



Advanced Financial Modelling

Introduction

Learning Outcomes

This course can be taken as a follow on from the intermediate financial modelling course or by those people who already have a working knowledge of using Excel.

The course uses your Excel skills to build a lifelike model which forecasts the future performance of a company.

The course also introduces a number of important accounting issues which are demonstrated in a practical situation helping attendees see why these issues are dealt with in the way that they are.

Each session starts with a lecture which is followed by an Excel demonstration of the key points worked by the lecturer. Participants then have a hands-on session where they add the current topic to the model that they will be developing throughout the course.

By the end of the course participants will have developed a best practice, robust, fully integrated, financial forecasting model which includes sensitivity analysis, data tables and graphics and will have learned how to do so again in the future.

Assessment / Reading References

Open book exam lasting up to 3 hours

Course Contents

Session 1- Best Practice Modelling. Introduces how to modelling a company's accounts. Goes through the four key stages of modelling: Planning, Documentation, Building and Finalisation. Emphasises the key concepts of transparency and simplicity in models, showing how to achieve them.

Session 2 – Income Statement. Teaches what should be shown in an income statement and how it needs to be disclosed. Goes further into how best to structure a model and the reasons for doing so.

Session 3 – Cash. Introduces the most important calculation in most financial models – the cash calculation. Discusses circular references and shows how to code a cash calculation and work out interest using a simple technique that avoids circular references.

Session 4 – Balance Sheet. Showing what a company owns and what it owes. Working out current assets and current liabilities using ratios. The importance and benefits of this approach.

Session 5 – Non-current Assets. Modelling fixed assets. Depreciation – What it is, why we need it, how to model depreciation and how to prevent assets being over-depreciated. Goodwill – How it arises, how it is dealt with in a company's accounts and how it should be modelled.

Session 6 – Non-current Liabilities. The different types of debt used by a company. How these should be modelled and how to work out the interest on them accurately. How to model equity and reserves. Revisits the cash calculation to add a more accurate way of working out the interest on cash.

Session 7 – Taxation. The adjustments that have to be made to the accounting profit to give the taxable profit and the reasons for these adjustments. How to code a basic tax computation and how to deal with tax losses.

Session 8 – Deferred Tax. What deferred tax is and why it arises. How to model deferred tax on tax losses and deferred tax on accelerated capital allowances.

Session 9 – Sensitivity Analysis. What sensitivity analysis is. Two ways of incorporating sensitivity analysis into a model and how easy it is to add it to a well written model.

Session 10 – Data Tables & Graphics. What data tables are and how useful they can be. How to add data tables to a model and use the results to plot appropriate graphics.

Lecturer – Stephen Coe

After gaining his MA in Engineering at Cambridge University, Stephen joined KPMG, qualified as a chartered accountant and spent the next 12 years providing Financial Modelling consulting. He left KPMG to join UBS Warburg as Associate Director, providing training in financial modelling and corporate finance. His clients include: UBS Warburg, Close Brothers Corporate Finance, Commerzbank, Credit Agricole Indosuez, Dresdner Kleinwort Benson, HypoVeirnzbank, Merrill Lynch Mercury Asset Management, Morgan Stanley Dean Witter, HBOS, Royal Bank of Scotland, CIBC, Drueker & Co, Doertenbach & Co, Europa Partners Ltd, Krüger & Uhen, Augusta & Co, Rawlinson & Hay, KPMG, Baker Tilly, Grant Thornton, Cinven, Colliers CRE and the BBC.