IFF

THE MECHANICS OF CORPORATE FINANCE

POSTGRADUATE CERTIFICATE

DELIVERED BY DISTANCE LEARNING OVER 16 WEEKS

Contact:
www.iff-training.com
+44(0)20 7017 7190
cs@iff-training.com

In partnership with Middlesex University London

The learning partner of
QuantMinds GAD SuperReturn
FundForum RiskMinds FINOVATEEUROPE

COURSE INFORMATION

DELIVERED BY DISTANCE LEARNING OVER 16 WEEKS

WHAT YOU WILL LEARN

On completion of this distance learning course you will have the knowledge and skills needed to make the right decisions when it comes to directing growth, choosing funding and managing performance. Working step-by-step through the different components of Corporate Finance, this course will teach you to look at a company through the eyes of the individuals responsible for the company's management - rather than the lenders or shareholders. You will consider:

- ★ In what areas should growth be directed?
- ★ What analytic processes will guide the implementation of individual components of the strategy?
- ★ How do we manage exposure to volatilities such as commodities, interest and foreign exchange?
- ★ Shall we fund the enterprise with aggressive levels of debt, or with conservatism?
- ★ How will we square conflicts between accounting impacts and economic/cashflow/value objectives
- ★ What performance measures will be prioritised in designing and implementing corporate strategy?

Certain themes will reappear throughout the course, including the role of free cash flow, volatility and the difference between price and value. Within every unit, different options are illustrated, giving you the perspective of everyone involved.

The distance learning format allows you to study some of the more complex concepts at a pace that is right for you. Course leader Richard Capps will provide numerous excel files that you will be able to use to your advantage at work.

COURSE AT A GLANCE

Unit 1 – The Foundations of Corporate Finance
Unit 2 – Valuation Issues
Unit 3 – Valuation and Pricing
Unit 4 – Capital Structuring
Unit 5 – Adaptations to Valuation
Unit 6 – Corporate Finance Modelling
Unit 7 – Mergers and Acquisitions – Part 1
Unit 8 – Mergers and Acquisitions – Part 2

COURSE LEADER

RICHARD CAPPS

Richard has a unique blend of experience in Law, Corporate Banking, Investment Banking, Corporate Financial Management, General Management and Workout.This breadth of experience provides for a rich perspective of Corporate Finance. Having trained as a lawyer at Cambridge and the Middle Temple and was called to the English bar. He then spent 5 years with an American bank, in New York and London, as a corporate relationship manager followed by 6 years as a corporate finance executive within investment banking in Hong Kong and London, primarily involved in mergers and acquisitions and corporate restructurings. His career then moved to the US and Australia where he spent 6 years as a CFO of a public group and was engaged in over 25 acquisitions, over 20 equity raisings and a large number of complex financings, many of them structured on a limited recourse basis.

Richard currently provides consulting, advisory and training services to a variety of international clients and delivers IFF's training courses in both Company Valuation and Corporate Finance. In this course, he brings his years of experience, so you can learn from the many successes and failures he has witnessed.

HOW YOU WILL LEARN

- A new module is released every two weeks
- You can study the units online, save them to your computer or print them out
- You set the pace for yourself
- No need to travel or take time off work – cost effective
- Apply the knowledge, skills and expertise to your work straight away

POSTGRADUATE CERTIFICATE

To make your studies more relevant and valuable, the course is validated by the Business School at Middlesex University at a Postgraduate Certificate level. For those wishing to receive a Postgraduate Certificate from Middlesex University, an additional marked assignment of 5000 words will need to be submitted, based on a continuing case study that runs throughout the duration of the course.

PRICE

Standard Price – £1,999
With Postgraduate Certificate- £2,359

* VAT may be payable depending on your location –

see online booking page for details

HOW TO APPLY

Tel: +44 (0)20 7017 7190

Email: cs@iff-training.com

APPLY ONLINE HERE

CUSTOMISED TRAINING

IFF's bespoke digital training solutions will help you address your specific key business challenges. The programme is designed for you, with content focusing on the issues you and your teams are facing. The fully branded digital course will be hosted by us, and unlike other online courses, your employees will receive a specialist qualification at the end of the programme from a London University.

- Tailored content - 100% targeted to cover your business needs
- No travel or time out of the office – 100% Distance Learning
- Value for money – train teams of staff at the same time
- Risk free – we've been doing this for 30 years

We will meet you anywhere in the world. If you would like one of our consultants to talk about your needs in more detail or if you would like more information on our customised training solutions, please contact us on +44 (0)20 7017 7190 or email: cs@iff-training.com

COURSE SYLLABUS

UNIT 1
THE FOUNDATIONS OF CORPORATE FINANCE

UNIT LEARNING AIMS AND OBJECTIVES

The participant will gain a solid and practical understanding of:

- ★ The essential difference between price and value
- ★ The crucial importance of cashflow volatility
- ★ The central role of Free Cash Flow (FCF)
- ★ The limitations of accounting in value metrics

Summary of Unit

The first unit establishes themes that reappear throughout the course – in particular:

- ★ The role of accounting data in analysis of performance
- ★ The central role of FCF
- ★ The importance of volatility
- ★ The causes, or drivers of volatility
- ★ The difference between price and value

Corporate Finance from time to time becomes the target of fads – some of which can have a degree of utility in specific circumstances, but many of which are flawed. A solid grounding in the foundation principles of valuation and capital structuring enables the analyst or decision maker to rationalise the approach, and effect any adaptations that are required, to resolve the issues encountered in any specific decision-making context.

UNIT CONTENT

Preliminary Comments

- Corporate finance and the scope of this course
- Theory vs. practice

Value as the Central Driver of Corporate Decisions

- Share market fashions
- Earnings per share don't count
- The limitations of accounting
- The concept of "risk"
- The essential importance of Free Cash Flow
  - – for capital structuring
  - – for valuation
  - – for investment decisions
  - – for other purposes
- Price distinguished from value
- The value range
- The perfect market myth
  - – capturing the future
  - – the influence of trading
  - – the credit multiplier effect

Volatility

- The importance of volatility and its quantification
- The drivers of cash flow volatility
- Company dynamics

UNIT 2
VALUATION ISSUES

UNIT LEARNING AIMS AND OBJECTIVES

The participant will gain a solid and practical understanding of:

- ★ The pricing of risk
- ★ Deriving a discount rate
- ★ Errors frequently encountered in DCF valuation
- ★ Discounting methodology
- ★ Practical application in a case study

Summary of Unit

Every single decision that a corporate executive makes, be it an acquisition, a divestment, a restructuring, a capital spending initiative, a rationalisation – is a decision based upon the value implied by the decision and the cost or price of its implementation. Accordingly, the ability to determine the value of a decision lies at the very heart of all of corporate finance. That is why, having laid down the foundations in unit one, we start the substantive part of the course with the skill of assessing value.

The principal difficulty with which we will be grappling is that value is based on the future, not the past, and in the case of corporate decisions (as opposed to fixed income securities), none of us has a perfect vision of what the future holds. We will know with hindsight of course, but decisions have to be made today. Value is not therefore a precise figure – it is a range. We can say that the value is between "x" and "y". Most of the complexity that we shall encounter in this unit revolves around the uncertainty of future outcomes and the techniques that can be used to address that problem.

UNIT CONTENT

The Concept and the Fundamentals

- The core concept
- Passing fads
- Real options

The Pricing of Risk

- The correlation of risk and return
- Mistakes with marginal financing, and present timeframes
- Influences on the required rate of return
  - – the future funding mix
  - – the future business mix
  - – the immediate investment

Forecasting the Free Cash Flow

- Why volatility is irrelevant to the modelling
- Indexation of assumptions
- The use of generic, or template models

Discount Rates

- Long term horizon
- "Risk free" rates
- Risk premia
  - – share market premium
  - – specific company premium
  - – offtaker default
  - – political interference
  - – logistics
  - – development risk
  - – illiquidity
  - – others

Discounting

- Shortcomings of Excel's NPV function
- EXP and XNPV functions explained
- Accurate calculation of NPVs

The Continuing Period

- The fallacy of a "terminal" value
- The growth rate
- Perpetuity formulae
- The technical and locational obsolescence factor
- The two-step formula
- The value of the company's Free Cash Flow

Deriving the Value Range

- Surplus assets
- Net financial indebtedness
- Sensitivity analysis

The Limitations of DCF

This section flags some issues in the use of conventional valuation approach. We don't have enough room to go into detail in unit two, so the issues will be addressed in more detail in Unit three.

- The Achilles heel
- The errors frequently encountered – summary
- The alternative approaches – summary

A Case Study

Worked example of the steps explained in the unit

COURSE SYLLABUS

UNIT 3
VALUATION AND PRICING

UNIT LEARNING AIMS AND OBJECTIVES

The participant will gain a solid and practical understanding of:

- ★ The correct calculation of IRRs The errors that are frequently encountered in valuation analyses
- ★ The adjustments required before applying pricing multiples
- ★ The steps involved in setting up a pricing model
- ★ The instructions for using the pricing model supplied

Summary of Unit

The topic of valuation, because it is conceptual and based on the future, is full of theory – which is why Unit Two was so large and involved. The topic of pricing has no theory. It is based on observation – the appetite of a market or a counterparty for the purchase of the item being priced. As a result, dealing with price is more succinct than dealing with value. That then gives us the opportunity to pick up on the misapplication of valuation techniques that were summarized at the end of the preceding unit.

That having been said, to apply pricing techniques badly, is very easy. Just take comparative data (e.g. EBITDA multiples) and apply it to the subject situation. Bad errors of judgement will then be the consequence. To apply pricing techniques well, requires considerable skill – as this unit seeks to demonstrate.

UNIT CONTENT

More on the Limitations of DCF

- Algebra and modelling
- IRR
- What's wrong with Excel's IRR function
  - the correct calculation of IRR for running yield transactions
  - the correct calculation of IRR for private equity
- Speculative transactions and reverse cycle modelling

Errors frequently encountered in Valuations

- Time horizons
- The use of proxies
- The modelling of capital expenditures
- The treatment of currency exposures
- The sensitivity of inflation
- The misuse of country risk premia
- The capital mix

Pricing Implications of the Cycle

- Pro cyclicality
- Winner's curse

Setting up the Database for Pricing

- The role of theory
- Selecting comparators
- Measurement yardsticks
- Horizontal and vertical correlations

A Worked Example

- Embedded assumptions of the pricing techniques
- Adjustments for earnings growth
- Adjustments for accounting differentials
- Normalisation adjustments

Pricing Models

- Adopting the market's perspective
- Explanation of the model

UNIT 4
CAPITAL STRUCTURING

UNIT LEARNING AIMS AND OBJECTIVES

The participant will gain a solid and practical understanding of:

- ★ The impact of capital structure on the value of the business enterprise
- ★ The role of liquidity in formulating a capital structuring strategy
- ★ Debt capacity calculations
- ★ The dangers of optimal capital structure theory

Summary of Unit

Of the three main components of a company' cashflow – operations, investment and financing – the one over which the management has greatest control is the financing of a company. In exercising that control, the first duty of management is to survive (i.e. solvency), and the second duty is to maximise opportunity (i.e. value). This can be reversed if the manager also owns the business, but when handling other people's money, it is defence first, attack second.

The two key issues to address are therefore the implications of leverage for value, and the implications for solvency – or debt serviceability.

The danger is that the presentation of these concepts will become too theoretical, so the unit seeks to illustrate these issues in the context of case examples.

UNIT CONTENT

The Effect of Leverage on Value

- Academic theory
- Let's get practical
- Optimal capital structure theory critiqued
- Suggested conceptual approach to leverage

Debt Serviceability

- Measures for evaluating appropriate leverage
- Leverage and business risk
- Leverage and liquidity
- Leverage and acquisition vulnerability
- Leveraged recapitalisations

Discussion Case Study

The rise and fall of a company through their failure to structure the financings of the company in an appropriate way. We compare what they did with what perhaps the alternative choices were.

Calculational Case Study

A company wishes to acquire another company of similar size in a friendly, agreed transaction. The price has been agreed. (NB: the tactics in implementing acquisitions where there is no agreement between the parties or where we have to negotiate price, and the regulatory environment of implementing transactions will be the subject of a later unit). The focus here is upon how the acquisition should be financed, looking at both technical issues and the value implications of different approaches.

- The transaction
- Valuation in the context of mergers and acquisitions
- Cash flow management
- Debt capacity calculation
- Liquidity planning
- Pro formas

COURSE SYLLABUS

UNIT 5
ADAPTATIONS TO VALUATION

UNIT LEARNING AIMS AND OBJECTIVES

The participant will gain a solid and practical understanding of:

★ Adapting valuation approaches to different practical circumstances;

★ Evaluating management performance with the EVA analytical approach;

★ Formulating corporate strategy

Summary of Unit

One of the problems with the way that people learn corporate finance is that they absorb the theory and the technical approach, commit it to memory, and then mechanically apply the steps to every value-based decision. Mechanical application of method, in a "checklist"-like approach, means that the analytical mind is disengaged. We must constantly be asking the question, at each stage of the analytical process whether that step is relevant to the particular case, and/or whether the actual implementation of that step requires adaptation in the circumstances.

This unit indicates the adjustments that would be typical in a variety of analytical contexts.

In the 1980s, an analytical technique was developed to assist management in evolving appropriate long-range strategy, and to provide a feedback loop as to whether the company under their management was generating value. The technique is called Economic Value Added. It provides an insightful way of looking at a company's performance, and is at variance with the approach that investment institutions are currently adopting. Sometimes, we are all guilty of regression!

UNIT CONTENT

Project Appraisal
- Differential cash flows
- Implications of investing outside the core business sector

Private Companies
- The limitations of risk-return theory
- The implications of shareholder-management overlap
- Illiquidity premia

Leveraged Buyouts
- Multiple discount rates
- Adjusted Present Value (PV)
- Private equity
- The five drivers of the IRR
- Management buyouts
- Venture capital

Emerging Markets
- Dealing with currency exposures
- Adaptation of proxies
- Additional premia

Joint Ventures
- Control and liquidity
- Speculative investment
- The requirements of the shareholder agreement

Project Financings
- The implications of introducing a special purpose vehicle and limited recourse financing
- Project IRR versus Sponsor IRR
- The five drivers of a Sponsor IRR

Economic Value Added
- The strengths and weaknesses of accounting
- The concept of economic return and economic capital
- The derivation of the data
- The classification of EVA results
- Strategic analysis using EVA
- Case example

UNIT 6
CORPORATE FINANCE MODELLING

UNIT LEARNING AIMS AND OBJECTIVES

The participant will gain a solid and practical understanding of:

★ The importance of planning a model based on its objective

★ The different types of corporate finance modelling and how it effects its implementation

★ How to ensure the model facilitates the analysis

★ The use of the Excel files supplied as part of this distance learning programme

Summary of Unit

When confronted with a corporate transaction, there is a 4-step analytical process. In the pursuit of value, which is the objective of the transaction, there are potential impediments. If the transaction is small the consequences of judgemental errors is minor. However, where the transaction is of a major scale, errors in any of the 4 analytical stages can jeopardise the very company itself

A calibrated reaction to the risks is required in order to achieve favourable outcomes:

1. Identification of the risks
2. Quantification of the risks
3. Management of the risks
4. Implementation of the transaction

For these more substantial transactions, the quantification of risks becomes an essential part of the planning and implementation, and the quantification is captured by the modelling. We need models which:

★ Are properly designed to address the applicable, issues;

★ Reflect a good understanding of the underlying business which is driving the numbers;

★ Have been built in accordance with the principles of modelling best practice

UNIT CONTENT

The Objectives of Corporate Finance Modelling

The Four Types of Models Explained
- Valuation Models
  - the theoretical basis
  - the location of risk
  - modelling with indices
  - generic valuation models
  - the valuation model reviewed
- Transaction Structuring Models
  - when required
  - risk
  - volatility
  - the volatility model reviewed
- Statistical Probability Models
  - the problem posed
  - probabilistic business – investor perspective
  - probabilistic business – debt financier perspective
- Pricing Models and Other Data Manipulation Models

Model Planning & Design
- The objectives of the model
- The analysis worksheet
- The functionality required
- The status worksheet

Modelling Best Practice
- Logic flow
- Inputs, engine room and bridge
- User interface
- No hard coding
- Consistent timelines
- Consistent formulae across rows
- Circularity
- Macro editing

Methods of Analysis
- Sensitivity
- Scenarios
- Break-even

COURSE SYLLABUS

UNIT 7
MERGERS & ACQUISITIONS PART 1

UNIT LEARNING AIMS AND OBJECTIVES

The participant will gain a solid and practical understanding of:

★ The regulatory issues pertaining to the acquisition of companies

★ Financing options for the transaction

★ Synergies and the extraction of benefits

★ Due diligence

★ Negotiating the Sales & Purchase Agreement

Summary of Unit

Developing a company through acquisition of existing businesses is a well-trodden path, and most companies at some stage achieve their strategic objectives through acquisition. Equally, many companies are courted by others, and sometimes the approaches are welcome, sometimes not.

The topic of acquisition is split between two units. The first unit considers the commercial and analytical issues, the funding, and the technical issues associated with an agreed transaction between offeror and offeree. The following unit will consider regulatory issues and the tactics where the bid is contested.

UNIT CONTENT

An Introduction to Mergers & Acquisitions
- Social and economic frameworks
- Researching potential acquisitions
- Regulatory framework and overview of takeover law
- Degrees of control
- Alternatives to takeovers

Valuation Issues in M&A
- Acquisition price
- Control premia
- Synergies
- Rationalisation costs and transaction costs
- Tax implications
- Earn outs

The Sequence of Analytical Steps
- The valuations
- Potential volatility
- Extractability of cashflows
- Debt serviceability
- Defensive liquidity and debt capacity
- Pro formas

Forms of Consideration and Funding the Acquisition
- Funding sources
- Legal constraints
- Tax implications

Private Treaty Acquisitions and Sales
- Methods of sale & purchase
- Timetable
- Roles of professional advisors
- Due diligence
- The sales and purchase agreement

UNIT 8
MERGERS & ACQUISITIONS PART 2

UNIT LEARNING AIMS AND OBJECTIVES

The participant will gain a solid and practical understanding of:

★ The implications of a contested acquisition

★ The timetable, the prohibitions, and the mandatory steps

★ Strategies for both Offeror and for Offeree

Summary of Unit

This continuation of the subject of acquisitions considers the regulatory constraints that are placed on both bidder and offeree, and the tactics that each may deploy when involved in a transaction that is contested. Regulation of acquisitions is jurisdictionally specific – but the rules that one needs to be aware of are those applicable in the place of incorporation of the offeree. Life is made simpler these days by the implementation (at last) of the Thirteenth Company Law Directive to harmonise regulation of acquisitions in the 28 countries of the European Union. Even so, the Directive permits many detailed aspects to be determined by national bodies.

The unit will conclude with blow-by-blow illustration of a contested acquisition.

UNIT CONTENT

Commercial Considerations and Strategies for the Acquirer
- Key strategies
- Regulatory constraints
- Tactics during the offer period
- After the offer

Takeovers and Other Activity Involving Public Companies
- Timeline and overview of steps
- The offer document
- Conditions in offers
- Conduct during offer period
- Eliminating minority interests
- Schemes of arrangement
- Dual listed companies

Formal Response to the Bid
- Directors duties in the face of a bid
- Target's statements
- Independent experts reports

Defensive Strategies – Pre-Emptive and Reactive
- Regulatory constraints
- Pre-emptive defensive strategies
- Reactive defensive strategies

OPTION OF A POSTGRADUATE CERTIFICATE WITH MIDDLESEX UNIVERSITY

In partnership with Middlesex University London

You have the unique opportunity to choose a validated option for this course and receive a postgraduate certificate on completion. This programme is quality assured by Middlesex University and you will receive a Middlesex award on successful completion. However, if university validation isn't important to you there is still the opportunity to take the standard non-validated course.

WHAT DOES THE CERTIFICATE ENTAIL?

In addition to studying all the units and passing the short self assessment tests after each unit, you will need to submit a 5000 word assignment at the end of the course which will be assessed. The assignment will be a cumulative project that you will work through and build upon during each stage of the course.

If you wish to book on the certification course there will be an assessment fee of £360.

ENTRY REQUIREMENTS

Participants wishing to undertake the Postgraduate Certificate are required to have a degree or equivalent qualification (or relevant work experience).

Participants wishing to undertake the course but not receive the Postgraduate Certificate are not required to have any formal qualifications.

ABOUT OUR PARTNER MIDDLESEX UNIVERSITY

History

Middlesex University is a large London based university with a history in higher education dating from 1878. In 1992 it was granted the Royal Charter making it a university. The university offers a broad range of courses through four academic schools of Arts and Education; Business; Engineering and Information Sciences; Health and Social Sciences and their Institute for Work Based Learning.

Middlesex University has over 34,000 students studying on its courses worldwide, both at its own campuses and also with partner institutions, making it one of the largest providers of British university education to international students. Middlesex University has a long history of successful collaborations with the corporate sector. It was the first academic institution to develop industry specific MBA programmes (Shipping & Logistics and Oil & Gas) delivered 100% by distance learning.

INTERNATIONAL REACH

Middlesex University is committed to meeting the needs and ambitions of a culturally and internationally diverse range of students by providing challenging academic programmes. It has a major international business school based in London with overseas campuses in Dubai and Mauritius and a global portfolio of partnerships delivering high quality validated programmes in business and management.

Staff and students come from a wide spectrum of cultures and backgrounds with a common interest in executive education that is world class, modern and applicable. Middlesex University Business School is proud of its dedicated teachers and its rich range of learning resources including distance learning and virtual learning environments.

BENEFITS OF STUDYING FOR A POSTGRADUATE CERTIFICATE WITH US

A MIDDLESEX POSTGRADUATE CERTIFICATE:

- Is project based and practical
- Offers networking opportunities during and after the course
- Provides exceptional teaching staff
- Delivers applied learning experiences
- Combines academic rigour with individual support

HOW IS THE COURSE VALIDATED?

This programme is quality assured by Middlesex University and after successfully completing your studies you will receive a Postgraduate Certificate from Middlesex University. Middlesex Certificates are recognised worldwide.

QUALITY

The Quality Assurance Agency (QAA) visited Middlesex in 2015 and noted in its report that its auditors had confidence in the University's current and likely future management of its academic standards and of the learning opportunities available to students.

THE UNIVERSITY IS A MAJOR PROVIDER OF BUSINESS AND MANAGEMENT EDUCATION, WITH AN IMPRESSIVE TRACK RECORD OF WORKING IN PARTNERSHIP WITH THE PUBLIC AND THE PRIVATE SECTOR, AS WELL AS INTERNATIONAL ORGANISATIONS

THE MECHANICS OF

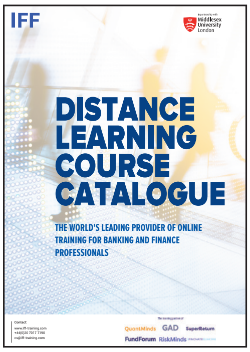
CORPORATE FINANCE

POSTGRADUATE CERTIFICATE

DELIVERED BY DISTANCE LEARNING OVER 16 WEEKS

APPLY ONLINE HERE

RELATED DISTANCE LEARNING COURSES



IFF is the learning partner of

QuantMinds GAD SuperReturn

FundForum RiskMinds FINOVATEEUROPE

Contact:
www.iff-training.com
Tel: +44(0)20 7017 7190
Email: cs@iff-training.com

Duration:
16 Weeks

In partnership with Middlesex University London