

## **Business Finance Part 1:**

### Figures and Finances Simplified

#### **Focus:**

Good financial practices, planning and analysis are all responsible for making sure your business can achieve profitability. A big part of business finance therefore is to determine how much you need to generate, operate with and have in reserves for slow periods. The top line and bottom line are two of the most important lines on the income statement for a company. The top line refers to a company's revenues or gross sales and the bottom-line is a company's net income, or the "bottom" figure on a company's income statement.

#### **Common problems/mistakes:**

- Financial planning is an after-thought;
- The figures and finances are not understood;
- Businesses fail because their finances are not in order.

#### **Why is it important:**

- The top/bottom-line are useful in determining the financial condition of the company;
- Top line highlights how effective a company is at generating sales and revenue;
- Bottom-line highlights how efficient a company is with its spending and managing its operating cost.

#### Screen share:

- Top and Bottom-line improvement strategies
- Important financial formulas

#### **Template/checklist:**

- Top and Bottom-line strategy template;
- Financial formulas.

#### **Tips for success:**

- Make a budget and stick to it;
- Do not spend more than you HAVE in the bank;
- Know your numbers/figures in order to grow.

#### **Task:**

Calculate your financial formulas and complete the template provided to make improvements to your top and bottom-line.