





# Course: Financial Modeling

Code	City	hotel	Start	End	price	Hours
756	Malaga (Spain)	Hotel Meeting	2024-06-24	2024-06-28	5450 €	25

## Course Objectives:

- Use core financial modeling techniques
- Forecast investments, and calculate valuations of projects and companies in an effective manner
- Develop comprehensive financial models to support investments decisions
- Understand the different financial statement types and their key line items.
- Recognize the importance control accounts play in balancing the model.
- How to model revenue and working capital adjustments.
- Highlight the differences between the four different input methods.
- How to calculate tax components including tax expense, depreciation and losses.
- How to calculate Net Operating Cash flow using the Indirect Cash flow method.

## Course Content

- **Financial Reporting and Corporate Governance**
  - Business objectives and shareholder wealth
  - The users of financial information
  - The role of accounting in financial reporting
  - Key financial statements, their nature and purpose
  - The conceptual framework of accounting and financial reporting
  - Introduction to accounting standards
  - The development of accounting standards
  - International financial scandals
  - The agency problem
  - The role of audit
  - The need for corporate governance
  - Corporate governance in the UK, US, and in GCC countries
  - The Balance Sheet
  - Shareholders equity
  - Current and non-current assets
  - Current and non-current liabilities
  - Working capital
  - Preparing the balance sheet
  - What does the balance sheet tell us?
  - What are its limitations?
  - Accounting terminology



- **Accounting Systems, Reporting and Decisions**

- Preparation of the Income Statement
- Calculation of profit
- HCategories of income and expenditure
- Valuation of current and non-current assets
- The format of the Income Statement and Balance Sheet
- The link between cash and profit
- The link between asset valuation and profit
- Inventory, receivables, payables, and cash
- The application of judgement
- The nature and purpose of working capital
- Management accounting and cost-volume-profit (CVP) analysis
- Break even analysis
- The impact of volume and sales changes on cost structures
- The limitations of break-even analysis

- **Cash Flow and Investment Appraisal**

- The purpose of the Cash Flow Statement, and its contents
- The preparation and presentation of the Cash Flow Statement
- Sources and uses of cash
- The link between the Cash Flow Statement, the Balance Sheet, and the Income Statement
- The Cash Flow Statement as a predictor of future performance
- Interest rates and the time value of money
- Discounting and compounding - present values and future values
- Annuities and perpetuities
- Investment appraisal: what is an investment?
- Appraisal techniques NPV and IRR
- Relevant cash flows and free cash flows
- The effect of inflation
- Dealing with risk and uncertainty
- Asset replacement and annual equivalent value
- Capital rationing
- Managing the investment project

- **Financing and Cost of Capital**

- Financing the business
- Financing principles
- Sources and types of finance, and the effect of gearing
- Defensive, neutral, aggressive financing policies
- Stock Market listing
- The Cost of Capital
- Cost of equity ( $K_e$ )
- Cost of debt ( $K_d$ )
- Weighted average cost of capital (WACC)
- Capital Asset Pricing Model (CAPM)



- The need for company valuations
- Valuation methods: Net assets; PE Ratio; Dividend growth model; Present value of future free cashflows; Capitalised earnings
- Shareholder value added
- Financial growth modelling: analysis of growth patterns
- Use of Excel for growth forecasting
- DCF valuation

- **Analysis and Interpretation of Financial Reports**

- The contents of the published annual report
- Recent developments in financial reporting
- Interpretation of financial statements
- Common size analysis
- Ratio analysis, including the Dupont system
- Profitability ratios
- Liquidity ratios
- Efficiency ratios
- Capital structure ratios
- Investment performance ratios
- Measuring performance - cash ratios or profit ratios?
- Value Added analysis
- Segmental analysis
- The shortcomings of financial statements, for interpretation purposes
- Predicting corporate failure
- Non-financial factors
- General financial management issues
- The effect of poor liquidity
- Post balance sheet events and contingencies
- The auditors report
- Failure-predicting ratios
- Multivariate failure predicting models - Altman Z score
- Integrated financial accounting case study



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- **Program Timings:**
  - Training programs are held from 10:00 AM to 2:00 PM and include buffet sessions for light meals during lectures.