

Financial Statement Analysis for Credit Professionals

2 Days

COURSE OVERVIEW

This 2 days program is designed to be a practical, easy to understand workshop covering the basics of financial statements – the how they are made up, used and interpreted in business and financial services.

The workshop uses examples, case studies and activities to help break down the accounting principles used, provide simple but effective analysis of the numbers and recognise their meaning in a range of business situations – what the numbers mean, operating cycles, cash flows, ratios and trends - from private to public companies.

LEVEL

Introductory - Intermediate

WHAT WILL I GET OUT OF IT?

Participants will be able to:

- Determine historical trends in the ratios and then analyse these ratios against current ratios to determine the viability of the business
- Construct and analyze a cash flow statement
- Prepare projected (forecast) revenue statements, balance sheets and statements of cash flows from basic planning data and appreciate how the use of those statements aid planning.
- On the information provided, determine the timing for disbursing funds and establish a repayment arrangement
- Understand the importance of using covenants and when/what should be used.
- Monitor and manage the loan and build upon the relationship developed with the client

WHO'S IT FOR?

- Credit Officers
- Relationship Managers
- Account Officers
- Credit Support Officers
- Any officer who needs some appreciation in assessing the financial aspects of a company

COURSE CONTENT

Introduction to Financial Statements: Presentations & Case Studies

- Understanding business
- Analysing the financial statements
- Balance Sheets
- Profit & Loss Statements
- Cash Flow Statements
- Private versus Public Companies
- Introduction to financial accounting principles and current trends
- Industry and Business Risk Analysis

Analysis of Financial Statements: Review of Ratios, Calculations, Application – Presentations, Case Studies and Unique “Reverse Application”

- Business operating cycles
- Ratio analysis
- Trend analysis
- Asset and business valuations (introductory)

In this session, participants will consider how they can form hypotheses about the structure and content of financial statements they will analyse, how to analyse a company’s trading and profit and loss statement, and how to analyse a balance sheet to more fully understand the prospective borrower’s lending worthiness and management expertise.

The session will enable participants to recognise typical asset and liability structures of different types of businesses; determine the degree of accounting risk in a trading and profit and loss statement; understand the effects of different accounting methods on the trading and profit and loss statement and balance sheet; perform a common-size analysis and interpret the results; undertake industry comparisons to determine whether performance is better or worse than the industry average; calculate liquidity, capital structure and operating efficiency ratios; determine historical trends in the ratios; and interpret these trends by examining changes in ratio components.

Participants will apply principles learnt through a series of exercises and/or case studies.

Putting it together:

- Implications for documentation, loan covenants etc
- Review of previous sessions
- Asking the right questions
- Q & A