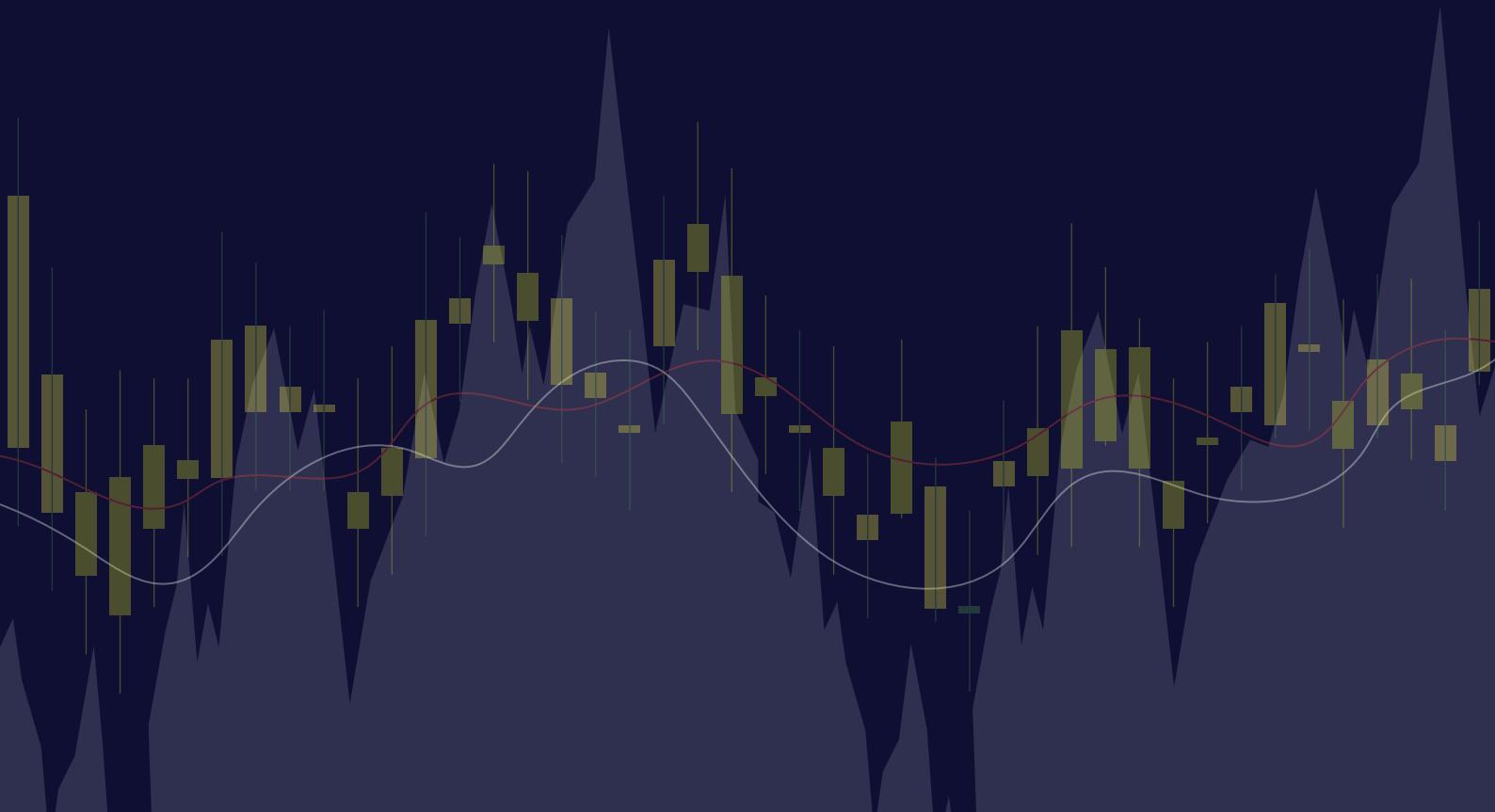


# TOP FINANCE CHEAT SHEETS



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A circular badge with a decorative outer ring. Inside the ring, the words "Volume VI" are written in a white, sans-serif font.

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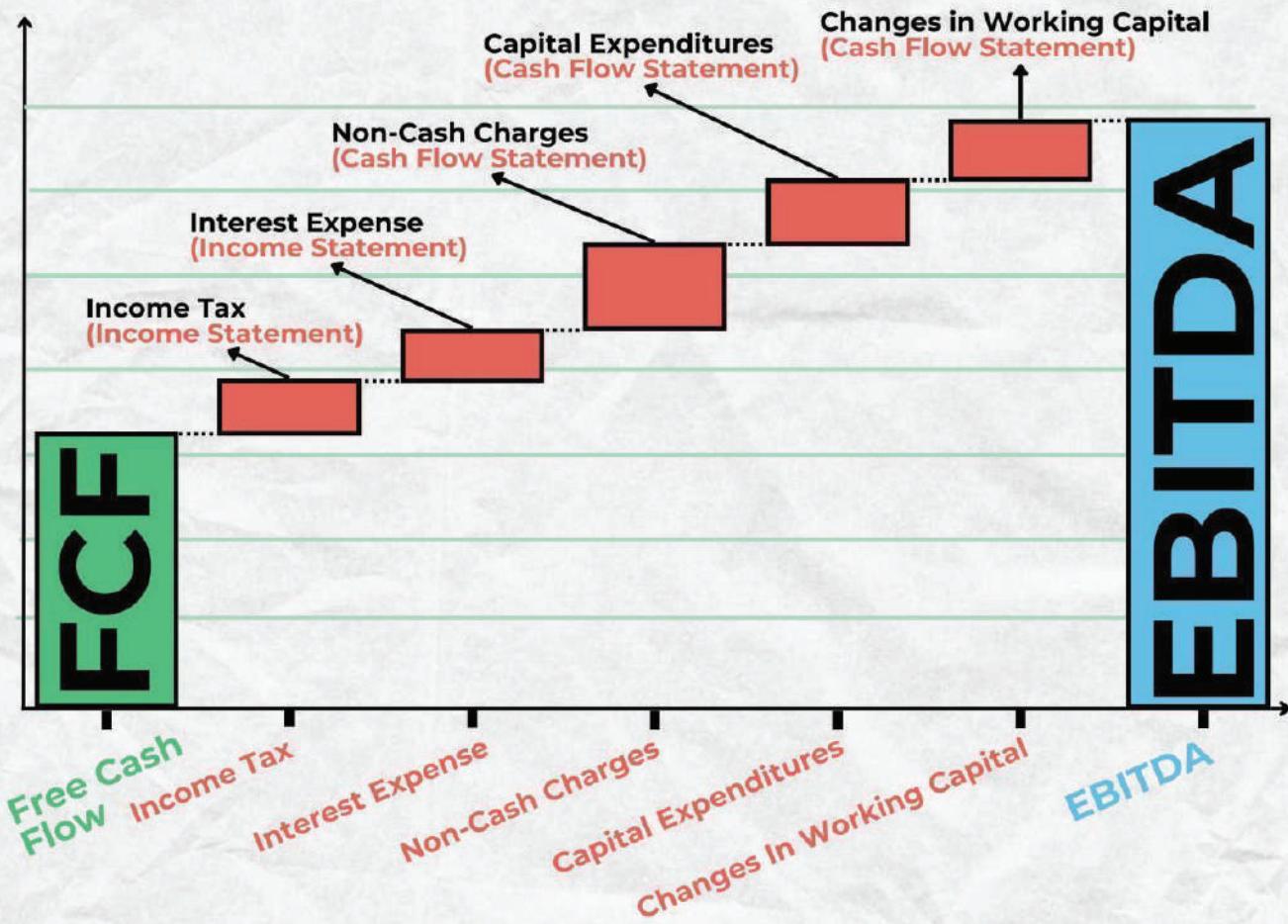


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# FREE CASH FLOW *vs* EBITDA VISUALIZED



BY BRIAN FEROLDI



## WHAT IS FCF?

FCF = Free Cash Flow  
FCF = Cash Flow From Operations - Capital Expenditures



## WHAT IS EBITDA?

EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization



## EBITDA & FCF

Both are alternative methods for measuring a company's profitability.



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# WHY CASH FLOW IS IMPORTANT IN VALUATIONS?



BY NEVENA MISKOVIC

## MEASURES PROFITABILITY

By evaluating cash flow, investors can assess a company's ability to generate positive cash flows over time.

## EVALUATES GROWTH POTENTIAL

Cash flow projections allow investors to assess the future growth potential of a company which is crucial factor in valuations.

## ASSESSES FINANCIAL HEALTH

Cash flow analysis helps determine a company's financial stability and liquidity. Positive cash flow indicates that a company has enough cash to cover operating expenses, debt obligations, and future investments.

## DETERMINES INVESTMENT RETURN

Cash flow is crucial in determining the return on investment (ROI) for investors. By estimating future cash flows and discounting them to their present value, valuation models such as discounted cash flow (DCF) can determine the intrinsic value of a company and guide investment decisions.

## DISCOUNTED CASH FLOW

This is the most favorable method in company valuation as it takes into account cash generation potential and time effects, i.e. present value of cash generated.

## COMPARABILITY ACROSS COMPANIES

Cash flow provides a standardized metric that enables comparisons across different companies within the same industry or sector. Investors can evaluate the relative attractiveness of different investment opportunities based on their cash flow profiles.





# QUICK FINANCIAL ANALYSIS

## Balance sheet

	9/29/2021	9/29/2022	9/29/2023
Assets	351,002	352,755	352,583
Current assets	134,836	135,405	143,566
Liabilities	287,912	302,029	290,437
Current liabilities	125,481	153,928	145,308
Equity	63,090	50,726	62,146
NWC	(4,289)	(6,105)	(3,356)



## Income statement

	9/29/2021	9/29/2022	9/29/2023
Revenues	365,817	394,328	383,285
Gross profit	152,836	170,782	169,148
EBITDA	123,136	133,138	129,188
Net income	94,680	99,803	96,995



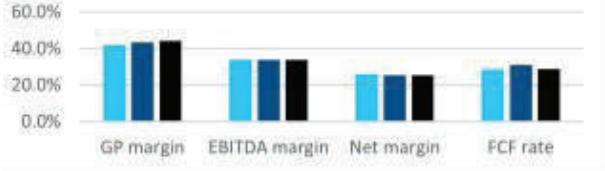
## Cash flows

	9/29/2021	9/29/2022	9/29/2023
Operating CF	104,038	122,151	110,453
Investing CF	(14,545)	(22,354)	3,705
Financing CF	(93,353)	(110,749)	(108,488)
Free CF	92,953	111,443	99,584



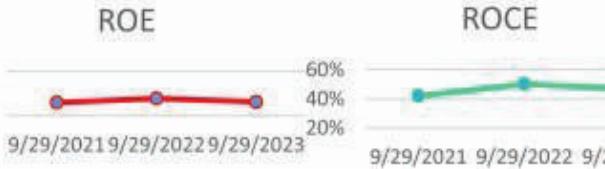
## Profitability

	9/29/2021	9/29/2022	9/29/2023
GP margin	41.8%	43.3%	44.1%
EBITDA margin	34%	34%	34%
Net margin	26%	25%	25%
FCF rate	28%	31%	29%



## Returns

	9/29/2021	9/29/2022	9/29/2023
ROE	150%	197%	156%
ROCE	42%	50%	47%
ROA	27%	28%	28%



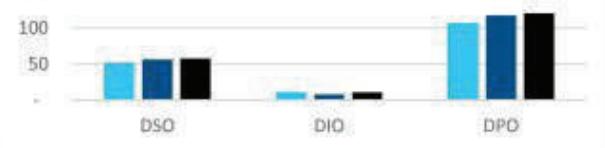
## Liquidity

	9/29/2021	9/29/2022	9/29/2023
Current ratio	1.07	0.88	0.99
Cash ratio	0.50	0.31	0.42
Quick ratio	0.91	0.71	0.84



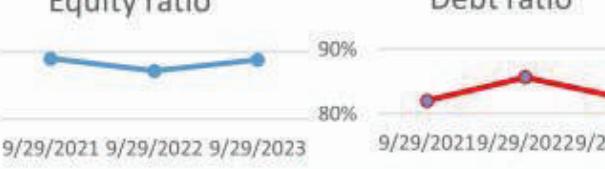
## Efficiency

	9/29/2021	9/29/2022	9/29/2023
DSO	51	56	58
DIO	11	8	11
DPO	107	118	120
Cash conversion	(44)	(53)	(52)



## Solvency

	9/29/2021	9/29/2022	9/29/2023
Equity ratio	18%	14%	18%
Debt ratio	82%	86%	82%
LT debt to Equity	173%	195%	153%



Bojan Radojicic | bojanfin.com |

DOWNLOAD EXCEL – LINK IN A POST

# How to Analyze a Balance Sheet

## Current Ratio

The current ratio is a financial metric used to evaluate a company's ability to pay its short-term obligations with its short-term assets. It is calculated by dividing the company's current assets by its current liabilities. A higher ratio indicates better liquidity, suggesting the company can easily meet its short-term debts.

$$\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$$

Amazon's Example:

- Revenues = \$574.8 billion
- Current assets = \$172.4 billion
- Current liabilities = \$164.9 billion



Calculation

- Current Ratio = Current Assets / Current Liabilities
- Current Ratio = 172.4 / 164.9 = 1.05

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## Quick Ratio

The quick ratio measures a company's ability to cover short-term obligations with its most liquid assets, excluding inventory. It's calculated as (Current Assets - Inventory) / Current Liabilities, including cash, marketable securities, and receivables in the numerator, and short-term debts and payables in the denominator, offering a conservative liquidity snapshot.

$$\text{Quick Ratio} = (\text{Current assets} - \text{Inventory}) / \text{Current liabilities}$$

Amazon's Example:

- Current assets = \$172.4 billion
- Inventory = \$33.8 billion
- Current liabilities = \$164.9 billion



Calculation

- Quick Ratio = (Current assets - Inventory) / Current liabilities
- Quick Ratio = (172.4 - 33.8) / 164.9 = 0.84

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## Cash Ratio

The cash ratio is a liquidity metric indicating a company's capacity to settle short-term liabilities with cash and cash equivalents alone. Calculated as Cash and Cash Equivalents divided by Current Liabilities, it shows how well a company can instantly pay off its debts, providing the most conservative view of liquidity.

$$\text{Cash Ratio} = \text{Cash & Equivalents} / \text{Current liabilities}$$

Amazon's Example:

- Total Assets = \$527.9 billion
- Cash & Equivalents = \$86.8 billion
- Current Liabilities = \$164.9 billion



Calculation

- Cash Ratio = Cash & Equivalents / Current Liabilities
- Cash Ratio = 86.8 / 164.9 = 0.52

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## Asset Turnover

Asset turnover is a financial ratio that measures the efficiency of a company in using its assets to generate sales or revenue. It indicates how well a company can convert its investment in assets into sales. The ratio is calculated by dividing total sales by the average total assets for a period.

$$\text{Asset Turnover Ratio} = \text{Revenues} / \text{Assets} \times 100$$

Amazon's Example:

- Market Cap = \$1,789 billion
- Revenues = \$575 billion
- Assets = \$527.9 billion



Calculation

- Asset turnover = Revenues / Assets × 100
- Asset turnover = \$575B / \$527.9B × 100 = 109%

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## Inventory Turnover

Inventory turnover is a financial metric that measures how often a company's inventory is sold and replaced over a specific period. It indicates inventory management efficiency and helps assess sales performance and stock control effectiveness.

$$\text{Inventory Turnover} = \text{COGS} / \text{Inventories}$$

Amazon's Example:

- Market Cap = \$1,849 billion
- COGS = \$304 billion
- Inventory = \$33.3 billion



Calculation

- Inventory turnover = COGS / Inventory
- Inventory turnover = \$304B / \$33.3B = 9.1

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## Receivables Turnover

Receivables turnover is a financial metric used to assess how efficiently a company collects its accounts receivable, indicating how often the company collects its average accounts receivable in a period. It is calculated by dividing total net credit sales by the average accounts receivable during the same period.

$$\text{Receivables Turnover} = \text{Revenues} / \text{Accounts Receivable}$$

Amazon's Example:

- Market Cap = \$1,789 billion
- Revenues = \$575 billion
- Accounts receivable = \$46.8 billion



Calculation

- Receivables turnover = Revenue / Accounts receivable
- Receivables turnover = \$575B / \$46.8B = 12.5

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## Debt to Equity

The debt to equity ratio measures a company's financial leverage by comparing its total liabilities to shareholders' equity. It is calculated as total liabilities divided by shareholders' equity. A good range varies by industry but typically falls between 1:1 and 2:1, indicating a balanced approach to financing with debt and equity.

$$\text{Debt to Equity ratio} = \text{Total Debt} / \text{Shareholders' Equity}$$

Amazon's Example:

- Total Debt = \$161.6 billion
- Shareholders' Equity = \$201.9 billion



Calculation

- Debt to Equity ratio = Total Debt / Shareholders' Equity
- Debt to Equity = 161.6 / 201.9 = 0.80

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## Debt Ratio

The debt ratio measures a company's financial leverage, expressed as the proportion of its total liabilities to its total assets. It is calculated by dividing total liabilities by total assets. A higher ratio suggests greater reliance on borrowing, indicating higher financial risk but also potential for higher returns if managed well.

$$\text{Debt Ratio} = \text{Total Debt} / \text{Total Assets}$$

Amazon's Example:

- Total Debt = \$161.5 billion
- Leases = \$87.8 billion
- Total Assets = \$527.8 billion



Calculation

- Debt Ratio = Total Debt / Total Assets
- Debt Ratio = 161.5 / 527.8 = 0.31

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# FINANCE DEPARTMENT HIERARCHY



ABDUL KHALIQ



## KEY RESPONSIBILITIES

- The **Financial Controller** oversees all financial activities and ensures regulatory compliance.
- The **Finance Manager** - Accounting manages day-to-day accounting operations and financial reporting.
- Financial Reporting Specialist** handles the preparation and presentation of financial statements.
- Accounts Payable Accountant** manages the organization's outgoing payments and vendor relationships.
- Accounts Receivable Accountant** is responsible for collecting outstanding payments from customers.
- General Ledger Accountant** maintains the company's financial records and ensures accuracy.
- Fixed Assets Accountant** manages and tracks the organization's long-term assets.
- The **Head of FP&A** leads the Financial Planning and Analysis function, driving strategic financial planning, budgeting, and forecasting initiatives.
- FP&A Manager** oversees the entire Financial Planning and Analysis team, ensuring strategic alignment and effective financial decision-making.
- FP&A Analyst** conducts in-depth financial analysis, generates reports, and provides insights to support planning and decision-making processes.
- Budget Analyst** focuses on developing and managing budgets, analyzing variances, and collaborating with departments to optimize financial performance.
- Cost Analyst** specializes in analyzing and optimizing costs within the organization, providing valuable insights for cost-effective operations.
- Head of Treasury** strategically manages the organization's treasury function, overseeing risk management, liquidity, and financial planning.
- Treasury Manager** executes treasury strategies, monitors cash flow, and ensures effective financial risk management.
- Cash Management Specialist** optimizes cash position forecasts and implements strategies to enhance liquidity.
- Bank Relations Officer** handles relationships with financial institutions, negotiates terms, and ensures effective communication for the treasury function.
- Head of Risk Management** leads the overall risk strategy, ensuring alignment with organizational objectives and regulatory compliance.
- Manager, Risk Management** oversees day-to-day risk operations, implementing risk mitigation strategies and coordinating risk assessments.
- Compliance Officer** ensures adherence to regulations and internal policies, mitigating legal and regulatory risks.
- Risk Analyst** conducts risk assessments, analyzes data to identify potential threats, and supports the development of risk mitigation plans.
- Head of Taxation** leads the tax department, developing and implementing the organization's tax strategy in compliance with applicable laws.
- Manager, Tax** oversees day-to-day tax operations, including compliance, planning, and reporting activities.
- Tax Analyst** conducts detailed analysis of tax data, ensuring accuracy and assisting in strategic tax planning.
- Tax Filing Specialist** focuses on the accurate and timely preparation and submission of tax returns, ensuring compliance with relevant regulations.

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# 60 Day Road To CFO



YOUR CFO GUY

Learn Something  
NEW in Finance and  
Accounting Each Day



SUN

MON

TUE

WED

THU

FRI

SAT

**The Accounting equation**

Understand what assets, liabilities, and revenue are, and their relationship with the financial statements.

**Financial Statements**

Learn about the Profit & Loss, Balance Sheet, and Cash Flow.

**Cash vs Accrual**

Understand the difference between Cash accounting, and Accrual accounting.

**The Balance Sheet**

Learn how the Balance sheet is structured, and the information it conveys.

**The Profit & Loss**

Learn how the Profit & Loss shows you the earnings and losses of your business.

**The Statement of Cash Flows**

Learn how the Statement of Cash Flows tells you about your cash movements.

**The Financial Statements Mindmap**

Understand how the 3 financial statements are connected.

**How the Balance Sheet Connects to the P&L**

Understand the linkages between the Balance Sheet, and the P&L.

**Debits & Credits**

Master the fundamentals of double-entry accounting.

**T Accounts**

Utilize T accounts to assist with your application of double entry accounting.

**Accounts Payable**

Understand how liabilities to creditors are recorded.

**Accounts Receivable**

Understand how amounts owed from customers are recorded.

**The Chart of Accounts**

Learn about the accounts that show up in your general ledger.

**How to perform a month end close**

Master the steps required to close the books.

**Bank Reconciliations**

Learn about the process of matching your bank & cc balances to your general ledger.

**Adjusting Journal Entries**

Learn about the various journal entries common to book in a month end close.

**Prepaid Expenses**

Understand the nature of expenses paid for in advance.

**Accrued Expenses**

Understand the nature of expenses incurred but not yet paid.

**Deferred Revenue**

Learn about amounts collected / invoiced to customers that have not yet been earned.

**Inventory**

Learn about inventory accounting.

**Fixed Assets & Depreciation**

Learn about long term capital expenditures, and how they are expensed.

**Payroll**

Learn how to process payroll for employees.

**Accounting vs FP&A**

Learn about Financial Planning & Analysis.

**The Superhero Financial Reports**

Learn about the other financial reports available.

**Taxes**

Understand the various taxes you may find in a business.

**Direct vs Indirect cash flows**

Master the difference between Direct and Indirect Cash Flows.

**Cash from Operating Activities vs Investing vs Financing Activities**

Learn about the different sections of the statement of cash flows.

**Preferred Stock vs Common Stock**

Understand the difference between Preferred & Common stock.

**Retail accounting**

Learn about the accounting nuances related to retail accounting.

**EBITDA**

Become a pro at calculating EBITDA.

**Everything you can do in excel**

Get familiar with everything you can accomplish in Excel.

**Excel frameworks**

Learn the framework for structuring your excel files.

**Excel functions**

Learn about the most important excel functions.

**Excel lookup functions**

Master the various lookup functions.

**Excel errors**

Solve any excel error that you encounter in your spreadsheet.

**Power Query**

Learn about power query, one of excel's most powerful feature.

**Excel Tables**

Master excel tables.

**Excel CTRL keyboard shortcuts**

Memorize the excel CTRL shortcuts.

**Excel ALT keyboard shortcuts**

Memorize the excel ALT shortcuts.

**Excel Charts**

Become familiar with all charts available in excel.

**Excel PivotTables**

Master excel pivotables.

**Excel Conditional Formatting**

Learn how to utilize excel's conditional formatting.

**How to build a 3 statement model**

Learn how to build a financial model.

**Financial model schema**

Understand the best schema for financial.

**How to forecast cash flows under the Indirect method**

Understand how to forecast cash flows.

**How to forecast headcount**

Learn the secret to forecasting headcount.

**How to forecast revenue**

Learn how to forecast revenue.

**Forecasting B2B Revenue**

Forecast revenue with sales reps.

**Forecasting B2C revenue**

Forecast revenue with digital marketing.

**Master SaaS Metrics**

Master Monthly / Annual Recurring Revenue.

**How to forecast the general ledger**

Learn the different methods to forecast.

**How to forecast the balance sheet**

Understand how to forecast your balance sheet.

**How to build dashboards**

Learn how to build dashboards.

**Budget vs Actuals**

Build a budget vs actuals dashboard.

**Board Reporting**

Report to your board of directors.

**Build a Month over Month dashboard**

Build a dashboard by comparing to prior month.

**Management Reporting**

Report to management.

**Build a KPI dashboard**

Build a KPI dashboard.

**12 Ways to Analyze a P&L**

Present your P&L using 12 different formats.

**Build a Charts Dashboard**

Present your financial information using 7 charts.

**Accounting Fundamentals****Excel****Bookkeeping & Financial Reporting****Other Areas of Finance & Accounting****Financial Modeling****Dashboards**

# 5 FINANCE MODEL SCHEDULES

Bojan Radojicic | BojanFin.com



## 1

**REVENUE & MARGINS**

Open days	365	365	365	365	365
Available rooms	50	55	58	100	110
Available rooms / days	18.250	20.075	21.170	36.500	40.150
Rooms / days occupied	10.000	11.200	12.026	21.111	23.644
Occupancy rate	54,8%	55,8%	56,8%	57,8%	58,9%
Average daily rate ADR	50	53	55	56	58
RevPAR	27	28	31	33	34
<b>Total</b>	<b>500.000</b>	<b>560.000</b>	<b>656.480</b>	<b>1.187.015</b>	<b>1.369.341</b>

## 2

**NET WORKING CAPITAL**

Days sales outstanding (DSO)	14	14	14	14	14
Days inventory outstanding (DIO)	133	126	130	130	130
Days payables outstanding (DPO)	30	28	28	28	28
Account Receivables	25.000	27.000	31.225	52.193	59.823
Inventories	23.000	24.000	27.093	29.657	32.468
Other current assets	10.000	10.000	11.565	19.331	22.157
Trade Payables	47.000	49.000	59.495	86.248	104.046
Other current liabilities	13.000	14.000	8.118	13.570	15.554
<b>Net working capital</b>	<b>(2.000)</b>	<b>(2.000)</b>	<b>2.269</b>	<b>1.362</b>	<b>(5.152)</b>

## 3

**HEADCOUNT**

Hotel personell	25	26	28	40	40
Food & Beverage	10	11	11	14	14
SPA and Beauty	4	4	55	55	60
Other revenues	1	2	2	4	4
<b>Total headcount</b>	<b>40</b>	<b>43</b>	<b>96</b>	<b>113</b>	<b>118</b>

## 4

**CAPEX**

Beginning of Period			1.250.000	1.191.375	1.867.914
CAPEX - acquisition				750.000	
CAPEX - existing asset capitalization			20.000	1.500	15.000
CAPEX - disposals			500	500	500
CAPEX, net (acquisition adjusted for disposal)			19.500	751.000	14.500
Depreciation				78.125	74.461
<b>Carrying value of PPE</b>	<b>1.200.000</b>	<b>1.250.000</b>	<b>1.191.375</b>	<b>1.867.914</b>	<b>1.765.669</b>

## 5

**DEBT**

Beginning of period			25.000	25.107	26.967
Withdrawals			150	2.000	100
Repayment			43	140	120
Short term debt	<b>25.000</b>	<b>25.000</b>	<b>25.107</b>	<b>26.967</b>	<b>26.947</b>
Beginning of period			25.000	25.100	324.700
Withdrawals			100	300.000	
Repayment			400	75.000	
Long term debt	<b>25.000</b>	<b>25.000</b>	<b>25.100</b>	<b>324.700</b>	<b>249.700</b>
<b>Total debt</b>	<b>50.000</b>	<b>50.000</b>	<b>50.207</b>	<b>351.667</b>	<b>276.647</b>

Learn more at [BojanFin.com](http://BojanFin.com)

# MICROSOFT COPILOT CHEAT SHEET

by David Fortin



## HOW TO PROMPT

Prompt such as: "What to do in Paris" is too generic and lack details

The prompt structure and hierarchy is the following:

- **GOAL:** What response do you want from Copilot?

Example: Give me 5 bullet points on Team Building activities to do in Paris.

- **CONTEXT:** Why do you need it and who is involved?

Example: I am going to Paris for a business meeting with 5 of my colleagues and we are staying 4 days.

- **SOURCE:** Which information sources should Copilot use?

Example: Base your research on the best reviews of the last year from TripAdvisor

- **EXPECTATION:** How should Copilot respond?

Example: Respond in a professional tone as I want to share to my colleagues.

### PERFECT PROMPT FORMULA:

Give me 5 bullet points on Team Building activities to do in Paris. I am going to Paris for a business meeting with 5 of my colleagues and we are staying 4 days. Base your research on the best reviews of the last year from TripAdvisor. Respond in a professional tone as I want to share to my colleagues.



## MS 365 APPS

- Analyze data trends. Visualize insights. Example: "Sales trends last quarter?"
- Generate formula suggestions. Complex calculations made easy. Example: "How do I do a VLOOKUP to get the Unique IDs of these invoices?"
- Highlight, filter, sort data. Tailor views. Example: "Show sales >\$5000."



- Summarize notes: Condense meeting notes for clarity.
- Create to-do lists: Organize tasks efficiently.
- Generate ideas/content: Spark creativity for projects.



- Request creative slides: "Craft vibrant presentation slides on climate change."
- Arrange meeting content: "Structure slides for a product launch meeting."
- Convert Word to slides: "Turn project report into PowerPoint."



- Create concise drafts by summarizing key points from documents, like project reports.
- Generate summaries efficiently, condensing complex content into brief insights.
- Obtain ideas on various topics, such as professional career advice, for blog posts or discussions.
- Transform text into structured formats like tables for better organization and clarity.
- Receive suggestions to enhance content, making it more concise or impactful.



- Summarize email threads efficiently.
- Provide polite meeting decline suggestions.
- Draft professional delay emails. (I'm so sorry type of emails :))
- Check out Piggy Bank Accountant's YouTube channel for Copilot Pro Features video.



## DOS & DON'TS

### DO'S

- Right prompt ingredients  
Goal - Context - Source - Expectations
- Be clear and specific
- Treat it like a conversation
- Give examples
- Use punctuation.  
Decent grammar
- Check for accuracy.  
It's a new tool
- In other words talk to Copilot like it was your mom (be polite!)



### DON'TS

- Type randomly like you'd talk to your best friend forever
- Be super vague
- Treat it like it's a dictionary
- Contradict yourself
- Use slang and informal language
- Randomly trust the results (use your critical judgment)
- Change topics in the same conversation (Start a new one)



## USE CASES

### For Excel, Email or Content Creation

- Generate random Excel Data
- Write Code or Excel Function
- Prepare financial ratios for a presentation. Copilot will help inspire you
- Draft Emails (Bullet points only then copilot will draft the email)
- Correct grammar issues so you have a professional email
- Translate text from your main language to English
- Generate LinkedIn post, video and infographics ideas
- Review LinkedIn posts for a better Hook & story
- Generate AI image of you in a professional context

### Prompt Example

Give me 25 lines of Excel Data. I am an accountant making a presentation to showcase copilot to accountants and data analysts. I want a dataset based on the Piggy Candies, it is a company that sells candies. Let your imagination run the data and make it fun. I want to be able to build analysis, charts and other insights based on this data.

### More on the topic



Get Started with Excel Formulas and Functions



Microsoft Copilot Free VS ChatGPT - Which one is the BEST?



Microsoft Copilot: Free vs Pro - Which is Right for You?

# DEMYSTIFYING FINANCE

## FOR NON-FINANCE LEADERS

(A STEP-BY-STEP GUIDE)



### THE PROFIT AND LOSS (P&L) STATEMENT

#### WHAT IT IS

Your company's financial story in numbers

Shows revenue, costs, and profit over a specific period

#### KEY COMPONENTS



#### WHY IT MATTERS

Reveals your company's profitability

Helps identify areas for cost-cutting or investment

#### PRO TIP

Compare P&L statements over time to spot trends and make informed decisions.

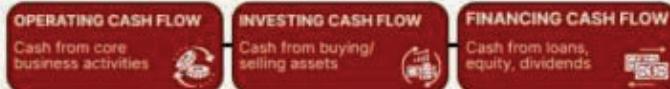
### UNDERSTAND CASH FLOW

#### WHAT IT IS

The movement of money in and out of your business

Different from profit – you can be profitable but cash-poor

#### KEY COMPONENTS



#### WHY IT MATTERS

Predicts future financial health

Shows your ability to pay bills and invest in growth

#### PRO TIP

Focus on free cash flow (Operating Cash Minus Capital Expenditures) to gauge true financial flexibility.

### INTERPRET FINANCIAL RATIOS

#### WHAT THEY ARE

Mathematical relationships between financial numbers

Quick insights into company health and performance

#### KEY COMPONENTS



#### WHY THEY MATTER

Provide quick insights into financial health

Allow for easy comparison with competitors or industry benchmarks

#### PRO TIP

Don't look at ratios in isolation. Consider industry norms and your company's specific circumstances.

### NAVIGATE BUDGETING AND FORECASTING

#### WHAT IT IS

BUDGETING: Planning future income and expenses

FORECASTING: Predicting future financial performance

#### KEY COMPONENTS



#### WHY IT MATTERS

Enables proactive decision-making

Helps set and execute realistic financial goals

#### PRO TIP

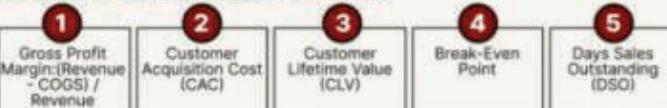
Implement scenario planning – create best-case, worst-case, and most-likely financial projections.

### GRASP KEY PERFORMANCE INDICATORS (KPIs)

#### WHAT THEY ARE

Measurable values showing how effectively you're achieving key business objectives

#### EXAMPLES OF FINANCIAL KPIs



#### WHY THEY MATTER

Focus attention on what's most important

Help track progress towards financial goals

#### PRO TIP

Choose a mix of leading (predictive) and lagging (historical) KPIs for a balanced view.

### UNDERSTAND FINANCIAL STATEMENTS

#### KEY FINANCIAL STATEMENTS



#### PRO TIP

Learn to spot red flags like consistently decreasing cash balances or rising debt levels.

# 9 levers to improve your Cash Flow

Made by Nicolas Boucher

## 1 Sales

Improve payment terms with clients (negotiate down payments and short payment terms), accelerate the closing of deals

## 2 Finance

Automate reporting, improve understanding of cash flow statements, bring transparency to management, escalate collection issues, use factoring to accelerate cash payment from receivables

## 3 Collection of overdues

Automate the dunning process and escalate significant issues to management & key account manager

## 4 Project

Compute and monitor the cash balance of each project

## 5 Sales administration

Optimise the process between a cash milestone achievement and the issuance of the debit note to your client

## 6 Procurement

Avoid down payment and push the payment terms as far as possible

## 7 Inventory

Monitor level of inventory against forecasted sales, reduce lead time, optimise stock buffer, reduce delays

## 8 Management

Translate cash targets in team & individual objectives, put cash on the management reviews agenda, follow up cash as KPI

## 9 Culture

Communicate, explain, repeat: it's a culture shift

# BOARD REPORTING

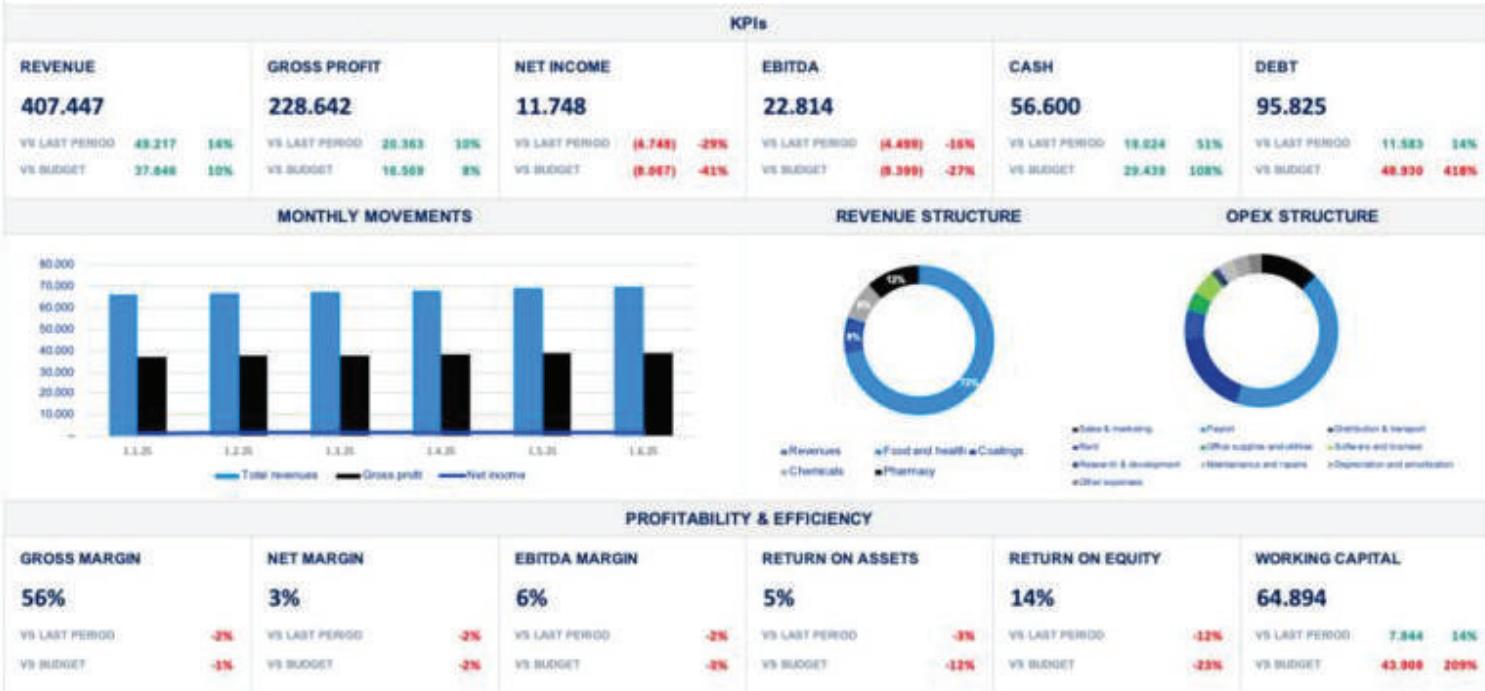
## KEY INSIGHTS



Bojan Radojcic

### Dashboard

June 2025, YTD



### Financial summary

June 2025, YTD

STATEMENT	YEAR TO DATE			FULL YEAR FORECAST			VISUALS - ACTUALS		
	Actual	Last period	Budget	Actual + FC	Last period	Budget	Actual	Last period	Budget
INCOME STATEMENT									
Revenues	407.447	358.231	369.602	842.061	740.256	763.354	407.447	358.231	369.602
Gross profit	228.642	208.279	212.073	489.410	422.481	438.003	228.642	208.279	212.073
Net income	11.748	16.496	19.815	38.629	27.364	40.925	11.748	16.496	19.815
EBITDA	22.814	27.313	31.213	64.030	48.530	64.466	22.814	27.313	31.213
BALANCE SHEET	Actual	Last period	Budget	Actual + FC	Last period	Budget			
Assets	260.965	217.258	118.349	299.521	238.331	143.694	260.965	217.258	118.349
Debt	95.825	84.242	42.611	102.219	89.841	45.397	95.825	84.242	42.611
Liabilities	174.668	153.554	64.769	186.323	163.762	69.004	174.668	153.554	64.769
Equity	86.317	63.701	53.580	113.198	74.569	74.690	86.317	63.701	53.580
CASH FLOW STATEMENT	Actual	Last period	Budget	Actual + FC	Last period	Budget			
Operating CF	14.404	18.845	24.749	44.108	32.210	51.113	14.404	18.845	24.749
Investing CF	(10.494)	(9.216)	(9.164)	(21.695)	(19.050)	(18.932)	10.494	9.216	9.164
Financing CF	5.983	5.242	2.611	12.377	10.841	5.387	5.983	5.242	2.611
Total CF	9.893	14.871	18.196	34.791	24.002	37.578	9.893	14.871	18.196



# HOW TO USE AI IN FINANCE & ACCOUNTING



Join the webinar: [yourcoguy.com/ai-finance-accounting](http://yourcoguy.com/ai-finance-accounting)

Friday, October 18  
09:00 AM - 10:00 AM ET



## Acme Corp Financial Summary

October 2024

Revenue	\$1,700,644
(\$37,837 Increase)	+2%
Compared to September 2024	

COGS	\$68,545
(\$10,652 Increase)	+3%
Compared to September 2024	

Gross Profit	\$1,632,099
(\$10,652 Increase)	+1%
Compared to September 2024	

Gross Margin	51.0%
(+0.6% Increase)	+0.3%
Compared to September 2024	

Learn how to create a CFO report from two financial reports using ChatGPT. Follow the steps to see how it's done

## Budget Vs Actuals

October 2024

Budget	Actual	% Change
Revenue	\$1,600,000	+10%
COGS	\$60,000	+10%
Gross Profit	\$1,540,000	+10%
Operating Expenses	\$100,000	+10%
Net Income	\$1,440,000	+10%
Ending Cash	\$1,350,000	+10%
Cash Flow	\$1,420,000	+10%

Budget	Actual	% Change
Revenue	\$1,600,000	+10%
COGS	\$60,000	+10%
Gross Profit	\$1,540,000	+10%
Operating Expenses	\$100,000	+10%
Net Income	\$1,440,000	+10%
Ending Cash	\$1,350,000	+10%
Cash Flow	\$1,420,000	+10%



## First, you need to understand Nicolas's CSI + FBI framework

Advanced:  
1% of users

CSI

→ context Specific Instruction

I am an accountant, my client has an overdue since 2 months, can you draft a communication to him?

FBI

→ Format Blueprint Identity

The communication needs to be a formal letter.

I want the communication to be hard and use words like legal actions. Draft this email like you would be the best lawyer.

ChatGPT:

1 Add this prompt in ChatGPT

I am a fractional CFO, and I need to draft the monthly performance review email to my client called John (a SaaS company). Help me draft a really short email summarizing the performance.

Use bullet points and short direct sentences. Present the key figures in a clear and concise manner, where each figure is immediately followed by a brief explanation of the cause or contributing factors.

Finish with points of attention and recommendations.

Draft it like a top 1% fractional CFO.

ChatGPT

recommendations.

Draft it like a top 1% fractional CFO.



3 And here is your report

Subject: October 2024 Financial Performance Review

to: [redacted]

Hi John,

Please find attached a quick summary of October's financial performance.

- Revenue: \$1,700,644 (+2%) – Driven by steady client growth and new initiatives.
- COGS: \$68,545 (+2%) – Increased costs due to higher hosting expenses.
- Gross Profit: \$1,632,099 (+1%) – Small margin improvement despite COGS increase.
- Gross Margin: 51.0% (down 1%) – Slight decline from last month, higher costs.
- Operating Expenses: \$100,000 (+1%) – Efficiency gains in marketing and other O&P costs.
- Net Income: \$1,440,000 (+1%) – Improved operational leverage contributing to growth.
- Cash Flow: \$1,420,000 (+2%) – Strong collections supporting cash inflows.

Budget vs Actuals:

- Revenue beat budget by \$90,000 (+2%).

- Opex exceeded budget by \$8,000 (+1%) – Payroll was the main driver, primarily due to higher-than-expected staffing costs.

Key Points of Attention:

- COGS is up significantly – monitor closely to ensure stability doesn't erode margins.
- Opex management requires focus, particularly in controlling payroll costs.

Recommendations:

- Optimize hosting costs – Review and negotiate with providers to manage escalating COGS.
- Review hiring plans – Focus on optimizing team size to align payroll with revenue growth.
- Enhance cost management – Consider implementing cost controls, particularly in marketing and payroll, to maintain margins.

ChatGPT's analysis may lead to further optimize costs and maintain profitability next month.

Send report:

[Your Name]

[Email Address]

ChatGPT





# THE FIVE PHASES OF THE ANNUAL BUDGETING PROCESS

by Christian Wattig



A well-run **Annual Budgeting Process** has five phases:

1. Pre Kick-Off
2. Joint Planning
3. Consolidation

4. Iteration
5. Final Alignment

## "Planning the Plan"

Phase 1:  
**Pre Kick-Off**

- |                       |   |
|-----------------------|---|
| T<br>A<br>S<br>K<br>S | <ol style="list-style-type: none"> <li>1) Review the Previous Year's Plan           <ul style="list-style-type: none"> <li>• Process</li> <li>• Actual results</li> <li>• Learnings</li> </ul> </li> <li>2) Create the Planning Roadmap           <ul style="list-style-type: none"> <li>• Timeline</li> <li>• Deliverables</li> <li>• Ownership structure</li> </ul> </li> <li>3) Implement Process Improvements           <ul style="list-style-type: none"> <li>• Speed</li> <li>• Accuracy</li> <li>• Trackability</li> </ul> </li> </ol> |
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Too many discussions between stakeholders can significantly slow down the budget process.  
Too many decision-makers attempting to agree on details can result in meetings ending without any decisions.

### Solution

Assign clear roles and responsibilities upfront and limit the number of decision-makers and meeting participants.  
The RACI framework is a useful tool for managing clear assumptions upfront.

- Responsible
- Accountable
- Consulted
- Informed

### Responsible

Individuals or teams who will be actively involved in executing specific tasks in the budgeting process.  
Example: Department managers are responsible for their estimates.

### Accountable

- The person who is ultimately accountable for each step of the budgeting process
- Differentiate between "process accountability" and "business accountability"

### Informed

- Ensures transparency
- These people shouldn't be invited to decision-making meetings or other budget discussions since they aren't expected to contribute

### Consulted

- Experts who are consulted during the budgeting process
- These individuals don't have the ability to make final decisions

## "Any Questions?"

Phase 2:  
**Joint Planning**

- |                       |  |
|-----------------------|--|
| T<br>A<br>S<br>K<br>S | <ul style="list-style-type: none"> <li>• Business teams create the Bottom-Up</li> <li>• FP&amp;A create the Top-Down</li> <li>• Together, FP&amp;A and business teams compare plans and discuss variances</li> <li>• Teams assess risks and opportunities and prepare a joint plan for the department</li> </ul> |
|-----------------------|--|

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- FP&A must challenge the assumptions of the Bottom-up by asking the right questions at the right time, including:
  - What worked and what didn't work this year?
  - One-off projects
  - Recurring activities
- On a high level, what are we planning to do differently next year? Why?
- What are we planning to do the same way as this year? Why?
- What are the major drivers we can influence to grow our business? How do we expect them to change, given our strategy? A few examples:
  - Advertising (amount and short- vs long-term focus)
  - Promotions
  - Sales headcount

- Product innovations
- Geographic expansion
- Pricing
- Inorganic growth (Mergers & Acquisitions)
- 5. Is the macro-environment this year in line with expectations?
  - Inflation
  - Market growth
  - Competitor's performance
  - Political factors
  - Regulatory factors
  - Availability of resources (raw materials, talent, etc.)

## "What's the bottom-line?"

Phase 3:  
**Consolidation**

- |              |   |
|--------------|---|
| <b>TASKS</b> | The Finance team collects bottom-up inputs from various departments and adds them up to create a consolidated P&L and, in some cases, also a Balance Sheet and Cash Flow Statement. |
|--------------|---|

## BEST PRACTICES

- Consolidation must be fast. Otherwise, assumptions are outdated by the time you are done, and you have no time to challenge assumptions.
- Consider using a planning system instead of vanilla Excel. It allows you to consolidate dozens of individual submissions within seconds and automatically track versioning.

## "If once you don't succeed..."

Phase 4:  
**Iteration**

- |              |   |
|--------------|---|
| <b>TASKS</b> | Most of the time, the first iteration of bottom-up plans is too conservative and doesn't meet leadership expectations. Finance has to communicate this to business teams and ask for revisions and new submissions. |
|--------------|---|

## BEST PRACTICES

- Use ranges, scenarios, and contingency plans to make adjustments quickly without having to ask departments to resubmit their inputs. This is why it's critical to ask for ranges when you collect budget inputs.
- Have strict deadlines after which no more updates are allowed, so you can review.
- Most importantly: Over-communicate! This phase can get hectic. Don't lose time unnecessarily.

## "We are all one team."

Phase 5:  
**Presentation & Final Alignment**

- |              |  |
|--------------|--|
| <b>TASKS</b> | Finance schedules review meetings with the leadership team to present the plans and gain their approval. |
|--------------|--|

## BEST PRACTICES

1. The Budget Deck is not just a summary of the financials. It should also include a detailed review of the strategies, tactics, and action plans across all areas of the business.
2. Provide a summary of the strategies and tactics the departments plan to deploy.
3. State the expected impact on the business' performance and the financials.
4. A comprehensive and well-structured Budget Deck includes these sections:
  - Executive Summary
  - Strategic Alignment
  - Revenue Projections
  - Expense Breakdown
  - Execution Plan
  - Investment Plans
  - Risk Assessment and Mitigation Strategies
  - Scenario Analysis
  - Financial Statements and Projections
  - Performance Metrics and KPIs
  - Comparison with Previous Periods
  - Conclusion and Call to Action

Join the free live webinar to learn more: <https://lu.ma/treizeva>



# OVERHEAD COST ALLOCATION

THE KEY TO ACCURATE PROJECT FINANCIALS

BY NATHAN LIAO, CMA

## FIRST, LET'S BREAK DOWN WHAT OVERHEAD COSTS ARE

Now, you might be wondering... "Why bother allocating these costs to projects?"

By properly allocating overhead costs, you can:



How do you allocate overhead to projects?

HERE ARE A FEW TRIED-AND-TRUE METHODS:



Direct Labor Hours



Machine Hours



Square Footage Occupied



Percentage of Direct Costs

 The key is to choose a method that makes sense for your business and consistently apply it across all projects. By taking the time to get it right, you'll be setting your business up for long-term success.

# SCENARIO MANAGER FITS ON ONE PAGE

By Chris Reilly



Update Assumptions by Case

Select Case

Income Statement	↓ Select Case		Numbers (\$'000s)										Drivers (YoY Growth & Percent of Revenue)										Scenarios											
			Actual		Actual		Budget		Outer Year Forecast				Actual		Actual		Budget		Outer Year Forecast				Base Case				Up/Down Case				Downside Case			
			2028	2029	2030	2031	2032	2033	2034	2028	2029	2030	2031	2032	2033	2034	2028	2029	2030	2031	2032	2033	2034	2031	2032	2033	2034	2031	2032	2033	2034			
Revenue:																																		
Revenue 1:	↓ Update	YoY Growth	\$4,300	\$5,600	\$6,600	71,060	78,166	85,983	94,581		2.4%	16.2%	10.0%	10.0%	10.0%	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	-15.0%	-15.0%	-15.0%	-15.0%			
Revenue 2:	↓ Base	YoY Growth	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	-15.0%	-15.0%	-15.0%	-15.0%			
Total Revenue		YoY Growth	\$54,300	\$55,600	\$64,600	\$71,060	\$78,166	\$85,983	\$94,581		2.4%	16.2%	10.0%	10.0%	10.0%	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	-15.0%	-15.0%	-15.0%	-15.0%			
Cost of Sales:																																		
COGS 1:	↓ Downside	Percent of Sales	38,000	37,200	43,000	49,742	54,716	60,188	66,207	70.0%	66.9%	66.6%	70.0%	70.0%	70.0%	70.0%	66.6%	66.6%	66.6%	66.6%	63.0%	63.0%	63.0%	63.0%	70.0%	70.0%	70.0%	70.0%	14.0%	14.0%	14.0%	14.0%		
COGS 2:	↓ Base	Percent of Sales	200	800	900	990	1,089	1,198	1,318	0.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	1.4%	1.4%	1.4%	1.4%	0.6%	0.6%	0.6%	0.6%		
COGS 3:	↓ Base	Percent of Sales	400	400	400	440	484	532	586	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	3.2%	3.2%	3.2%	3.2%	3.7%	3.7%	3.7%	3.7%		
COGS 4:	↓ Base	Percent of Sales	1,600	2,200	2,400	2,640	2,904	3,194	3,514	2.9%	4.0%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%		
COGS 5:	↓ Base	Percent of Sales	4,200	300	200	220	242	266	293	7.7%	5.5%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	
COGS 6:	↓ Base	Percent of Sales	(1,000)	(600)	(700)	(770)	(847)	(932)	(1,025)	-1.8%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%		
Total Cost of Sales		Percent of Sales	43,400	40,300	46,200	53,262	58,588	64,447	70,892	79.9%	72.5%	73.5%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%			
Gross Profit:		Percent of Sales	\$10,900	\$15,300	\$18,400	\$17,798	\$19,578	\$21,536	\$23,689	20.1%	27.5%	28.5%	25.0%	25.0%	25.0%	25.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	
Operating Expenses:																																		
Salaries and wages:	↓ Downside	YoY Growth	5,700	6,300	4,400	4,620	4,851	5,094	5,348	10.5%	-30.2%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Commissions:	↓ Base	YoY Growth	0	0	1,400	1,442	1,485	1,530	1,576	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Contract Labor:	↓ Base	YoY Growth	0	0	0	0	0	0	0	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Shop supplies:	↓ Up/Down	YoY Growth	100	200	200	204	208	212	216	100.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Utilities & telephone:	↓ Base	YoY Growth	0	0	200	206	212	219	225	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Trash removal:	↓ Base	YoY Growth	0	0	0	0	0	0	0	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Advertising & promotion:	↓ Base	YoY Growth	200	500	500	515	530	546	563	150.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Dues & subscriptions:	↓ Base	YoY Growth	0	0	0	0	0	0	0	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Payroll taxes:	↓ Base	YoY Growth	0	0	400	412	424	437	450	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Travel & entertainment:	↓ Base	YoY Growth	300	500	500	515	530	546	563	66.7%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Insurance:	↓ Base	YoY Growth	500	600	700	721	743	765	788	20.0%	16.7%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Taxes & Licenses:	↓ Base	YoY Growth	0	0	200	206	212	219	225	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Repairs & maintenance:	↓ Base	YoY Growth	300	300	200	206	212	219	225	0.0%	-33.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Rent expense:	↓ Up/Down	YoY Growth	1,300	1,400	1,000	1,020	1,040	1,061	1,082	7.7%	-28.6%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Miscellaneous expense:	↓ Base	YoY Growth	(400)	0	0	0	0	0	0	-100.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Computer Maintenance:	↓ Base	YoY Growth	0	0	100	103	106	109	113	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Depreciation expense:	↓ See Cpx & Depr Sched.	YoY Growth	200	300	400	470	532	592	652	50.0%	33.3%	17.6%	13.0%	11.3%	10.1%	10.1%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Professional fees:	↓ Base	YoY Growth	100	400	400	412	424	437	450	33.3%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Auto & truck:	↓ Base	YoY Growth	200	300	300	309	318	328	338	50.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Bank charges:	↓ Base	YoY Growth	0	0	0	0	0	0	0	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Office expense & postage:	↓ Base	YoY Growth	0	0	100	102	104	106	108	0.0%	-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Total Other Income (Expenses):		YoY Growth	(600)	100	(500)	(102)	(104)	(106)	(108)	-116.7%	-600.0%	79.6%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Net Income:		YoY Growth	\$1,600	\$4,600	\$6,900	\$6,233	\$7,540	\$9,010	\$10,659	187.5%	50.0%	-8.7%	21.0%	19.5%	18.3%	18.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Net Income Margin:		Percent of Sales	2.9%	8.3%	10.7%	8.8%	9.6%	10.5%	11.3%	2.9%	8.3%	10.7%	8.8%	9.																				

# Month-End Checklist

*(Comment “closing” to get the link)*

By Nicolas Boucher

## General Ledger & Journal Entries

- Ensure the general ledger is reconciled with sub-ledgers
- Review one-off business events and ensure they are properly translated in journal entries
- Ensure all bank statements are reconciled with the general ledger
- Review and post all regular & adjusting journal entries
- Ensure all recurring journal entries are accurate and posted
- Ensure all expenses are recorded in the correct period & are properly classified
- Ensure all revenues are recorded in the correct period
- Adjust and review prepaid expenses
- Review depreciation and amortization entries

## Payroll & Benefits

- Ensure all payroll transactions are processed and recorded
- Reconcile payroll accounts with the general ledger
- Record employee benefits and employer contributions
- Review and adjust compensation accruals as necessary

## Compliance & Internal Controls

- Ensure compliance with relevant laws, regulations, and policies
- Conduct internal audits on various processes
- Assess and enhance internal control systems as necessary
- Ensure all month-end closing procedures are documented and updated

## Accounts Receivable

- Ensure all invoices are generated and sent
- Record all customer payments received
- Review and follow up on overdue accounts
- Based on the assessment of collectibility
- Ensure they are properly recorded

## Inventory & Cost of Goods Sold

- Conduct physical inventory counts and adjust quantities
- Adjust inventory values as necessary
- Ensure COGS are correctly recorded
- Adjust values as necessary

## Miscellaneous

- Reconcile intercompany accounts
- Ensure accuracy of subsidiary accounts & consolidate with the parent company
- Update currency exchange rates for foreign currency transactions
- Review key financial ratios for insights and trends

## Taxes

- Ensure all tax-related accounts are properly reconciled
- Calculate and record sales tax payable
- Prepare and make any tax payments due
- Adjust as necessary based on applicable tax laws

## Accounts Payable

- Record all vendor invoices received
- Process and record all vendor payments
- Follow up on unpaid invoices
- Ensure they are properly recorded

# DO's

# DCF ANALYSIS

# DON'Ts

## DO's

VS

## DON'Ts



Use reasonable growth and discount rate assumptions to ensure realistic valuation results.



Don't overestimate growth rates to artificially inflate the valuation—be realistic.



Adjust discount rates based on the company's risk profile and capital structure.



Don't use a fixed discount rate—adjust for changing risk over time.



Include sensitivity analysis to show the impact of key assumption changes.



Don't overlook non-operating assets or liabilities in final value calculations.



Consider industry trends and their effect on future cash flow projections.



Don't ignore market comparables—validate assumptions against real market data.



Ensure cash flow projections reflect realistic revenues, margins, and capital expenditures.



Don't underestimate working capital's effect on free cash flow projections.



Incorporate a suitable terminal value method (perpetuity growth or exit multiple).



Don't rely only on a base scenario—build alternative cases (best/worst).



Cross-check with other valuation methods to avoid extreme outcomes.



Don't ignore inflation or currency risks in long-term projections.



Update the model with new data and economic changes regularly.



Don't make the model overly complex, ensure clarity and stakeholder understanding.



# How to protect your job against AI

BY NICOLAS BOUCHER



## What to do?

## How to learn it?

### 1 Embrace Continuous Learning



Stay updated with the latest trends in Artificial Intelligence and Corporate finance



Set up Google Alerts for keywords like "AI in finance" or "Fintech Innovations". Follow top LinkedIn influencers in AI and finance for daily updates



### 2 Develop Technical Skills



Learn data analytics, machine learning, and automation tools



Dedicate 1-2 hours per week to learn a specific tool. Take courses like "Advanced ChatGPT for Finance" by me and Christian M. on Maven.com



### 3 Enhance Soft Skills



Focus on improving communication, leadership, and adaptability



Join a Toastmasters club to improve communication and leadership skills. Apply what you learn by leading a team meeting or presenting data insights at work



### 4 Specialize in Niche Areas



Emphasize finance areas needing human judgment like strategic decisions and ethics



Choose a niche like ESC analysis or financial compliance. Work on a project within your company that requires niche skill



### 5 Leverage AI Tools



Use AI tools to enhance your productivity and decision-making



Implement AI tools like Microsoft's AI Builder or UiPath to automate routine financial tasks, such as invoice processing



### 6 Focus on Data Interpretation



Develop the ability to interpret and present data insights effectively



Take a course on data visualization with Power BI and apply it to create a dashboard for your current work project



### 7 Enhance Problem-Solving Abilities



Strengthen your ability to solve complex financial problems



Practice solving specific business problems, such as optimizing a budgeting process by applying a new cost control technique you learned



### 8 Adapt to New Technologies



Stay flexible and willing to adapt to new financial technologies



Regularly attend technology expos or virtual conferences like CES or the AI Summit to see the latest tools in action



### 9 Network and Collaborate



Build a strong professional network to stay relevant in the industry



Actively participate in LinkedIn groups for finance professionals or join a finance-focused Slack community



### 10 Focus on Ethical AI Use



Understand the ethical implications of Artificial Intelligence in finance



Complete a course on ethical AI use from institutions like Stanford or MIT, and apply the guidelines in your daily work to ensure compliance and fairness



# CAPEX VS OPEX

## CAPITAL EXPENDITURES



## OPERATING EXPENDITURES

BY OANA LABES, MBA, CPA

The funds used to acquire, upgrade, and maintain physical assets such as buildings, plant and equipment.

The ongoing costs of running a business, essentially the day-to-day expenses like wages, utilities, and rent

### BALANCE SHEET IMPACT

**CapEx** result in Capital Assets which are capitalized on purchase and the cost is distributed over the asset's useful life through the depreciation (tangible assets) or amortization (intangible assets) expense

**OpEx** has no direct impact on the balance sheet. They reduce Operating Income and Profit for the period however, which reduces Equity on the Balance Sheet.

### INCOME STATEMENT IMPACT

The depreciation/amortization of **CapEx** is recorded on the Income Statement over time, reducing Net Income (profit) but not cash flow, as the cash outlay already happened at the time when the asset was purchased.

Operating Expenses (**OpEx**) reduce both Operating Income and Net Income in the Income Statement.

### CASH FLOW STATEMENT IMPACT

**CapEx** is recorded in, and directly reduces the Cash Flow from Investing Activities and the ending cash balance for the period.

**OpEx** is part of Net Income, and it acts to directly reduce Cash Flow from Operating Activities and the ending cash balance for the period.

### RATIO IMPACT

- **CapEx** increases the asset base, so it can lower Return on Assets (ROA).
- **CapEx** depreciation expense reduces profitability by lowering the Operating Margin and EBITDA
- When financed with debt, **CapEx** might increase leverage and lower debt coverage
- Long term, **CapEx** should increase profitability and returns, debt coverage, and cash flow

- **CapEx** can be confused with **OpEx** because the line between maintaining (**OpEx**) and improving (**CapEx**) an asset can be blurry
- For tax purposes, **CapEx** cannot be fully deducted in the year of purchase, unlike **OpEx**

- **OpEx** directly reduces profitability by lowering the Operating Margin and EBITDA
- That can reduce returns and debt coverage, and increase leverage
- A high trending **OpEx** relative to revenue can indicate inefficiency

- **OpEx** can be manipulated for earnings management by shifting **OpEx** costs to **CapEx**
- Reducing **OpEx** can immediately improve profitability, but may harm long-term growth and business profitability & sustainability



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