Modelling Financial Statements

A HANDS-ON BOOT CAMP ON FORECASTING, ANALYSIS AND VALUATION

COURSE OVERVIEW
The key to the future is found in the past. In the Modelling Financial Statements course, we will review the basic structure of accounting statements and use the annual report of an ASX-listed company to create a three-way financial statement model, forecasting the income statement, balance sheet and cash flow statement. In this two-day boot camp, we will integrate sensitivities, scenarios and ratios, and further develop our model for valuation applications.

COURSE FACILITATOR
JAMES HAY

James has more than 30 years’ experience as a corporate treasury executive, financial analyst and executive trainer. James has held roles in risk management, corporate finance and project evaluation in the Australian resources sector. More recently, he has established a corporate advisory and training business, providing investment appraisal and financial educational services to a range of corporate and institutional clients. Through his consulting business, he has presented more than 200 seminars and courses on financial skills, economic modelling and value-based management. Since 2006, he has been an adjunct fellow at the Macquarie Applied Finance Centre in Sydney where he teaches the Resources Industry Investment Analysis, and Financial Statement Analysis and Modelling units. James holds a Bachelor of Science from Monash University in Applied Mathematics and Earth Science, a Master of Business Administration in Finance and Accounting from Cornell University (New York) and a Bachelor of Letters (Honours) and a PhD in Political Science from the University of Melbourne.

COURSE INFORMATION

<table>
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<th>DURATION</th>
<th>2 days</th>
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| LOCATION     | Sydney city campus  
Level 24, 123 Pitt Street, Sydney NSW 2000 |
| WHO SHOULD ATTEND? |
| Accountants  |
| Business planners |
| Commercial lawyers |
| Corporate development staff |
| Engineers |
| Equity analysts |
| Research analysts |
| Technical staff moving into managerial roles |

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COURSE OBJECTIVES
The course is designed for those who seek practical insights into accounting information and enhanced skills in financial statement analysis. This hands-on course uses simple Excel-based exercises to build an understanding of the structure and interrelation of financial statements, and to show how financial statements are used for analysis, planning and valuation.

You will review the financial statements of companies from diverse industries and understand how the financial statements reflect underlying business models. Different methods to forecast future outcomes will be reviewed, as will the ability to build models that capture different scenarios. By the end of the course, you will have created your own Excel-based financial statement models.

COURSE OUTCOMES
• Read an income statement, balance sheet and cash flow statement
• Understand how business events – such as sales, purchases and investments – are reflected on the financial statements
• Develop Excel modelling skills to build a financial model with multiple scenarios
• Consider different forecasting techniques and their appropriate use in different industries
• Create a robust financial model that includes checks and error reconciliation
• Consider different techniques for resolving the finance cost circularity inherent in financial statement models
• Extract cash flow information from a model in order to determine enterprise valuation and equity values

COURSE TIMETABLE

DAY 1
• The financial statements
  – Accounting principles
  – Accrual accounting and interrelationships
  – Industry examples
• Setting up our model
  – Forecasting sales growth and costs
  – Building scenarios
  – Simplifying the published statements
• Building our model
  – Getting our model to balance
  – Resolving the finance cost circularity

DAY 2
• Ensuring integrity through checks
  – Using our model for ratio analysis
  – Profitability, efficiency, leverage ratios
  – Market-based ratios
• Using our model for valuation
  – Quick overview of finance theory and discounted cash flow
  – Extrapolating free cash flow
  – Determining enterprise value
  – Understanding the value of equity and share prices

“When leaders make public their engagement in the difficult processes of change they become extraordinary teachers.”

Robert Kegan and Lisa Lahey