



*Areef Ali & Associates*  
BUSINESS SOLUTIONS

# **Advanced Financial Modeling**

**Facilitator: Mr. Areef Ali B.Sc, FCCA, CA**



# Training Objectives

At the end of this session, without reference to training materials, attendees will be able to:

- Understand key concepts in advanced financial modeling
- Understand Investment appraisal techniques



## Training Objectives cont'd

- Understand the CAPM model & its application to investment appraisal
- Model the financial returns on a new product
- Understand business valuation concepts, techniques used



# Programme Outline

## • **Key Concepts in Advanced Financial Modeling**

- Time value of money – present & future value concepts
- Discount rates – deriving appropriate rate
- Weighted average cost of capital
- Cost of retained earnings & cost of debt



# Programme Outline

## • **Investment Appraisal**

- Defining what it is
- Why do investment appraisals
- Practical uses of investment appraisal
- Detailed Approaches & Techniques  
definition, e.g.s, excel techniques for  
Payback, NPV, IRR, MIRR, ARR,  
Profitability index



# Programme Outline

## • **Investment Appraisal cont'd**

- Real / strategic options impact on cashflows
- Capital rationing
- Sensitivity & risk
- International investment
- NPV vs IRR in practice preferred technique



# Programme Outline

- **Investment Appraisal cont'd**

- Strengths & weaknesses of methods
- CAPM - use for required return on investment decisions

Investment appraisal Case Study



# Programme Outline

- **Financial returns modeling**

- Methodology for developing new financial products
- Understanding the accounting / operational flows
- Preparation of input, calculation / output sheets
- Review of an example



# Programme Outline

- **Business valuation**

- Definition & uses in practice
- Financial statements normalization
- Approaches & Techniques – examine each method (income, asset, market) using examples



# Programme Outline

- Team workshop session 1/2 day
- Conclusion & wrap up