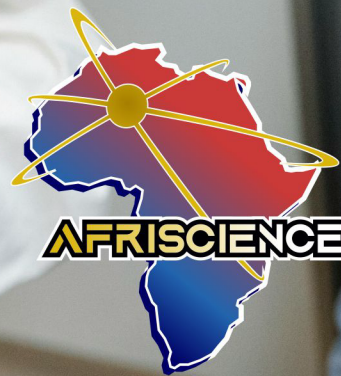


Forensic Accounting - Finding Red Flags in Financial Statements



Who Should Attend?

Forensic accounting courses at Afriscience Group suit a wide range of finance professionals, including:

- Investment banking, equity and fixed income analysts and investors, such as equity asset managers, credit funds and hedge funds.
- Commercial bankers - to help avoid or reduce loan losses.
- Investment bankers involved in debt and equity capital raisings will enjoy the course, to avoid underwriting losses and reputational damage from failing to understand their clients' financial position and performance.
- Compliance officers and internal auditors who monitor the above-mentioned professionals would also gain valuable insights, helping them to become more effective in their roles.



DATE : 23 June 2026

Cost: USD495.00pp

Venue: Online

REGISTER NOW

Switchboard: +27 (68 633 8497

Email: afriscience@afriscience.co.za

Attendance by two or more representatives of your organization will foster teamwork and enhance the program's impact

Course Overview

This forensic accounting course will help a wide range of analysts and investors. Namely:

Those who are looking to sell short securities that may be overvalued. Those who are concerned that a firm's true credit quality is worse than perceived, such that rating downgrades and spread widening may occur in future.

And those who are looking to avoid investing in firms whose valuation and credit profiles are based on an over-optimistic assessment of the firm's current performance and financial situation.

Under the IFRS framework and accounting standards, firms must present their financial statements in a manner that is clear, relevant, reliable, comparable, transparent and conservative. Nonetheless, the financial statements will also be based on a wide range of management assumptions as well as differing interpretations and applications of the standards. Most firms do present their accounts in a transparent and conservative manner. However, some firms pursue aggressive accounting policies and practices, including distorting consolidation techniques, that may lead to the overstatement of revenues, earnings and assets and the understatement of costs and actual or potential liabilities.

The most likely candidates for aggressive accounting include firms that are deteriorating, distressed, trying to avoid covenant breaches, trying to avoid adverse credit rating moves and/or trying to reach earnings targets expected by equity investors and analysts. In a worst-case scenario, the aggressive accounting practices may be borderline or definitely fraudulent.

Whilst it can be very difficult to spot outright fraud, there are techniques that analysts can use while gathering evidence of red flags. You must look for overstated revenues, earnings and assets and understatement of actual or potential liabilities. It may also be possible to spot other signs of deterioration.

During forensic accounting training, we will review a wide range of financial statements from different sectors. We will undertake a detailed data analysis of the notes and a benchmark peer group ratio analysis to gain a better understanding of the firm's operations and financial situation.

Training Objectives

The forensic accounting course syllabus consists of:

- Standard practices for overstating revenues, earnings, operating cash flow, assets and net assets. Whilst also understating costs and actual and potential liabilities.
- How to amend reported figures to derive key underlying metrics. This includes revenues, earnings, operating cash flow, net debt and available cash balances, to show a more realistic and conservative perspective.
- The importance of reading the notes and picking up signals from presentations and earnings calls.
- How management actions may indicate that there are underlying problems.
- The importance of benchmarking financial ratios, management commentary, strategies and key trends to the peer group and to sector/macro-economic data.

Key Benefits of attending

- Improve your ability to identify warning signs and inconsistencies in the financial statements and notes, as well as from qualitative factors, using a wide range of recent examples
- Learn financial analysis techniques and ratios that can help indicate creative accounting or fraud
- Understand how qualitative factors, including governance, ownership, regulatory oversight and strategy can represent early warning signs

Course Content

Section One - Background

- This forensic accounting course begins by differentiating between fraud, aggressive accounting and incompetent accounting
- What is the purpose of the fraud or aggressive accounting?
- Forensic accounting analysis by external analysts versus fraud detection by auditors
- Management incentives and earnings smoothing
- Auditor relationships and restatement history
- MD&A language and footnote analysis
- Key Audit Matters & going concern statements
- Management background checks
- Corporate governance warning signs
- Management actions that may signal underlying problems
- Information sources – financial statements, presentations, earnings calls
- The importance of sector and macro-economic data
- The use of short-seller reports (MuddyWaters, Iceberg, etc)
- Can AI help accountants, management, and auditors detect fraud?
- Can AI help external analysts detect fraud?
- The importance of sector-wide comparisons and analysis

Section Two - Red Flags in Financial Statements: The Income Statement

- Revenue recognition issues
- Repurchase agreements
- Deferred revenues
- Analyzing reported EBITDA and quality of earnings assessments
- Moving EBITDA losses off the balance sheet
- Expense manipulation
- Accounting choices and estimates (depreciation, reserves, provisions)
- Capitalization of operating and interest expenses
- "Other operating income"
- Trends in interest expense
- Financial expense of certain hybrid instruments
- Related party transactions to enhance earnings
- The statement of other comprehensive income

Section Three - Red Flags in Financial Statements: The Balance Sheet

- Overstated tangible and intangible assets and impairment avoidance
- Forensic accounting training explores management valuations
- Developments in net working capital
- Analysis of receivables – impairments and collections
- Service contracts versus IFRS 16 leases
- Off-balance sheet leases and other off-balance sheet liabilities
- Hybrid securities
- "Other creditors"
- How much cash is really available to the firm? Assessing restricted cash and advance payments
- Working out the true levels of gross and net debt
- How less than 100% ownership of subsidiaries can distort debt metrics
- Full consolidation versus investment accounting versus equity accounting
- Provision liabilities
- Related-party transactions
- Cash balances versus capital raisings
- Overview of ROIC versus WACC
- Offering the same security to multiple lenders
- Covenant breaches and liquidity problems

Section Four - Red Flags in Financial Statements: The Cash Flow Statement and Scoring Models

- Manipulation of operating cash flow
- Manipulation of net working capital changes
- Understatement of capital spending
- Exaggeration of capital spending
- Related-party transactions
- Dividend leakage to NCI
- M-score (Beneish model), Altman Z-score, and other screening tools

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Background of Trainer

The trainer has been a financial trainer for over ten years, helping major financial institutions in Europe, Asia, the Middle East and Africa. She trains in financial and credit analysis, company valuation, financial modelling and distressed debt. Delegate profiles range from graduates to board members.

Before her career in financial training, she spent seventeen years working as an investment banker in Europe and the US. She started her career as a graduate trainee at Kleinwort Benson and later became an Executive Director of CSFB and Lehman Brothers. She has primarily worked in the credit markets, with experience in the US and European high grade and high yield markets, the European new issue markets, the Asian convertible bond markets and corporate restructurings of distressed credits.

She specialised in the telecoms sector and was closely involved in the structuring, raising and/or trading of bank and public debt for telecoms companies in many countries. These include Europe, South Africa, Asia and Latin America. She also has extensive experience in corporate finance transactions, including mergers, disposals, privatisations, IPOs and capital raisings. Our trainer has also worked as an expert witness in financial lawsuits.

She has a degree in economics from the London School of Economics and stock exchange qualifications from London and New York.



"Empowering Excellence: Afriscience Training Programs, Where Learning Extends Beyond Courses to Forge Lasting Partnerships."

