



4D Group

Fundamentals of Broking Finance and Accounts

Who would benefit?

This one day workshop introduces business finance, but in a general insurance broking context. It assumes no existing financial knowledge so is an introductory course, but beyond the basics, the language and examples are all broking focussed

Compared to other industries, insurance broking has a fairly straightforward financial model so it allows a broker's own accounts to be explained, line by line. Therefore it is aimed at people who need to understand the financial dynamics, dependencies and pressures of their own industry as well as those of their commercial clients.

One immediate benefit is to enable managers to understand what costs they are responsible for, and which they can control, and appreciate that the two are not necessarily the same!

Approach

The workshop is split into these main sections:

- 1) Commercial cashflow, language and labels;
- 2) Practical session to familiarise participants with the fundamentals of financial statements;
- 3) Broker revenue accounts and performance analysis.

The extensive support notes reflect the sequence in the course, provide additional explanation and again use the examples with which participants will be familiar. The specific nature of the course benefits from tailoring content and messages in conjunction with the firm's management accounts function

Objective

By the end of the workshop, delegates will be able to:

Compare normal commercial cashflow with that of a broker.

Understand the key financial principles and concepts.

Describe the sources of funding, and those most common in an insurance broker.

Translate the jargon: explain and apply the financial language of measurement and reporting.

Explain the purposes of and read broking revenue accounts.

Apply the key ratios which measure operational performance, profitability and return.

Content

- Cashflow: keeping the broking "money machine" working
- Cash and profit
- Financial concepts, conventions and standards
- Equity and debt
- Assets and liabilities
- Creditors and debtors
- The shape of a broker's costs: fixed and variable or direct and central?
- The basis for valuing a broker?
- Amortization rather than depreciation
- Financial statements
- RoE and the key performance ratios
- The basis for a broker's working capital calculation

Duration

One day

Pre-requisites

Participants need have no previous knowledge of business finance.