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OCCASION

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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

FINANCIAL PLANNING OF INDUSTRIAL PROJECTS

(Description of the Papers)

PROJECT OUTLINE

Topic

A - FINANCIAL ANALYSIS

- 1 1. The Scope and Importance of Financial Analysis
What is financial analysis. The role of financial analysis in modern business. The significance of accountability.
- 2 2. The Role of Accounting in Financial Analysis
- 3 3. The Funds Flow Concept
Funds flow in business. Balance Sheet changes. Funds Flow Statements.
- 4 4. Analysis of Profit and Operating Cash Flows
Break even analysis; operating cash flows
- 5 5. Ratios as tools of analysis
 - (a) The significance of financial ratios in financial analysis.
 - (b) Interpretation of significant financial ratios:
 - (i) Liquidity ratios
 - (ii) Debt ratios
 - (iii) Profitability ratios
 - (iv) Operating ratios
 - (v) Equity ratios

B - FINANCIAL PLANNING OF THE INDUSTRIAL SECTOR

1. Financial accounts and flows and their relation to national accounts and flows
Definitions of financial accounts and national accounts; balance sheet for the Industrial Sector; the flow of funds between the Industrial Sector and the other sectors, particularly the financial intermediaries sector.

- Topic
- 7 2. Projections of capital requirements and their sources of financing
Projections of inter-sectoral financial flows: formal presentation and case studies (the Philippines and others). Statistical data needed for these projections.
- 8 C - FINANCIAL PLANNING OF NEW INDUSTRIAL ENTERPRISES
- 8 1. Capital requirements
- (a) Working capital
- (i) Definition; factors determining working capital requirements.
- 9 (ii) Estimating working capital requirements: inventories; cash; accounts and notes receivable.
- (iii) Case studies of working capital requirements relating to different industries.
- 10 (b) Estimating fixed capital and other financial requirements
- 11 (c) Phasing of planned expenditures:
- (i) Construction stage
- (ii) Operation stage
- (iii) Planning period
- Formal presentation and case studies
- 12 2. Methods of Financing
- (a) Equity versus debt
- Definition; appropriate balance between equity and debt.
 Determinants of equity/debt ratio.
- (b) Short term debt versus long term debt.
 Appropriate balance between short term and long term debt.
 Case studies of different industries relating to
 (a) and (b)
- 13 (c) Leasing arrangements versus equity and debt
- 14 3. Estimating the commercial profitability of industrial projects
- (a) Commercial profitability compared to social profitability
- (b) Methods of estimating commercial profitability

Topic

- (i) Discounted cash flow
- (ii) Rate of return on investment
- (iii) Payback period

D - SOURCES OF INDUSTRIAL FINANCING

Domestic financing

- 15 1. Capital markets
 - (a) Trade credit
 - (b) Securities Market
 - (i) Sale of stocks
 - (ii) Sale of bonds
 - (c) Development financing institutions
 - (d) Commercial banks
 - (e) Other financial intermediaries: insurance companies, pension funds, finance companies, investment banks.
- 16
- 17
- 18
- 19 2. Public Sector financing
- 20 3. Self financing
 - (a) Depreciation
 - (b) Retained earnings

External financing

- 21 1. International financial institutions
- 22 2. Financial institutions of capital exporting countries
- 23 3. Private investment including joint ventures
- 24 4. Bilateral financial assistance
- 25 5. Export credit

Case studies of Capital Markets

To cover several countries, subject to availability of material.


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|----------------|-------------|-----------------|--------------------|
| 1. Philippines | 7. India | 13. Senegal | 19. Taiwan |
| 2. Pakistan | 8. Canada | 14. Ivory Coast | 20. Thailand |
| 3. Tanzania | 9. Zambia | 15. Ghana | 21. United Kingdom |
| 4. Iran | 10. Nigeria | 16. Cameroon | 22. France |
| 5. Japan | 11. Turkey | 17. Guinea | 23. Italy |
| 6. Brazil | 12. Mexico | 18. Ethiopia | 24. Germany |

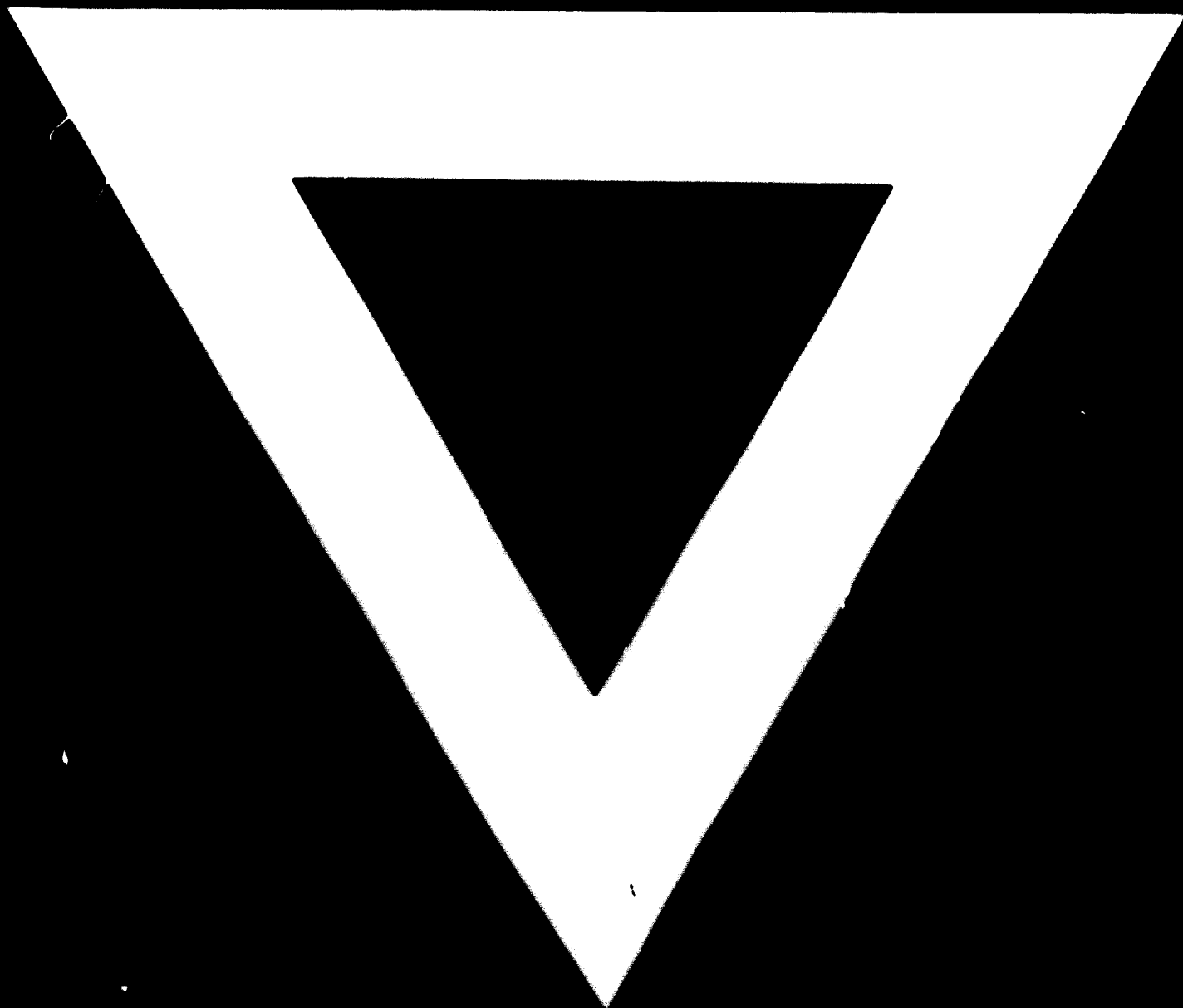
Topic

E - FINANCIAL REPORTS

- 27 1. Preparation of manufacturing project data for submission to different lending institutions.
- 28 2. Financial evaluation of manufacturing projects by lending institutions.
- 29 3. Annual reports of industrial enterprises: preparation, purpose, interpretation.

NOTE: Whenever participants are interested, the topic Financial Planning of the Industrial Sector (Part B) will also be discussed. This topic covers: Financial accounts and flows and their relation to national accounts and flows; Projections of capital requirements and their sources of financing;





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