

ACCOUNTING AND ANALYSIS OF  
GULF CORPORATES  
DIFC CENTRE OF EXCELLENCE  
29-30 April 2009



The Corporate Training Group



# COURSE OUTLINE

## Day 1: Foundations of financial statements – balance sheet and income statement issues

### Accounting overview

- The financial statements introduced
- GAAP: US GAAP vs. IFRS and the accounting regimes in the Gulf
- Key differences
- The implications of 2009, 2011 and 2014 changes
- A walk through the fundamentals of accounting

### Review of published accounts

*Quiz: Etisalat vs EMAAR financial statements*

- Overview, content, headings, formats and key notes

### Balance sheet issues

*Case study: Etisalat and EMAAR financial statements*

- Assets – goodwill, other intangibles and amortisation
- Assets – tangibles, revaluations, impairments & depreciation, capitalisation vs expensing
- Assets – investment properties (fair values)
- Assets – investments (short term vs. long term), mark to market, associates & joint ventures
- Working capital components

*Exercise: The working capital cycle*

- Liabilities vs. obligations
- Debt – finance costs, issue costs, discounted debt, convertibles

*Exercise: Discounted debt*

- Provisions
  - Decommissioning provisions
  - Pensions
  - Deferred tax
- Minority interests
- Equity – bonus issues, rights issues, issue costs
- Retained earnings – and link to income statement

### Income statement issues

*Case study: Etisalat and EMAAR financial statements*

- Revenue recognition
- Expense vs. capitalisation
- Mark to market issues
- Expense categorisation
- Levels of profit – gross profit, EBIT, EBITDA, PBT, net Income, EPS
- Exceptional items, discontinued operations, acquisitions & pro-forma numbers

*Case study: Extracting the underlying numbers from The Savola Group*

- Link to balance sheet

## Day 2: Understanding and interpreting financial statements

### Cash flow statement analysis

*Case study: Etisalat and EMAAR financial statements*

- Cash vs. profit
- Cash flow categories – operating, investing, financing and free cash flow
- Net debt
- Constructing the cash flow statement
  - Direct method
  - Creating operating cash flow from net income or EBIT
- Cash flow forecasts as a planning tool
- Link to balance sheet

### Finding and cleaning up the key metrics from the notes to the Accounts

*Case study: Etisalat and EMAAR financial statements*

- Balance sheet
  - Net debt
    - How to construct it and what it tells us
    - Financial instruments
      - A quick fire review of derivatives in the financial statements
    - Leases
      - Finance (capital) vs operating leases
  - Equity, minorities, investments, pensions
- Income statement
  - Revenues, gross profit, EBIT, EBITDA, finance charges, net Income, EPS
- Cash flow statement
  - Operating cash flow, free cash flow

### Key ratios and their meaning

*Case study: Etisalat and EMAAR financial statements*

- Profitability
  - Return on capital employed, profit margin and non standard performance measures
  - Earnings per share (eps)
- Efficiency
  - Asset/stock turnover, debtor/creditor days
- Liquidity
  - Current ratios working capital and cash cycles
- Gearing/leverage– understanding capital structure

### From accounting information to equity valuation

*Case study: Etisalat and EMAAR financial statements*

- Valuation multiples and their application
  - Equity level
    - P/E, P/book, dividend yield
  - Enterprise level
    - Enterprise value – definition
    - EV/EBIT, EV/EBITDA

# COURSE FACULTY AND REGISTRATION DETAILS

## Innes Wright BSc FCA



Innes is a specialist in leading highly interactive training programs in accounting and analysis, valuation and financial modelling. He introduced and developed the financial modelling product within CTG and heads that faculty.

The banking, private equity and corporate sectors are where Innes

has done most of his work, with courses run throughout the world. During the last year he has led training programs in the UK, France, Italy, Germany, US, Hong Kong, Singapore and Dubai.

In addition to Innes' training commitments, he has recently completed a six-month project to design, write and develop a suite of 16 financial models followed by a successful organisation-wide implementation program for a major European investment bank.

## Dave Marlow BA (Oxon) ACA



After an interesting but brief career as an offshore oilfield engineer, Dave qualified as a chartered accountant with PricewaterhouseCoopers. He then joined the PwC technical accounting team, responsible for resolving accounting queries, and training the rest of the firm in accounting developments.

Post PwC, Dave has been working in the city, developing, designing and delivering finance related training programmes for bankers, lawyers and accountants.

Dave covers all areas of financial accounting and analysis, from basic first principles through to accounting for complex off balance sheet arrangements and derivatives, under IFRS, US and UK GAAP.

### Your Details

Attendee 1:

Attendee 2:

Attendee 3:

Attendee 4:

Company:

Address:

City:

PO Box:

Tel:

Email:

### How to register

Email: Send your booking to: [bookings@ccl.ae](mailto:bookings@ccl.ae)

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Post: Fill out your details on the left and send it to: Level2, GV7, DIFC PO Box 506733

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\$2,000 per person – including documentation, lunch and refreshments.

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