JUPITER PRIME

Consulting • Training • Advisory

جوبيتر برايم للاستشارات والتدريب

COURSE BROCHURE

# Quality of Earnings and Net Debt Diligence Training Course

6 – 10 December 2026
Istanbul

**jupiterprime.uk**

info@jupiterprime.uk

Registered in the United Kingdom and Saudi Arabia

# Quality of Earnings and Net Debt Diligence Training Course

**Ref:** 2740_104695 **Date:** 6 – 10 December 2026 **Location:** Istanbul **Fees:** 4900 GBP

Quality of Earnings and Net Debt Diligence is a 1-week training course for deal team members, corporate development staff and finance managers who test a target's reported profits and liabilities and bring back a due diligence findings pack that feeds a valuation bridge. Buyers and lenders now price acquisitions on adjusted, recurring earnings rather than headline profit. Jupiter Prime Training delivers this course on earnings and debt diligence.

## Why Quality of Earnings and Net Debt Diligence Matters Now

Three groups shape this work today. Buyers negotiate on a multiple of normalised earnings, so every adjustment moves price. Lenders size acquisition debt on the same adjusted figure and write covenants around it. Sellers commission vendor reports that buyers must challenge rather than accept. A team that tests earnings, cash conversion and debt-like items with care avoids overpaying and secures protections where risk remains. The course rests on accrual accounting, the enterprise-to-equity value bridge and the locked-box and completion-accounts price mechanisms.

## Who Gains Most from Quality of Earnings and Net Debt Diligence

- Deal specialists who build the buyer's case and negotiate the purchase price
- Corporate development staff who screen targets and coordinate external advisers
- Finance managers who prepare historical accounts and data rooms for a sale
- Investment analysts who assess portfolio acquisitions and add-on deals
- Credit analysts who rely on adjusted earnings to size acquisition loans

A corporate development function gains most when its deal, finance and treasury specialists attend together.

## Quality of Earnings and Net Debt Diligence Capabilities

Participants trace reported profit back to cash and forward to price.

- Assess management adjustments to operating earnings — whether the buyer accepts the seller's headline figure
- Calculate normalised working capital and a target level — the completion adjustment in the purchase agreement
- Test cash conversion against reported profit — the sustainability of earnings presented to lenders
- Identify debt-like items beyond borrowings — the deduction from enterprise value to equity value
- Build a valuation bridge from findings — the negotiating position on price and protections
- Communicate findings in a red-flag summary — the investment committee and board

## Key Quality of Earnings and Net Debt Diligence Terms

- Quality of earnings — an assessment of how much reported profit is recurring, cash-backed and attributable to the ongoing business.
- Normalisation adjustment — a change to historical profit that removes one-off, non-operating or non-market items to show sustainable earnings.
- Net debt — borrowings and similar obligations less free cash, deducted from enterprise value to reach the equity price.
- Debt-like item — an obligation outside formal borrowings that a buyer treats as debt.
- Working capital peg — the agreed normal level of working capital against which the completion balance is compared.
- Cash conversion — operating cash flow expressed against operating profit, showing how much profit turns into cash.

## Quality of Earnings and Net Debt Diligence Day by Day

### Day 1: Deal Context and the Diligence Scope

- Buyer, Lender and Seller Perspectives — Who Relies on Each Diligence Finding
- Vendor Report Versus Buy-Side Scope — Deciding What to Retest Independently
- Data Room Request Lists — Evidence Needed for Earnings and Debt Testing
- Management Accounts to Audited Accounts Reconciliation — Reliability of the Base Figures
- Price Mechanism Choice — Locked Box Versus Completion Accounts Implications

### Day 2: Testing Reported Earnings

- Revenue Recognition and Cut-Off Testing — Whether Sales Belong to the Period
- One-Off and Non-Recurring Items — Separating Exceptional Costs From Trading Costs
- Owner and Related-Party Costs — Adjusting to Arm's Length Terms
- Run-Rate and Pro Forma Adjustments — Credibility of Forward-Looking Claims
- Earnings Adjustment Schedule — Building the Normalised Profit Figure

### Day 3: Cash Conversion and Working Capital

- Profit to Cash Reconciliation — Locating Gaps Between Earnings and Cash
- Monthly Working Capital Trend Analysis — Seasonality and Window Dressing Signals
- Normalised Working Capital Target — Setting the Peg for Negotiation
- Receivable and Inventory Ageing — Provisions and Recoverability Risk
- Capital Expenditure Normalisation — Maintenance Spending the Buyer Must Fund

### Day 4: Net Debt and the Price Bridge

- Borrowings, Leases and Cash Restrictions — Defining Net Debt for the Agreement
- Debt-Like Items Register — Tax, Deferred Consideration, Provisions and Bonuses
- Enterprise to Equity Value Bridge — Translating Findings Into Price Movements
- Earn-Outs, Escrows and Indemnities — Protections Where Risk Cannot Be Priced
- Diligence Findings and the Financing Case — Effect on Lender Covenants

## Day 5: Practising the Findings Pack

- Case Target Earnings Review — Applying Day 2 Adjustment Tests
- Case Working Capital and Cash Test — Applying Day 3 Methods
- Case Net Debt Schedule — Applying the Day 4 Register
- Red-Flag Summary for the Investment Committee — Prioritising Price-Relevant Issues
- Findings Pack and Valuation Bridge — Completing the Due Diligence Deliverable

## Applying Quality of Earnings and Net Debt Diligence After the Course

- Rebuild the earnings adjustment schedule for a live or recent target and compare it with the seller's figure
- Draft a debt-like items register and working capital peg proposal for the next acquisition under review

## Quality of Earnings and Net Debt Diligence Questions FAQ

### What is quality of earnings and net debt diligence and why does it matter now?

It is the testing of a target's recurring profit, cash conversion and debt-like obligations before a deal. Prices and acquisition loans are set on adjusted earnings, so each finding can change what a buyer pays.

### Which roles gain most from quality of earnings and net debt diligence?

Deal team members, corporate development staff and finance managers gain most. You benefit if you negotiate acquisitions or prepare a business for sale.

### How does a quality of earnings and net debt diligence course differ from a general mergers and acquisitions course?

It concentrates on the financial testing behind the price. You work on earnings adjustments, working capital targets, net debt and the value bridge, not integration or legal structure.

### What do you bring back from quality of earnings and net debt diligence?

You bring back a findings pack built on a case target: an earnings adjustment schedule, a working capital peg, a debt-like items register, a red-flag summary and a valuation bridge.

## Quality of Earnings and Net Debt Diligence: The Way Forward

The due diligence findings pack that feeds a valuation bridge first informs whether the offer price still holds after adjustments. Deal leads, investment committees and lenders use it to agree price, peg and protections. After its first use, revisit the boundary between operating costs and one-off items.