Professor Arnold’s Seminars for Schroders Graduate Programme

Please note that the contents and order of delivery are modified from one year to the next. However, the following gives a rough idea of what is covered and gives examples of slides used in the presentation.

There are five main topic areas, which take 19 full days to go through.

**Accounting for investors, an introduction:**

* Day 1. Company accounts
* Day 2. Reconciliation of accounts
* Day 3. Cash flow and ratio analysis
* Day 4. Tricks of the accounting trade

**Accounting for investors, an introduction:**

**Company Accounts**

**Seminar 1. Introduction to accounting**

* Explain the nature and role of accounting.
* Identify the main users of financial information and discuss their needs.
* Identify and discuss the characteristics that make accounting information useful.
* Explain the nature and purpose of the three major financial statements
* What is corporate finance?

Here is one of the slides:



**Seminar 2. The balance sheet**

* Describe the main categories of assets and liabilities of a company and explain the capital claim of the owners
* Prepare a simple balance sheet and interpret the information that it contains.
* Discuss the accounting conventions underpinning the balance sheet.
* Discuss the uses and limitations of the balance sheet for decision-making purposes.

Here is one of the slides:



**Seminar 3. Income statement**

* Discuss the nature and purpose of the income statement.
* Prepare an income statement from relevant financial information and interpret the information that it contains
* Discuss the main recognition and measurement issues that must be considered when preparing the income statement
* Explain the main accounting conventions underpinning the income statement.

Here is one of the slides:



**Afternoon**

In groups prepare answers to accounting questions. Presentations and discussion.

**Reconciliation of Accounts**

**Session 1. Expenses. Corporate governance.**

* Understand the treatment of depreciation of non-current assets
* Explain the alternative ways of accounting for the usage of inventory
* Describe how to treat bad and doubtful debts
* Discuss the need for corporate governance rules and the principles upon which such rules should be based
* Explain the role and composition of the board of directors and discuss the issues and problems associated with the roles of chairman and non-executive director

Here is one of the slides:



**Seminar 2. Accounting for Limited Companies**

* Describe the main features of the owners’ claim in a limited company.
* Explain accounting entries related to changes in the equity capital of a firm
* Discuss the nature of groups, and how they are formed
* Explain and interpret the contents of a set of group financial statements

Here is one of the slides



**Seminar 3. The annual report**

* Describe the responsibilities of directors and auditors concerning the annual financial statements.
* Identify the main sources of regulation affecting the financial statements of limited companies
* Discuss the framework of principles for accounting.
* Understand the major financial statements prepared in accordance with International Financial Reporting Standards.
* Explain the purpose of the segmental report and the operating and financial review and describe their main features.

Here is one of the slides:



**Afternoon**

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**Cash flow and ratio analysis**

**Seminar 1. The main features of a cash flow statement**

* Discuss the crucial importance of cash to a business.
* Explain the nature of the cash flow statement and discuss how it can be helpful in identifying cash flow problems.
* Discuss the problem of overtrading
* Use the indirect method to deduce the figure for ‘the cash flow from operating activities’

Here is one of the slides:



**Seminar 2. A cash flow statement.**

**Key investment measures and ratios from the financial pages**

* Prepare a cash flow statement
* Explain company data in the Financial Times
* Calculate ratios and other measures from the base data
* Analyse a company using key measures and ratios

Here is one of the slides:



**Seminar 3. Analysing and interpreting financial statements: Profitability and efficiency**

* Explain how ratios can be used to assess the position and performance of a business.
* Identify the major categories of ratios that can be used for analysis purposes.
* Calculate key ratios for assessing the profitability and efficiency of a business.
* Explain the significance of the ratios calculated.

Here is one of the slides:



**Afternoon**

In groups prepare answers to accounting questions. Presentations and discussion

**Ratio analysis and tricks of the accounting trade**

**Seminar 1. Liquidity and financial gearing ratios. Predicting financial failure**

* Calculate and interpret liquidity ratios
* Calculate and interpret financial gearing ratios
* Produce trend analysis for a business
* Use ratios to predict financial failure
* Discuss the limitations of ratio analysis

Here is one of the slides:



**Seminar 2. A few tricks**

* + Goodwill
  + Fair value
  + Revenue recognition
  + Exceptional items
  + Inventory valuation
  + Depreciation
* Capitalisation

Here is one of the slides:



**Seminar 3. A few tricks more**

* Off-balance sheet items
* Share options
* Pro-forma
* Discontinued operations
* Write-downs
* Foreign exchange
* How to avoid being taken for a ride

Here is one of the slides:



**Afternoon**

Presentations

Examine Schroders’ annual report and accounts. Prepare the following presentations:

1. Undertake a ratio analysis of Schroders with a focus on profitability and efficiency.
2. Undertake a ratio analysis of Schroders with a focus on liquidity and gearing.
3. Read the notes to Schroders accounts and prepare a presentation that describes fundamental accounting principles (e.g. accruals concept, revenue recognition). Illustrate these concepts with examples drawn from Schroders.