

# MODELING A COMPLEX CAPITAL STRUCTURE

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Overview: This course is an extension of "Building a Financial Model" and is geared towards bankers who are involved in structuring or modeling complex capital structures. Various intermediate and advanced Excel tools along with helpful keyboard shortcuts will also be covered throughout the day.

Timing: This course requires 1 day

## LEARNING TOPICS:

- Build a Sources and Uses schedule within a model
- Incorporate and amortize all fees incurred during an acquisition or financing
- Recapitalize a company's balance sheet following an acquisition
- Properly incorporate Senior Term Debt with an amortizing repayment schedule
- Create a robust bank operating line (revolving credit facility)
- Understand the need for circularity within a model
- Make a model iterative by incorporating circular references
- Rid a circular model of undesirable error messages
- Incorporate variable interest rates in which the spread is dependent on the company's leverage
- Calculate a stand-by fee on the undrawn portion of the bank operating line
- Design and incorporate a complex cash sweep in which the amount of the sweep is dependent on the company's leverage
- Utilize a margining formula to monitor the size of a company's bank operating line
- Incorporate Subordinated High Yield or Mezzanine Debt into the company's capital structure
- Build a provision for non-cash Payment in Kind (PIK) interest on various pieces of debt
- Create a well-designed shareholders' equity schedule
- Calculate dividend payments based on a pre-determined yield or a payout ratio
- Properly link the debt and equity schedules into the financial statements
- Balance the company's balance sheet
- Incorporate appropriate operating and debt ratios
- Include debt ratios in which the covenant tightens each year
- Create "flags" to warn the user when a debt covenant has been tripped