

SMI's 10th Conference on... **Financial Modelling for PPP/PFI** Enhance your modelling capabilities 5th & 6th March 2008, The Hatton, Central London

Are you taking
the right decisions
for your PFI project?

A unique opportunity to learn from leading industry experts including:

- **Kevin Hanlon**, Director, Projects, **4ps**
- **David Finlay**, Director of PFI Development, **National Audit Office**
- **Tim Judson**, Director of Procurement, **North London Waste Authority**
- **Richard Groome**, Chief Executive Officer, Manchester, **Salford and Trafford NHS Local Improvement Finance Trust (MaST LIFT)**
- **Martin Cheeseman**, Director of Housing, **London Borough of Brent**
- **Tony Hazell**, Managing Director, **CorLa**
- **Jerome Brice**, Director, PFI/PPP, **Mazars**
- **William Coley**, Vice President, Senior Analyst, **Moody's Investors Service**
- **Matt Lock**, Manager, Business Modelling Group, **Deloitte**
- **Neil Rutherford**, Assistant Director, **PricewaterhouseCoopers**
- **Paula Jennings**, Corporate Finance Director, **BDO Stoy Hayward**
- **Andy Garlick**, Director, **The Risk Agenda**
- **David Whittaker**, Director, **Modelling Solutions**
- **Glenn Richer**, Partner, **SMA Associates LLP**
- **Nick Parrett**, Partner, **Wilkins Kennedy**
- **Kenny Whitelaw-Jones**, Director, **Financial Mechanics**

PLUS TWO HALF-DAY PRE-CONFERENCE INTERACTIVE WORKSHOPS

1 **Financial Modelling Case Study**

4th March 2008 – Morning

In association with:



2 **Advanced Financial Modelling: PFI Case Study**

4th March 2008 – Afternoon

In association with:



Why attend this event?

- ✓ **Understand** the construction and review of financial models
- ✓ **Learn** PFI modelling best practices and avoid common pitfalls
- ✓ **Find out** how to make the most of models throughout the project life-cycle
- ✓ **Identify** risk and discuss how to model it effectively
- ✓ **Study** specific case studies and gain an insight into key variables and challenges to overcome
- ✓ **Make the most** of models throughout the project – from bidding to financial close

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8.30 Registration and Coffee

9.00 **Chairman's Opening Remarks**

Jerome Brice, Director, PFI/PPP, Mazars

UNDERSTANDING AND ENHANCING MODELS

9.10 **PPP Financial Modelling**

- The reasons for financial models
- Avoiding common pitfalls
- The role of audit scrutiny
- Making good use of the output from models

David Finlay, Director of PFI Development, National Audit Office

9.50 **Developing Robust Financial Models**

- Cash flow forecasting
- Determining operational costs
- Choosing sensitivities

Kevin Hanlon, Director, Projects, 4ps

10.30 Morning Coffee

10.50 **How to Build a Model: Best Practice and Pitfalls**

- Importance of understanding model structure and methodology
- Consequence of errors
- Typical modelling errors
- Use and limitations of frameworks and generic models
- Finalising models: testing and correcting models

Neil Rutherford, Assistant Director, PricewaterhouseCoopers

11.30 **Model Optimisation for PFI**

- Use of model from bidding to operation
- Considerations for private and public sectors
- Monitoring and reviewing the model
- Bringing it altogether

Jerome Brice, Director, PFI/PPP, Mazars

12.10 **Panel Discussion: Enhancing Model Design**

- Andy Garlick, Director, The Risk Agenda
- David Whittaker, Director, Modelling Solutions
- Tim Judson, Director of Procurement, North London Waste Authority

12.50 Networking Lunch

MODELLING CASE STUDIES

2.00 **Why do Projects Go Wrong?**

- Risk transfer is real
- Construction risk
- Finance risks
- Service risks
- Other risks
- Lessons learned

Tony Hazell, Managing Director, CorLa

2.40 **Financial Modelling for Health LIFT Schemes**

- Characteristics of LIFT transactions
- Scheme setup and model examples
- Demonstrating value for money
- Spreading costs and reducing time to financial close
- Supporting public sector decisions

Richard Groome, Chief Executive Officer, Manchester, Salford and Trafford NHS Local Improvement Finance Trust (MaST LIFT)



3.20 Afternoon Tea

3.40 **Case Study: Waste Models**

– Recent Joint Waste Authorities PFIs

- Overview of the pre-contact and post-contract models
- Making the right assumptions
- Tips for successful PFI model building in the waste sector
- Lessons learnt: Greater Manchester and North London Waste PFIs

Tim Judson, Director of Procurement, North London Waste Authority



4.20 **Case Study: Social Housing Model – Brent Council**

- Overview of the project
- Understanding the model
- Lesson learnt

Martin Cheeseman, Director of Housing, London Borough of Brent



5.00 **Chairman's Closing Remarks and Close of Day One**

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Financial Modelling for PPP/PFI - Conference Documentation on CD Rom

All attendees will receive a CD Rom, which contains the presentations from the entire conference.

If you are unable to attend and you would like to purchase the documentation please complete the registration form and fax to +44 (0) 870 9090 712

8.30 Registration and Coffee

9.00 **Chairman's Opening Remarks**

MODELLING RISK AND EVALUATING ASSUMPTIONS

9.10 **Risk Quantification Systems and Models**

- Strategies for risk management in PPP/PFI
- The role of risk modelling and key assumptions
- Being clear on the terminology
- Approaches to measuring risk and to risk modelling
- Probabilities and outcomes
- Achieving flexibility in model design

Andy Garlick, Director, **The Risk Agenda**

9.50 **Model Auditing**

- Latest approaches to ensuring financial models are correct
- Off balance accounting techniques
- Asset analysis for PPP/PFI projects
- Tips for identifying best practice in financial models and auditing

Nick Parrett, Partner, **Wilkins Kennedy**

10.30 Morning Coffee

11.00 **Reviewing a Financial Model when Time is Short, the Bid is Not Close to the Financial Close Stage or a Financial Model Audit is Not Necessary or Possible**

- Introduction
- Scoping & planning
- Techniques for review
- Limitations
- Questions and discussions

David Whittaker, Director, **Modelling Solutions**

11.40 **Modelling for PPP Projects and PFI Ratings Methodology**

- Linking financial models to overall rating assessments
- Key modelling sensitivities
- Modelling construction risk - Moody's new construction period methodology
- Modelling operating risk - Moody's new operating period methodology
- Understanding expected loss: default probability and loss given default

William Coley, Vice President, Senior Analyst, **Moody's Investors Service**

12.20 Networking Lunch

1.50 **Public Sector Business Case modelling**

- The dynamic nature of business cases
- Relevant guidance and principles
- Technical tips and issues
- Procurement and approval process considerations

Matt Lock, Manager, Business Modelling Group, **Deloitte**

SPECIFIC MODEL DESIGN

2.30 **Building Financial Models for Users**

- Why is the user often ignored?
- What problems does this cause?
- Techniques for putting the user first
- FAST modelling – Flexible, Accurate, Structured and Transparent

Kenny Whitelaw-Jones, Director, **Financial Mechanics**

3.10 Afternoon Tea

3.40 **Building Post-Financial Close Models**

- Requirements from stakeholders of operational models
- Addressing key challenges in developing an operational model
- Reviewing and challenging outputs

Paula Jennings, Corporate Finance Director, **BDO Stoy Hayward**

4.20 **Developing Refinancing Models**

- What is a refinancing?
- Deriving the refinancing model
- Investor and authority benefit
- Value for Money issues

Glenn Richer, Partner, **SMA Associates LLP**

5.00 **Chairman's Closing Remarks and Close of Conference**

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Financial Modelling Case Study

4th March 2008 – Morning

In association with



- 8.30 Registration and Coffee
- 10.30 Coffee Break
- 12.00 Discussion and Questions
- 12.30 Close and Executive Briefing

Do you feel comfortable with the choices proposed?

Does your PFI project involve decision-making based on financial models and projections?

Do you feel comfortable with financial models and their implications for your project?

Based around a case study, this course will give you an understanding of the practical issues involved in developing and running models for PFI bids. Whether you are a manager who requires financial models for the first time or someone who wishes to build such models this workshop will enhance your modelling abilities and understanding of their valuable analysis tools.

Why attend this workshop?

This workshop will give you the opportunity to discuss modelling issues within the context of a PFI bid. By using an accessible case study as an example you will gain an insight into the modelling process from beginning to end. This essential half-day workshop will afford you a practical understanding of how models are built, used and reviewed. Thus equipping you with the tools you need to make informed decisions.

The Programme includes:

Understanding the Basics

- Best practice
- Model design and layout
- Check sums
- Log of changes

Modelling Issues

- Financing Issues
- Key output schedules

Using the Model

- Preserving the base case
- Running sensitivities
- Using macros
- Sense checks

Finalising the Model

- Testing, reviewing and debugging
- Disclaimers
- Documentation - user guide & databook

About your workshop leader:



David Whittaker is the director of Modelling Solutions. Modelling Solutions provides financial modelling services to organisations primarily for corporate, project finance, PFI and PPP. He is a Chartered Management Accountant, an author in financial modelling issues who has over thirteen year's experience in financial modelling in commerce, industry, public sector and two 'big four' financial modelling practices.

Modelling Solutions provides excel based financial modelling services to organisations and has the benefit primarily for corporate, project finance, PFI and PPP. It has the benefit of the support of a network of financial modelling professionals.

www.modellingsolutions.co.uk

Advanced Financial Modelling: PFI Case Study

4th March 2008 – Afternoon

In association with



BDO Stoy Hayward

- 1.30 Registration and Coffee
- 3.30 Coffee Break
- 5.00 Discussion and Questions
- 5.30 Close and Executive Briefing

Do you want to take your modelling skills to the next level?

Do you feel at ease with your workbook and modelling skills?

Would better knowledge improve your decision-making before and after negotiations?

With advanced modelling skills, you can take your project to the next level. Starting with a clear review of spreadsheet techniques and project finance theory, this workshop will enable you to brush up for model building. Then you will have the opportunity to investigate the intricacies of model building through a case study and core modelling techniques.

Why attend this workshop?

This workshop will show you how to build models and negotiate using them. It will investigate advanced spreadsheet and financial techniques that will save you time. In a small group alongside other senior executives you will be able discuss modelling techniques and best practice. This half-day workshop will equip you with the tools to build and understand complex models and make better decisions.

The Programme includes:

Modelling conventions and Excel techniques

- Model layout
- Input, output and appropriate data
- Tips for Excel
- Logic functions
- Built in functions for pricing
- Regression tools

Getting to grips with project finance

- Financial Engineering
- Value for money
- Average and variable costs
- Marketing pricing versus project pricing
- Risk and reward
- Cash flows and discounted cash flows
- Capital Asset pricing
- Rate of return
- Inflationary environments

Building the model

- Assumptions
- Revenue and cost build-up
- Funding and financial statements
- Risk assessment
- Taxes and insurance
- Balance sheets
- Cash flows
- Present values
- Debt/Equity credit analysis

Using the model to negotiate or re-negotiate a deal

- Model and negotiation strategies
- Using the model to negotiate deals
- Modelling techniques for renegotiations

About your workshop leader:



Paula Jennings is a Corporate Finance Director at BDO Stoy Hayward LLP and heads the modelling team. Following a career within the Public Sector and qualifying with CIPFA, Paula moved on to a leading accountancy practice where she led model audits for a number of high profile PFI projects. Over the last three years she has developed the new PFI team at BDO. She is an active member of the EuSprg, a world-wide forum for the review and development of modelling practices.

BDO Stoy Hayward is the award-winning, UK Member Firm of BDO International, the world's fifth largest accountancy network with more than 600 offices in 100 countries. We specialise in helping businesses, whether start-ups or multinationals, to achieve their goals. Through our own professional expertise and by working directly with organisations, we've developed a robust understanding of the factors that govern business growth. Our objective is to use this to help our clients maximise their potential. www.bdo.co.uk



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International Financial Services, London

IFSL is the UK Government's key partner for the international promotion of PPP. It works closely with the FCO to assist overseas governments in learning more about the UK's experience of PPP. It has arranged over 50 international PPP events and run programmes/meetings/seminars for nearly 200 delegations visiting the UK. www.ifsl.org.uk



The PPP Bulletin is a monthly subscription based magazine providing in-depth updates on PFI/PPP legislation, regulation, working procedure and market potential. Each edition of the PPP Bulletin includes UK and international news, interviews with the top industry figures, in depth market reports on PFI/PPP sectors and active countries and six industry authored articles. The magazine includes a business leads section – giving you information about projects before they are even advertised. Subscription to the PPP Bulletin also gives you unlimited access to www.pppbulletin.co.uk with constantly updated news stories, features and searchable PFI/PPP Project Tracker.

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www.smi-online.co.uk/finance.asp

JANUARY

- 22/23 Nordic Card Markets, Stockholm
- 29/30 Accounting & Auditing for PPP/PFI Projects, London

FEBRUARY

- 18/19 Marketing to SME's for Retail Banking, London
- 25/26 Financing Options for PPP/PFI, London
- 27 Profitable Opportunities in Real Estate, London

MARCH

- 03 Termination Clauses in PPP, London
- 03/04 PPP in Ireland, Dublin
- 05/06 Financial Modelling for PPP/PFI, London
- 12/13 PPP in Waste, London

APRIL

- 09/10 Central & Eastern European Card Markets, Budapest
- 16/17 Public Procurement & PPP in Germany, Frankfurt
- 21/22 Infrastructure Funds, London
- 29/30 Understanding Risk Management in PPP Projects, London

MAY

- 12/13 PPP in Spain, Madrid

JUNE

- 03/04 Branch Banking – People, Processes & Profit, London
- 23/24 Contactless Cards, London
- 25/26 Contract Management, Performance Monitoring & Dispute Resolution for PPP/PFI Projects, London

FINANCIAL MODELLING FOR PPP / PFI

5th & 6th March 2008, The Hatton, Central London

Interactive workshops: 4th March 2008, The Hatton, Central London

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Terms and Conditions of Booking

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