



# Financial Foundation Learning Group

Hosted by: Denise MacDonald & Steve Fisher

- Welcome to Session 2
- Burning questions?
- Other questions in chat as we go
- Q&A

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## Session 2: Deeper dive into....

- **Cost of Goods Sold (COGS)**
- **Gross Margin (GM)**
- **Chart of Accounts (COA)**



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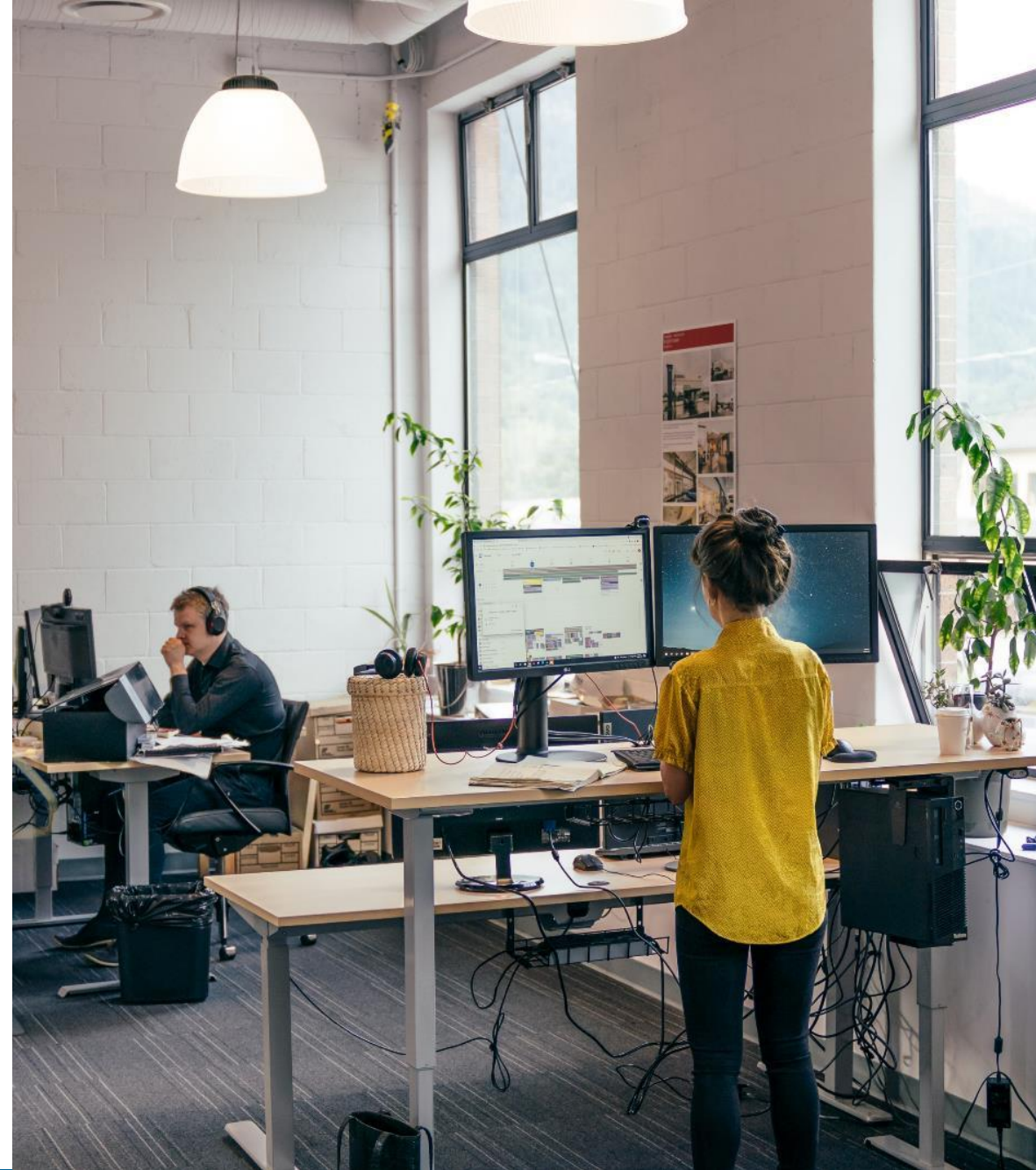
# WARNING!!!

- This session is dense
- Next week; light at the end of the tunnel
- Stick with us



# Revenue Centres Layout

- What information do you need to garner?
- Too much? Not enough?
- Service Co./Product Co/Manufacturing Co.
  - Will look at Service and Product Co.
  - Manufacturing is too complicated for Foundation 1 Course
- Why important?
  - COGS can't be done otherwise
  - Sometimes need to adjust to line up with COGS
- [FFLG Seminar 2.xlsx](#)



# Cost of Goods Sold (COGS)

- Cannot Stress the importance enough!
- THIS IS HARD
- Fixing Expenses won't cut it
- It's not easy but worth it
- It's a PROCESS, not an event!!
- Direct and indirect expenses
- Building a process to capture time
- [FFLG Seminar 2.xlsx](#)





# Revenue and COGS

- Labour (don't over bake the cake)
- Develop a feasible repeatable process (not an event) and stick with it
- Service delivery costs (fuel)
- Time to site, supplies, shipping
- Review the process and COA required
- POS Systems – Program to match COA
- Why you need a supporting COA
  - To Capture Information
  - Automate data transfer into monthly financial statements



# Gross Margins

- Support Decisions
- Source of Pricing
- Where to focus sales & marketing efforts
- Equipment decisions
- Expansion or contraction
- [FFLG Seminar 2.xlsx](#)



# Q&A

**Put questions into the chat**





# Homework

- Revenue Centres Laid out - in Excel
- COGS Calculated
- Gross Margin (by Centre if possible?)
- NOTE: If you don't have the numbers in place, do layouts and general framework

[www.bbaprogram.ca](http://www.bbaprogram.ca)

**See you next Thursday**  
**Thank you!**

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# Annual Profit & Loss Statement

- Annual results and taxable income
- Insufficient to optimize a business
- Exactly what you pay for
- **You need revenue categories with margin analysis.**
- Discuss with Accountant & Bookkeeper
- New processes
- Different stages and we'll evolve together
  
- Typical annual reporting P&L
- Granular P&L with revenue categories and margin analysis
- [FFLG Week 1.xlsx](#)

# Trailing 12 Month P&L (TTM)

- Review financials every month
- Month end closing procedures, **it is your job**
- Make time to do this
- Discuss your contract with Accountant/Bookkeeper
  
- Base level TTM
- Granular TTM with revenue categories and margin analysis
- [FFLG Week 1.xlsx](#)



# Review of Detail Mountainside TTM

- Recap
- [FFLG Seminar 2.xlsx](#)