KOENIG SOLUTIONS · COURSE OUTLINE

Financial Analysis: Ratios, DCF & Altman Z-Score

Learn to analyse financial statements, value businesses with DCF, and predict corporate failure using the Altman Z-Score.

5 Days	5	42
DURATION	MODULES	TOPICS

COURSE OVERVIEW

This course examines the annual report and accounts, including the income statement, balance sheet and statement of cash flows, and how ratio analysis, trend analysis and Excel-based tools reveal profitability, efficiency, liquidity, investment and financial structure. It then covers analytical techniques such as the Dupont system, segmental and value-added analysis, statistical forecasting, and the comparison of cash flow against profit as a measure of performance. Attention turns to financing decisions, including cost of capital, WACC, discounted cash flow, NPV, IRR and business valuation models. The final part addresses predicting corporate failure with the Altman Z-Score, along with risk analysis, sensitivity and scenario techniques, and methods for managing business and financial risk.

WHO THIS COURSE IS FOR

Financial Analysts | **Accountants** | **Finance Managers** | **Investment Analysts** | **Credit Analysts** | **Corporate Finance Professionals**

LEARNING OBJECTIVES

- Explain the purpose and structure of the annual report and accounts
- Apply ratio analysis to assess profitability, liquidity and efficiency
- Perform common-size horizontal and vertical trend analysis in Excel
- Analyse performance using the Dupont system and segmental analysis
- Compare cash flow and profit as measures of financial performance
- Calculate weighted average cost of capital and optimal capital structure
- Evaluate capital investment projects using NPV, IRR and MIRR
- Assess corporate failure risk using the Altman Z-Score model

COURSE SYLLABUS

5 Modules, 42 Topics

DAY 1

01

Introduction to Advanced Financial Analysis

TOPICS

- Why analyse financial data?
- Who are the users of Financial Information?
- Sources of Financial Information
- Published Annual Reports and Accounts – What is their purpose?
- The Structure and Contents of an Annual Report and Accounts
- Creative Accounting, Financial Scandals, and the Agency Problem
- Corporate Governance, Sustainability, Ethics and Corporate and Social Responsibility (CSR) Reporting

THE THREE MAIN FINANCIAL STATEMENTS

- Income Statement
- Balance Sheet
- Statement of Cash Flows

DAY 2

02

Analysing the Annual Report and Accounts

TOPICS

- Using Ratio and Other Analyses of the Annual Report and Accounts to Assess Financial Position and Financial Performance
- Profitability and Cost-Volume-Profit (CVP) Analysis
- Efficiency and Working Capital
- Liquidity and the Short-term Solvency
- Investment and Growth
- Financial Structure and Long-term Solvency
- Ratio Analysis using Excel
- Excel Trend Analysis using Common-size Horizontal Analysis and Vertical Analysis for Comparability

DAY 3

03

Analytical Tools, Cash vs. Profit and the Cash Forecast

TOPICS

- The Dupont System of Ratio Analysis and Pyramids of Ratios
- Segmental Analysis and Value Added Analysis of the Annual Report and Accounts
- The Fundamental Statistical Tools and Graphical Representations
- Using Statistical Techniques to Analyse and Forecast Financial Data
- The Impact of Alternative Asset Valuation Methods on the Balance Sheet and Profitability
- Cash flow vs. Profit – The Best Measure of Financial Performance
- Working Capital and the Cash Flow Operating Cycle
- Direct and Indirect Cash Flow Analysis and the Cash Flow Forecast

DAY 4

04

Financing the Business, Capital Investment Project and Business Valuation

TOPICS

- Analysis of the Balance Sheet to Identify Long-term Debt and Equity, and Short-term Financing
- **Capital Cost Models:** Cost of Equity using Dividend Growth and Capital Asset Pricing Model (CAPM); Cost of Debt
- Weighted Average Cost of Capital (WACC)
- Optimal Capital Structure Models to Minimise WACC
- Future Values, Present Values, and Discounted Cash Flow (DCF)
- Using Net Present Value (NPV), Internal Rate of Return (IRR), Modified Internal Rate of Return (MIRR) and Equivalent Annual Cost (EAC) to Analyse and Evaluate Capital Projects
- The Reasons for Business Valuations
- Business Valuation Models

DAY 5

05

Analysing and Predicting Corporate Failure, Business and Financial Risk

TOPICS

- Predicting Financial Distress and Corporate Failure – The Altman Z-score Model
- Risk and Uncertainty
- Risk Analysis using Expected Values, Standard Deviation and Coefficient of Variation
- Sensitivity, Simulation, Scenario and Break-even Analysis Techniques
- The Analytical Tools to Manage Risk
- Systematic Risk, Unsystematic Risk, Business Risk and Financial Risk
- Financial Risk – Interest Rate and Foreign Currency Exchange Rate Exposures
- Using Insurance, Hedging and Derivatives to Mitigate and Minimise Risk

WHAT IS INCLUDED

Everything You Need to Succeed

- Koenig course material for every module
- Delivery by certified instructors and subject matter experts
- Hands-on exercises throughout the course
- Course completion certificate from Koenig

ABOUT KOENIG

Who We Are

Established in 1993, Koenig Solutions is a globally recognised training provider with 35+ technology partnerships, 5,000+ training programmes and a network of certified instructors and subject matter experts, supporting individuals and enterprise teams worldwide.

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