensive Income)
- · What does the Statement of Comprehensive Income tell us about a company?
- The structure of the balance sheet (Statement of Financial position)
- What does the Statement of Financial position tell us about a company?
- · Cash flow and DCF
- · Why is cash flow so important?
- The structure of the statement of cash flows
- · Capital and revenue expenditure
- Capital expenditure and discounted cash flow

Evaluation of Suppliers

- Suppliers and trading terms
- Suppliers, products, and prices
- Supplier choice
- Terms of trading
- Supplier credit analysis
- Business ratio analysis
- · Finding and using data and information
- Tools and techniques of financial analysis: ratios; trends; common size analysis
- The use of financial ratios: profitability ratios; efficiency ratios: liquidity ratios; investment ratios; financial ratios; the DuPont system

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- The best performance measure cash or profit?
- Financial distress and the Altman's Z score-type analyses
- Trend analysis
- Common size (or horizontal) trend analysis of financial statements
- Vertical trend analysis of financial statements
- · Segmental analysis of financial statements
- Value added analysis of financial statement

Accounts Payable Systems

- Purchase Order Processing (POP)
- • The acquisition payment process
- Purchase requisition
- Purchase authorization
- Purchase order
- · Stock (inventory) control
- Goods received
- Returned goods
- Physical stock control
- Links with the general ledger
- Accounts payable
- Invoice registration
- · Invoice matching
- Invoice payment
- AP links with the general ledger

Payment Methods and Cash Management

- Methods of Payment
- The payment process
- Traditional payment methods
- · Electronic funds transfer
- International payments
- Working Capital and Cash Management
- Working capital and the working capital requirement
- Managing working capital
- Cash improvement techniques
- Cash management and the bank facility (line of credit)
- Leasing versus Borrowing to Buy
- Why lease?
- Operating leases
- · Financial leases
- Lease evaluation

Risk and Uncertainty

- Risk Analysis
- Analyzing risk: expected values; value of perfect information
- Risk and uncertainty decision rules
- Scenario, sensitivity, and break-even analysis techniques
- Types of risk
- · Risk Management
- Risk management principles
- Talking to your bankers about managing risk
- • The analytical tools to manage risk

