

Financial Modelling Course

Financial Model Assessment and Review

Overview

Gain the confidence to work with unfamiliar models and the ability to provide assurance to other users

Students will learn a time-saving and reliable method for understanding and checking unfamiliar financial models and running sensitivities through them.

The course is based on real-world techniques used by Operis analysts in their daily work. It is aimed at professionals working in or around project finance who are not necessarily financial modelling experts, who nevertheless have to grapple with models which are written in a wide variety of styles by outsiders.

Content

Session 1

Introduction

- » Introduction to case study model
- » Excel selection, navigation and editing techniques

The cash flow forecast as the centre of the investigation

- » The assessment workbook
- » Different kinds of cash flow
- » Restate the cash flow according to a standardised, insightful layout

Inclusion analysis: a powerful technique for validating ratios

- » One way IA: project and equity IRR
- » Two way IA: DSCR
- » Mapping the model to ratio definitions

Subtleties in ratio definitions

- » Revenues and costs: cash or accruals basis?
- » Treatment of reserves
- » Treatment of debt fees

Session 2

Single cell reconstruction

- » Understanding the model's revenue calculations
- » Understanding the model's operating costs calculations

Running sensitivities

- » Keeping track of what you have changed and what effect it has had
- » How to be certain that sensitivities have been run correctly
- » When and how to freeze debt repayment profiles
- » How to run breakeven sensitivities

Finding which inputs to alter

- » Six different ways to trace through model logic

Reusing the analysis on new versions of the model

- » Linking the assessment workbook to the updated model

Conclusion

