



[www.ablata.com](http://www.ablata.com)

## Finance Level 2

Many organisations invest their money today in the expectation that it will take several years or decades to get a return from the investment. Management can choose from a number of well established techniques (Payback Period, NPV, IRR, etc.) to calculate the financial return and these techniques are demonstrated and explained in this course. However, from time to time some projects do fail. Therefore, it is important that everybody (not just the finance department) plays their part in assessing investment projects and identifying potential waste. This course has been specially designed for non-financial professionals and managers with a view to helping them to understand the process and to play a more active role in influencing the long term financial performance of their business.

### Course aim

The aim of the course is to equip professionals and managers from a non-financial background with the analytical tools to assess the financial viability of projects. An added bonus is that these tools can also be used in the context of the individual's long term personal financial planning situation.

### Content

1. **The Time Value of Money:** Money is constantly changing in value over time. To appreciate this concept all you have to do is recall how little a bar of chocolate cost when you were a child by comparison to what it costs today. Likewise people will pay much more for a bar of chocolate in years to come. This concept is simple to understand and in practice businesses also need to take this into account when planning for the future. If they neglect this the project could actually underperform and the shareholders would not be happy. The process of adjusting money over time is explained and discussed in detail. This is the cornerstone to understanding long term investment planning.
2. **Sunk Costs:** The concept of sunk costs is explained (i.e. some projects fail and the money is lost)
3. **Capital Investment Decisions:** Companies can choose from a variety of investment techniques to help them assess the long term viability of a project. In this section the four most common techniques are explained and discussed in detail (a) Accounting Rate of Return-ARR (b) Payback Period -PP, (c) Net Present Value -NPV (d) Internal Rate of Return -IRR.
4. **Cost Benefit example:** A worked example of an investment project.
5. **The discount Rate:** How the discount rate is established and used.

6. **Different classes of share capital:** The ownership of a business is dictated by who owns the share capital. We look at how shares are issued/sold/diluted etc.
7. **Working Capital:** how to calculated and understand working capital.
8. **Long term personal investing:** Many people invest either directly or indirectly in the stock market (through various investment policies) without knowing very much about how it operates. However, the same rules which apply to business investing also apply to personal investing. As a general rule the various fees and taxes are very high and many investors feel out of their depth when dealing with their financial advisors. However, by applying the techniques learnt in this course it is possible to exert a significant positive influence on the long term outcome, with the potential to save large sums of money over several decades. In this section we examine various common investing options including Bonds, Stocks and Property. The objective is to be well informed when it comes to discussing your options with your financial advisors.

The full list of videos in this course are shown in the table below.

<b>Title</b>	<b>Duration (min)</b>
Welcome to Finance Level 2	8
Introduction	17
Carl Sagan	4
Money and Time Examples 1	17
Money and Time Examples 2	21
Discount Tables	2
Capital Budgeting 1	18
Capital Budgeting 2	24
Sunk Costs	11
The Cost of Capital	20
Cost Benefit Analysis-Worked Example	9
Shareholding in a Business	28
Investing in context	21
Investing in Stocks & Bonds 1	22
Investing in Stocks & Bonds 2	15
Stock Market Ratios	17
Fees Matter	26
85 years in 40 seconds	1
Hans Rosling 200 countries 200 years	5
Pension Planning	18
Property Investing	16
Business Planning-Tim Berry	3
Working Capital	14
Closing	3
	5hr 40min

## **Learning objectives**

The course has been developed so that participants will gain a solid understanding on how various techniques are use to assess the viability of capital investments. Participants will learn how to perform various calculations associated with the ‘time value of money’ taking into account issues such as annual growth rate, inflation rate,

and annuity. In addition participants will be given guidelines on how to calculate and understand Working Capital requirements.

Participants will be shown how the same investment appraisal techniques also apply to their own long term personal investments. This should be of tremendous benefit for investors when sitting down with their financial advisors. In the long term it has the potential to contribute significantly toward personal wealth.

## **Who should take this course?**

This course is suitable for professionals and managers at all levels who are interested in learning about finance and playing a part in improving the performance of the business. The course is particularly suited to professionals who wish to implement the principles of 'Lean' within their business. It is not necessary to have a prior knowledge of finance to undertake this course, however, ideally you should have completed the 'Finance Level 1' course which serves as a good introduction.

## **Trainer's profile**

Eugene Daly holds an MBA from Henley Business School. He worked for Enterprise Ireland, acting as a business consultant in the field of operations management for several years and for six years undertaking "financial due diligence" (i.e. analysing business plans of companies seeking to raise finance to grow). He is a Chartered Engineer with over 25 years experience working with Irish SME's, multinational and state companies.