



## ***BUILDING A FINANCIAL MODEL*** *(for Power Project Operations)*

### **SUMMARY:**

This course reviews project economic concepts and focuses on the skills required to design and create a financial model to help a power company decide whether it should invest in a new project.

The course material includes model design, logic, construction, financial concepts and accounting treatment.

Various intermediate Excel tools along with helpful keyboard shortcuts will also be covered throughout the course.

*Timing:* This course requires 1 – 2 days, depending on the amount of material to be covered

Experts in financial  
modeling training

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### **LEARNING TOPICS:**

#### **Power Asset Dynamics and Economics**

- ✓ Review the unique modeling features required to evaluate a regulated entity
- ✓ Discuss the specific revenue and cost drivers of a power project
- ✓ Learn to create a model for which the returns to shareholders have been pre-set by the regulator

#### **Design and Structure a Financial Model**

- ✓ Design and layout a financial model clearly and logically
- ✓ Create clearly defined inputs and assumptions sections

#### **Build Powerful Scenarios and Financial Statements**

- ✓ Use switches to create effective scenarios and value drivers
- ✓ Forecast and build-up the project's revenues and expenses
- ✓ Design and incorporate a company's income statement, balance sheet and cash flow statement
- ✓ Construct all necessary schedules, including:
  - Depreciation / CAPEX
  - Working Capital
  - Income Tax
  - Debt and Interest
  - Shareholders' Equity

#### **Evaluate the Project**

- ✓ Incorporate a schedule to evaluate the project's returns
  - Net Present Value (NPV)
  - Internal Rate of Return (IRR)
  - Payback and Discounted Payback periods
- ✓ Build a strong summary page to display the results
- ✓ Set up print ranges to optimize the appearance of printed output

*Design and create a financial model to help decide  
whether a power company should invest in a new project*