Financial Statement Analysis, Modelling and Valuation

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Rome (Italy)



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Ref: 2022148212357784 **Duration:** **Location:** Rome (Italy) **Fees:** 9400 GBP

Financial statement analysis, modelling and valuation is the work of reading a company's reported accounts, projecting them forward in a linked model and turning that projection into an estimate of what the business is worth. This 2-week advanced course is for financial analysts and finance managers, and each delegate builds a three-statement Excel model of a case company with a DCF and multiples valuation. The subject is taught by Blackbird Training Centre.

Introduction

The course rests on three references. IFRS Accounting Standards govern how statements are presented, with IAS 1 covering presentation and IAS 7 the statement of cash flows. The International Valuation Standards IVS define bases of value and the income, market and cost approaches. The FAST Standard sets rules for flexible, structured and transparent spreadsheet models. The level is advanced. Teaching runs as a modelling build: delegates extend one Excel model day by day, using cases from manufacturing, retail, banking and technology.

Course Objectives

- Distinguish accrual profit from operating cash flow, and read the gap as a sign of earnings quality.
- Compare liquidity and solvency ratios, and select the measures that answer a lender's or an investor's question.
- Apply the FAST Standard to build a three-statement model in which the balance sheet balances through cash.
- Justify forecast assumptions for revenue, margins and capital spending against historical ratios and sector metrics.
- Compare enterprise value with equity value, and apply DCF and trading multiples to reach a defensible value range.
- Interpret scenario and sensitivity outputs to show which drivers move company value most.



Target Audience

- Financial analysts and senior accountants who must judge whether reported profit is backed by cash before relying on it.
- Corporate finance and planning managers who must decide which assumptions drive a forecast and how far to trust them.
- Credit analysts and relationship managers who must judge a borrower's repayment capacity from projected cash flow.
- Investment and business development professionals who must choose between DCF and multiples when pricing an acquisition.
- Internal auditors and finance business partners who must decide whether a model presented to the board is sound.

Course Outline

Day 1: Reading the Three Financial Statements

- Balance Sheet vs Income Statement: Stock of Resources Against Flow of Performance
- IAS 1 Presentation of Financial Statements: Required Line Items and Classification
- Accrual Basis vs Cash Basis: Why Reported Profit and Cash Diverge
- Notes to the Accounts: Accounting Policies, Estimates and Judgements Disclosed
- Users of Financial Analysis: Lenders, Investors and Management and Their Questions

Day 2: Ratio Analysis and Performance Drivers

- Profitability Ratios: Gross, Operating and Net Margin With Return on Capital
- Liquidity vs Solvency: Current and Quick Ratios Against Gearing and Interest Cover
- Efficiency Ratios: Asset Turnover and Inventory, Receivable and Payable Days
- DuPont Decomposition: Splitting Return on Equity Into Margin, Turnover and Leverage
- Investor Metrics: Earnings per Share, Price to Earnings and Dividend Yield

Day 3: Cash Flow and Working Capital

- IAS 7 Statement of Cash Flows: Operating, Investing and Financing Sections
- Direct vs Indirect Method: Two Routes to the Same Operating Cash Flow
- Free Cash Flow to Firm vs to Equity: Definitions and Valuation Uses
- Cash Conversion Cycle: Inventory, Receivable and Payable Days Combined Into One Measure
- Working Capital Levers: Stock Optimisation, Collection Terms and Supplier Terms for Liquidity

Day 4: Earnings Quality and Warning Signs

- Earnings Quality vs Earnings Quantity: Persistence and Cash Backing of Profit
- Accruals Ratio: Measuring the Gap Between Profit and Operating Cash
- Earnings Management Practices: Revenue Timing, Reserve Releases and Capitalised Costs
- Forensic Accounting Fundamentals: Beneish M-Score and Analytical Red Flags
- Misreporting Case Studies: Warning Signs Visible in Accounts Before a Restatement



Day 5: Forecasting Methods and Assumptions

- Top-Down vs Bottom-Up Revenue Forecasts: Market Size Against Volume and Price
- Forecast Assumption Sheet: Growth Rates, Margins and Capital Intensity Documented
- Cost Behaviour: Fixed, Variable and Semi-Variable Costs in Margin Forecasts
- Pro Forma Statements: Projected Income Statement and Balance Sheet From Assumptions
- Cash Flow Forecasting: Short-Term Liquidity View Alongside the Multi-Year Projection

Day 6: Building the Three-Statement Excel Model

- FAST Standard vs Ad Hoc Layout: Separating Inputs, Calculations and Outputs
- Statement Linkage: How Net Income, Retained Earnings and Cash Connect
- Supporting Schedules: Fixed Assets, Depreciation, Working Capital and Debt
- Balance Sheet Check: Cash as the Balancing Item and Interest Circularity
- Model Integrity: Error Checks, Consistent Formulas and Version Discipline

Day 7: Scenarios, Sensitivity and Statistical Forecasting

- Scenario Analysis vs Sensitivity Analysis: Several Variables Changed Against One Variable
- Data Tables and Tornado Charts: Ranking the Drivers of Forecast Outcomes
- Monte Carlo Simulation: Probability Ranges for Revenue and Cash Outcomes
- Regression Analysis: Estimating Revenue Drivers From Historical Relationships
- Case Switches: Base, Upside and Downside Cases Selected From One Input Cell

Day 8: Discounted Cash Flow Valuation

- Enterprise Value vs Equity Value: Bridging Through Net Debt and Minority Interests
- Weighted Average Cost of Capital: Cost of Equity by CAPM and After-Tax Debt
- Explicit Forecast Period: Free Cash Flow Projection Drawn From the Linked Model
- Terminal Value: Gordon Growth Method Compared With the Exit Multiple Method
- International Valuation Standards: Bases of Value and the Three Valuation Approaches

Day 9: Market and Asset Approaches Across Sectors

- Comparable Companies vs Precedent Transactions: Trading Multiples Against Deal Multiples
- Multiple Selection: EV/EBITDA, Price to Earnings and Price to Book by Sector
- Asset-Based Valuation: Adjusted Net Assets for Holding and Asset-Heavy Companies
- Sector Metrics: Manufacturing Capacity Use, Retail Like-for-Like Sales and Bank Capital Ratios
- Technology Company Valuation: Recurring Revenue, Churn and Loss-Making Growth Stages



Day 10: Valuation Report and Model Review in Practice

- Point Estimate vs Value Range: Reconciling DCF and Multiples on a Football Field Chart
- Model Review: Tracing Forecast Assumptions Back to the Ratio Analysis
- Analyst Report Structure: Findings, Earnings Quality Flags and Valuation Conclusion
- Ethics in Analysis and Reporting: Independence, Objectivity and Disclosure of Limits
- Final Valuation Pack: Three-Statement Model, Valuation and Board Presentation Completed

Skills You Will Gain

- Ratio analysis and DuPont decomposition
- Free cash flow measurement
- Accruals and earnings quality testing
- Three-statement model architecture
- Scenario and sensitivity analysis
- Weighted average cost of capital
- Terminal value estimation
- Trading and transaction multiples

Why Attend This Course

- From reading each statement on its own to tracing how a change in revenue flows through profit, working capital and cash.
- From forecasts held in disconnected spreadsheets to one linked model with inputs, calculations and outputs kept apart.
- From quoting a single valuation figure to presenting a range that reconciles DCF, trading multiples and precedent transactions.
- From scattered analysis files to a final valuation pack: a three-statement Excel model, a valuation and a board presentation.

Conclusion

Put simply, the subject links what a company has reported with what it is likely to earn and what that future is worth today. The course makes three distinctions clear: accrual profit against operating cash flow, enterprise value against equity value, and income-based valuation against market-based valuation. It suits analysts and finance managers who already calculate ratios and now need to build and defend a full valuation model.

Course FAQs

What is financial statement analysis, modelling and valuation?

It is a sequence of three tasks: analysing reported statements through ratios and cash flow, projecting them in a linked three-statement model, and converting projected free cash flow and peer multiples into an estimate of company value.



What is the difference between enterprise value and equity value in financial statement analysis and valuation?

Enterprise value is the worth of the operating business to all providers of capital. Equity value is what remains for shareholders after deducting net debt and other claims such as minority interests. A DCF on free cash flow to firm produces enterprise value first.

Which standards does the financial statement analysis, modelling and valuation course follow?

It follows IFRS Accounting Standards, mainly IAS 1 and IAS 7, for reading statements; the International Valuation Standards for bases of value and valuation approaches; and the FAST Standard for spreadsheet model design.

Is the financial statement analysis, modelling and valuation course right for a credit analyst?

Yes. A credit analyst uses the ratio, cash flow and earnings quality work to judge repayment capacity, and the linked model to test how a borrower's cash and gearing respond to downside scenarios.

What does a delegate build in the financial statement analysis, modelling and valuation course?

Each delegate builds a three-statement Excel model of a case company, values it through DCF and trading multiples, reconciles the results on a football field chart and presents the conclusion as a short board pack.

