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Course Information

Course Title: Business Ratios Guidebook #362324

Number of continuing education credit hours recommended for this course:

CPA: 16 (All states)

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

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Texas State Board of Accountancy: 009349

Course Description:

Today's financial executive needs a way to assess the financial performance and financial position of business organizations. The *Business Ratios Guidebook* provides one of the best ways to do so by describing more than 200 ratios and other measurements. When applied to an organization's financial statements, these ratios can clarify its results, liquidity, and cash flows. The measurement areas covered include performance, return on investment, share performance and constraints. Examples of the functional areas also covered include cash management, credit and collections, customer service, human resources, production, and sales. In short, this course is the ultimate desk reference for ratio analysis.

Course Content

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Author: Steven M. Bragg, CPA.

Final exam (online): Eighty questions (multiple-choice).

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Finance

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: None

Advance Preparation: None.

Instructions for Taking This Course

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- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

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Learning Objectives

- Recognize the circumstances under which certain measurements should be used.
- Specify the contents of the various performance measurements, and the factors they are intended to compare.
- Recognize the components of the cash conversion cycle and the ratios derived from it.
- Identify the contents of the free cash flow concept and the measurements related to cash flow.
- Cite the situations in which return on investment measurements can be used, and the factors they are intended to compare.
- Recognize the measurements that can be used to reduce the number of unused fixed assets.
- Identify the parties using share performance measurements, and the future conditions that these measurements can indicate.
- Identify the adjustment factor used for deflated growth measures, and the situations in which these measurements are used.
- Specify the key factors to be monitored in a system of constraint management.
- Recognize the contents of the cash management measurements, and when their results should trigger an investigation.
- Identify the behaviors on which credit and collection measurements are intended to focus attention.
- Recognize the conditions that can be uncovered through use of customer service measurements.
- Identify the situations in which certain facility-related measurements should be used.
- Cite the measurements used to examine the ability to pay, and the situations in which these measurements can be used.
- Identify the situations in which fixed asset measurements can be most gainfully employed, and when they are of reduced value.
- Identify the types of behaviors that certain human resources measurements can be used to track.
- Recognize the effects of using certain inventory measurements.
- Specify the effects that can skew the outcomes of payroll-related measurements.
- Cite the effects of price elasticity on profitability, and how elasticity can be altered.
- Recognize the measurements that can track the performance level of a production process and the usage of inventory.
- Specify the measurements that should be used to focus attention on the development of products.
- Identify the purchasing measurements most useful for monitoring progress toward supplier certification and reduction, as well as the use of procurement cards.
- Cite the situations in which certain payables measurements can yield incorrect or skewed results.
- Recognize the measurements used to monitor different types of sales and marketing behaviors.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written more than 250 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*.

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Preface

A typical business churns out an enormous amount of financial and operational information. It can be quite difficult to sort through this information to understand how a company is performing. Ratios and other types of measurements can play a valuable role in analyzing this information. In addition, a system of measurements can be used to monitor and control the operations of an organization. The *Business Ratios Guidebook* is full of ratios and other measurements that can assist in these interpretation and control tasks. The topics covered include both general and more specific functional areas of analysis. General analysis topics include measurements for such areas as performance, liquidity, cash flow, return on investment, and share performance. More specific functional analysis topics include measurements for such areas as cash management, credit and collections, fixed assets, inventory, and product design. As examples of the measurements covered, *Business Ratios* provides answers to the following questions:

- How can I test the quality of earnings reported by a business?
- What are the components of the cash conversion cycle?
- How can I tell if the amount of cash flow being generated is adequate?
- What variations on the return on investment concept are available?
- Can I incorporate inflation into the analysis of corporate growth?
- How can I measure the effectiveness of usage of a bottleneck operation?
- How can I measure the effectiveness of the collections operation?
- What measures can be used to track different aspects of customer orders?
- Are there ways to test the ability of the human resources department to fill open jobs?
- How can I tell if any inventory items are obsolete?
- How can I measure the efficiency of the payroll operation?
- Is there a way to measure the rate of flow through the production process?

The *Business Ratios Guidebook* is intended for managers, analysts, accountants, consultants, and students, who can benefit from its broad range of measurement topics.

Centennial, Colorado
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