How to Learn Technicals

A roadmap for freshers and aspiring finance professionals

Prepared by the Careers Team

Warwick Private Equity • University of Warwick

What This Guide Is For

"Technicals" are the finance and accounting fundamentals that every interviewer expects you to know before they will consider you employable: how the three financial statements link together, how companies are valued, and how deals such as M&A and leveraged buyouts actually work.

This guide does not teach you technicals directly. Instead, it tells you how to learn them: the order to study them in, the resources worth your time, which topics matter most for which division, and how to revise them properly so you can actually explain concepts under pressure rather than recite a memorised script.

Why this matters
Every finance interview, whether for a spring week, summer internship, or graduate role, tests technicals in some form. Candidates who understand the logic outperform those who have only memorised definitions, because interviewers probe with follow-up questions that scripts cannot survive.

The Learning Order

Technicals build on each other. Trying to learn valuation before you understand the financial statements, or LBOs before you understand valuation, is the single most common mistake freshers make. Work through the following stages in order, and do not skip ahead even if a topic feels more 'exciting'.

1. **Accounting foundations:** the three financial statements (income statement, balance sheet, cash flow statement) and, critically, how a single transaction flows through all three.
2. **Valuation fundamentals:** comparable company analysis, precedent transactions, and the discounted cash flow (DCF) method. This is the bedrock of almost every technical interview.
3. **Mergers & acquisitions (M&A):** why deals happen, accretion/dilution, and merger consequences analysis at a conceptual level.
4. **Leveraged buyouts (LBOs):** how private equity firms use debt to acquire companies, and what drives investment returns.
5. **Division-specific technicals:** once the above four stages are solid, branch into the topics that matter most for your target division (see the table later in this guide).

Pace yourself
This is a marathon, not a sprint. Spread these four foundational stages across several months rather than trying to learn them all at once; the timeline later in this guide sets out a realistic, term-by-term pace so the underlying logic actually sticks.

The Best Resources to Learn From

There is no shortage of technical prep material online. The list below, roughly in the order we recommend using them, cuts through the noise to what is actually worth your time.

Rosenbaum & Pearl: Investment Banking, Valuation, LBOs, M&A, and IPOs

Textbook

The industry-standard technical textbook. Walks through comps, precedent transactions, DCF, M&A and LBO modelling from first principles with worked examples.

Best for: A genuinely deep, first-principles understanding of valuation and modelling.

The 400 Investment Banking Interview Questions & Answers You Need to Know

Breaking Into Wall Street / M&I

A large bank of real interview questions with model answers, organised by topic and difficulty. Best used once you already understand the underlying concepts.

Best for: Practising recall and getting comfortable with how questions are actually phrased.

The Red Book: Investment Banking Interview Questions & Answers

Wall Street Prep

A concise, well-structured guide covering accounting, valuation, and M&A/LBO technicals with clear, interview-ready explanations.

Best for: A faster, more digestible pass through core technicals before your first insight day.

Mergers & Inquisitions / Breaking Into Wall Street (website & YouTube)

Online

Free articles and videos covering everything from accounting basics to niche technicals, plus honest commentary on recruiting and career paths.

Best for: Free, bite-sized explanations to fill specific knowledge gaps.

Wall Street Prep & Corporate Finance Institute (CFI) free content

Online

Both offer free primers, templates and short courses on accounting, valuation and modelling, alongside their paid programmes.

Best for: Self-paced learners who want structured lessons with practice exercises.

Wall Street Oasis: Technical Interview Guides & Forums

Online

Community-driven guides plus real candidate experiences on what was actually asked at specific firms.

Best for: Getting a feel for firm-specific and division-specific question style.

Warwick Private Equity Society: Workshops, Socials & Alumni Sessions

In-person

Our own technical workshops, mock interview sessions, and alumni Q&As, giving you the chance to ask questions directly and practise explaining concepts out loud.

Best for: Practising live delivery, getting feedback, and asking the questions a textbook cannot answer.

Warwick Private Equity Society

Which Technicals Matter for Which Division

The four foundational stages (accounting, valuation, M&A, LBOs) are useful groundwork for almost every finance division. Once you have that base, prioritise further study based on where you want to recruit.

Division	Accounting	Valuation	M&A	LBOs	Capital Markets	Industry Specific	Behavioural
Investment Banking	●	●	●	◐	◕	◕	●
Private Equity	●	●	●	●	◕	◐	●
Sales & Trading	◐	◐	◔	○	◕	◔	●
Capital Markets	◕	●	◐	◔	●	◐	●
Asset Management	◕	●	◐	◔	◐	◕	●
Wealth Management	◐	◐	◔	○	◐	◔	●
Corporate Banking / Credit	●	◐	◔	◔	◕	◐	●
Quantitative Finance	◔	◐	○	○	◔	◔	◕

● Core focus: expect in-depth questions ◐ Good to know: conceptual questions likely ○ Rarely tested: a brief overview is enough

A note on Industry Specific questions: very likely if interviewing with a firm or team with sector specialisation (e.g. a TMT or Healthcare coverage group); less likely if interviewing with a generalist or industry-agnostic team.

Not sure which division yet?
That's completely normal in first year. Learn the four foundational stages first, since they overlap across every division, and use WPE insight events and alumni conversations to narrow down where your interest sits before specialising.

Remember
Any question is fair game regardless of division. This table shows where to focus your limited prep time, not what to ignore entirely. If asked about a lower-priority area, it will most likely be a simple conceptual question rather than a deep technical one.

How to Actually Study Technicals

Knowing which resources to use is only half the battle. How you study them determines whether the knowledge survives contact with a real interview.

Explain it out loud, not just on paper

If you cannot explain a concept clearly to a friend with no finance background, you do not understand it well enough yet. Interviewers are listening for clarity of explanation, not just a correct final answer.

Use active recall, not re-reading

Re-reading notes feels productive but creates a false sense of mastery. After reading a topic, close the book and write or say the answer from memory. Question banks (like the 400 Questions guide) are useful precisely because they force recall rather than recognition.

Build things yourself

Where possible, build a simple 3-statement model, a basic DCF, or a toy LBO in Excel yourself, even if imperfect. Concepts that seem clear when reading about them often reveal gaps the moment you try to build them from a blank spreadsheet.

Practice under pressure

Do mock interviews with peers, WPE alumni, or careers services well before real interviews. Being asked a question live, with someone watching, is a different skill from answering it comfortably at your desk.

Revisit, don't cram

Revisit each stage a few days after first learning it, rather than learning everything once and hoping it sticks. Spaced repetition beats a single intensive session, especially for accounting mechanics that are easy to forget under interview stress.

Common mistake to avoid
Memorising a scripted answer to ‘walk me through a DCF’ word for word. Interviewers will ask a follow-up that a script cannot handle, such as ‘what happens to your valuation if you increase the discount rate?’, and it will be obvious the understanding isn't there.

A Long-Term, Term-by-Term Timeline

Technicals are best learned slowly and revisited often, not crammed in the weeks before an interview. The timeline below spreads the four foundational stages and division-specific study across a realistic first-year and second-year timeframe, working around exams and vacations rather than against them.

First Year, Term 1 (Michaelmas)

There is no rush in your first term. Focus on settling into university life, attending WPE's introductory events and socials, and getting a general feel for the different divisions. If you want to make a start on technicals, read one short chapter or article on the three financial statements every week or two, with no pressure to move quickly.

First Year, Term 2 (Lent)

Begin accounting foundations properly: work through how the income statement, balance sheet and cash flow statement link together, and practise explaining a simple transaction across all three from memory. Attend WPE technical workshops as they come up, and start to notice which divisions interest you most.

First Year, Term 3 (Summer Term)

Exams take priority in Term 3. Keep technicals warm with light, occasional review rather than learning new material, for example, briefly explaining the three-statement linkage out loud once every couple of weeks. Protecting your academic performance matters more at this stage than pushing ahead with new topics.

Summer Vacation (First Year to Second Year)

This is where real progress happens, since you finally have long, uninterrupted stretches of time. Move into valuation fundamentals: comparable company analysis, precedent transactions, and the DCF method. Build one simple valuation yourself in Excel, and work through a first pass of the Red Book at a relaxed pace over the vacation. Towards the end of the summer, begin M&A mechanics and LBO basics at a conceptual level.

Second Year, Term 1 (Michaelmas)

With the four foundational stages in place, shift towards division-specific technicals based on where you want to recruit (see the earlier table). Start using the 400 Questions guide to stress-test your knowledge, and begin attending WPE mock interview sessions as spring week and insight programme applications open.

Second Year, Term 2 Onwards

As spring week and internship interviews approach, shift into active practice: regular mock interviews, targeted revision of your weaker topics, and question-bank drilling under timed conditions. By this stage you are refining and stress-testing knowledge you already have, rather than learning it for the first time.

The principle behind this pace
Spreading your learning over a year or more, with real breaks around exams, gives concepts time to properly settle so they hold up under interview pressure. A rushed, last-minute crash course tends to produce knowledge that collapses the moment a follow-up question moves off-script.

Worked Example: A Common Technical Question

Seeing a full worked answer is often more useful than reading a theory summary. Below is a classic accounting/valuation technical, broken into the steps you should actually think through out loud.

Question: "If depreciation increases by $10, walk me through how that flows through the three financial statements."

This question is popular precisely because it cannot be answered from memory alone; you have to reason through the linkage. Structure your answer statement by statement:

1. **Income statement:** Depreciation is an operating expense, so a $10 increase reduces operating income (EBIT) by $10. Assuming a tax rate of, say, 30%, tax expense falls by $3, so net income falls by $7 (the after-tax impact).
2. **Cash flow statement:** Net income (down $7) is the starting line. Depreciation is a non-cash expense, so you add back the full $10. Net effect on cash from operations is +$3 (–$7 + $10). Cash therefore increases by $3.
3. **Balance sheet:** On the assets side, accumulated depreciation increases by $10, so net PP&E falls by $10; cash rises by $3 from the cash flow statement, so total assets fall by $7 overall. On the liabilities and equity side, retained earnings falls by $7 (the net income impact), which keeps both sides of the balance sheet in balance.

Why this works
Notice the answer never requires memorising a fixed script. It follows directly from three rules: net income flows into retained earnings, non-cash expenses are added back on the cash flow statement, and the balance sheet must always balance. Learn the rules, not the example, and you can answer any variation of this question (e.g. 'what if it was a $10 increase in an inventory write-down instead?').

Question: "Walk me through a DCF."

Rather than reciting a definition, structure the answer as a five-step process, and be ready to explain the intuition behind each step if pushed:

1. Project unlevered free cash flow (typically 5–10 years) from revenue, margins, taxes, capex and working capital assumptions.
2. Discount each year's free cash flow back to present value using the weighted average cost of capital (WACC).
3. Calculate a terminal value at the end of the projection period, using either the perpetuity growth method or an exit multiple method.
4. Discount the terminal value back to present value using the same WACC.
5. Sum the present values of the projected cash flows and the terminal value to arrive at an implied enterprise value, then bridge to equity value if needed.

A strong candidate then pre-empts the natural follow-up, *'what happens to the valuation if the discount rate increases?'*: a higher WACC means future cash flows are worth less today, so enterprise value falls, and vice versa. Practising this kind of follow-up reasoning is exactly what separates a memorised answer from genuine understanding.

Worked Example: A Brainteaser / Market-Sizing Question

Brainteasers and Fermi-style estimation questions (“How many X are there in Y?”) are common in sales & trading and quant interviews, and increasingly appear across other divisions too. Interviewers are not looking for a precise number; they are testing structured thinking under pressure.

A Reliable Framework

1. **Clarify the question.** Confirm scope out loud, including geography, timeframe, and any ambiguous terms, before you start calculating.
2. **State your assumptions clearly.** Round to convenient numbers and say so explicitly; precision is not the point.
3. **Choose a structure.** Usually top-down (start from a large total and narrow down) or bottom-up (build up from a small unit). Say which one you're using and why.
4. **Do the maths out loud, one step at a time.** Keep numbers round so the interviewer can follow your logic in real time.
5. **Sanity check the final answer.** Does the order of magnitude feel plausible? If not, say so and revisit an assumption; this shows judgement, not just arithmetic.

Question: **“Estimate how many petrol stations there are in the UK.”**

A worked top-down answer might look like this:

1. **Clarify:** Confirm we mean the UK as a whole (roughly 67 million people) and are estimating current, publicly accessible petrol stations.
2. **Assumption, households and cars:** Assume an average household size of ~2.5 people, giving roughly 27 million households. Assume ~70% of households own at least one car, and average 1.3 cars per car-owning household, giving roughly 25 million cars on the road.
3. **Assumption, fill-ups per station:** Assume the average driver fills up once every 2 weeks, so there are roughly 25 million ÷ 2 = 12.5 million fill-ups per week nationally.
4. **Assumption, station throughput:** Assume a typical petrol station has, say, 8 pumps, each serving a car every 10 minutes across an 18-hour operating day, which is roughly 8 × (18×60/10) ≈ 860 cars per day, or roughly 6,000 fill-ups per week per station.
5. **Combine:** 12.5 million weekly fill-ups ÷ 6,000 fill-ups per station per week ≈ 2,080 stations.
6. **Sanity check:** This is the right order of magnitude. UK petrol station numbers are publicly known to be in the low thousands, so a rough estimate of ~2,000–2,500 is a sensible, defensible answer.

What the interviewer is actually assessing
Not whether your final number matches the true figure exactly, but whether you structured the problem logically, made explicit and reasonable assumptions, did clean mental maths, and sanity-checked the result. A confidently structured estimate that lands within the right order of magnitude is a strong answer.

Practice tip
Practise 2–3 Fermi/market-sizing questions per week in the run-up to interviews, for example ‘how many gyms are in London?’ or ‘how many pints of beer are sold in the UK each year?’, out loud, on a whiteboard or notepad, and always talking through your logic as you go.

Final Checklist Before Interviews

- Can explain how the three financial statements link together, from memory, out loud
- Can walk through a DCF and explain what happens if key assumptions change
- Understands why M&A deals happen and the basics of accretion/dilution
- Understands how an LBO creates returns and what drives them
- Has identified 2–3 target divisions and prioritised the relevant technicals for each
- Has practised recall using a question bank, not just re-read notes
- Has done at least one mock interview out loud with another person
- Has attended WPE technical workshops and asked alumni about their own prep process

Resources referenced: The 400 Investment Banking Interview Questions & Answers You Need to Know (Breaking Into Wall Street / Capital Capable Media LLC); The Red Book: Investment Banking Interview Questions & Answers (Wall Street Prep); Investment Banking: Valuation, LBOs, M&A, and IPOs (Rosenbaum & Pearl, Wiley).