

€ TRAINING

The Financial Excellence Program





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Introduction:

This course provides business professionals with a deeper understanding of financial management as practiced by today's most powerful companies by demystifying the complex world of finance and providing the tools and insights that you will need to meet your own professional goals and the greater goals of the organization you serve.

Course Objectives:

At the end of this course the participants will be able to:

- Understand the fundamentals of the successful management of corporate financial performance, from the development of strategy through planning and budgeting to performance monitoring and control
- Develop practical experience of the workings of a best practice financial performance management model, and of how to improve corporate financial performance in real-life
- Raise their financial skills
- Understand today's major issues in international corporate finance and budgeting
- Make improved finance and capital budgeting decisions, which will increase their importance to their organization.
- Identify areas in which they may be able to contribute to improvements in the financial performance of their company which will help improve their career development.
- Utilize sophisticated investment appraisal techniques
- Recognition of the appropriate tool to manage risk

Targeted Audience:

- Staff who wish to gain an up-to-date and broader perspective on how industry leaders continually improve their financial performance
- Financial and non-financial business professionals from all functions of a business
- Financial professionals wanting an update or a 'refresher' of their knowledge
- Recent company recruits who need to learn about modern corporate financial performance management processes, and develop their competencies in this area
- People from an outside business who require a thorough conceptual and practical introduction to the performance management processes and techniques adopted by the leading players

Course Outlines:

Unit 1: Corporate Financial Planning:

- Strategic Planning
- The Objective of the Firm - meeting Shareholder & Stakeholder Objectives
- Agency Theory - the relationship between Shareholders & Management
- Creative Accounting and the Case of Enron
- Preparing a Strategic Plan
- Financial Management & Financial Planning - the Scope, Role & Responsibilities of Financial Management
- Preparing a Financial Plan - The Master Budget

- Forecasting Future Cash-flows
- Time Series Analysis
- Correlation & Regression
- Financial Modelling

Unit 2: Financing The Plan:

- Sources of Finance - Long Term & Short Term
- Evaluation of the Types of Finance
- Equity Finance
- Debt Finance
- Hybrid Finance & Financial Engineering
- The Dividend Decision
- The Cost of Capital
- Weighted Average Cost of Capital WACC
- Capital Asset Pricing Model CAPM
- The Capital Investment Process
- Payback
- Accounting Rate of Return ARR
- Net Present Value NPV
- Internal Rate of Return IRR
- Capital Investment Appraisal
- Capital Rationing

Unit 3: Preparing & Managing Budgets to Support The Financial Plans:

- Definition of Budgets
- The Budgetary Process
- Types of Budgets
- Fixed
- Flexible
- Incremental
- Zero Based
- Activity-Based Budgets
- The Purpose/Benefits & Problems/Limitations of Budgets
- Setting/Implementing Effective Budgets - Eliminating the Problems
- Budgetary Control
- Responsibility Accounting and Absorption Costing
- Activity-Based Budgeting/Costing ABB, ABC
- Variance Analysis
- Cost Behaviour & Break-Even Analysis
- Sensitivity/What-If Analysis
- What-If Analysis combined with Du-Pont Analysis

Unit 4: Managing and Controlling Cashflow to Support the Financial Plan:

- Cash VS Profit
- The Cash Conversion Cycle
- Calculating and Managing the Cashflow Cycle
- Cash Flow Ratios
- Working Capital
- The Cost of Maintaining Working Capital

- Maintaining the Optimum level of Working Capital
- Working Investment Ratios
- Preparing a Monthly Cash Flow Forecast

Unit 5: Managing Financial Risk

- Risk Management
- Types of Risk
- Identifying Risk - SWOT Analysis
- The Major Quantitative & Qualitative Risks Facing Companies
- Establishing a Risk Management Strategy
- Financial Risk Management & Hedging Techniques
- Financial Risks
- Managing Exchange Rate & Interest Rate Risk
- Derivatives
- Forwards
- Futures
- Options
- Swaps
- Risk Management Glossary of Terms

Unit 6: The Financial Markets:

- An introduction to the equity markets:
- IPO
- Market Indices
- International Equity Market Links
- An introduction to bond markets
- Long Term versus Short Term
- Treasury versus Corporate
- Types of Bond
- The spot and forward market
- Exchange Rate trends and linkages
- Carry Trades
- Futures
- Options
- An introduction to the FX market
- An introduction to the Derivatives Market
- The link between risk and return

Unit 7: Evaluating Investment Opportunities:

- The Markowitz model of Portfolio Risk
- The Capital Asset Pricing Model
- A practical application of the CAPM to a range of companies
- The time value of money and discounted cash flow techniques
- The Gordon Growth Model
- A practical application of forecasting dividends
- Determining the Cost of Debt
- The Ameritrade Case
- The importance of the cost of capital
- Scenario analysis

- The weighted average cost of capital WACC
- A practical application of the IRR approach
- Pitfalls in using the IRR approach
- Investment Appraisal using the Net Present Value approach
- Payback and adjusted Payback
- The Internal Rate of Return IRR approach

Unit 8: A Walkthrough an Annual Report:

- The Balance Sheet
- The Income Statement
- The Cash Flow Statement
- Ratio Analysis
- A practical application of Ratio Analysis
- Forecasting Sales
- The cost of sales approach

Unit 9: The Corporate Financing Decision:

- Financial Leverage
- Modigliani and Millers Theory of Capital Structure
- The Risk of Bankruptcy
- The Optimal Capital Structure
- The Dividend Decision
- The clientele effect
- The taxation effect
- The principal-agent problem
- The market for Corporate Control

Unit 10: Risk Management:

- Hedging Exchange Rate risk using:
- The forward market
- The options market
- Zero cost collars
- Hedging commodity price risk using:
- Options
- Futures