



SELF-PACED
E-LEARNING

20-25
HOURS

Financial Accounting for Lenders

Accounting fundamentals from a lender's perspective

OVERVIEW

While accountants must learn to prepare financial statements, lenders must learn to deconstruct them to understand their impact on the company's financial health. This course presents accounting from the lender's point of view, and demonstrates the skills participants need in order to make informed credit analysis decisions. Participants also learn the complex accounting principles used by large corporations.

WHO SHOULD ENROLL

Anyone who needs to understand how to evaluate business financial statements, including commercial lenders, business lenders, credit analysts, and underwriters. Those who encounter complex financial statements should take all 8 modules of the course, those who do not encounter complex financial statements should take modules 1-7 and not module 8.

RESULTS AND BUSINESS BENEFITS

Upon completion, participants will be able to:

- Identify the components of a complete set of financial statements and the links between them
- Leverage an understanding of accounting rules to identify accounting risk in financial statements
- Evaluate the appropriateness of accounting rules applied in financial statements
- Convert accrual basis financial statement data into information that can be used to determine debt service capacity
- Apply complex accounting concepts to the analysis of financial risk (Module 8)

LEARNING MODULES

1

Financial
Accounting
Framework

2

Accrual
Accounting
Basics

3

The Balance
Sheet: Assets

4

The Balance
Sheet: Liabilities
and Equity

5

The Income
Statement

6

Connecting
Statements and
Levels of
Assurance

7

Understanding
Business Cash
Flow

Optional

8

Complex
Accounting for
Corporations



E-LEARNING BY OMEGA PERFORMANCE

Omega Performance E-Learning courses, accessible online at any time, are developed to be highly interactive—maintaining high learner interest that enhances understanding and application of the material. Concepts are presented in conjunction with related definitions, explanations, formulas, and real-world examples to ensure that individuals of all learning styles find the subject matter accessible and user-friendly.



Learning Module Descriptions

1 FINANCIAL ACCOUNTING FRAMEWORK

- Introduces accounting standards and how they are developed
- Explains basic accounting system rules and measurements
- Outlines the components of a complete set of financial statements and the underlying definitions of the various accounts

2 ACCRUAL ACCOUNTING BASICS

- Compares and contrasts cash and accrual accounting
- Demonstrates the evolution of the balance sheet and income statement of a start-up business
- Presents revenue and expense recognition methods and their application to financial statements

3 THE BALANCE SHEET: ASSETS

- Presents an overview of balance sheet transactions and their effect on cash
- Provides an in-depth view of current assets, including accounts receivable, bad debt write-offs, inventory, and pre-paid expenses
- Describes the accounting for fixed assets and depreciation
- Demonstrates the accounting for intangible assets, including amortization of intangibles and the impairment of goodwill

4 THE BALANCE SHEET: LIABILITIES AND EQUITY

- Addresses the impact of liabilities on repayment of loans
- Provides an in-depth understanding of interest-bearing and non-interest bearing liabilities
- Explores the different types of bank debt and the financial statement disclosure requirements for long-term debt
- Describes the accounting treatment of operating and capital leases
- Compares and contrasts the presentation of equity for each type of business organization
- Presents three perspectives on the analysis of equity

5 THE INCOME STATEMENT

- Reviews the function and structure of a typical income statement
- Explores the components of net sales, cost of goods sold, and gross profit
- Discusses inventory valuation methods and how they impact profits
- Describes common operating expenses and the calculation of operating profit margin
- Demonstrates different depreciation methods and quantifies the impact of each on taxable income
- Illustrates the links between the income statement and balance sheet
- Explores the underlying reasons behind changes in the drivers of cash flow

6 CONNECTING STATEMENTS AND LEVELS OF ASSURANCE

- Describes the purpose and contents of the statement of shareholders' equity and statement of retained earnings
- Analyzes the direct and indirect cash flow formats and the components of operating, investing, and financing activities
- Demonstrates the link between the statement of shareholders, equity, statement of retained earnings, and statement of cash flows to the balance sheet and income statement
- Addresses required disclosures included in notes to the financial statements
- Describes management and accountant responsibilities when preparing financial statements
- Explores the levels of assurance provide by each type of financial statement and audit opinion

7 UNDERSTANDING BUSINESS CASH FLOW

- Explores how the asset conversion cycle is represented in financial statements
- Analyzes how timing differences in the operating and capital investment cycles cause financing needs
- Identifies sources and uses of cash by analyzing the borrower's income statement and changes in the balance sheet
- Applies the analysis of sources and uses of cash to determine business cash flow
- Demonstrates the calculation and fundamental analysis of indirect cash flow statements

Those who encounter complex financial statements should take the optional 8th module

8 COMPLEX ACCOUNTING FOR CORPORATIONS

- Explores accounting principles commonly seen in the financial statements of large or publicly held corporations
- Demonstrates differences in financial presentation between GAAP and IFRS
- Introduces the accounting methods behind financing of accounts receivable
- Presents the accounting for investment in other companies
- Delves into the fixed asset concepts of purchases, sales, and impairments
- Provides an in-depth view of complex liabilities, including bonds, pensions and other post-retirement benefits, derivatives, and asset retirement obligations
- Explains cash flow implications of stock dividends, splits, and options, and demonstrates the calculation of earnings per share
- Establishes when provisions should be included on the balance sheet or in the notes to the financial statements
- Describes transactions and events that must be reflected in other comprehensive income (OCI)
- Reviews public company disclosure requirements

FIND OUT MORE ABOUT OMEGA PERFORMANCE TRAINING

For detailed course descriptions and to speak with an Omega Performance training consultant, please contact us at:

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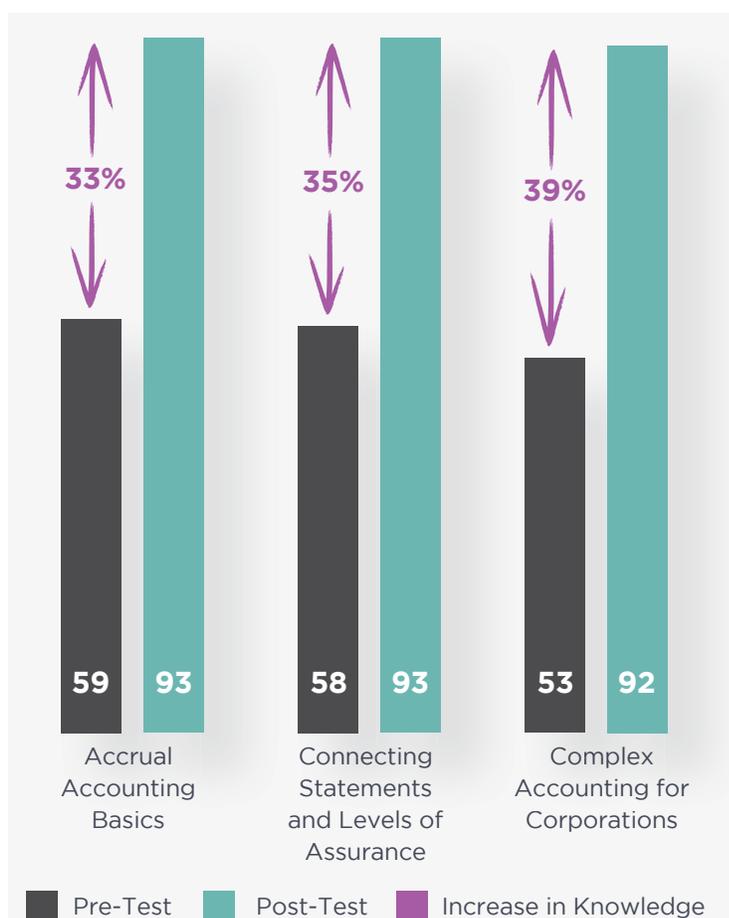
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Training Effectiveness Benchmarking Report

Financial Accounting for Lenders

Average Percentage Increase in Knowledge **31%**

LEARNING MODULES	PRE-TEST SCORES	POST-TEST SCORES
1. Financial Accounting Framework	65	93
2. Accrual Accounting Basics	59	93
3. The Balance Sheet: Assets	63	93
4. The Balance Sheet: Liabilities and Equity	69	94
5. The Income Statement	68	94
6. Connecting Statements and Levels of Assurance	58	93
7. Understanding Business Cash Flow	60	94
8. Complex Accounting for Corporations	53	92



The graph above displays the score data for the learning modules of Financial Accounting for Lenders in which participants display the greatest skill improvement, as demonstrated in the Pre-Test and Post-Test differential.

Key Takeaways

Pre-Training Some basic accounting skills were missing. Participants were unable to identify basic accrual accounting principles or the contents of the accounts on a corporation's financial statements. They had difficulty evaluating auditor's opinions and statements of cash flow. Further, participants had trouble with more complex accounting issues such as pensions and receivables financing arrangements.

Post-Training Post-Test results highlighted an average 31% improvement in key skills. Participants were able to explain how the company's asset conversion cycle is reflected in its financial statements, recognize the accounting rules used to construct the statements, and recognize the level of risk presented in each type of auditor's opinion. Further, participants were able to see the risks inherent in the way the company was financed, determine a company's liquidity and identify off-balance-sheet activities.