

Level I Knowledge Base Curriculum for Certification in Applied Financial Modeling

FactSet offers Certification in Applied Financial Modeling to Level I Financial Analysis Knowledge Base users who satisfy the requirements listed below.

Part One: Understanding the Basics

- Chapter 1: Financial Analysis Concepts
 - Corporate Accounting: Annual and Quarterly Reports
 - The Core Accounting Statements (Income Statement, Balance Sheet, Cash Flow Statement)
 - The Role of Accounting in Finance
- Chapter 2: Introduction to Financial Modeling
 - Types of Financial Models (Forecasting, Transaction)
 - The Parts of a Model
- Chapter 3: The Flow of a Model
 - How the Core Financial Statements Are Related
 - Breaking Down the Income Statement (Operating vs. Non-Operating Items)
 - Calculating EBITDA

Part Two: Building the Operating Assumptions

- Chapter 4: Excel Basics
 - Color-Coding Spreadsheet Cells
 - Using Keystroke Shortcuts
 - Working with Formulas
 - Creating Row Headers
- Chapter 5: Historical Operating Assumptions
 - Revenue and Growth Rates
 - Cost Line Items (e.g., as % of Sales)
 - Gross Profit, EBIT, and EBITDA
- Chapter 6: Projected Operating Assumptions
 - Forecasting Revenue Growth
 - Forecasting COGS, Depreciation, and SG&A
 - Projected Operating Results

Part Three: The Three Financial Statements

- Chapter 7: The Historical Balance Sheet
 - Using Dates in Formulas
 - Creating Sum Formulas
 - Calculating Total Assets and Liabilities
- Chapter 8: The Income Statement
 - Linking the Income Statement to the Operating Assumptions
 - Avoiding Circular References
 - Tracing Precedent/Dependent Formulas
 - Relative vs. Absolute References
 - Calculating Interest Expense, Net Income, and Earnings per Share
- Chapter 9: Forecasting the Balance Sheet

- Working Capital Assumptions
- Linking the Balance Sheet to the Income Statement
- Days Receivable and Inventory Turns
- Balancing Assets Against Liabilities and Equity
- Chapter 10: The Cash Flow Statement
 - Changes in Working Capital
 - Cash Available for Debt Repayment (CADR)
 - Types of Debt: Revolver, Term Loan, Senior Subordinated Debt
 - Building a Debt Schedule
 - Required and Optional Debt Retirement
 - Extending Excel Formulas: MAX/MIN Functions, Triggers, If-->Then-->Else Formulas
 - Linking the Cash Flow Statement to the Debt Schedule
 - Linking the Balance Sheet to the Cash Flow Statement

Part Four: Valuation Methodologies

- Chapter 11: Discounted Cash Flow Concepts
 - Calculating Enterprise Value
 - Future and Present Value Equations
 - Terminal Value
 - Levered and Unlevered Free Cash Flows
 - Discount Rate
 - Beta
 - Weighted Average Cost of Capital (WACC)
- Chapter 12: Building a DCF Analysis
 - Calculating Unlevered Free Cash Flow
 - DCF Enterprise Value / Value per Share
 - Building a Sensitivity Analysis
 - Present Value of Terminal Value
 - Equity Value
- Chapter 13: Understanding Multiples Valuation
 - Price/Earnings Ratios
 - Enterprise Value / EBITDA Multiples
 - Sources of Operating Risk
- Chapter 14: Finding Data in Financial Reports
 - Where to Find Depreciation/Amortization
 - Getting the Latest Twelve Months' (LTM) Data
 - Spotting Unusual and Non-Recurring Items
 - Latest Twelve Months (LTM) vs. Run-Rate
 - Unusual & Non-Recurring Items
 - Purchase Accounting Adjustments
 - Shares Outstanding: Preferred, Common, Stock Options

Part Five: Scenario and Transaction Analysis

- Chapter 15: Scenario Analysis
 - Building Lookup Tables
 - Using Triggers
- Chapter 16: Transaction Analysis
 - Sources and Uses of Funds

- Transaction Scenarios
- The Closing Balance Sheet

Part Six: Finishing Touches

- Chapter 17: Average Interest
 - The Average Interest Formula
 - The Average Interest Trigger
- Chapter 18: The Cover Page
 - Linking to Sources and Uses of Funds
 - Summary Market Valuation
 - Summary DCF Valuation
 - Summary Financial Results
 - Instituting Checks in Your Model
- Chapter 19: Operating Buildup
 - Price/Volume, Fixed vs. Variable Cost, and Business Segment Buildups

Becoming Certified

To obtain FactSet Certification in Applied Financial Modeling, users must build a rigorous financial model in Excel while learning key concepts of finance:

- Complete the Level I Knowledge Base course material in its entirety
- Pass a series of quizzes, placed throughout the program, designed to test retention of the material covered in the Knowledge Base
- Build sections of a financial model in Excel from scratch
- Use his/her own financial models to answer a series of in-depth questions regarding financial analysis

Upon successful completion of these steps, Knowledge Base users are awarded the Certification in Applied Financial Modeling.

Delivery Method: Self-Study

Program Level: Intermediate

Category: Finance

What does Certification mean?

Certification indicates an individual has attained a level of proficiency in understanding financial analysis and financial modeling. The FactSet Knowledge Base Certification program gives entrenched financiers the skills they need to excel on the job.

FactSet Certification also helps aspiring financial professionals bolster their resumes and obtain the positions they desire. Certification performance is tracked by FactSet and, at your option, may be displayed to prospective employers and measured against the performances of other FactSet Certification applicants.

With your consent, FactSet can also confirm your Certification status with prospective employers should they contact us seeking this information—an excellent point of reference for your financial analysis and modeling skill set.