

Project Finance

Overview

This program consists in a complete review of Project Finance. This review includes the Basic concepts of Finance, Explanations on how to do a Balance Sheet, details on the Income Statement, Ratios as an analytical tool for Financial Performance, Decision Making, Budgeting and Control and Project Life Cycle.

Duration: 3 days

Objectives

- Review the basic concepts of Finance and the Balance Sheet
- Explore the details of the Income Statement
- Learn of to use Ratios to analyze Financial Performance
- Explore Decision Making Analysis
- Address Budgeting and Control
- Address Project Life Cycle

Content

1. Introduction

- The Role of Financial Statements
- Comparisons of Management and Financial Accounting
- A true and fair description of the financial situations of the corporation
- Exercise
- Composition and form of the financial statements
- Relationship of the Financial Statements

2. Basic Concepts and the Balance Sheet

- Balance Sheet
- Debit/Credit
- The Different Items of the Balance Sheet
- The Notion of “Owners’ Equity”
- The Working Capital
- Exercises
- The Relationship between the Income Statement and the Balance Sheet

3. The Balance Sheet Analysis of the Main Items

- No specific presentation of the Balance Sheet is required
- Cash
- Accounts Receivable
- Inventories
- Prepaid Expenses
- Long term investments
- Tangible Assets
- Intangible Assets
- Short term loans, bank overdraft
- Accounts payable

- Progress collections
- Accrued liabilities/expenses
- Other liabilities
- Long term debt due within one year
- Long Term Debt
- Other long term liabilities
- Deferred income tax
- Capital Stock
- Additional paid in capital
- Retained Earnings
- Exercise

4. The Income Statement: Detailed Analysis of The Main Items

- The Income Statement
- Sales Revenues Earned over the Accounting Period
- Sales Returns
- Discount
- Costs of Sales
- Perpetual Inventory System
- Periodic Inventory System
- Income Statement in a Retailing Company
- Product Cost – Period Cost
- Elements of Production Cost
- Cost Flows
- Cost of goods sold
- Cost of good manufactured
- Exercises
- Job order costing or process order costing
- POC Revenue Recognition – Example

5. The Cash Flow Statement

- The Cash Flow Statement
- Examples
- Exercises

6. Using Ratios to Analyze Financial Performance

- Using Ratios to Analyze Financial Performance
- Liquidity Ratios
- Activity Ratios
- Profitability Ratios
- Coverage Ratios
- Exercises
- Leverage effect
- Example of leverage effect

7. Classification of Costs

- Classification of costs
- Product costs, Period costs and Expenses

- Other cost classifications
- Exercises

8. Decision Making Analysis

- Steps in the Decision-Making Process
- Quantitative versus Qualitative Analysis
- Relevant Costs and Benefits
- Analysis of Special Decisions
- Accept or Reject a Special Offer
- Make or Buy Decision
- Decisions involving Limited Resources
- Add or Drop a Service, Product or Department

9. Break Even Analysis

- Use of a contribution margin income statement
- Cost behaviour: A closer look
- Use of absorption costing versus variable costing
- Use of the break-even equation
- Evaluating the impact of change with “what if” analysis
- More than one product
- Operating leverage factor

10. Budgeting for Planning and Control

- Budgeting
- Purposes of budgeting
- Budget preparation
- Different budgets
- Budget in your company

11. Project Life Cycle

- Request for Proposal (RFP)
- Target Costing
- Competitive Bidding
- Financial Project Evaluation
- Accepted Bids
- Project Control
- Forecast
- Post- implementation review

Instructor

Maurice Rossin came from an engineering background and obtained a Master in Business Administration from McGill University and a CMA (Chartered Management Accountant) designation. Mr. Rossin has extensive experience in development of financial models, budget as well as financial and operational analysis. His major fields of interest include management information systems, financial and operational analysis, financial models and managerial accounting.