



“taking the myth out of finance”

Excel Techniques for Financial Modelling

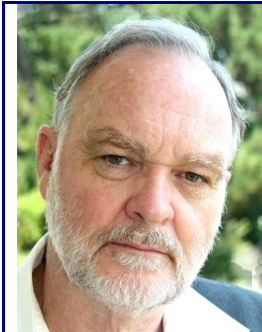
Financial modelling is not limited to predicting the share price of a company. It is the basis of every business undertaking. Budgeting, project management, identifying the best method of implementation, pricing - all can be modelled and the model can provide useful assistance in making the correct decision. The rest is up to the business acumen of the decision makers, to use the information courageously, and appropriately.

The Economist reports that the failure of most projects arises, not from unexpected events, or from the inability of modelling tools to predict, but from compromising the model's prediction in order to 'sell' the project.

NB: The course assumes intermediate level Excel skills, as well as a basic understanding of financial statements. Its emphasis will be as much on the thinking process - identifying appropriate variables, forming and stating assumptions and interpreting the results - as it will on techniques of modelling. The course teaches basic principles of modelling in a variety of business situations.

Non-financial candidates are recommended to attend one of our “Finance for Non-Financial Managers” courses beforehand to get the full benefit of this course.

The course presenter: John Mitchell



John Mitchell is a Director of Johannesburg School of Finance, a member of the Investment Analysts Society holds a Degree in Philosophy. He has been a professional designer and presenter of financial courses for the past twelve years. His Major in Logic aligns itself naturally with both lean programming, and analysis of financial problems.

His empathic style and extensive business experience make his courses both practical and enjoyable.

Courses are arranged to suit client needs and classes are preferably limited to ten participants. We usually present at client premises or external venues by arrangement.

We also provide individual tuition for those who wish to concentrate on a specific aspect, or whose skills are above or below the norm; or where we have no suitable public course scheduled.

Requirements: Delegates must please bring their own computer, or make alternative arrangements with us at a cost. A mouse is strongly recommended.

Johannesburg School of Finance (Pty) Ltd is accredited through FASSET, the South African SETA for Finance, Accounting, Management Consulting and Other Financial Services (accreditation number 585/00187/05) and has a Level 4 (100%) BEE rating. For more information about the School and our other products and services, see our website www.jhbfm.co.za or call 27 11 704 7577.

Excel Techniques for Financial Modelling

presented by John Mitchell

Course Overview:

The first three days of the course will be devoted to developing Excel 2007 techniques, with the emphasis on those skills most useful in financial modelling. Fundamental disciplines and procedures will be introduced and reinforced to ensure robust and accessible model building.

The final two days will concentrate on developing practical models using the principles and techniques developed in the first three days.

Throughout the course, techniques will be presented in the context of practical applications and emphasis will be placed on thinking around the technical aspects of models to ensure that the outcomes are comprehensive and reliable.

Delegates may choose to attend the first three days only or remain for the full five days. The first three days are the required basis for the full five days.

The following techniques, among others, will be covered over the five days:

- Pivot Table reports and Sub Totals
- Subtotals
- V Lookup for True and False
- IF statements and combinations
- Charts and trend lines
- Scenarios, Goalseek and Solver
- Data validation and lists
- Use of reiterative calculations to model an integrated set of financial statements
- Time Value of Money
- Introduction to macros and macro buttons
- Using row names in formulas
- Calculating and modelling sustainable growth
- Interpreting and evaluating the model outcomes

Course Content

Day One: The Purpose, Principles and Techniques of Financial Modelling

- Introduction
- Shortcuts, techniques and procedures
- Charts: pie, pie of pie, column, multi cell, scatter
- Range names and the offset function

This section teaches a structured and accessible approach to modelling so that it is easy for others to understand the logic.

Day Two: Techniques Required for Manipulating and Preparing Data

- Planning spreadsheets and using functions in combination
- Techniques for using row names in formulas
- Cleaning the data base
- Subtotals
- Pivot table reports

This section emphasises the preparation of data for use in modelling

Day Three: Using Inbuilt Functions to Model Options

- What-if? calculations: goalseek, solver and scenarios
- Time Value of Money: NPV, IRR, explanation and practical exercises
- Introduction to macros

Techniques to use directly in modelling and to structure the thinking on how to prepare a model

Day Four: Constructing and Interpreting an Integrated Financial Model

- Perform a simple analysis of financial statements manually
- Use the techniques learnt in the first three days to model the manual version: model to a known outcome
- Use reiterative calculations to create an integrated set of financial statements to model the effect of improved working capital on interest payments and profit
- Use the model to generate and support a business case

This exercise demonstrates the impact of managing working capital and provides practical experience in using ratios effectively

Day Five: Using Financial Models to Select the Best Option

- Use given inputs to model the projected performance of a company manually
- Develop a model to show the effect of the variation of these inputs
- Model the sustainable growth of the company and test the model against different inputs
- Link the model to financial ratio calculations and model the effect of different inputs on performance and equity ratios
- Consider the business case this represents.

This exercise continues to develop techniques and demonstrates the relationship between the variables and their impact when forecasting company performance