FINANCIAL**EDGE**

The Project Financier

MICRO-DEGREE COURSE OUTLINE

The Project Financier Micro-degree

Learn the practical skills required to facilitate the core investment banking objectives: raise capital and complete mergers and acquisitions. Whether you're an intern looking to wow interviewers, an analyst accelerating your career, or an associate reinforcing the fundamentals, these four courses are designed to develop demonstrable skills at your own pace.

37	**24**	**213**	**3**
Hours	Topics	Exercises	Exams

CONTENTS

The Accountant

Build a comprehensive understanding of the essential techniques required to accurately analyze the financial results of a company.

Financial Accounting Review (2010)

- Making entries and ensuring the balance sheet balances
- Preparing a balance sheet
- Preparing an income statement from the entries to retained earnings
- Preparing a cash flow statement from the entries to the cash account
- A review of the different categorizations on the income statement, balance sheet, and the cash flow statement

Income Statement (2020)

- Revenue recognition issues
- Cost recognition issues
- Identifying non-recurring items from the income statement, the MD&A, the notes to the accounts and the financial statement press release

- Calculating EBIT and EBITDA for the historical year, and on an LTM basis
- Understand the difference between basic and diluted earnings per share and calculate recurring diluted earnings per share
- Review company profitability compared to its peer group

Earnings Per Share (2140)

- Basic EPS calculations including weighted average shares
- Dilutive securities: options (treasury method) and convertibles (as if converted)
- Calculating recurring EPS

Working Capital (2030)

- Inventory accounting including the impact on EBIT of LIFO and FIFO accounting choices (where relevant)
- Accounts receivable and bad debts (identifying when companies are manipulating sales)
- Accounts payable and accruals and the difference between them from a due diligence perspective
- Other items including taxes payable, deferred revenue, and pre-paid items
- Working capital and operating working capital and the cash impact of changes in operating working capital
- Credit implications of working capital movements
- Day ratios

Non Current Assets (2040)

- Gross PP&E, accumulated depreciation, depreciation expense and net PP&E
- Building a simple forecast of fixed assets
- Establishing the age of a company's fixed asset base
- Finite, and infinite intangibles including goodwill
- A review of key methods of accounting for financial investments
- At fair value through the income statement
- Available for sale
- Associate (equity method) accounting

Capital Structure (2050)

- Debt issues and repurchases
- Simple yield to maturity and all in cost calculations and understanding Original Issuer Discounts
- Calculating net debt
- Equity issuance and repurchases
- The difference between authorized, issued and outstanding shares and multiple share classes
- Other capital items: preference shares and convertible bonds
- Leverage ratios
- Debt liability maturity analysis

Accounting Ratios (2004)

- Introduction to the accounting ratios used for analysis of financial statements to better understand the underlying organization.
- Profitability ratios, including margins

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- Liquidity ratios, including operating working capital
- Calculating EBIT and EBITDA for the historical year, and on an LTM basis
- Leverage ratios, including net debt and interest coverage
- Asset ratios

Cash Flow Statement (2060)

- Understanding how to categorize cash flows between operating, investing, and financing
- Deriving a cash flow statement from two balance sheets and an income statement
- Deriving a balance sheet from a cash flow statement and an income statement
- Different cash flow statement presentations

Equity Method Investments (2090)

- What are equity method investments?
    - Equity affiliates / associates
    - Joint ventures
- Equity method accounting
    - Income statement
    - Balance sheet
    - Cash flow statement
    - Financial statement integration

Intro to Full Consolidation (2110)

- M&A accounting overview
- Balance sheet consolidation
- Sources and uses of funds
- Goodwill calculation
- Income statement consolidation
- Non controlling interests – NCI

The Modeler

Learn how to build models quickly and error-free, critical for the decisions and recommendations that they underpin.

Introduction to Modeling (3020)

- Key settings
- Formatting and layout standards
- Building a simple income statement and balance sheet model, on one sheet, then across sheets
- Balancing the balance sheet using the cash flow statement
- Preparing the model for handover
- Key formatting and putting the output into a pitch book

Three Statement Modeling with Iterations (3030)

- Income statement construction and highlighting key numbers
- Calculation schedules (PP&E, retained earnings, operating working capital, and debt)
- Balancing the balance sheet with a cash sweep
- Calculating interest using average balances
- Circular references and iterations
- Working with a circular reference switch
- Preparing the model for handover
- Key formatting and putting the output into a pitch book

Three Statement Model Editing (3035)

- Steps before editing
- Inserting a new item
- Removing an old item
- After editing
- Relevant keyboard shortcut keys

Three Statement Modeling with Estimates (3040)

- Cleaning up the income statement and balance sheet and simplifying the line items
- Getting estimates for revenues and EBIT
- Building multiple scenarios into a model's assumption
- Modeling a forecast debt repayment schedule from the notes
- Key ratios
- Checking the model for reasonableness
- Formatting and putting the output into a pitch book

Building a Model with Cash Sweeps (3050)

- Why banks want to be repaid early
- Cash sweep mechanisms
- How to model cash sweeps
- Building a three statement model with a cash sweep

Checking a Model for Integrity and Errors (3060)

- Top ten errors
- Auditing and error checking toolkit
- Checking your own model
- Checking someone else's model

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Project Finance

This program is one of the most extensive project finance courses available. Not only will you cover risk management, the accounting specific to project finance, how to structure the finance behind a project, you will also learn how to build both a simple and an advanced project finance model.

Introduction to Project Finance (8010)

- Understand how project finance is different
- The mechanics and process of a project
- Understand different contracts in project finance
- Case study: Eurotunnel
- What's in an information memorandum for raising capital

Risk Management in Project Finance (8020)

- The taxonomy of different risks in a project
- Pre-completion risks
- Post-completion risks
- How to manage risks

Financing the Project (8030)

- Overview of the financing and insurance package
- Understand how to establish the project's debt capacity
- Establish the required equity ticket
- How syndicated loan financing works
- Syndication process and strategy
- Mechanics of Mandated Lead Arranger and fees
- Current changes in the syndication market
- Calculating the return on equity to the bank on a loan

Accounting for the Project (8040)

- Overview of project finance accounting
- How costs get capitalized during construction
- How to expense the capitalized costs

Project Finance Returns (8050)

- Calculating the cash flows available to equity owners
- Calculating Internal Rate of Returns (IIR)
- Calculating the returns to lenders
- Understanding dividend traps in a group structure
- Understand how subordinated loans owned by equity holders help avoid dividend traps

Modeling The Project (8060)

- Terminology of costs used in project finance modeling

- Modeling the construction phase
- Building a sources and uses of funds
- Modeling the operational phase
- Modeling the unlevered free cash flows

Debt, Coverage Ratios and Covenants (8070)

- Modeling different debt amortization methods
- Understanding and calculating the Debt Service Coverage Ratio (DSCR)
- How to use the DSCR in a project finance model
- Understand how to calculate the model a loan's average life
- Calculating Loan Life Coverage Ratio
- Understand the definition of security in loan agreements
- Understand covenant suites in loan agreements
- What happens when a covenant is breached

Building a Simple Project Finance Model (8080)

- Sources and uses
- PP&E assets
- Soft assets
- Calculations
- Income statement
- Initial balance sheet
- Cash flow statement
- Debt schedule and cash sweep
- Interest expense
- Returns to equity holders

Building a Full Project Finance Model (8090)

- Uses of funds
- Sources of funds
- Other assumptions
- Revenues and variable costs
- Soft costs and PP&E
- Asset retirement obligations
- Income statement
- Calculations: OWC and equity
- Balance sheet
- Cash flow statement
- Cash flow available for debt service
- Modeling the revolving credit facility
- Modeling the syndicated loans
- Incorporating a Debt Service Reserve Account
- Cash and non-cash interest
- Returns to equity holders
- Loan Life Coverage Ratio
- Structuring the debt in a completed model

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