

SYLLABUS

CertCFF

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**LEADING TREASURY
PROFESSIONALS**

OVERVIEW

Financial decision making is core to any organisation. CertCFF will provide you with the knowledge and skills to participate in that process, and unique insights into how such decisions are translated into action in treasury. By ensuring that you understand both theory and application, you will have the confidence to participate in corporate finance decisions, and deal with the everyday problems encountered in corporate financial management and the capital markets.

STUDY UNIT 1 Financial fundamentals

Study Unit 1 puts corporate finance in context and introduces basic mathematical techniques that are fundamental to corporate finance. Having reviewed the importance of the financial sector and the role of finance within the firm, you will 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 considering what information can be derived from them. Finally, you will learn how to use a variety of project appraisal techniques including net present value and internal rate of return to enable you to identify those projects that generate shareholder wealth and those that destroy it.

STUDY UNIT 2 Risk, return and capital structure

Study Unit 2 explores the various methods used to determine the cost of capital for a business. Identifying the correct cost of debt and equity to be used, and the resultant optimum capital structure should result in shareholder wealth being maximised. The unit 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. Finally dividend theory, of particular relevance to publicly quoted companies, is explained.

STUDY UNIT 3 Managing for value

Study Unit 3 introduces the concept of value-based management, a managerial technique to maximise long-run shareholder wealth, and contrasts it with more traditional accounting-based performance measurements. Knowing how to value shares and entire companies is an essential skill taught here. The methods demonstrated include the net asset value method, dividend valuation model methods, price-earnings ratio model methods and cash flow based methods. Alternate measures of value creation are also identified and their application in providing a reliable measure of value to enable choices between alternate strategies, explained. The unit concludes with a discussion of the main value considerations for mergers and acquisitions.

STUDY UNIT 4 Sources of finance

Study Unit 4 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. The unit concludes by looking at alternate funding solutions such as trade finance, project finance and leasing.

Study Unit 1 Financial fundamentals

Section 1.1 The financial world

- 1.1.1 The importance of the financial sector
- 1.1.2 The role of finance within the firm

Section 1.2 Financial statements and ratio analysis

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

Section 1.3 Decision making tools

- 1.3.1 Time value of money
- 1.3.2 Techniques for investment appraisal
- 1.3.3 Relevant cash flows for project appraisal
- 1.3.4 Project appraisal and dealing with uncertain cash flows

Study Unit 2 Risk, return and capital structure

Section 2.1 Cost of capital

- 2.1.1 Cost of equity
- 2.1.2 Cost of debt
- 2.1.3 Weighted Average Cost of Capital
- 2.1.4 Multinational WACC
- 2.1.5 Efficient markets

Section 2.2 Capital structure and dividend policy

- 2.2.1 Capital structure
- 2.2.2 Capital structure in practice
- 2.2.3 Dividend policy

Study Unit 3 Managing for value

Section 3.1 Valuation

- 3.1.1 Corporate governance
- 3.1.2 Corporate valuation
- 3.1.3 Non cash flow methods of valuation
- 3.1.4 Other valuation methods

Section 3.2 Performance criteria

- 3.2.1 Earnings versus value
- 3.2.2 Principles of value creation

Section 3.3 Measuring value added

- 3.3.1 Market measure of value creation
- 3.3.2 Cash flow as a measure of value creation
- 3.3.3 Economic profit and EVA

Section 3.4 Mergers and acquisitions

- 3.4.1 Mergers and acquisitions
- 3.4.2 Final thoughts on valuation

Study Unit 4 Sources of finance

Section 4.1 Equity capital

- 4.1.1 Share capital
- 4.1.2 Equity markets
- 4.1.3 Rights issues
- 4.1.4 Other equity issues
- 4.1.5 Private equity

Section 4.2 Corporate debt

- 4.2.1 Introduction to debt
- 4.2.2 Bank lending
- 4.2.3 Debt capital markets
- 4.2.4 Private placements
- 4.2.5 Medium term notes
- 4.2.6 Commercial paper

Section 4.3 Relationship management

- 4.3.1 Documentation
- 4.3.2 Bank relationship management
- 4.3.3 Credit ratings

Section 4.4 Other funding solutions

- 4.4.1 Intercompany funding
- 4.4.2 Trade finance
- 4.4.3 Project finance
- 4.4.4 Asset backed finance
- 4.4.5 Leasing
- 4.4.6 Islamic financing