

# **Financial Modelling Using Excel**

**Course Duration: 80 Hours (10 Days)**

## **Overview**

Overview of Financial Modelling Using Excel Course Our Financial Modelling Using Excel course equips you with the skills necessary to build robust financial models used for accurate financial analysis and decision-making. The course covers both basic and advanced Excel techniques, such as VLOOKUP, Pivot Tables, and Dynamic Dashboards. You will also dive deep into key accounting concepts, Ratios/KPI Analysis, and different financial modeling techniques like LBO, M&A, and DCF valuation. By the end of this 40-hour course, you will be able to create detailed financial models, analyze financial statements, and perform valuation techniques, ensuring you can drive business insights and make data-driven decisions.

## **Audience Profile**

ManageEngine ServiceDesk Plus is a comprehensive ITSM suite designed for IT support professionals to streamline service management. It is ideal for:

- IT Support Specialists
- Service Desk Analysts
- IT Service Managers
- Technical Support Engineers
- IT Asset Managers
- System Administrators
- Network Administrators
- IT Operations Managers
- Helpdesk Coordinators
- IT Project Managers
- CMDB Managers
- IT Consultants
- ITIL Practitioners

## **Course Syllabus**

### **Basic and Advanced Excel**

- Introduction to MS Excel and understanding the Ribbon
- Keyboard shortcuts and their importance
- Commonly used functions such as VLOOKUP, HLOOKUP, INDEX, MATCH, SUMIFS, OFFSET, PASTE SPECIAL, CONCATENATE, and INDIRECT, along with their combinations

- Rules of Conditional Formatting
- Font and number formatting
- Concepts of freezing cells, rows, and columns
- Data Validation, Sorting, and Filtering using Excel functions as well as formulas
- Table functions and dynamic arrays
- Data presentation through Pivot Tables, Pivot Charts, and Slicers
- Introduction to Macros
- Creating various types of charts and graphs, including but not limited to:
  - Bar graphs
  - Line charts
  - Combo charts
  - Football field charts
  - Scatter plots
  - Histograms
  - Pie charts
  - Waterfall charts
  - Stacked column charts
  - Sparklines
- Sensitivity analysis using Data Tables
- Dynamic dashboards
- Time value functions such as PMT, PV, FV, NPER, and RATE
- Text functions including PROPER, FIND, REPLACE, SUBSTITUTE, LEFT, RIGHT, and MID
- Text-to-Column functions like Delimit and Flash Fill
- Return functions including IRR, XIRR, NPV, and XNPV
- Iterative calculations and circular referencing
- What-If Analysis using Goal Seek, Scenario Manager, and Data Table

## **Accounting Concepts and Financial Statements**

- Key accounting principles, including:
  - Accrual vs. Cash Reporting
  - Double Entry Bookkeeping
  - Going Concern Principle
  - Principle of Prudence
  - Matching Principle
  - Money Measurement Concept
  - Historical Cost Concept
  - Accounting Period Concept

- Full Disclosure Concept
- Business Entity Concept
- Understanding the Income Statement, Balance Sheet, and Cash Flow Statement along with their key components
- Explanation of key financial terms, including:
- Revenue, Direct Costs, and Operating Costs
- EBITDA, Depreciation & Amortization, Impairment of Goodwill, and Depletion
- Cash flows from different activities
- Current and Non-Current Assets and Liabilities
- Shareholders' Equity, Minority Interest, and Other Equity
- Capital Expenditures and Deferred Revenue
- Concept of Comprehensive Income
- Importance of Notes to Accounts
- Understanding the interlinkages among the three financial statements
- Preparation of Common Size Financial Statements
- Reading and interpreting Annual Reports, including the **Management Discussion & Analysis (MD&A)** section

## Ratio/KPI Analysis

- Different types of ratios, including:
- Activity/Turnover Ratios: Receivables Turnover, Days Sales Outstanding, Inventory Turnover, Days Inventory on Hand, Payables Turnover, Number of Days Payables, Total Asset Turnover, Fixed Asset Turnover, Working Capital Turnover
- Liquidity Ratios: Current Ratio, Quick Ratio, Cash Ratio, Defensive Interval, Cash Conversion Cycle
- Solvency Ratios: Debt-to-Equity, Debt-to-Capital, Debt-to-Assets, Financial Leverage, Interest Coverage, Debt-to-EBITDA, Fixed Charge Coverage
- Profitability Ratios: Net Profit Margin, Gross Margin, EBIT/Operating Profit Margin, Pre-tax Margin, Return on Assets, Operating Return on Assets, Return on Total Capital, Return on Invested Capital, Return on Equity, Return on Common Equity
- Valuation Ratios: Price-to-Earnings, Price-to-Cash Flow, Price-to-Sales, Price-to-Book Value, EV/EBITDA, EV/Sales
- Understanding the DuPont Formula (three-stage and five-stage analysis)
- Calculation of Basic EPS and Diluted EPS (including dilutive and anti-dilutive securities, Treasury Stock Method)
- Preparation of a financial summary
- Benchmarking a company's performance against peers and industry standards

## **Technical Aspects of Financial Modelling**

- Introduction to the structure of a Financial Model
- Creating scenarios using INDEX, CHOOSE, and Scenario Manager
- Forecasting the three financial statements (Income Statement, Balance Sheet, and Cash Flow Statement)
- Building detailed revenue and cost drivers for various business types, including:
  - Real Estate
  - E-commerce
  - Utilities
  - Business Services
  - Automobiles
  - Food Aggregators
  - Subscription-based firms
  - Conglomerates/MNC businesses
- Preparation of schedules for equity, depreciation, debt, working capital, and fixed assets
- Best practices in financial modeling and error-tracking techniques
- Key formatting tips, including best print setup approaches
- Addition of Cover Page, Index, Financial Summary, and other essential tabs

## **Types of Financial Models**

- Concept of a Leveraged Buyout (LBO) Deal
- Key assumptions for an LBO model
- Building Pro-Forma Financial Statements and required adjustments
- Debt and Goodwill calculation
- Preparing a Sources and Uses Table
- Cash Waterfall preparation
- Exit analysis and calculation of return metrics, including IRR and MOIC

## **M&A Model**

- Basics of a Merger and Acquisition (M&A) Model
- Accretion and Dilution Analysis
- Understanding Synergies – Operating and Financial
- Performing Sensitivity Analysis on EPS

## **Business Valuation**

### **Relative Valuation – Trading & Transaction Comparables**

- Difference between GPC (Guideline Public Companies) and GTM (Guideline Transactions Method)
- Understanding Deal Value, Offer Value, and Transaction Value

- Screening criteria for comparable companies
- Key valuation multiples used in relative valuation
- Calculation of Enterprise Value (EV) using Equity Value and other components
- Relevant time periods: Last Twelve Months (LTM), Next Twelve Months (NTM), historical years, and projected years
- Concept of Control Premium

## **DCF Valuation**

- Calculation and understanding of Free Cash Flow to Firm (FCFF) vs. Free Cash Flow to Equity (FCFE)
- Related concepts: NOPAT, changes in working capital, Capex adjustments
- Detailed calculation of WACC including:
- Cost of equity using CAPM, multi-factor models, dividend capitalization models, and bond yield plus risk premium approach
- Various approaches for calculating the cost of debt and cost of preferred stock
- Risk components: Equity Risk Premium (ERP), Country Risk Premium (CRP), Size-Specific Risk Premium (SSRP), Company-Specific Risk Premium (CSRP), Discount for Lack of Marketability (DLOM), Discount for Lack of Control (DLOC)
- Calculation of Beta (Levered & Unlevered Beta)
- Terminal Value calculations using:
- Gordon Growth Model (Perpetuity Growth Model)
- Exit Multiple Method
- H-Model
- Mid-period valuation adjustments

## **NAV Approach for Valuation**

- Understanding the relevance of Net Asset Value (NAV) Approach

## **Stakeholder Management and Negotiation**

### **Managing Stakeholders**

- Self-assessment of skill levels and development areas
- Understanding the Stakeholder Engagement Lifecycle
- Common pitfalls in stakeholder engagement and how to avoid them
- Critical success factors for effective stakeholder management

## **Developing a Personal Brand & Projecting a Strong Image**

- Key elements of a strong personal brand (education, experience, authenticity, values, consistency)
- Crafting an effective elevator pitch
- Creating impactful presentations and reports

## **Negotiation Strategies**

- Principles of effective negotiation
- Developing a strong negotiation position
- Handling challenges and achieving mutually beneficial outcomes