

## COURSE OUTLINE:

# Advanced Financial Risk Analysis

3 days  
24 CPE Credits

## Overview

Having a detailed understanding of financial statements is critical to assessing financial risk and the rate of change in financial statement standards makes this a continuing challenge for users. This course brings together the key elements of financial analysis to help participants develop their skills in this area and enable them to ask the right questions to really get under the skin and see the real risks facing businesses and investors in these challenging times. The reference reporting framework used will be IFRS.

## Learning Objectives

Upon completion of this seminar, delegates will be able to:

- » interpret financial statements for their effectiveness, relevance, and vulnerabilities
- » analyze the impact of certain financial statement choices on key financial ratios
- » anticipate and detect deteriorating cash flow quality
- » identify some of the more sensitive areas of reporting (in particular revenue recognition)
- » identify many of the creative accounting techniques used by companies

## Who Should Attend

Staff who are responsible for assessing the financial risk of businesses or who need to analyze and understand financial accounts in more depth.

## Program Level

**Program Level:** Advanced

**Prerequisites:** As an "advanced" course, a reasonable grounding in the fundamental concepts of financial accounting and some experience of having carried out or reviewed financial analysis will be assumed. Participants are expected to understand concepts such how the key financial statements (Profit and Loss, Balance Sheet and Cash Flow Statement) link together, how they are structured, how to analyse financial statements using simple ratios and accounting principles such as accruals and provisions.

**Advanced Preparation:** Research documents relating to the case study will be distributed before the course.

**Delivery Method:** Group-Live

## ACCREDITATION

Moody's Analytics is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: [www.learningmarket.org](http://www.learningmarket.org).

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## WHY MOODY'S ANALYTICS?

### Consultative Approach

Our courses are built and updated based on extensive research, experience, and the dynamic changes in the financial markets. For in-house training, we work with you to understand the distinct needs of your organization and design, implement, and track the performance of your learning programs from end-to-end, including skills assessment, program design, implementation, evaluation, and enhancement.

### Comprehensive Coverage

We offer a broad set of technical and soft skills programs that can be combined and adapted to the needs of your staff. Our areas of expertise include:

- » Banking & Credit
- » Financial Markets & Investments
- » Risk & Capital Management
- » Corporate Finance
- » Derivatives & Structured Products
- » Professional & Personal Development

### Unparalleled Expertise

Our training solutions leverage over a century of experience in risk assessment and the comprehensive tools, data, and analysis of Moody's Analytics to deliver timely, in-depth, and comprehensive knowledge. In delivery, our people make the difference—they combine deep experience as financial practitioners, intellectual passion for the content, and superior academic credentials with a commitment to delivering outstanding quality.

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## PRE-COURSE

Participants complete a pre-course electronic workbook covering some of the basic financial concepts that will be taken as “assumed knowledge” in the workshop. These will include the basic accounting concepts, structure and key content of financial statements and basic accounts interpretation and ratio analysis.

Participants will be asked to complete a short internet-based pre-course questionnaire that will both assess their base level of financial knowledge and experience in the key areas to be covered by the course and also identify their personal objectives for the course.

## DAY ONE

### Session 1: Credit Assessment Principles and Financial Reporting

After facilitator and participant introductions and an overview of the course objectives and content, including reflecting on feedback from the pre-course questionnaire, this session gives an overview of the principles of credit assessment, the approach which will be adopted to financial risk analysis during the course and how different financial reporting models impact upon this

### Session 2: Financial Ratio Analysis

This session will cover the interpretation of financial and other relevant ratios with a focus on critical credit ratios and their place within risk analysis procedures. Definitions and the interplay of ratios are discussed.

**Note:** this session in particular will assume a sound grasp of fundamental finance concepts and analysis e.g. although the analysis will be structured around key aspects such as “Liquidity” and “Gearing”, these principles are assumed to be familiar to participants, thereby enabling this session to focus on analysis and interpretation rather than definition and calculation

### Session 3: Cash Flow Analysis

A walk-through of various types of cash flow statements, the measurement of cash flow performance and the part these play in the proper review of companies worldwide.

### Session 4: Managing and Improving Working Capital

An overview of the way in which best practice companies measure and manage working capital, including the principles of making working capital trade-off decisions (using the application of cost of debt and cost of capital). In reviewing how companies manage and improve working capital we will review examples of working capital “cash drivers” which best practice companies use to improve their cash-to-cash cycle.

## DAY TWO

### Session 5: Advanced Accounting Issues

The day will be spent unpicking some of the more difficult and controversial issues in financial reporting and analyse their impact upon financial risk analysis.

For each topic we will consider the accounting treatments available under IFRS / US GAAP and how these should be reflected in our financial ratio and cash flow analysis as well as any potential off balance sheet and “creative” accounting issues. Where appropriate short exercises or illustrative case studies will be used to illustrate and emphasise key learning points.

Updates on recent and forthcoming changes resulting from the joint IASB and FASB convergence projects will also be discussed.

Topics would typically include:

- » Revenue recognition principles
- » The impact of business combinations and disposals
- » Treatment of goodwill and intangible assets
- » Equity and proportional method accounting for investments in associates and joint ventures
- » Recognition and measurement of financial instruments, and use of derivatives and hedge accounting
- » Lease accounting
- » Long term employee benefit obligations
- » Provisions for asset retirements
- » Share based payments
- » Deferred taxes
- » Treatment of complex debt and equity issuances

For each issue covered, the possible accounting treatments will be highlighted and discussed, with an emphasis on understanding any potential impact on the financial analysis. Appropriate guidance materials will be provided to support participants understanding and for use as reference material following the course.

## DAY THREE

### Session 6: Putting it all together - Comprehensive Case Study

The culmination of the course is a comprehensive case study.

This is based on the published financial statements and other relevant information (e.g. press comment, brokers reports etc) of a major international company, with delegates working in small groups to prepare a presentation on the key features of their analysis, highlighting what they consider to be the key risk areas.

**Note:** as well as providing participants with pre-prepared information (in both hard copy and/or soft copy), this session will be more effective if we are able to give participants internet access to enable them to carry out their own research – this would need to be highlighted in pre-course instructions and wireless internet access available at the training venue.

Groups will face a “peer review session” to question and challenge their findings. This approach will enable delegates to put to the test the knowledge and techniques learned during the course, both as preparers of financial analysis information and users of this information

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## Session 7: Personal Action Planning

Participants spend time reflecting on their key lessons learnt during the course and present back representative personal actions that they will implement on return to the workplace.

## Participant Materials

Participants will receive copies of:

- » Key slides, handouts and other materials used during the course
- » Reference materials to support learning and use after the course

## RELATED COURSES

### Corporate Credit

- » Credit Masterclass
- » Fundamentals of Corporate Credit
- » Corporate Credit Rating Analysis
- » Corporate Credit & Cash Flow
- » Credit Analysis for RiskAnalyst Users

### Troubled Credits

- » Problem Credits
- » Covenants & Documentation
- » Liquidity Analysis & Refinancing Risk for Corporates
- » Corporate Debt Restructuring

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## Fees & Cancellations

The fee listed is per participant and includes refreshments, lunches and seminar materials. Seminar fees do not include tax, transportation or hotel accommodations. Payment must be received in full prior to the start of the seminar. Registrations may be cancelled in writing via letter or email at least 30 days before the first date of the training for a full refund. Cancellations received less than 30 days in advance are eligible for substitution with another seminar, but fees will not be refunded. We reserve the right to cancel or reschedule seminars at any time. For further information on our refund and complaint policy, please contact us at 212.553.4387.

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