FinanceTalking

Investment Appraisal

Essentials – Approx 2 Hours

Understand investment appraisal from first principles. We cover payback period, ROI, NPV, IRR and making the business case. We also show you how to think about the inputs to your spreadsheet and how to challenge the assumptions to ensure that you're making the best possible decisions.

OUTCOMES

- Be able to assess a project from a financial point of view
- Understand what's expected of you and how the process of project appraisal works
- Use appraisal methodologies such as payback period, ROI, NPV and IRR effectively
- Be able to make a compelling business case

WHAT YOU WILL LEARN

Introduction

Where to Start…
- Why do we need investment appraisal?
- Typical policies and procedures
- Estimating the costs and benefits

Simple Appraisal Techniques
- Payback period & simple ROI

Discounted Cash Flow Techniques
- Discounting cash flows
- Net present value (NPV)
- Internal rate of return (IRR)
- High level sensitivity analysis

The Business Case
- Submitting a project for approval
- Challenging the assumptions
- Relationship between IRR & ROCE
- Evaluating projects which continue indefinitely

Making the business case
- The complete appraisal
- The investment decision

Conclusion
- When to use which technique
- Post investment reviews