**FINANCIAL AND BUSINESS MANAGEMENT FOR ROAD CONTRACTORS**

**MODULE FOUR: FINANCE AND RISK MANAGEMENT**

**Training Sessions Plan**

**Module training objectives**

Module four builds on the three previous modules and in particular the concepts that were introduced in module one. The module recaps the rationale for starting a business and examines the concept of risk in a business. It introduces the trainee to interpretation of performance and position statements, setting up of financial management policies and ethical issues in financial management.

Training Outcome:

By the end of this module, trainees will be able to understand the essence of a business, the content and meaning of financial statements and appreciate policies that guide them as well as the ethical challenges of a finance manager.

Sessions outline???

DETAILED TRAINING SESSION PLANS

**SESSION ONE: THE PURPOSE OF A BUSINESS (2HRS)**

Training objective: to examine the purpose for starting up a business.

Training outcome: By the end of the session, trainees would be aware of the reasons why people start up their own businesses. They should have a common understanding and discuss the challenges faced while starting up a business. They should appreciate the need for better ways of managing business and improve relationships with financial institution.

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| **Training Activity** | **Methodology** | **Duration**  | **Results** |
| Introduction | The presenter makes a recap of the previous modules and gathers trainees’ experiences so far.Presentation of learning objectives of the module and the session and statement of expectations | 10 minutes | Testimonies of the work experiences based on the previous modulesComments from trainees on their expectations |
| Presentation key issues relating to the purpose of stsrting up a business  | The team leader makes a PowerPoint presentation and short lecture on the purpose of starting up a business. | 30 minutes | A general knowledge of the reasons why people start up their own business. |
| Group discussions | Trainees break into groups of five and trainers guide them into discussions of purpose for starting up a business under the following topics (one topic per group);1. Explain what a business is and suggest reasons for starting up a business.
2. Discuss the common challenges faced in raising capital for a new business.
3. Explain the common reasons why most businesses fail and why you decided to join road construction business.
4. Identify key financial challenges you have faced and suggest strategies to address them.
5. Discuss the reasons why it is important for the new business entrepreneur to understand and comply with different regulatory requirements in Uganda.
 | 30 minutes | Sharing of experiences; listing of points on flip charts. |
| Group presentations to the plenary | Each group presents their findings. Brief discussions are made about each presentation and consensus reached. | 40 minutes | Key lessons learned  |
| Wrap up and action points | Facilitator wraps up the discussions emphasizing the need to develop better strategies to address business challenges if they are to create wealth for (shareholders) owners, grow and survive in future. | 10minutes | Practical actions to be taken up to apply learning. |
| Training aid | PowerPoint presentation, flip chart presentations, handout. |  |  |

**SESSION TWO: RISK AND RISK MANAGEMENT (2HRS)**

Training objective: To introduce risk in a business

Training outcome: By the end of the session, trainees will be aware of the common risks that affect their road construction business. They should be able to define risk and identify key risks factors that may have significant impact in road construction, assess those risks and learn how to develop a risk management plan.

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| **Training Activity** | **Methodology** | **Duration** | **Results** |
| * Introduction: Recap of previous session issues and major conclusion,
* Presentation of learning objectives
 | PowerPoint presentation and flip charts.  | 10 minutes | Comments from trainees on previous session issues |
| Presentation on key issues and session content | PowerPoint presentation and flip chart  | 30minutes | A general understanding of risks identification, assessment and risk management plan. |
| Group discussions | Trainees break into groups of five and trainers guide them into discussions on the following topics (one topic per group)1. By use of common examples explain what you understand by the term risk.
2. Discuss the common causes of business risks.
3. Identify the risk factors in the road construction business.
4. Suggest measures that the business entrepreneurs can put in place to address business risks.
5. Describe how business entrepreneurs may develop a risk management plan
 | 30 minutes | Sharing of experiences; listing of points on flip charts. |
| Group presentations tp plenary | Each group presents their findings. Brief discussions are made about each presentation and consensus reached. | 40minutes | Key lessons learned  |
| Wrap up and action points | Facilitator wraps up the discussions emphasizing the challenges to road contractors and emphasizing the need to develop a risk management plan in a road construction project to reduce business risks. | 10 minutes | Practical actions to be taken up to apply learning. |
| Training aid | Case study, PowerPoint presentation, flip chart presentations, handout. |  |  |

**SESSIONTHREE: INTERPRETATION OF FINNCIAL STATEMENTS – INCOME STATEMENT (2HRS)**

**Training Objective:** To develop an understanding of income statements as short term measures of the performance of a road construction business.

**Training outcome:** By the end of the session trainees will be able to understand and interpret income statements for a road construction business. This includes income statement ratios analysis and general income statement appreciation. They will also be made aware of limitations of ratio analysis.

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| **Training activity** | **Methodology** | **Duration** | **Results** |
| Introduction of the session objectives and the outcomes | PowerPoint presentation and flip charts | 10 minutes | Stimulating the learning of the subject  |
| Presentation on the key issues and session content | The facilitator makes a PowerPoint presentation on Income statements, their formats, interpretation and application | 30 minutes  | Trainees understanding and interpreting income statements |
| Group discussions  | Trainees break into teams of five and trainers guide them into discussions of the following topics (One topic per group)1. Identify and discuss major components that make up income statements.
2. Identify core profitability ratios and explain their uses to the business owner.
3. List the weaknesses of ratios in interpreting income statements.
4. Explain the benefits of preparing accurate and timely Income Statements to stakeholders (Shareholders, management and credit institution)
5. Discuss the indicators by themselves, or taken together that could indicate from an income statement that the going concern may be brought into question.
 | 30 minutes | Trainees will anchor knowledge of income statements and their interpretations and limitations |
| Group Presentations to plenary | Brief discussions are made about each presentation and consensus reached. | 50 minutes | Key Lessons learned  |
| Wrap up and action points | Team leader wraps up the discussions emphasizing the importance of interpretation of financial statements as a tool to decision making | 10 minutes  |  Practical actions to be taken to apply learning  |
| Training Aids  | Flip chart, hand out notes, PowerPoint presentation and a case study. |  |

**SESSION FOUR: INTERPRETATION OF FINANCIAL STATEMENTS – BALANCE SHEET (2 HOURS)**

**Training objectives:** Interpretation of Balance Sheet and ratio analysis.

**Training outcome**: By the end of the session Trainees should be able to appreciate and interpret the balance sheets and related ratios and to use them as tools in decision making. Trainees will understand liquidity ratios, gearing ratios and investment ratios and limitation of ratio analysis.

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| **Training activity** | **Methodology** | **Time** | **Results** |
| Introduction:Recap of the previos session and presentation of session four objectives and outcomes | PowerPoint presentation and use of flip charts | 10 minutes | link up the learning to income statements |
| Presentation on key issues and contents of the session | The facilitator makes a PowerPoint presentation on interpretation of financial statements with specific relevance to a road construction business. | 30 minutes  | * Understanding the balance sheet
* Understanding of liquidity ratio
* Gearing
* Activities ratios
* Limitations of ratio analysis
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| Group Discussions  | Trainees break into teams of five and trainers guide them into discussions of the following topics (One topic per group)1. Explain what ratios you should look at as a supplier of material to a road contractor.
2. What kind of information would you look at if you were a bank approached by a road contractor for a loan?
3. “Understanding of past performance is a prerequisite for anticipating the future” Discuss.
4. If you were to invest in Munaku Contractors Ltd, what ratios would you look out for?
5. Discuss Munaku Contractors Ltd as a going concern.
 | 30 minutes  |  |
| Group presentations to the plenary  | Brief discussions are made about each presentation and consensus reached. |  50 minutes  | Key lessons learned  |
| Wrap up and action points | Team leader wraps up the discussions emphasizing the importance of interpretation of financial statements as a tool to decision making | 10 minutes  | Practical actions to be taken to apply learning  |
| Training Aid  | Flip chart, hand out notes, PowerPoint presentation and a Case Study. |  |  |

**SESSION FIVE: WORKING CAPITAL MANAGEMENT AND RENUE RECOGNITION (2 HOURS)**

**Training objectives:** To provide trainees with deeper understanding and appreciation of working capital management and to introduce to them revenue and profit recognition on ongoing contract works.

**Training outcome:**

By the end of this session, trainees should have learnt how to establish adequate management policies relating to working capital management,revenue and profit recognition as well as valuation of work in progress and to appreciate them generally.

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| **Training activity** | **Methodology** | **Time** | **Results** |
| Introduction:Recap of the previous session and presentation of the session objectives and outcomes | PowerPoint presentation and use of flip charts. | 10 minutes  | What are the major financial decision  |
| Presentation on the key issues and session content | The trainer makes a PowerPoint presentation on working capital management and revenue recognition | 30 minutes | Guidelines on working capital management |
| Group discussions  | Trainees break into teams of five and trainers guide them into discussions of the following topics (One topic per group)1. What constitutes working capital? Explain what constitutes a cash cycle and explain reasons for holding cash.
2. Explain the key components of an inventory management system.
3. Explain the working capital dilemma of a finance manager.
4. Explain how a long term contract is treated in the income statement and the balance sheet.
5. Explain what overtrading means and how it may be detected.

  | 30 minutes  | Trainees will cover:-* Working capital management
* Problems of cash withdraws
* Revenue recognition
* Evaluation of work in progress
* Determination of profits
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| Group presentations to the plenary  | Brief discussions are made about each presentation and consensus reached.  | 50 minutes  | Key lessons learned  |
| Wrap up  | Team leader wraps up the discussions while emphasizing the importance of managing working capital  | 10 minutes  | Practical actions to be taken to apply learning  |
| Training Aid  | Flip Chart, hand out notes, PowerPoint Presentation and a Case Study. |

**SESSION SIX: ETHICAL ISSUES IN FINANCIAL AND BUSINESS MANAGEMENT.**

**(2 HOURS)**

Training objective: To examine ethical issues in financial and business management.

**Training outcome:** By the end of the session trainees will be aware of the importance of developing good ethical practices in financial and business management for a road construction project. They should be able to identify ethical dilemmas in their businesses and share experiences about them then make suggestions to address them.

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| **Training Activity** | **Methodology** | **Time** | **Results** |
| Introduction:Recap of the previous session and presentation of the session objectives and outcomes | PowerPoint presentation and use of flip charts | 10 minutes | Comments from trainees on their expectations |
| Presentation of the key issues and session content | The facilitator makes a PowerPoint presentation on ethical issues in business. | 30 minutes | A general knowledge of the ethical issues in the financial management. |
| Group discussions | Trainees break into groups of five and trainers guide them into discussions of ethical issues in road construction business under the following topics (one topic per group)1. Review the nonfinancial objectives and the citizenship roles of the business
2. Discuss and recommend action for enhancing the corporate social responsibility in road construction business.
3. Discuss the impact of environmental issues on corporate objectives and governance.
4. Identify the core ethical challenges to road contractors and suggest ways to strengthen ethical practices in the business.
5. Suggest ethical policy in key areas of the business
 | 30 minutes | Sharing of experiences; suggestion of how to deal with ethical challenges; listing of points on flip charts. |
| Group presentations to the plenary | Each group presents their findings. Brief discussions are made about each presentation and consensus reached. | 50 minutes | Key lessons learned  |
| Wrap up and action points | Facilitator wraps up the discussions emphasizing the need to address the ethical dilemmas in business | 10 minutes | Practical actions to be taken up to apply learning. |
| Training aid | PowerPoint presentation, flip chart presentations, handout. |  |  |