

# Essential Financial Management and Financial Project Appraisal For Engineers

Making it easier to understand Finance and use its applications

21 - 22 February 2011 | Parkroyal Hotel, Kuala Lumpur

## WHY YOU CANNOT MISS THIS EVENT

Technical expertise alone will not get you to the top unless you understand the accounting and reporting that drives engineering businesses. Two intensive, hands-on training days will allow you to master business plans, budgets, forecasts, profit and loss statements and end of year accounts using the same language as the business operations of your organisation.

Most importantly, as true project cost control comes from understanding, eliminating and minimising risk prior to a business committing any funds, this course will guide you through the stages of practical financial and business appraisals of engineering projects and capital expenditure.

This course is the combination of Essential financial management for engineers and Financial evaluation of engineering projects.

## KEY BENEFITS OF ATTENDING

- Read business drivers and better communicate with your company's accountants and finance teams
- Understand management and financial accounts in order to inform better decision making
- Read suppliers' and customers' accounts to assess their financial health
- Improve your budgeting and cash management skills
- Understand Discounted Cash Flow (DCF), Internal Rate of Return (IRR) and appraisal measures for engineering projects
- Develop and carry out a full project appraisal
- Understand how to frame project investment analysis and how to present a fully articulated business proposal
- Carry out a full capital expenditure appraisal before buying your engineering kit
- Understand risk, financial exposure, and financial risk management strategies

## TOPICS COVERED

- Business drivers
- Principal financial statements
- Accounting Standards, concepts and conventions
- Managing the budget process and preparing a budget
- Accounting for costs: capital and operating, direct and indirect
- How to interpret financial statements
- How to read published accounts
- Ratio analysis: profitability, efficiency, & liquidity ratios
- The time value of money and the cost of capital
- Appraisal measures – payback, discounted cash flow measures, net present value (NPV) and internal rate of return (IRR)
- Profitability Index
- Risk identification, sensitivity analysis, one at a time approach, probabilities in appraisals
- Probabilistic analysis and communicating project risk to decision makers
- Framing project investment decisions for successful analysis
- Project appraisal and post completion project audits
- Actions to improve financial management

## TRUEOFFER!

### \* Book and pay before 20 Dec

USD1495, save USD500 per delegate

From 21 Dec, full price USD1995 per delegate

*Strictly limited to 25 delegates per session!*

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## WHO SHOULD ATTEND

This course is designed for experienced managers, senior managers and executives wanting to consolidate their skills and broaden their career options in the engineering field.

Chief engineers, engineers, managers, such as :

- Maintenance Managers
- Electrical Engineers
- Mine Managers
- Project Engineers
- Maintenance Planners
- Quality Control
- Site Inspectors
- Shutdown Planners
- Frontline Supervisors
- Operations Managers

Heads of:

- Project Management
- Construction & Engineering
- Change Management
- Corporate Planning & Development

From these target sectors:

- Engineering
- Infrastructure & Construction
- Construction & Engineering Design
- Manufacturing
- Automotive- Assembly and Parts
- Oil & Gas
- Petrochemical
- Transportation
- Mass Transportation
- Shipyards
- Telecommunications
- International Development Project Management

## PROGRAMME SCHEDULE

0830	Registration and coffee
0900	Morning session begins
1030	Morning networking break
1230	Networking luncheon
1400	Afternoon session begins
1530	Afternoon networking break
1700	Course concludes

## About Your Course Leader

### James Hay BSc. MBA.( Kuala Lumpur & Singapore)

James Hay has worked as a financial analyst for over 15 years. He began his career as a graduate in the Corporate Treasury of WMC Limited having completed a degree in Applied Mathematics and Geology at Monash University. After 5 years with WMC he took study leave and pursued an MBA in finance and accounting at Cornell University in New York during which time he completed a summer internship with Bank of America.

Upon returning to Australia, he rejoined WMC Ltd in Perth as a Senior Financial Analyst in the Minerals Division and subsequently as an Energy Analyst in the Petroleum Division. It was during this period that James Hay began writing and presenting courses on Financial Management aimed at technically trained managers and staff. From 1995 -97 he presented seminars to the WMC/Alcoa Executive Development Programme.

In April 1997, James Hay left WMC Ltd and founded Chatsworth Consulting Services, later incorporated as J.L. Hay & Co. Pty Ltd. Through J.L. Hay & Co., James Hay has promoted and run a number of public courses in Financial Analysis and has been commissioned to develop and present numerous in house seminars, workshops and courses across organisations as diverse as Holden Ltd, The Placer Dome Group and the Sydney Symphony Orchestra.

While his professional background is in the resources industry, his area of expertise (finance and accounting) is common to all organisations. The diversity of his professional and consulting experience allows for a myriad of examples, anecdotes and lessons to be utilised during his financial training courses.

James Hay draws on his academic training to provide the theoretical basis for the courses but tempers the theory with real life examples and exercises. Theory is only useful if it can be applied in practice. His background in geology and mathematics allows him to empathise with those who seek an understanding of finance but are approaching the learning experience with a technical mind. His courses require participation and practical application through case studies and exercises.

## DAY 1

### Session One

#### Accounting and Financial Reporting

- Course overview and objectives
- The value chain: where and how is value created?
- The purpose of financial accounting reports
- Primary activities and support activities
- Direct costs and indirect costs: how all costs must be reported and recovered.

### Session Two

#### The Financial Statements

- The corporate accounting process
- The principles and concepts of double entry accounting: debits and credits
- The key financial statements:
  - The Balance Sheet
  - The Profit & Loss Statement
  - The Cash Flow Statement
- Reconciling retained earnings with profit and loss and dividends
- Capital and operating costs. What costs get expensed immediately, what costs get capitalised and depreciated?
- Depreciation methods

*Exercise: creating a set of financial statements from raw data*

### Session Three

#### Accounting Ratios & Key Performance Indicators

- Using the financial statements to understand the business
- While financial accounting focuses on getting the numbers right, financial analysis focuses on what the numbers mean.
- What are the key financial ratios?
- Profitability, Efficiency, and Liquidity Ratios
- Analysis from a credit perspective or an investment perspective
- What are the warning signs? What are the red flags?
- Comparative analysis and trend analysis

*Exercise: Analyzing the financial statements of a real publicly listed company*

### Session Four

#### The Corporate Budget

- The Strategic Plan and the Corporate Budget
- The budgeting process
- Top down and bottom up budgeting
- Budgeting to constraints and uncertainty

*The Budgeting Game: groups produce a budget for manufactured products according to machine time constraints and within a competitive environment*

## DAY 2

### Session One

#### Cash Versus Profit

- The difference between cash flow and profit
- Why 'Cash is King' for lenders and owners
- The concept & implications of accrual accounting
- How 'profitable' companies can suddenly go bankrupt
- Statutory financial reporting (accounting) versus making decisions about the future (cash flow analysis)

*Exercise: creating a set of financial statements from raw data*

### Session Two

#### Discounted Cash Flow Analysis 70 min

- Risk, return and value: the fundamentals of financial markets
- The time value of money
- The cost of capital
- Preparing a discounted cash flow statement
- Revenue, capital, operating cost, and tax considerations
- Why it is important to use after tax cash flows to make decisions
- Ranking indicators: What do I use and when?
- Net Present Value, Internal Rate of Return, Payback

### Session Three

#### Using DCF analysis to make decisions

*Exercise: Evaluate a business decision using discounted cash flow*

### Session Four

#### Risk & Sensitivity Analysis

- Understanding uncertainty & risk
- Sensitivity analysis
- Monte Carlo analysis

### Session Five

#### Risk Management

- Financial risks and technical risks
- Risk management techniques
- Forward sales/purchases, put/call options
- Investing in information to reduce technical risk

*Exercise: Formulate a risk management strategy for an investment decision*

### Session Six

#### Analyzing and presenting a business case

- Project evaluation and decision making
  - Framing the analysis
  - Assessing alternatives
  - Presenting the business case
- Post completion audits: learning from experience

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21 - 22 February 2011 | Parkroyal Hotel, Kuala Lumpur - EN05

## COMPANY DETAILS

Name	Industry
Address	
Postcode	Country
Tel	Fax

## ATTENDEE DETAILS

1	Name	Job Title
	Tel	Email
2	Name	Job Title
	Tel	Email
3	Name	Job Title
	Tel	Email
4	Name	Job Title
	Tel	Email
5	Name	Job Title
	Tel	Email

## APPROVAL

NB: Signatory must be authorised on behalf of contracting organisation.	
Name	Job Title
Email	
Tel	Fax
Authorising Signature	

## COURSE FEES

<input type="checkbox"/> Kuala Lumpur
Book and Pay by 20 Dec 2010 - USD 1495
From 21 Dec, full price USD1995 per delegate
All options inclusive of delegate pack, luncheon and refreshments.

## PAYMENT DETAILS

Payment is due in 5 working days. By Signing and returning this form, you are accepting our terms and conditions.	
Please debit my: <input type="checkbox"/> VISA <input type="checkbox"/> MasterCard	
Card Number	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Security Code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Cardholders Name	Expiry Date / /
Cardholders Signature	

## REGISTER NOW

1

**John Karras**

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Email: johnk@trueventus.com

## EXHIBITION OPPORTUNITIES

Limited packages are available. For further details, contact **Aravind Menon** +603-2711 0701  
aravindm@trueventus.com

## TERMS & CONDITIONS

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3. Substitution & cancellations policy. Should the registered delegate unable to attend, a substitute delegate is welcome at no extra charge. Written notifications of all substitutions is required 5 working days prior to the event. Trueventus contracts carry 100% full liability upon receipt of registration. Non payment does not constitute cancellation. A 50% of cancellation fee will be charged under the terms outlined below: Due to limited event seats, Trueventus agrees to reserve the seat for the client upon issuance of invoice. Upon signing of this contract, client agrees that in any case of dispute or cancellation of this contract Trueventus will not be able to mitigate its losses for any less than 50% of the total contract value. If a client does not attend the event without written notification at least 5 working days prior to the event date, he/she will be deemed as no show. Trueventus does not provide refunds for cancellations. When any cancellations are notified in writing to Trueventus 5 working days prior to the event, a credit voucher will be issued for use in future Trueventus events.
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