

# Certificate in Corporate Finance & Funding Syllabus

TREASURY, RISK  
AND FINANCE  
PROFESSIONALS

ACT

## Overview

The Certificate in Corporate Finance and Funding will equip candidates with the knowledge and skills needed by finance professionals in addressing practical problems in corporate financial management, the capital markets and funding. Content is delivered via five Study Units.

## Study Unit 1 – The Financial World

Before you start learning the mathematical techniques and theory of corporate financial management, Study Unit 1 provides an overview of what finance is about. You will review some core concepts including the objectives of the firm, corporate governance, the role of finance and the importance of the financial sector. You will also look at how the company presents itself to the outside world. The primary way in which a company communicates with investors is by its financial statements, so we will look at how these are built up, before moving on to consider what information can be derived from them.

## Study Unit 2 – Valuation

Study Unit 2 begins with valuation of a project and examines a number of approaches to project appraisal including net present value (NPV) and internal rate of return (IRR). Good appraisal techniques help separate those projects that generate shareholder wealth from those that destroy it. We then move on to consider the valuation of a business. Knowing how to value shares and entire companies is an essential skill. The methods covered include the net asset value method, dividend valuation model methods, price-earnings ratio model methods and cash flow based methods. We also discuss the valuation of unquoted companies and the main value considerations in takeovers.

## Study Unit 3 – Risk, Return and Capital Structure

Study Unit 3 explores the various methods used to determine the cost of capital for a business. The correct cost, and the correct application, of capital should result in shareholder wealth being maximised. It covers the theories of Modigliani and Miller on capital structure and discusses the other factors that tend to influence the debt level adopted by companies. Dividend theory is examined plus other factors which influence the pattern of dividend payouts.

## Study Unit 4 – Managing for Value

This Study Unit introduces the concept of value-based management, a managerial approach in which the primary purpose is long-run shareholder wealth maximisation. This approach is contrasted with the more traditional accounting-based performance measurements. Value strategy provides a framework for wealth creation and value metrics provide a reliable measure of value to choose between alternate paths. Study Unit 4 concludes with an overview of the most important issues surrounding mergers and acquisitions.

## **Study Unit 5 – Sources of Finance**

Study Unit 5 focuses on the sources of finance including equity capital and corporate debt. The different types of equity capital are discussed along with equity markets, rights issues and private equity. Corporate debt looks at bank lending, the capital markets, private placements, medium-term notes and commercial paper. The practical aspects of corporate debt are also covered including documentation, bank relationship management and credit ratings. Study Unit 5 concludes by looking at other funding solutions such as trade finance, project finance and leasing.

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## **Study Unit 1 - The Financial World**

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### **Section 1 - The Financial World**

- 1.1.1 The objectives of the firm
- 1.1.2 Corporate governance
- 1.1.3 The role of finance within the firm
- 1.1.4 The importance of the financial sector

### **Section 2 – Financial Statements and Ratio Analysis**

- 1.2.1 Introduction to financial statements
- 1.2.2 Financial ratio analysis and financial profiling

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## **Study Unit 2 – Valuation**

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### **Section 1 - Valuation of a Project**

- 2.1.1 Time value of money and discounted cash flows
- 2.1.2 Net present value and internal rate of return
- 2.1.3 Relevant cashflows
- 2.1.4 Payback and accounting rate of return
- 2.1.5 Applications of project appraisal techniques

### **Section 2 - Practical Project Appraisal**

- 2.2.1 What techniques do managers use
- 2.2.2 The investment process
- 2.2.3 Profitability Index, tax and inflation
- 2.2.4 Risk and project appraisal
- 2.2.5 Real options

### **Section 3 - Valuation of Firms and Parts of Firms**

- 2.3.1 Introduction to the valuation of firms
- 2.3.2 Valuation using Cashflow
- 2.3.3 Valuation using net asset value
- 2.3.4 Dividend valuation models
- 2.3.5 Valuation using multiples
- 2.3.6 Other valuation issues

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## Study Unit 3 - Risk, Return and Capital Structure

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### Section 1 - Cost of Capital

- 3.1.1 Required rate of return and WACC
- 3.1.2 Cost of debt
- 3.1.3 Cost of equity
- 3.1.4 How managers actually calculate WACC
- 3.1.5 Multinational WACC

### Section 2 - Capital Structure and Dividend Policy

- 3.2.1 The theory of capital structure
- 3.2.2 Beyond the theory of capital structure
- 3.2.3 Accounting measures for gearing
- 3.2.4 Dividend policy

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## Study Unit 4 - Managing for Value

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### Section 1 - Value Based Management

- 4.1.1 Shareholder value
- 4.1.2 Earnings-based management
- 4.1.3 Creating value
- 4.1.4 Measuring the value created by the whole firm

### Section 2 - Value Strategy and Metrics

- 4.2.1 Overview of the influence of value principals
- 4.2.2 Strategy and value
- 4.2.3 Measuring value using cashflow
- 4.2.4 Shareholder value analysis
- 4.2.5 Economic profit and EVA
- 4.2.6 Efficient markets hypothesis

### Section 3 - Mergers and Acquisitions

- 4.3.1 Background to mergers
- 4.3.2 Motives for mergers
- 4.3.3 Paying for mergers
- 4.3.4 Beneficiaries of mergers and managerial failure

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## Study Unit 5 - Sources of Finance

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### **Section 1 - Equity Capital**

- 5.1.1 Shareholders funds, debt and hybrid instruments
- 5.1.2 Share capital
- 5.1.3 Equity markets
- 5.1.4 Rights issues
- 5.1.5 Other equity issues
- 5.1.6 Private equity

### **Section 2 - Corporate Debt**

- 5.2.1 Introduction to debt
- 5.2.2 Bank lending
- 5.2.3 Debt capital markets
- 5.2.4 Private placements
- 5.2.5 Medium term notes
- 5.2.6 Commercial paper

### **Section 3 – Debt Investor Management**

- 5.3.1 Documentation
- 5.3.2 Bank relationship management
- 5.3.3 Credit ratings

### **Section 4 - Other Funding Solutions**

- 5.4.1 Intercompany funding
- 5.4.2 Trade finance
- 5.4.3 Project finance
- 5.4.4 Asset backed finance
- 5.4.5 Leasing
- 5.4.6 Islamic financing