BUILDING A FINANCIAL MODEL
(for Credit Professionals)

SUMMARY:

This hands-on course focuses on the skills required to design and create an interactive financial model for the purpose of analyzing credit capacity and the impact of various debt structures for a company.

The course material includes model design, logic, construction, financial concepts and accounting treatment. During the seminar, participants will build a model that includes a forecast of a company's income statement, cash flow statement and balance sheet.

Participants will recapitalize a company's balance sheet and then forecast specific pieces of debt and equity so that the model can be used for credit purposes or as a Leveraged Buyout ("LBO") model.

Timing: This course requires 3 days

Experts in financial modeling training

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LEARNING TOPICS:

Design and Structure a Financial Model
- ✓ Design and layout a financial model clearly and logically
- ✓ Discuss the need for a model to serve as a marketing tool
- ✓ Create clearly defined inputs and assumptions sections
- ✓ Connect strings of data to create assumptions and footnotes

Build Powerful Scenarios and Financial Statements
- ✓ Use switches to create effective scenarios and value drivers
- ✓ Design and incorporate a company's income statement, balance sheet and cash flow statement
- ✓ Construct all necessary schedules, including:
  - Revenue and Expenses
  - Depreciation / CAPEX Schedule
  - Working Capital Schedule
  - Income Tax Schedule

Modeling Capital Structure
- ✓ Build a Sources and Uses schedule within a model
- ✓ Recapitalize a company's balance sheet
- ✓ Properly incorporate Senior Term Debt with an amortizing repayment schedule
- ✓ Create a robust bank operating line (or revolving credit facility) with complex cash sweep schedules
- ✓ Build a provision for non-cash Payment in Kind (PIK) interest on various pieces of debt
- ✓ Create a well-designed shareholders' equity schedule
- ✓ Properly link the debt and equity schedules into the financial statements and balance the company's balance sheet
- ✓ Understand the need for circularity within a model
- ✓ Make a model iterative by incorporating circular references
- ✓ Learn to create a "circular reference breaker" to rid a model of undesirable error messages when the model crashes
- ✓ Understand and incorporate appropriate operating and credit ratios

Design and create a dynamic financial model of a company that adheres to the highest industry standards