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# Project Appraisal Financial and Economic Factors

## INTRODUCTION

- This Project Appraisal: Financial and Economic Factors training course aimed to equip the participants with modern and sophisticated tools and techniques. They will acquire essential skills to value investment opportunities, source of funds, various techniques for risk measurements, and sufficient cash flow management.
- Making effective and sound investment decision is critical in a contemporary business environment. In a competitive economy, financial decisions play important roles in achieving organisations goals and contributing to the economic growth. Decision making process requires skills to effectively assess organisation's capabilities and opportunities using various methods. Organisations are constantly facing very dynamic and volatile market conditions that requires effective and thorough skills when making decision in such environment.
- Choosing the appropriate technique in making financial decisions is challenging in today's economic climate due to rapid changes in organisations' risks. The most comprehensive tools in assessing investment opportunities include: Net Present Values (NPV), Internal Rate of Returns (IRR), Payback rule and Option valuation.

### This training course will highlight:

- The analysis of investment decisions using time-adjusted measures and real options techniques
- Acquire an understanding of the fundamentals of effective management of cash flow
- How to value investments using a range of techniques?
- Understanding short-term and long-term funds available to firms
- The nature of financial statements and the key financial tools and techniques in the broader context of how and where they are applied for the assessment of business performance

## OBJECTIVES

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

- Use different techniques to evaluate investment performance
- Improve management skills and increase their value to the organization
- Understand and use analytical tools and techniques using real-world examples
- Make (and/or) contribute to strategic financial decisions and risk assessments
- Understanding the implication of inflations to business decisions

## TRAINING METHODOLOGY

- This Project Appraisal training course will be conducted along workshop principles with formal lectures and interactive worked examples. Relevant cases will be used to illustrate the application of each tool in an operation environment. Each learning point will be re-enforced with practical exercises. The instructor will clearly explain and demonstrate how these techniques are applied using a real-life example.

## ORGANISATIONAL IMPACT

- Able to analysis various business problems but will also be able to evaluate various courses of action and make sound recommendations
- Ability to use the latest and flexible techniques in project valuations
- Understand how to apply different financial skills
- Using relevant techniques and analysis in a work situation.
- Knowledge gained can be shared amongst other departments of the company
- New skills to make more informed and hence better management decisions

## PERSONAL IMPACT

By attending this training course, you will:

- Able to make more informed and hence better financial decisions
- Using various models and techniques relevant to the valuations
- Enhanced financial and decision-making skills
- Improve your importance and ability to contribute effectively to your organization's goals and the economic growth
- Develop professional skills, powers of analysis, evaluation, and decision-making
- Able to enhance your skills in financial analysis

## WHO SHOULD ATTEND?

This training course is a suitably wide range of professionals but will significantly benefit:

- Financial Analyst
- Financial Managers
- Risk and Return Analysts
- Financial Planner Specialists
- Financial Risk Assessment Specialists
- Merger and Acquisitions Specialists
- Managers and those with financial responsibilities
- Financial Decision-makers, whose techniques of decision making, and analysis will be improved through attendance
- Professionals acting upon the financial decisions of others, who will gain an appreciation for decision making thereby ensuring shared values within the organisation
- Managers involved in planning, risk assessments and decision making

## Course Outline

### Source of Finance

- Potential Funding Sources
- Capital Markets in Financing Projects:
- Long Term Source of Finance
- Short Term Source of Finance
- Evaluation of the Types of Finance
- Equity Finance
- Debt Finance
- The Cost of Weighted Average Cost of Capital (WACC)
- Capital Asset Pricing Model (CAPM)
- Different Measures of Risks

### Investment Decisions

- The Most Appropriate Valuation Techniques for Different Economic Sectors
- Applying Time-adjusted Measures
- Social Cost-benefit Analysis in Project Appraisal
- Net Present Value (NPV), Internal Rate of Return (IRR) and Payback Method
- Decision-making using EVA and NPV
- Modified Internal Rate of Return (MIRR)
- Integration of Financial, Economic and Social Appraisals to Investment Decisions
- Impact of Inflation on Financial Viability and Risks
- Foreign Exchange Risks
- Financial and Economic Analysis for Selecting a High-quality Project
- Sensitivity Analysis, Scenario Analysis and Simulation

## Managing, Controlling and Modelling Cash flow

- Development of the Cash Flow Statement
- Cash vs. Profit
- The Cash Conversion Cycle
- Calculating and Managing the Cash Flow Cycle
- Cash Flow Ratios
- Working Capital
- The Cost of Maintaining Working Capital
- Maintaining the Optimum Level of Working Capital
- Working Investment Ratios
- Preparing a Monthly Cash Flow Forecast

## The Challenge of Financial Economic Decision-Making

- The Practice of Financial / Economic Analysis
- The Value-creating Company
- Corporate Value and Shareholder Value
- A Dynamic Perspective of Business
- The Agency Problem and Corporate Governance
- What information and data to use?
- The Nature of Financial Statements
- The Context of Financial Analysis and Decision-making

## Revisit the Key Concepts in Decision Making

- Course Summary and Checklists
- Cash Budgets & Capital Budgets Reviewed
- Financial Skills and Further Development
- Re-visit Cash Flow Management
- Key Challenges in Decision making

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