

# FINANCIAL ANALYSIS AND VALUATION



International School  
*Of* Management

— UNLOCKING KNOWLEDGE —

# INTRODUCTION



This course provides an overview of financial analysis and valuation for businesses. Emphasis is on financial statement analysis, time value of money, management of cash flow, risk and return, different financial ratios and methods of valuation. This course is intended to develop skills for the strategic analysis of financial performance, and to develop experience in evaluating ability of resources to create value as well as identify the risk of default. A company's financial report conveys a wealth of useful information about its business. Indeed, financial reports are the primary means by which managers communicate company results to investors, creditors and analysts. These parties use the reports to judge company performance, to assess creditworthiness, to predict future financial performance, and to analyze possible acquisitions and take-overs. Users of financial statements must be able to meaningfully interpret financial reports and construct measures of financial performance.

To enable meaningful comparison across businesses or entities, accounting regulators have developed a set of standards and rules that provide guidelines to the reporting firms. Nevertheless, these standards and rules still allow managers considerable discretion in reporting the firm's results. Since company managers choose among a set of available accounting procedures when preparing their reports, we need to learn about accounting choices in order to achieve a thorough understanding of the reports and their links to the underlying business activity and economic reality of the reporting entity.

# EXPECTED LEARNING OUTCOMES



By the end of this programme, participants will be able to:

- Define users and uses of financial statements in financial and investment analysis
- Explain the importance of accounting policies or choices and treatment of accounting information for financial reporting purposes including explaining the reasons for usage and demonstrating the ability to deal with adjustments necessary for purposes of comparability
- Identify the company financials and company information or other crucial factors such as industry position and economic outlook, necessary for relevant and reliable assessment of the company's performance
- Recognize limitations of the use of financial statements and related important accounting issues when interpreting financial statements for informed investment decision making
- Describe elements and characteristics of fixed income and equity securities which are linked to the purposes of financial and investment planning
- Apply concepts of time value of money in pricing and the valuation of fixed income and equity securities
- Select methods and indicators to assess the company's financial performance to gain greater insight into the company's operating results.
- Evaluate instruments such as fixed income, equity securities and derivatives based on various methods of valuation and examining the factors affecting pricing of the instruments

## FOR WHOM

- This course is most ideal for the following professionals amongst others;
- Professionals responsible for their firm's financial future
- New CFOs wanting to learn the latest techniques in analysis
- Controllers and treasurers responsible for determining the company's financial position
- Those seeking a refresher in analytical techniques-including financial analysis
- Accountants, project managers, and budget analysts
- Any other managers who wish to improve their ability to understand financial information, and apply it to effective decision-making

# PROGRAMME – DAY ONE

<b>8.30 am</b>	<b>Registration</b>
<b>9.00 am</b>	<b>Importance of Financial Statement Analysis</b> <ul style="list-style-type: none"> <li>• Importance of Financial Statement Analysis</li> <li>• Financial Statement Analysis within a Wider Context</li> <li>• Relationship between Share Price and Company Profits</li> <li>• Introduction to Financial Statements</li> <li>• Pre-requisites for Drawing up Financial Statements</li> <li>• Financial Reporting Framework</li> <li>• Auditor’s Report</li> <li>• Other Information in the Annual Report</li> </ul>
<b>10.45 am</b>	<b>Refreshments</b>
<b>11.00 am</b>	<b>Elements of Financial Statements</b> <ul style="list-style-type: none"> <li>• Introduction to the Balance Sheet</li> <li>• Items in the Balance Sheet</li> <li>• Introduction to Income Statement</li> <li>• Introduction to Cash Flow Statements</li> <li>• A Brief on Consolidated Financial Statements</li> </ul>
<b>1.00 pm</b>	<b>Lunch</b>
<b>2.00 pm</b>	<b>Financial Statement Analysis</b> <ul style="list-style-type: none"> <li>• Using Financial Statement Analysis to Assess Performance</li> <li>• Techniques of Analysis</li> <li>• A Working Example of Ratio Analysis</li> <li>• Limitations of Ratio Analysis</li> <li>• Advantages of Ratio Analysis</li> <li>• Accounting Issues in Financial Statement Analysis</li> </ul>
<b>3.45 pm</b>	<b>Refreshments</b>
<b>4.00 pm</b>	<b>Exchange-traded Funds</b> <ul style="list-style-type: none"> <li>• Introduction</li> <li>• The Structure of an Exchange-traded Fund</li> <li>• Investing in Exchange-traded Funds</li> <li>• Comparative Analysis</li> <li>• Case for the Nigerian market</li> </ul>
<b>5.00 pm</b>	<b>End of Day One</b>

# PROGRAMME – DAY TWO

<b>8.30 am</b>	<b>Registration</b>
<b>9.00 am</b>	<b>Fixed Income and Money Markets</b> <ul style="list-style-type: none"> <li>• Nigerian Fixed Income Securities</li> <li>• Understanding Bonds / Credit Rating</li> <li>• Term Structure of Interest Rates and Yield Curves</li> <li>• Theories of Interest Rate Determination</li> <li>• Economic Factors Affecting Interest Rates</li> </ul>
<b>10.45 am</b>	<b>Refreshments</b>
<b>11.00 am</b>	<b>Fixed Income and Money Markets</b> <ul style="list-style-type: none"> <li>• Time Value of Money</li> <li>• Compounding Techniques</li> <li>• Discounting Techniques</li> <li>• Pricing Fixed Income Securities</li> </ul>
<b>1.00 pm</b>	<b>Lunch</b>
<b>2.00 pm</b>	<b>Fixed Income and Money Markets</b> <ul style="list-style-type: none"> <li>• Determining the Yield (Internal Rate of Return)</li> <li>• Valuing Money Market Securities</li> <li>• Pricing a Bond</li> <li>• Calculating Bond Yield</li> </ul>
<b>3.45 pm</b>	<b>Refreshments</b>
<b>4.00 pm</b>	<b>Equity Markets</b> <ul style="list-style-type: none"> <li>• Nigerian Equity Markets</li> <li>• Types of Shares</li> <li>• Changes in Number of Shares Issued</li> <li>• Equity Hybrids</li> <li>• Classification of Shares for Investment Purposes</li> <li>• The Role of Valuation</li> <li>• The Valuation of Equities</li> <li>• Sample Set Handout</li> </ul>
<b>5.00 pm</b>	<b>End of Day Two</b>

## PROGRAMME – DAY THREE

9.00 am	Basic Excel Skills
11.00 am	Intermediate Excel Skills
2.00 pm	Bankruptcy Prediction Models
4.30 pm	Group Exercise and Presentation

## REGISTRATION & ENQUIRIES

**Duration :** 3 days

**Registration :** N10, 000 (non-refundable)

**Tuition :** N200, 000

### **FOR FURTHER ENQUIRIES, PLEASE CONTACT:**

#### **International School of Management, Lagos**

5 Yesuf Abiodun Street, Oniru Victoria Island, Lagos.

Tel: 08090890909, 08085369898, 08085369976, 08086815957

Email: registrar@ism.edu.ng

Website: www.ism.edu.ng

### **PLEASE MAKE CHEQUE AVAILABLE TO INTERNATIONAL SCHOOL OF MANAGEMENT**



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