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COURSE BROCHURE

Financial Red Flag Review for Credit and Audit Analysts Training Course

13 – 17 September 2027
Madrid

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Ref: 2431_91757 **Date:** 13 – 17 September 2027 **Location:** Madrid **Fees:** 5600 GBP

Financial Red Flag Review for Credit and Audit Analysts is a 1-week training course for credit, audit and fraud analysts who must read company accounts sceptically and put their concerns in writing, ending with a financial red flag analysis memo. Lenders and auditors now face complex group structures and sharper scrutiny of what they missed. Jupiter Prime Training offers this course on Financial Red Flag Review.

Why Financial Red Flag Review Matters Now

Three pressures shape financial red flag review today: credit committees that want early warning before a borrower weakens, audit teams asked to explain why distortions went unnoticed, and investigators handling larger volumes of transactions between connected parties. An organisation that reads accounts well spots stretched receivables and circular cash before losses arrive. One that reads them poorly lends against reported profit that never turns into cash. The course rests on accrual accounting logic, the indirect cash flow method and the principle of professional scepticism used across audit and credit practice.

Who Gains Most from Financial Red Flag Review

- Credit analysts responsible for borrower assessments and annual facility renewals
- Internal and external auditors responsible for substantive testing of revenue, receivables and inventory
- Fraud and investigation analysts responsible for building evidence from financial records
- Portfolio monitoring officers responsible for watch lists and covenant tracking
- Compliance analysts responsible for screening counterparties and connected entities

Credit risk and internal audit units gain most when several analysts attend together and agree shared escalation thresholds.

Financial Red Flag Review Capabilities

Participants move from reading a set of accounts to defending a written view of where the numbers may be stretched, hidden or inflated.

- Calculate accrual ratios and working capital day counts that expose earnings inflation — credit approval
- Test the bridge between operating profit and operating cash flow — facility renewal decisions
- Assess revenue recognition, capitalisation and provisioning choices for aggressive judgement — audit scoping
- Trace related party balances, sureties and circular flows — investigation referrals
- Weigh red flags by severity and corroboration — escalation to committees
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Communicate findings in a structured memo with evidence and open questions — senior reviewers

Key Financial Red Flag Review Terms

- Red flag — an observable pattern in accounts or records that warrants further enquiry, not proof of wrongdoing.
- Accrual ratio — the share of reported earnings not backed by operating cash, used to judge earnings quality.
- Earnings quality — how far reported profit is repeatable, cash-backed and free of aggressive accounting choices.
- Days sales outstanding — average days taken to collect receivables; a rising trend can signal premature revenue.
- Related party — a person or entity with control or significant influence whose dealings may not be at arm's length.
- Round-tripping — moving funds out and back through connected entities to create the look of genuine revenue or cash.

Financial Red Flag Review Day by Day

Day 1: The Sceptical Reader's Starting Point

- Incentives and Pressures Behind Reporting Choices — Where Distortion Is Likely
- Professional Scepticism in Credit and Audit Files — Depth of Enquiry
- Accounting Policy Note Reading — Spotting Unusual Judgement Areas
- Auditor Report and Restatement History — Reliance on Published Figures
- Red Flag Taxonomy for Analysts — Shared Language Across Teams

Day 2: Ratios That Reveal Manipulation

- Receivable, Inventory and Payable Day Trends — Signs of Booked but Unearned Sales
- Gross Margin Versus Peer Movement — Plausibility of Reported Profit
- Asset Turnover and Capitalisation Ratios — Expenses Hidden on the Balance Sheet
- Probability Scoring Models for Manipulation — Prioritising Files for Deeper Work
- Horizontal and Vertical Spreadsheets — Breaks in Multi-Year Patterns

Day 3: Cash Flow and Earnings Quality Tests

- Operating Cash Flow to Net Income Bridge — Cash Support for Profit
- Balance Sheet and Cash Flow Accrual Measures — Scale of Non-Cash Earnings
- Classification Shifts Between Operating and Investing Cash — Flattering Operating Cash
- Factoring, Supplier Finance and Payable Stretching — Temporary Cash Boosts
- One-Off Gains and Recurring Earnings Split — Sustainable Debt Service Capacity

Day 4: Related Parties and Hidden Exposures

- Group Structure and Ownership Mapping — Who Controls the Counterparty
- Related Party Disclosure Testing — Off-Market Pricing and Undisclosed Links
- Circular Transactions and Round-Tripping Patterns — Fictitious Revenue and Cash
- Sureties, Commitments and Contingent Exposures — Debt Outside the Balance Sheet
- Bank Statement and Ledger Matching — Corroborating Suspicious Flows

Day 5: Practising the Financial Red Flag Analysis Memo

- Manufacturing Borrower Case Using Day Counts — Credit Recommendation
- Retail Group Case Using Cash Flow Bridges — Audit Focus Areas
- Connected Entity Case Using Ownership Maps — Investigation Referral
- Severity and Corroboration Scoring Grid — Escalation Thresholds
- Drafting the Financial Red Flag Analysis Memo — Committee Submission

Applying Financial Red Flag Review After the Course

- Run the accrual and day count screen across the largest current exposures and rank them by severity.
- Map ownership and related party flows for one connected borrower group.

Financial Red Flag Review Questions FAQ

What is financial red flag review and why does it matter now?

Financial red flag review is the structured search for warning signs in company accounts. It matters now because lenders and auditors are expected to explain earlier why reported profit, cash or connected dealings did not add up before losses appeared.

Which roles gain most from financial red flag review?

Credit, audit and fraud analysts gain most from financial red flag review. You benefit if you assess borrowers, test receivables or build evidence files.

How does financial red flag review differ from a full financial statements analysis course?

Financial red flag review is narrower and more sceptical than broad statement analysis. You focus on manipulation signals, cash flow distortions and related party links rather than valuation.

What do you bring back from financial red flag review?

You bring back a tested method for financial red flag review and a written memo on a case file. It includes ratio screens, a cash flow bridge and a severity grid.

Financial Red Flag Review: The Way Forward

The financial red flag analysis memo first informs whether a file proceeds to approval, deeper audit testing or referral. Credit committees, audit leads and investigation managers use it to decide where to spend scarce review time. After its first use, revisit the severity thresholds against real outcomes.