**Finance Officer Jobs**

**What is Finance ?**

Finance is defined as the management of money and includes activities such as investing, borrowing, lending, budgeting, saving, and forecasting. There are three main types of finance: (1) [personal](https://corporatefinanceinstitute.com/resources/knowledge/finance/personal-finance/), (2) [corporate](https://corporatefinanceinstitute.com/resources/knowledge/finance/corporate-finance-industry/), and (3) [public](https://corporatefinanceinstitute.com/resources/knowledge/finance/public-finance/)/government.

**What is Personal Finance?**

Personal Finance is managing the finance or funds of an individual and helping them achieve the desired goals in terms of savings and investments. Personal Finance is specific to individuals and the strategies depend on the individuals earning potential, requirements, goals, time frame, etc. Personal finance includes investment in education, assets like real estate, cars, life insurance policies, medical and other insurance, saving and expense management.

**What are types of Financial Models?**

**#1 Three Statement Model**

The [3 statement model](https://corporatefinanceinstitute.com/resources/knowledge/articles/3-statement-model/) is the most basic setup for financial modeling. As the name implies, in this model the three statements (income statement, balance sheet, and cash flow) are all dynamically linked with formulas in Excel. The objective is to set it up so all the accounts are connected and a set of assumptions can drive changes in the entire model. It’s important to know [how to link the 3 financial statements](https://corporatefinanceinstitute.com/resources/knowledge/3-financial-statements-linked/), which requires a solid foundation of accounting, finance, and Excel skills.

**#2 Discounted Cash Flow (DCF) Model**

The [DCF model](https://corporatefinanceinstitute.com/resources/knowledge/articles/dcf-model-training-free-guide/) builds on the 3 statement model to value a company based on the Net Present Value (NPV) of the business’ future cash flow. The DCF model takes the cash flows from the 3 statement model, makes some adjustments where necessary, and then uses the [XNPV function](https://corporatefinanceinstitute.com/resources/excel/study/xnpv-function/) in Excel to discount them back to today at the company’s Weighted Average Cost of Capital ([WACC](https://corporatefinanceinstitute.com/resources/knowledge/finance/what-is-wacc-formula/)).

These types of financial models are used in [equity research](https://corporatefinanceinstitute.com/equity-research-analyst-career) and other areas of the capital markets.

**#3 Merger Model (M&A)**

The M&A model is a more advanced model used to evaluate the pro forma accretion/dilution of a merger or acquisition.  It’s common to use a single tab model for each company, where the consolidation of Company A + Company B = Merged Co.  The level of complexity can vary widely. This model is most commonly used in [investment banking](https://corporatefinanceinstitute.com/resources/careers/jobs/investment-banking-overview/) and/or [corporate development](https://corporatefinanceinstitute.com/corporate-development-career-path).

**#4 Initial Public Offering (IPO) Model**

Investment bankers and corporate development professionals also build IPO models in Excel to value their business in advance of going public. These models involve looking at [comparable company analysis](https://corporatefinanceinstitute.com/resources/knowledge/valuation/comparable-company-analysis/) in conjunction with an assumption about how much investors would be willing to pay for the company in question. The valuation in an IPO model includes “an IPO discount” to ensure the stock trades well in the secondary market.

**What does Finance Officer do?**

Financial officers are in charge of overseeing the financial transactions of a company. Also known as chief financial officers, these professionals are tasked with developing budgets, monitoring transactions, and preparing financial reports. They possess strong accounting and analytical skills.

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