

# Course Overview

This course focuses on teaching SMEs how to understand the dynamics of handling their business finances.

The main purpose is to help SMEs to develop the understanding and skills necessary to become more effective stewards of their business finances, know the finance tools available, the costs and returns, the best approach, alternative access to finance, and the right financial instruments to use.

## **Modules**

Module 1 - Financial Management for your business

Module 2- Financial Planning for your business

Module 3 – Finance Solutions for your business needs

Watch Video: <https://youtu.be/hhBDfJY-xZw>

# **MODULE ONE**

# Financial Management for your Business

Financial Management means planning, organizing, directing and controlling the financial activities such as procurement and effective utilization of funds of a business enterprise.

Why do you need financial management??

1. To ensure regular and adequate supply of funds to the business or project in concern
2. To ensure adequate returns to the shareholders which will depend upon the earning capacity, market price of the share, expectations of the shareholders.
3. To ensure once funds are procured, they are utilized in the maximum possible way at least cost
4. To ensure funds are invested in safe ventures so that adequate rate of return can be achieved
5. To plan a sound capital structure- ensure there is a balance maintained between debt and equity capital funds. The opportunity to acquire credit when needed

# Financial Management Techniques

- Financial management is a challenge in a world where spending is seen as the key to getting ahead. Following market trends, price increase is a constant and there is no sign that this trend would stop anytime soon.
- Effective cost cutting measures are necessary to ensure your expenses are not sky rocketing but still meeting the right standards of your goods and services
- As a business, you need a budget system in place to ensure you have enough funds to pay your expenses, grow by investing and save for the future
- Other financial management techniques besides budgeting include:
  - Book keeping
  - Cash Flow
  - Profit & Loss Statement
  - Balanced Sheet

# The Budgeting System

A budget is a list of all your monthly or yearly expenses, organized by categories. It is a tool that helps you:

- ✓ Track all your business expenses
- ✓ Plan for the future
- ✓ Economize when you need to
- ✓ Plan for expansion
- ✓ Make a profit

When you have a budget, compare it to your actual expenses. This is a good finance tracker.

# Book keeping Techniques

Bookkeeping is the organized process of tracking all income and expense transactions. It leads to better business decisions regarding financing, taxes, owner's draw, and retirement.

Basic bookkeeping steps include:

1. Select and obtain a basic business accounting software
2. Reconcile your account monthly
3. Track your sales using invoicing or a sales book/ledger
4. Deposit all sales in bank and not spend any cash sales
5. Pay business expenses first before any personal expenses
6. Have a profit & loss statement that provides a better picture of the financial health of your company

**HOW I FEEL WHEN I STAY**



**WITHIN MY BUDGET**