

Financial Statement Analysis and Risk Management for Major Corporates: 1 Day

Delegate Profile: This course is delivered 'in-house' to employees working in the financial control and treasury function at a Major Corporate. The course provides a comprehensive review of the operating and financial profile of the organization as well as its risk management and hedging policies, and enables delegates to gain a clear insight into how investors view the company, both from an equity and credit perspective.

Key Learning Outcomes

- Delegates will learn key operating and financial ratios which investors use to evaluate profitability, financial position, credit risk and cash flow generation
- They will examine how the company manages its financial risks, its derivative portfolio and hedge accounting
- Finally, they will review group structure and key accounting policies and estimates made in producing the financial statements.

Pre-requisite Knowledge: Delegates should already be familiar with financial statement analysis and be able to read and interpret financial accounts (profit & loss, balance sheet and cash flow).

Our Approach: In this course we facilitate the learning process through a combination of:

- Presentation of core knowledge and concepts using power point slides
- The Annual Report and Accounts for the Group, to highlight accounting and risk management policies
- Short 'single worksheet' excel exercises to enable delegates to calculate financial ratios and analyze financial performance and position
- Regular summaries, to remind delegates of the key points of each session
- End of Day quiz, to confirm the achievement of the learning outcomes
- One page course summary, as a take away and reminder of the key learning points

Each delegate should be provided with a laptop, which is pre-loaded with some exercises in excel format. (Note: the course may be delivered in either Excel 2003 or 2007, however, all delegates should use the same version of excel in the training room.)

Training Fees: £2,500 plus VAT (£2,500 per training day). This covers all research, design and delivery of the training by James Gilpin, for up to 20 delegates.

Expenses: All incremental travel and accommodation expenses will be charged separately, however, we will work hard to ensure all costs are kept to a minimum. With regard to materials, JGFT can provide 2 options:

- JGFT can arrange for all materials to be professionally printed and couriered to the training centre for which we would recharge the cost (for 20 delegates approximately £200 - £300)
- All materials will be sent electronically to the client with instructions to print internally (at no additional cost)

With regard to excel exercises, JGFT can provide all these materials electronically, which must be loaded onto delegate laptops in advance of the course.

Day One

Session 1

Balance Sheet and Capital Structure Analysis

- The Accounting Equation: Net Assets = Shareholders' Funds; Capital Employed = Capital Provided
- Financing: Debt vs. Equity
- Fixed Assets and Depreciation
- Goodwill and Intangibles
- Working Capital: Inventory, Trade Receivables and Trade Payables
- Borrowing Facilities: Refinancing Risk and Access to Capital
- Headroom and peak borrowing requirements
- Financial Covenants and Debt Capacity: Gearing, Leverage and Coverage ratios
- Share Capital and movement in Shareholders Funds

Session 2

Income Statement and Cash Flow Analysis

- Revenue profile: Price vs. volume drivers
- Fixed vs. variable costs
- Operating Profit: EBIT vs. EBITDA
- Operating leverage vs. Financial leverage
- Dividends and Earnings per Share
- Cash Flow from Operating vs. Investing vs. Financing Activities

Session 3

Measures of Profitability, Liquidity and Efficiency

- Profit Margins
- Return on Capital Employed and Return on Equity
- Dupont Analysis: profit margins, asset turnover and leverage
- Cash Conversion Cycle: Debt, Stock and Creditor days

Session 4

Valuation Metrics

- Equity vs. Enterprise Value
- Income Statement Multiples
- Balance Sheet Multiples
- Dividend policy and yield: Payout vs. Retention Ratio

Session 5

Corporate Risk Management and Hedge Accounting

- Analysis of financial risks (interest rate, FX transaction and translation, credit, equity and commodities)
- Analysis of derivative portfolio and risk management policies
- Hedge Accounting treatment of derivatives (cash flow, fair value and net investment hedges)