FINANCIAL ACUMEN:
FINANCIAL MODELING SERIES

Three Statement Financial Modeling

COURSE LENGTH

Three 2-Hour Virtual Sessions or
One Full Day In Person

DESCRIPTION

Three-statement models are the foundations for more advanced financial analysis, projections, and valuation. A three-statement model links the profit and loss, balance sheet, and cash flow statements into one dynamically integrated financial model to provide valuable inputs into forecasts of future earnings, cash flows, and risks. Through hands-on examples in Excel, participants build from scratch integrated three-statement models that reveal the impacts on profitability and risks in response to changes in real-world scenarios to support informed decision-making. Examples and illustrations utilize financial and treasury applications.

LEARNING OBJECTIVES

— Analyze annual reports and basic flows among the three financial statements

— Build integrated profit and loss, balance sheet, and cash flow statements step-by-step

— Project financial statements and conduct discounted cash flow valuations

— Use analytical tools such as ratios and common-size analysis to evaluate profitability and risks

— Apply financial statements modeling and analysis techniques to solve problems in the planning and analysis process

AGENDA

— Introduction
  - Accounting aspects of the three financial statements
  - Interactions of the three financial statements
  - Examples of basic flows among the three financial statements

— Building an integrated financial statements model
  - Setting the stage
  - Building the income statement step-by-step
  - Building the balance sheet assets step-by-step
  - Building the balance sheet liabilities and equity step-by-step
  - Building the cash flow statement step-by-step

— Advanced modeling techniques
  - Introducing control accounts and the BASE calculation
  - Variations in balancing
  - Iterative calculations and circular references
  - The cash sweep and interest calculations

— Application of the integrated financial statements modeling
  - Sensitivity and scenario analysis
  - Ratio analysis
  - Forecasting
  - Discounted cash flow