INVESTMENT EVALUATION METHODS



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TRAINING CENTER

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Introduction

Investment Evaluation Methods Training Course equips finance, planning and project professionals to appraise investment opportunities with disciplined techniques. Participants learn how to forecast cash flows, apply discounting, and choose among the appraisal methods that boards and lenders expect. The programme covers NPV, IRR, payback period, accounting rate of return and profitability index, together with risk-adjusted discount rates and real options. Furthermore, it examines sensitivity analysis, scenario modelling, capital rationing and post-investment review. As a result, delegates can rank competing proposals, defend their assumptions and avoid common appraisal errors. Gentex Training Center delivers the programme through Excel modelling workshops and appraisal case work.

Investment Evaluation Methods Course Objectives

- Explain the investment appraisal process from proposal to approval and review.
- Forecast relevant cash flows and identify sunk costs and opportunity costs.
- Apply time value of money and discounting to project cash flows.
- Calculate net present value, internal rate of return and profitability index.
- Apply payback period and discounted payback as screening measures.
- Calculate accounting rate of return and explain its limitations.
- Determine an appropriate discount rate and adjust for project risk.
- Apply sensitivity analysis and scenario modelling to appraisal outputs.
- Use real options thinking for staged, deferrable and expandable projects.
- Prioritise projects under capital rationing and prepare appraisal reports.

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Course Methodology

The course combines clear technical briefings with hands-on Excel modelling workshops and appraisal case studies. Participants build appraisal models, run sensitivity and scenario analysis and prepare a recommendation paper. In addition, structured peer review and group discussion reinforce each technique, and every day closes with an applied appraisal task.

Who Should Take This Course

- Finance analysts, planning and budgeting professionals.
- Corporate finance and treasury staff preparing investment cases.
- Project managers responsible for business cases and benefits.
- Engineers and operations staff proposing capital projects.
- Accountants and controllers involved in capital approval.
- Consultants, bankers and advisers supporting investment decisions.

Investment Evaluation Methods Course Outlines

Day 1: Investment Appraisal Framework and Cash Flows

- The appraisal process: identification, evaluation, approval and review.
- Relevant cash flows and the exclusion of sunk costs.
- Opportunity cost, incremental analysis and working capital effects.
- Tax, depreciation and capital allowance treatment in cash flows.
- Inflation, nominal and real cash flow consistency.

- Common appraisal errors and optimistic bias in forecasts.
- Workshop: building a relevant cash flow forecast for a project.

Day 2: Discounting and Core Appraisal Measures

- Time value of money and compounding versus discounting.
- Cost of capital, hurdle rates and risk-adjusted discount rates.
- Net present value calculation and interpretation.
- Internal rate of return using IRR and XIRR functions.
- Profitability index and ranking mutually exclusive projects.
- Modified internal rate of return and reinvestment assumptions.
- Workshop: calculating NPV, IRR and profitability index in Excel.

Day 3: Screening Measures and Rate of Return

- Payback period and discounted payback calculation.
- Strengths and weaknesses of payback as a screening tool.
- Accounting rate of return computation and its limitations.
- Reconciling accounting profits with project cash flows.
- Break-even analysis and minimum acceptable performance.
- Choosing the right measure for the decision context.
- Workshop: comparing measures on one project and reconciling results.

Day 4: Risk, Sensitivity and Scenario Analysis

- Identifying key value drivers in project appraisal.
- One-way and two-way sensitivity tables in Excel.
- Scenario modelling for price, cost, volume and timing changes.

- Monte Carlo simulation for probabilistic appraisal outputs.
- Risk-adjusted discount rates and certainty equivalents.
- Real options thinking for staged, deferrable and expandable projects.
- Workshop: building sensitivity and scenario analysis for a project.

Day 5: Capital Rationing, Portfolio and Decision Reporting

- Capital rationing and single-period versus multi-period constraints.
- Ranking and selecting projects under budget limits.
- Portfolio risk and diversification across a project pipeline.
- Post-investment review and variance against the approved case.
- Preparing an investment appraisal report and recommendation paper.
- Presenting and defending assumptions to an investment committee.
- Workshop: defending an investment appraisal before a review panel.

Conclusion

By successfully completing Investment Evaluation Methods Training Course, participants will have acquired the knowledge to appraise investment opportunities with rigour and to explain the results clearly. They will understand cash flow forecasting, discounting, NPV, IRR, payback, risk-adjusted appraisal and capital rationing, and they will know how to prepare cases that survive committee review. As a result, delegates support better capital allocation decisions. Gentex Training Center builds the programme around current appraisal practice.

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FAQs for the Investment Evaluation Methods course

Q1 What is the "Investment Evaluation Methods" course about?

It covers the techniques used to appraise investment proposals. You learn relevant cash flow forecasting, discounting, NPV, IRR, payback, accounting rate of return, sensitivity and scenario analysis, real options and capital rationing, with practical Excel modelling.

Q2 What are the key benefits of the "Investment Evaluation Methods" course?

You gain the ability to build and defend an investment case instead of relying on a single headline figure. You also reduce optimistic forecasting errors, rank competing proposals consistently, improve sensitivity testing, and prepare approval papers that committees accept.

Q3 What skills will I gain from the "Investment Evaluation Methods" course?

You will gain investment cash flow forecasting, discounted cash flow appraisal using NPV and IRR, risk, sensitivity and scenario analysis, and capital rationing and investment decision reporting.

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Q4 What tools, methods, or standards are covered in the "Investment Evaluation Methods" course?

The course covers net present value, internal rate of return using IRR and XIRR, modified internal rate of return, payback and discounted payback, accounting rate of return, profitability index, weighted average cost of capital and risk-adjusted discount rates, one-way and two-way sensitivity tables, Monte Carlo simulation, real options analysis and capital rationing techniques.

Q5 How is the "Investment Evaluation Methods" course applied in real-world practice?

Graduates apply it to prepare business cases for capital projects, build and review appraisal models, test how sensitive returns are to key assumptions, rank projects within budget limits, prepare post-investment reviews, and present recommendations to investment committees and lenders.