Financial Modelling in Practice: A Concise Guide for Intermediate and Advanced Level (The Wiley Finance Series)

Michael Rees
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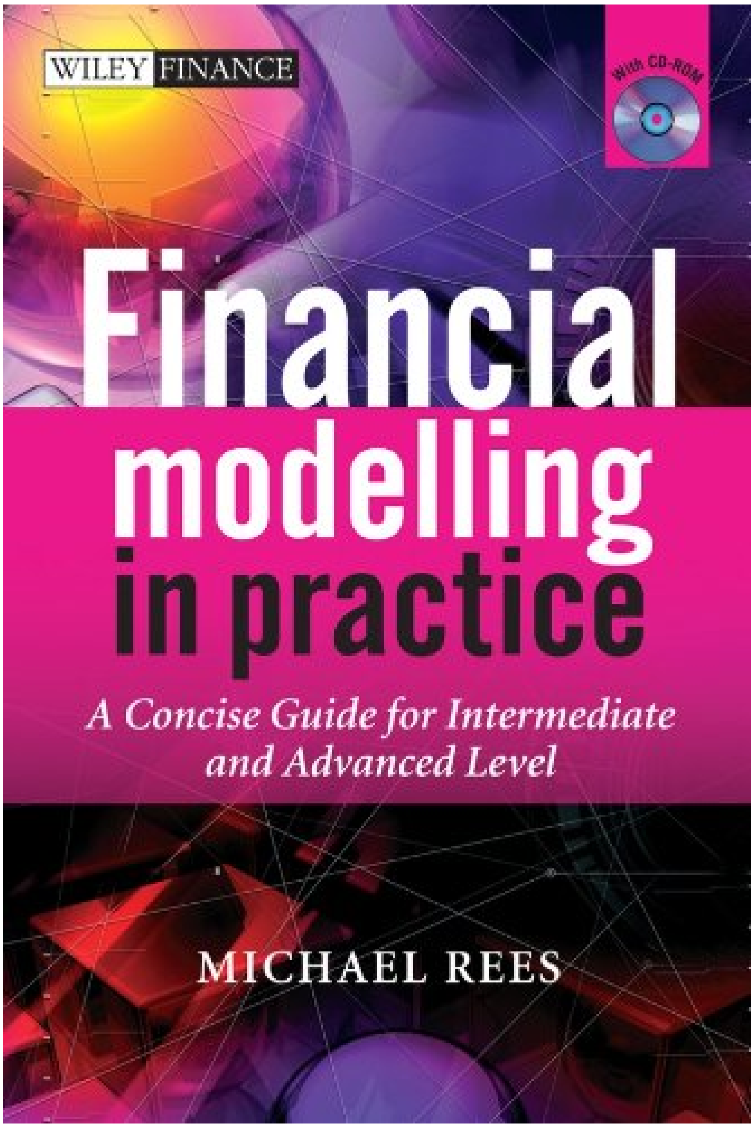

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Michael Rees : Financial Modelling in Practice: A Concise Guide for Intermediate and Advanced Level (The Wiley Finance Series) before purchasing it in order to gage whether or not it would be worth my time, and all praised Financial Modelling in Practice: A Concise Guide for Intermediate and Advanced Level (The Wiley Finance Series):

28 of 28 people found the following review helpful. How to Rev Up Your Financial Modeling Skills SetBy Serge J. Van SteenkisteMichael Rees succeeds to a large extent in his endeavor of writing a text that addresses the financial

modeling process instead of Excel functionality, financial theory, or mathematical models. To his credit, Rees has put together a large number of useful modeling examples in the CD-ROM that is sold with the text. Rees' book assumes that readers have at least an intermediate knowledge of both statistical and financial concepts.After reviewing select Excel functions and tools relevant to financial modeling, Rees gives his audience of modelers many practical tips about how to design, structure, and build models that are relevant, accurate, and easily understandable. Whoever has experience with models will probably agree with Rees when he writes that the majority of models built are in practice of mediocre quality. Someone other than the author of the model will often experience several challenges in dealing with the model at hand, i.e., too much time spent on understanding the model, complexity of the auditing and validating processes, hard to share with others, over-reliance on the original modeler to maintain or use it, lack of clarity of objectives, and presence of errors and implicit assumptions.Rees then goes into the modeling of financial statements that is often required in the world of corporate finance for forecasting profit and cash, assessing financing requirements, analyzing credit risk and valuation, etc. This chapter is a little gem. It contains many practical tips. Once again, readers will be reminded that there is not always 100% agreement on the definition of some financial concepts.Rees then uses Palisade Corporation's add-ins @RISK and PrecisionTree for many modeling examples in the two chapters that he dedicates to risk modeling and real option modeling, respectively. Having some understanding of both statistical and financial concepts is particularly important here to benefit from reading both chapters. Probably, many readers with an advanced knowledge of Excel 2007 will regret that the above-mentioned functionality that Palisade Corporation offers has not yet been systematically integrated into at least Microsoft Office Professional.Finally, Rees discusses the use of Visual Basic for Applications (VBA) in a range of practical financial modeling situations. Rees points out that many otherwise competent modelers never learn VBA. For this reason, Rees makes the assumption that his audience is not very familiar with VBA. Rees shows how macros, i.e., subroutines and user-defined functions, can be used in a variety of modeling contexts.In conclusion, Rees has made a valuable contribution to the field of financial modeling. The CD-ROM that is sold with the text plays a key role in achieving this objective.7 of 7 people found the following review helpful. If You're An ASA-BV, CBA, or ABV, Buy This Book!By David ButlerDespite using Excel for over 20 years - which included building complex valuation models for private equity and intangible asset valuations - I had a suspicion that I was not utilizing the program to its fullest extent.Mike Rees - who has an impressive list of credentials, including winning the coveted Wilmott Prize awarded to the top graduate in the CQF program - has written a great book that addressed my concerns by going in-depth into the advanced functionality of Excel. For example, I knew very little of the advanced look-up functions, but after plowing through Chapter 1, I now feel relatively fluent in them and realize that I could have saved immense time when calculating federal and state income taxes on projected cash flow streams or in calculating future depreciation across multiple asset classes.Although very familiar with cash flow modelling, Chapter 3 provided a new take on that topic and gave me some insights I hadn't thought of.Chapters 4 5 were also very helpful in providing exposure to Palisade Corporation's @Risk and @Tree software. As another reviewer noted, a background in probability will make the examples easier to understand, but one can still benefit from a careful reading of the chapters. (As an aside, the Palisade software is easy to download in a trial version, and the sales/support team did a great job following up.) Chapter 6 provides a basic but solid foundation in VBA using the familiar Black-Scholes model. Using this book enabled me to tackle the Staunton/Jackson book on advanced Excel-VBA modeling, which dives much more heavily into VBA programming. In my practice, I have found the combination of this book and the Staunton/Jackson book to be more useful and relevant than the Beninga text, perhaps because of their practitioner orientation.Thanks to Mike for his hard work in producing such a useful, thought-provoking tome. Anyone in the valuation practitioner space (i.e., the ASA-BV,CBA,ABV crowd) should carefully read this book and integrate its learnings into their own practice.4 of 5 people found the following review helpful. Kindle edition unusable...By Trompe La MortThe Kindle edition is worthless.To work through the examples you need to be able to see the screenshots of the example spreadsheets, and take a look at those spreadsheets. The screenshots on the kindle (both the ereader kindle on computer) are unreadable. There's also nowhere I can find to download the examples (the hardcover comes with a CD).Maybe the Hardcover edition is better but the Kindle edition is completely useless and definitely not worth so much money.

Financial Modelling in Practice: A Concise Guide for Intermediate and Advanced Level is a practical, comprehensive and in-depth guide to financial modelling designed to cover the modelling issues that are relevant to facilitate the construction of robust and readily understandable models. Based on the authors extensive experience of building models in business and finance, and of training others how to do so this book starts with a review of Excel functions that are generally most relevant for building intermediate and advanced level models (such as Lookup functions, database and statistical functions and so on).nbsp; It then discusses the principles involved in designing, structuring and building relevant, accurate and readily understandable models (including the use of sensitivity analysis techniques) before covering key application areas, such as the modelling of financial statements, of cash flow valuation, risk analysis, options and real options. Finally, the topic of financial modelling using VBA is treated. Practical examples are used throughout and model examples are included in the attached CD-ROM. Aimed at intermediate and advanced level modellers in Excel who wish to extend and consolidate their knowledge, this book is focused, practical, and application-driven, facilitating knowledge to build or audit a much wider range of financial models. Note: CD-ROM/DVD and other supplementary materials are not included as part of eBook file.

From the Inside Flap"A well structured reference. If you are unclear how best to approach a modelling task or you are ready to reconsider some of your modelling habits, this is a useful bag of tricks and thoughts which can greatly simplify your task." mdash;Dominik Geller; Head of Corporate Risk Management; F. Hoffmann ndash;La Roche AG "Michael Rees has written a financial modelling book that is exceptional in its clarity, balance of theory and practice, and its abundance of invaluable examples. Comprehensive and application-driven in its topical coverage, it is one of the very few books that address the modelling process itself. Michael Rees enables even the desperate readers to design, structure and build models appropriate for their situation and provides them with a sound and practical foundation to bring financial modelling to life." mdash;Johannes Klose, Principal, Allianz Risk Transfer "With this outstanding book the reader gets a comprehensive guideline on how to build financial models by showing a path from theoretical approaches to more realistic models. I have never seen such a good explanation of the basic aspects of financial modelling and the presentation of risk modelling including the application of statistical functions. Mike combines visual explanations with mathematical functions and statements where necessary. Supported with a lot of examples this gives the reader a quick understanding of the different topics. The logical development from risk modelling to the analysis of real options is extremely helpful and to my knowledge has never been published in such a form. From my daily practise I would recommend this unique book to every professional or student who is engaged in business modelling and especially interested in risk management." mdash;D. Martin Erdmann, Director Risk Management, Infineon Technologies AG "Michael Rees has hit the nail on the head. In Financial Modelling in Practice, he has addressed many common problems business professionals face in accurately representing their real-life situations as Excel spreadsheets. Modelling is crucial for informed decision-making, as is taking uncertainty and risk into account. Michael Rees addresses these needs in a practical, easily understood way that is both robust and accessible." mdash;Randy Heffernan, Vice President, Palisade CorporationFrom the Back CoverFinancial Modelling in Practice: A Concise Guide for Intermediate and Advanced Level is a practical, comprehensive and in-depth guide to financial modelling designed to cover the modelling issues that are relevant to facilitate the construction of robust and readily understandable models. Based on the authors extensive experience of building models in business and finance, and of training others how to do so this book starts with a review of Excel functions that are generally most relevant for building intermediate and advanced level models (such as Lookup functions, database and statistical functions and so on). It then discusses the principles involved in designing, structuring and building relevant, accurate and readily understandable models (including the use of sensitivity analysis techniques) before covering key application areas, such as the modelling of financial statements, of cash flow valuation, risk analysis, options and real options. Aimed at intermediate and advanced level modellers in Excel who wish to extend and consolidate their knowledge, this book is focused, practical, and application-driven, facilitating knowledge to build or audit a much wider range of financial models. "An excellent book which presents advanced financial modelling tools and simulations, and applies them to modern aspects of financial management. As a renowned expert in modelling, Michael Rees develops efficient techniques for simulation and sensitivity analysis within an Excel and Excel add-on framework using many useful and transparent applications in the context of company valuation, derivative business and risk management, enabling the reader to develop good models themselves. A unique book which is highly instructive and motivating." mdash;Professor Dr Dieter Gramlich, University of Cooperative Education, Heidenheim, Germany "Mike Rees's book fills an important gap in the literature on how to model financial data. It not only provides a whole host of useful suggestions on how to design, structure, build and analyse models; including tips on how use some of the more advanced functionality in Excel, but also in a clear and concise way explains how to include uncertainty in to these models. During the last few years many business's environment have changed, creating the need to explicitly include uncertainty into their decision making rather than hide behind simple (and often flawed) assumptions of what the future may hold. Mike clearly understands the importance of this area and includes several sections which provide an excellent introduction to anyone starting to apply these types of techniques in their financial models for the first time. It is the combination of best practice modelling techniques, plenty of examples and the basics of some of the more advanced approaches that make this book a useful addition to anyone building financial models." mdash;Andrea Dickens, Decision Analysis Group Leader, Finance Excellence UnileverAbout the AuthorMichael Rees gained a BA with First Class Honours and a Doctorate in Mathematics from Oxford University in 1985 and 1988 respectively. In 1992 he gained an MBA with Distinction from INSEAD, and in 2003 graduated in first position on the Certificate in Quantitative Finance program, also winning the Wilmott award. Since 2002 Michael has worked independently as a consultant and trainer in financial modelling. Prior to this he worked as a strategy consultant with Braxton Associates and Mercer Management Consulting, and also as an analyst at J.P. Morgan. Michael lives in Richmond, UK. He was born in Canada, has lived in several countries, and is fluent in French and German.