

## **MT-452 Financial Modeling**

Introduction, best practice models, roles in modeling, sponsor, developer, user, reviewer, risks factors in a model, complexity, size, understanding of the problem, potential impact, types of models, simple model, complex model, time-critical model, modeling life cycle. Stages of model life cycle: scope, specify, design, build, test, use. Applying the modeling life cycle: gathering information for the model. Financial functions: IRR, NPV, PMT, Payback period. Financial analysis: current ratio, debt equity ratio, gross profit margin, net profit margin, return on equity, return on capital, useful tools of excel, Financial statements & other worksheets.

### **Recommended Books:**

1. "Practical Financial Modeling", Swan, J., Elsevier and CIMA Publishing, 2<sup>nd</sup> Edition, 2008.
2. "Financial Modelling": by Simon Benninga 3<sup>rd</sup> Edition, The MIT press, 2008.