

# Embedding targeted financial analytics to decision making options by Board Members

Presentation by:

**Geoffrey Injeni**

Faculty and Consultant, Accounting & Finance  
Strathmore Business School  
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# Introduction



Financial Analytics are inputs to analysing financial statements. The main objective is to gain a deeper understanding of the financial position and changes in the financial position.



# Financial Analytics and Decision Making



# Sources of Information



# Approaches to Analytics



## 1. Absolute Analysis

**Absolute analysis** is the use of actual financial statements figures. Key issues analyzed here is whether we made a profit, how does the figure compare with prior years or with other organizations in the same industry.

The Group	Dec-19		Dec-18	
	KShs. Million	US\$ Million	KShs. Million	US\$ Million
Turnover				
Passenger	103,631	1,013.8	95,187	939.4
Freight & Mail	8,681	84.9	8,468	83.6
Handling	2,390	23.4	2,193	21.6
Other	13,615	133.2	8,337	82.3
Total	128,317	1,255.3	114,185	1,126.9
Direct Expenditure	(80,977)	(792.2)	(75,030)	(740.4)
Fleet Ownership Costs	(25,343)	(247.9)	(18,929)	(186.8)
Overheads	(22,850)	(223.5)	(20,909)	(206.3)
Operating Profit (Loss)	(853)	(8.3)	(683)	(6.7)



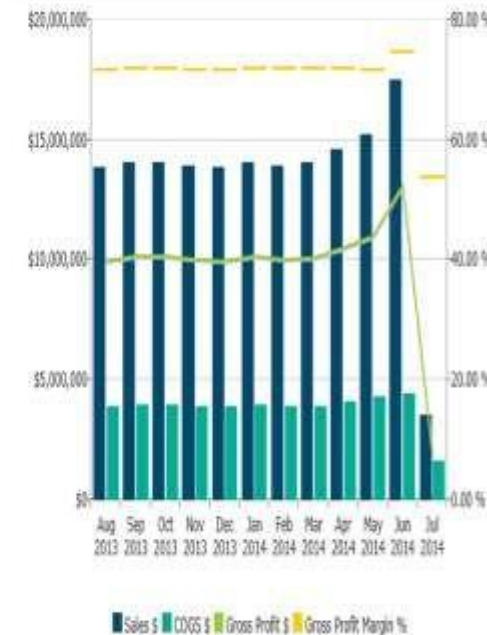
# Approaches to Analytics



## 2. Relative Analysis

Here we standardize information by using ratios. Ratio analysis/Financial Metrics is popular.

Date Calendar YQMD	Sales \$	COGS \$	Gross Profit \$	Gross Profit Margin %
Aug 2013	\$13,912,291	\$3,917,838	\$9,994,453	71.84 %
Sep 2013	\$14,330,898	\$3,953,918	\$10,376,980	71.96 %
Oct 2013	\$14,087,821	\$3,950,917	\$10,136,903	71.95 %
Nov 2013	\$13,574,951	\$3,931,087	\$9,643,864	71.87 %
Dec 2013	\$13,864,427	\$3,981,450	\$9,882,977	71.86 %
Jan 2014	\$14,113,271	\$3,952,348	\$10,160,924	72.00 %
Feb 2014	\$13,852,163	\$3,912,494	\$9,939,670	71.86 %
Mar 2014	\$14,675,146	\$3,941,077	\$10,734,069	72.00 %
Apr 2014	\$14,654,580	\$4,116,273	\$10,538,307	71.91 %
May 2014	\$15,282,184	\$4,383,264	\$10,898,921	71.84 %
Jun 2014	\$17,549,156	\$4,432,942	\$13,116,214	74.74 %
Jul 2014	\$3,576,380	\$1,653,726	\$1,922,654	53.76 %





# Approaches to Analytics – Relative Analysis



## COMMON SIZE

Expressing financial statements items as a base of another item (i.e. a common item).



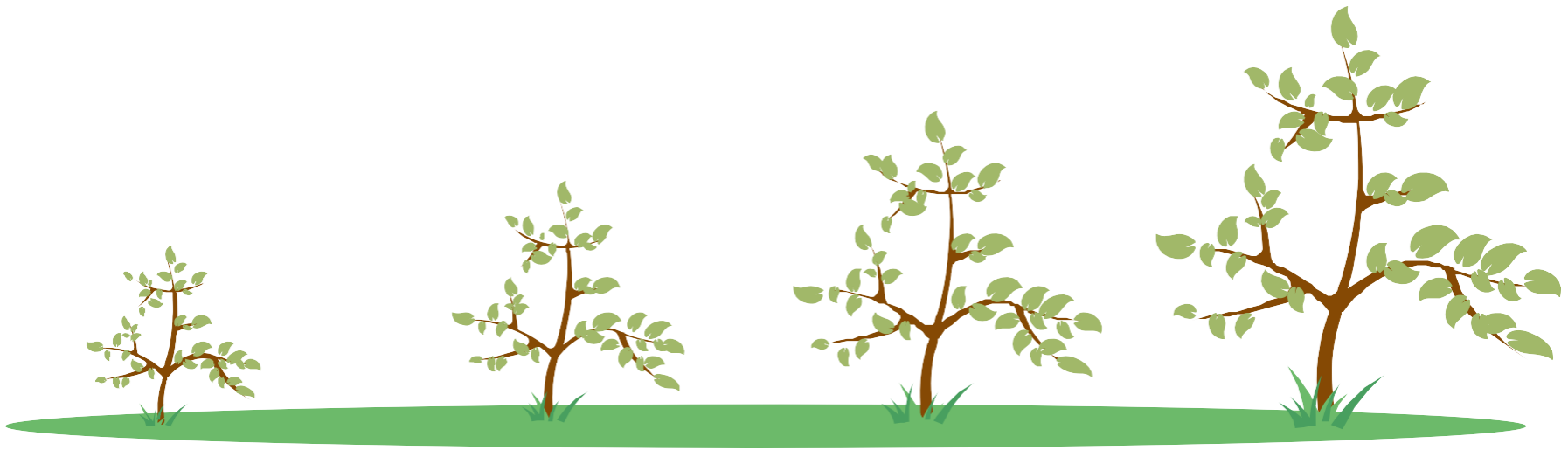
## CATEGORICAL



Computing many ratios, then grouping them into related Categories.



# Best Practices & Trends



**Link  
Financial  
Analytics  
with Strategy**

**Consider:**  
1. Macro - Environment  
2. Industry  
3. Company

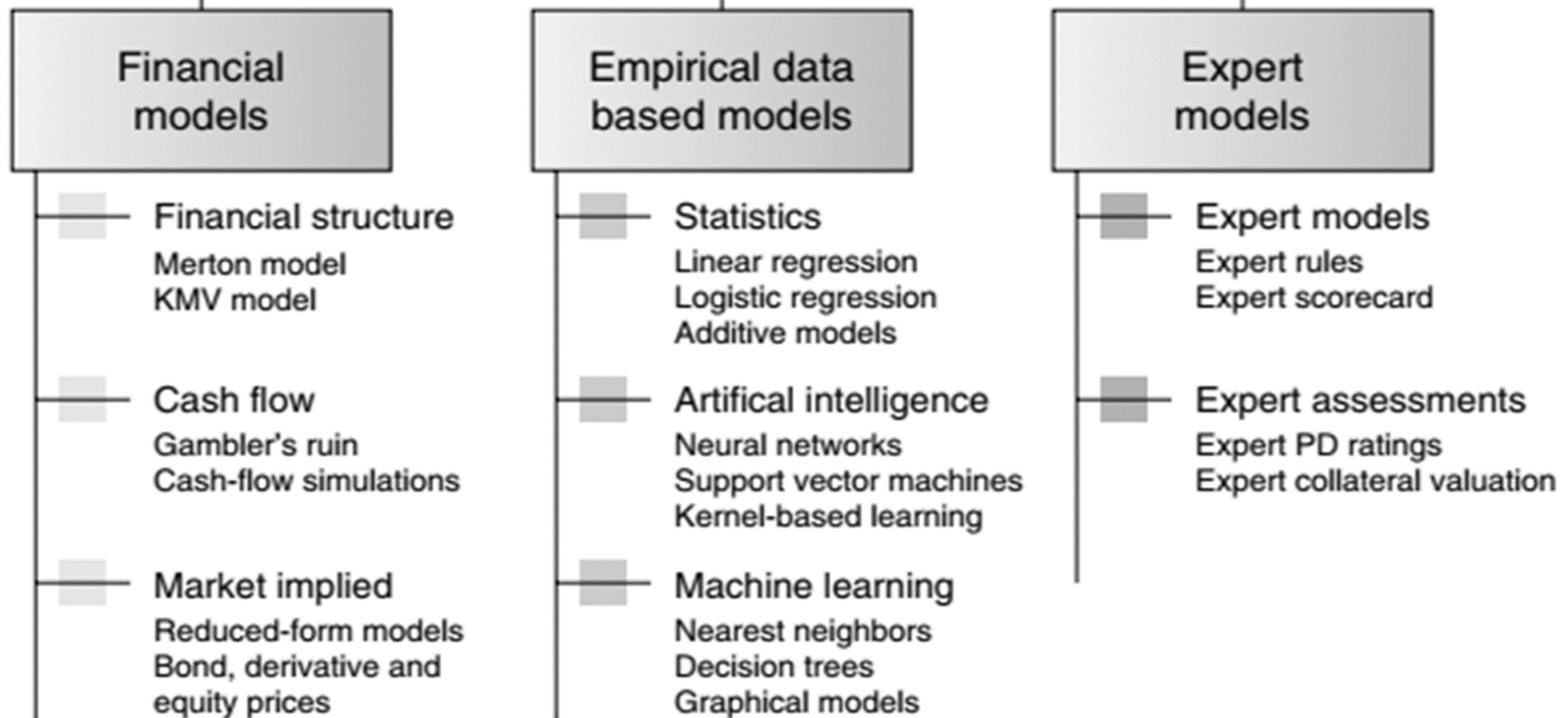
**Use both  
Absolute and  
Relative  
Analysis**

**Trends in  
Analytics: Using  
Data Analytics  
(Programmed  
Quantitatives)**

# Best Practices & Trends



## Examples of Credit Analytics



# END



QUESTIONS  
AND ANY  
ADDITIONAL  
POINTS BASED  
ON  
EXPERIENCE

