Ratio Interpretation, DuPont and Cash Forecasting Course

16 – 20 November 2026
Düsseldorf (Germany)



Ratio Interpretation, DuPont and Cash Forecasting Course

Ref: 3254372_308423 **Date:** 16 – 20 November 2026 **Location:** Düsseldorf (Germany) **Fees:** 5900 GBP

Advanced financial statement analysis is the detailed reading of a company's balance sheet, income statement and cash flow statement through ratios, trends and cash flow measures in order to judge performance, risk and future cash needs. This one-week course is for finance professionals, analysts and credit staff, and its final deliverable is a financial analysis report on a case company with a twelve-month cash flow forecast.

Introduction

Three references frame the course. IAS 7 Statement of Cash Flows sets out how operating, investing and financing cash flows are presented, including the direct and indirect methods. DuPont analysis breaks return on equity into profit margin, asset turnover and financial leverage. Discounted cash flow DCF valuation converts forecast cash flows into a present value. The level is advanced: delegates already read financial statements and want deeper interpretation and forecasting. Teaching uses spreadsheet exercises on the published accounts of manufacturing, retail and services companies.

Course Objectives

- Interpret profitability, liquidity, efficiency and solvency ratios and explain what drives each result
- Apply DuPont analysis to identify whether margin, turnover or leverage explains a change in return on equity
- Distinguish the direct and indirect cash flow methods and reconcile profit to operating cash flow
- Compare discounted cash flow valuation with comparable company analysis and select the one that suits a decision
- Define driver-based assumptions and build a cash flow forecast with sensitivity tests
- Justify conclusions on financial risk and strategic options in a written analysis report

Target Audience

- Financial analysts and accountants who must decide which ratios and trends explain a company's results
- Credit and lending officers who must judge whether cash flows can service existing and new debt
- Treasury and cash management staff who must choose forecasting assumptions for receipts and payments
- Investment and business development staff who must assess the value and risks of a target company
- Finance managers reporting to executives who must select what analysis supports a strategic decision



Course Outline

Day 1: Financial Statements and Ratio Foundations

- Purpose of Financial Analysis: Judging Performance, Financial Position and Cash Generation
- Balance Sheet vs Income Statement: Position at a Date Compared with Period Performance
- Profitability, Liquidity, Efficiency and Solvency Ratios: Calculation and Business Meaning
- Horizontal and Vertical Analysis: Trends over Time and Common-Size Statements
- Disclosures and Notes: Accounting Policies and Items That Change Ratio Results

Day 2: Advanced Ratio and Trend Analysis

- DuPont Analysis: Breaking Return on Equity into Margin, Turnover and Leverage
- Capital Structure Ratios: Debt, Equity and Interest Cover in Financing Decisions
- Peer Benchmarking vs Internal Trend: Two Reference Points for Interpreting Ratios
- Earnings Quality Warning Signs: Revenue Recognition, Accruals and One-Off Items
- Working Capital Cycle Analysis: Receivable Days, Inventory Days and Payable Days

Day 3: Cash Flow Analysis

- Direct vs Indirect Method: Two Presentations of Operating Cash Flow Under IAS 7
- Operating, Investing and Financing Sections: What Each Part of the Statement Reveals
- Profit to Cash Reconciliation: Explaining Gaps Between Net Income and Operating Cash
- Free Cash Flow Measures: Cash Available After Capital Expenditure and Debt Service
- Cash Flow Ratios: Cash Conversion, Debt Coverage and Cash Return on Assets

Day 4: Forecasting, Time Value and Valuation

- Time Value of Money: Discounting and Compounding in Financial Decisions
- Driver-Based Cash Flow Forecasting: Projecting Receipts and Payments from Business Assumptions
- DCF Valuation vs Comparable Company Analysis: Intrinsic Value Compared with Market Multiples
- Intangible Assets in Valuation: Treating Brands, Licences and Technology in Analysis
- Sensitivity and Scenario Testing: Checking Forecasts Against Changed Key Assumptions

Day 5: Financial Analysis Practice for Decisions

- Business Risk vs Financial Risk: Operating Uncertainty Compared with Leverage Effects
- Quantitative Risk Indicators: Spotting Liquidity and Solvency Stress Early
- Case Company Exercise: Applying Ratios, DuPont and Cash Flow Review to Published Accounts
- Valuation in Strategic Decisions: Linking Analysis to Investment and Growth Choices
- Financial Analysis Report and Cash Flow Forecast: Completing the Final Deliverable



Skills You Will Gain

- Ratio Interpretation
- DuPont Decomposition
- Common-Size Analysis
- Working Capital Analysis
- Cash Flow Statement Analysis
- Free Cash Flow Measurement
- Driver-Based Forecasting
- DCF Valuation

Why Attend This Course

- From calculating ratios in isolation to explaining the business drivers behind each movement
- From focusing on reported profit to testing whether profit turns into operating cash
- From single-figure budgets to driver-based forecasts tested against alternative scenarios
- From scattered spreadsheet notes to a financial analysis report with a twelve-month cash flow forecast

Conclusion

Advanced statement analysis asks what a company's accounts really say about its earnings, its cash and its capacity to carry risk. The course makes three distinctions clear: profit versus operating cash, the direct versus the indirect cash flow method, and intrinsic DCF value versus market-based comparable value. It suits finance, credit and treasury professionals who already read accounts and want five focused days on ratios, cash flow and forecasting, rather than a longer course covering the whole field of financial analysis.

Course FAQs

What is advanced financial statement analysis?

It is the detailed interpretation of the balance sheet, income statement and cash flow statement using ratios, trend and common-size analysis, DuPont analysis and cash flow measures to judge performance, risk and future cash needs.

What is the difference between the direct and indirect cash flow methods in financial statement analysis?

The direct method lists actual cash receipts and payments from operations. The indirect method starts from net profit and adjusts for non-cash items and working capital changes. Both arrive at the same operating cash flow.



Which standards does the advanced financial statement analysis course follow?

The course follows IAS 7 Statement of Cash Flows for cash flow presentation, applies DuPont analysis to return on equity and uses discounted cash flow methods for valuation and forecasting.

Is advanced financial statement analysis training suitable for a credit officer?

Yes. Credit officers use the sessions on cash flow ratios, debt coverage, working capital and forecasting to judge whether a borrower's cash generation can support existing and new borrowing.

What do delegates produce in advanced financial statement analysis training?

Delegates produce a financial analysis report on a case company, covering ratios, DuPont results, cash flow review and risk conclusions, together with a twelve-month driver-based cash flow forecast.

