



Advanced Financial Statement Analysis and Capital Budgeting Evaluation Techniques

Objectives:

This Program Aim to Introduce Advanced Financial Statement Analysis Including analyzing cash flows and analyzing the financial statements using many practical cases. It also includes evaluating new investments opportunities using the most popular evaluation methods.

Contents:

Section 1: Advanced Financial Statement Analysis

Day 1

Introduction to financial Statements

- **Balance sheet**
 - Typical layout of a Balance Sheet
 - Fixed assets
 - Current assets
 - Creditors (Due within one year)
 - Creditors (Do after more than one year)
 - Net current assets
 - Share Capital
- **Profit and Loss Statement**
 - Typical layout of a Profit and Loss Account
 - Revenue/Sales income
 - Cost of goods sold
 - Gross profit
 - Overheads
 - Depreciation
 - Profit before interest and tax/operating profit
 - Interest earned and interest paid
 - Profit before tax
 - Taxation
 - Profit after tax
 - Dividends
 - Retained profit
- **Managing Money**
 - Where did the money come from?
 - Where did the money go to?
 - Cash flow statement



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- Introduction to Financial Statements Analysis
 - Importance of financial analysis
 - Horizontal analysis
 - Vertical Analysis

Day 2

- Over view of the ratio analysis.
- Definition and calculation of financial ratios.
- Common size financial statements.
- Internal liquidity ratios.
- Operating performance ratios.
- Analyzing return on equity.
- Interpretation of financial ratios to provide basis of decision making for top management.
- Limitations of financial ratios analysis

Day3

Implementation Practical Cases

Section 2: Capital budgeting process and evaluation techniques

Day 4

Capital Budgeting process and measuring relative cash flows

- Defining the capital budgeting and determining the questions that we are going to answer.
- Defining the capital budgeting process
- Determining the relevant cash flows for each project and how do we calculate it.

Day 5

Evaluating Capital Budgeting projects I

- Defining the PV & FV.
- Determining the capital budgeting evaluation techniques, advantages of each and its drawbacks:
 1. Payback period
 2. Bailout payback
 3. Discounted payback period
 4. Net present value.
 5. Internal rate of return

Day 6

Evaluating Capital Budgeting projects II

1. Modified internal rate of return.
2. Profitability index
3. Accounting rate of return.
4. Choosing between the optimal capital budgets.



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- Increasing marginal cost of capital
- Capital rationing
- 5. Problems and solutions.
- 6. Conclusion: Decision-making Criteria in Capital Budgeting
- 7. Linear Programming
- 8. Post investment audit.

Target Group:

- Managers, Members of Board Directors, High Administration and All Levels of Responsibility in accounting and finance.
- All Administrative Staff who are Responsible of Taking Financial Decisions.

Language:

- The materials for the trainees will be in English.
- The language of instruction will be in English