

Financial Due Diligence

FIN006

Course Description

Financial due diligence is a critical process in mergers, acquisitions, investments, and strategic partnerships, aimed at providing an in-depth understanding of a company's financial health and potential risks. This course equips participants with the analytical skills and methodologies needed to assess financial records, uncover hidden liabilities, evaluate earnings quality, and validate the sustainability of business performance. It covers the full due diligence process including planning, data gathering, financial analysis, and reporting. Real-world scenarios and case studies will be used to ensure practical application of concepts in high-stakes financial environments.

Course Goal

To enable participants to conduct thorough financial due diligence reviews that support sound investment and business decisions.

Course Objectives

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

- Understand the purpose and scope of financial due diligence.
- Identify and evaluate key financial risk areas in target companies.
- Analyze income statements, balance sheets, and cash flows for red flags.
- Assess earnings quality, working capital requirements, and debt positions.
- Interpret normalized financial results and adjustments.
- Conduct financial ratio and trend analysis within the due diligence context.
- Identify tax, legal, and contingent liabilities that impact valuation.
- Prepare and present a professional due diligence report.

Who Should Attend

- M&A Analysts and Corporate Finance Professionals
- Investment Bankers and Private Equity Professionals
- Financial Controllers and Auditors
- Business Valuation Experts
- Senior Executives involved in strategic investment decisions
- Consultants and Legal Advisors involved in transactions

Course Duration

5 Working Days

Course Outlines

1. Introduction to Financial Due Diligence

- Objectives and importance of due diligence in transactions
- Differences between financial audits and due diligence
- Types of due diligence: financial, legal, operational, commercial
- Overview of the due diligence process and stakeholder roles

2. Planning and Scoping the Due Diligence Review

- Establishing objectives and information requirements
- Identifying critical focus areas and potential red flags
- Data room setup and document review checklist
- Engagement planning and communication protocols

3. Financial Statement Analysis for Due Diligence

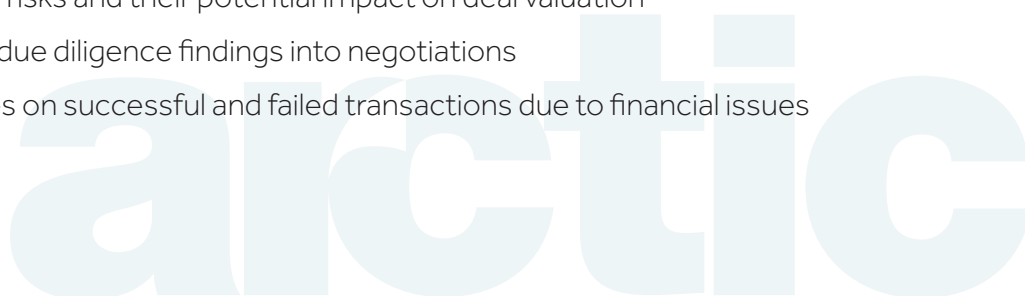
- Deep-dive analysis of income statement, balance sheet, and cash flows
- Identifying anomalies, trends, and inconsistencies
- Working capital analysis and debt obligations
- Common financial manipulations and how to detect them

4. Key Areas of Investigation

- Revenue recognition practices and sustainability
- Earnings quality and non-recurring items
- Tax liabilities and compliance issues
- Off-balance sheet items and contingent liabilities
- Capital expenditures and fixed asset assessments

5. Reporting and Communication

- Preparing the due diligence report: structure, findings, and recommendations
- Quantifying risks and their potential impact on deal valuation
- Integrating due diligence findings into negotiations
- Case studies on successful and failed transactions due to financial issues

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