

ANALYZING AND FORECASTING BUSINESS CASH FLOW

MAC019

COURSE DESCRIPTION

Cash is the backbone to business survival. This course takes the participant from an introduction about how cash flows move within a business, through to a detailed review of the contents of a cash flow statement. It will focus on the core issues and techniques of cash flow management. It will help the participant to forecast his cash needs for tomorrow, next month or next year and how to be effective in managing his working capital in order to face cash flow problems as he wades through today's economic difficulties.

COURSE GOAL

To enhance the participants' knowledge, skills, and abilities necessary to deploy financial forecasting, statistical, and data analysis tools to analyze data trends and problem areas. Also, necessary to understand how cash flow is critical for the success and sustainability of a business, how to maximize the use of cash and how to prepare cash flow statements under direct and indirect methods, and how to use accurate cash flow forecasting and analysis techniques.

COURSE OBJECTIVES

By the end of this course, participant will be able to:

- Recognize the importance and elements of an organization's cash flow.
- Explain the relationships between cash flow statements, income statements and balance sheets.
- Prepare cash flow statements using direct and indirect methods.
- Describe the impact of working capital management on cash flow.
- Analyze liquidity and the cash flow position of organizations including free cash flow.
- Apply ratio analysis related to cash flow.
- Apply cash flow forecasting techniques.

WHO SHOULD ATTEND

- Financial Controllers
- Financial Analysts
- Working Capital Managers
- Financial Managers
- Management Accountants
- Business Development Managers
- Business Analysts
- Treasury Professionals.

COURSE DURATION

5 Working Days

COURSE OUTLINES

1. Relationships Between Financial Statements

- Income statements
- Balance sheets
- Cash flow statements
- Why cash flow differs from profits

2. Cash Flow Presentation

- Presentation fundamentals
- Cash and cash equivalents
- Operating cash flow
- Investing cash flow
- Financing cash flow
- Methods in calculating operating cash flow
- Direct versus indirect methods
- Reporting non-cash transactions

3. Working Capital Management and Cash Flow

- Trade-off between liquidity and profitability
- Working capital management
- Sources of cash
- Cost of funds
- Use of short term and long-term debt
- Working capital optimization
- Cash conversion cycle
- Accounts receivable factoring, pledging and assignment
- Suppliers early payment discount
- Liquidity and financial flexibility
- Restricted cash and cash equivalent
- Gross versus net cash flow reporting
- Healthy cash flow
- Interest income and dividends from debt and equity investments
- Interest expense and taxes paid
- Receivables and bad debts



4. Cash Flow Analysis: Cash Flow ratios

- External financing index ratio
- Cash sources component percentages ratio
- Financing policies ratio
- Operating cash index ratio
- Operating cash inflow ratio
- Operating cash outflow ratio
- Long-term debt payment ratio
- Productivity of assets ratio
- Cash flow adequacy ratio
- Reinvestment ratio
- Dividends payout

5. Cash Flow Forecasting

- Why to forecast cash flow
- Cash management
- Free cash flow
- Forecast method selection and validation

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