

Financial training For non financial staff



The financial training specialists

Reading your finance report - 1 (Budgeting, Profit)

Quite often I find people confused about how to read their financial report.

There are a couple of things to understand about financial reports. One is that they usually contain far too much detail. Another is that their purpose is simply to point to where things are happening in the business. Things that need our attention.

In this blog I'll deal with the problem of detail.

It's usually a mistake to start at the top of page 1 and work our way down each page. I usually take a highlighter and look for the most important lines of information. I'll start by finding:

- income or sales
- total costs
- profit

This gives me an overall picture of how things stand.

Then I'll look for the 5 most important costs. These tend to be the big costs, but could also be things that, if they get out of hand, could damage our budget beyond hope. They'll be different in every business, every cost centre, and every project, but will usually include salary costs.

So far I've only looked a