



COURSE OUTLINE

Objective:

This Diploma is designed to equip those who are working in or advising on Corporate Finance with the knowledge, techniques and tools they require to for their demanding jobs. By the end of the course, graduates will be able to apply these in evaluating, planning and executing corporate finance transactions.

Course content:

Participants will study and be examined on the following modules:

- Module 1** Introduction to corporate finance, shareholder value and risk, ratio analysis, financial modelling
- Module 2** Investment decisions
- Module 3** Financing and treasury decisions
- Module 4** Valuation and capital markets
- Module 5** The Transaction Process, Due Diligence & Purchase Price Considerations
- Module 6** The Transaction Environment, Key Transaction Considerations and Closing a Transaction
- Module 7** Financial modelling (optional)
- Module 8** Negotiation skills (optional)

CORE TEXTS

Corporate Finance Principles and Practice by Danzil Watson and Antony Head



COURSE SYLLABUS

Module 1:

Shareholder value, risk and financial analysis

- Introduction to course
- The use and limitations of corporate finance
- Financial mathematics
- The relationship between a firm's risk, expected rate of return and shareholder value
- How a firm uses corporate finance to manage for shareholder value: corporate strategy, investment decisions, funding decisions, pay-out decisions
- Other topics in shareholder value: investor relations, corporate governance, compensation strategy, taxation
- Financial analysis: ratio analysis, financial modelling, brokers' reports - what brokers look for, accounting for corporate finance transactions

SUPPLEMENTARY READING

Creating Shareholder Value, Rappaport

Mastering Fundamental Analysis, Thomsett

Value Investing – From Graham to Buffett and Beyond, Greenwald, van Biema, Khan and Sonkin

Module 2:

Investment decisions

- Net asset value
- Payback
- P/E multiple
- Internal rate of return
- Net present value
- Sensitivity analysis
- Discounted cash flow CF with complications
- Cost of capital, what it really means and its relationship to risk and shareholder value
- Cost of capital and the case of small firms
- Tax planning
- Investment decisions and the business cycle

SUPPLEMENTARY CONTENT

- Regulation - advisors
- Regulation - investors



Module 3:

Financing and treasury decisions

- Source of finance: equity, debt, the financial leverage decision, the expected relationship between a firm's intrinsic risk and its financial risk
- Treasury management: interest rate risk, commodity / currency risk, pros and cons of hedging, different hedging instruments
- The differing perspectives of lenders and borrowers towards debt
- Debt capacity
- Identifying the appropriate debt/equity mix: Modigliani & Miller, theory and practice
- Dividends and share buybacks: theory and reality
- Current transaction yardsticks and trends

SUPPLEMENTARY CONTENT

- Banking law
- Financial instruments / activities

SUPPLEMENTARY READING

The Risk Management Process, Culp

Module 4:

Valuation and capital markets

- Valuation: The valuation context, valuing control, IPO, acquisition, minority, family/shareholder dispute
- Traditional valuation measures
- P/E valuation and its pitfalls
- DCF valuation
- Valuation multiples and their calculation
- Complications in DCF valuation
- Sources of information
- Capital Markets: players, portfolio management, behavioural finance, economics and valuation
- Valuing the overall market
- Economic bubbles, busts and their impact on value

SUPPLEMENTARY CONTENT

- Valuing a financial institution (banks and insurance)
- CFROI
- Real option valuation (including impact in different sectors)

SUPPLEMENTARY READING

Valuation, McKinsey



Module 5:

The Transaction Process, Due Diligence & Purchase Price Considerations

- Overview of the Transaction Process
- Key Transaction Documents (Pre & During Transaction), namely Teaser, Confidentiality Agreement / NDA, IM, Process letter and HOAs / HOTs / LOI
- Datarooms and Digitising Deals
- Overview of the Due Diligence Process
- Transaction P&L and Balance sheet, including Transaction KPIs
- Purchase Price Considerations (including some exercises)
 - Quality of Earnings
 - Net Debt and Debt-like items
 - Normalised Net Working Capital

SUPPLEMENTARY READING

- *DD & FDD Checklists and Various Purchase Price Exercises*
- *Case Study including review and consideration of Key Documents*

Module 6:

The Transaction Environment, Key Transaction Considerations and Closing a Transaction

- Current Transaction Environment
- Successful v Unsuccessful transactions
- Considerations pre, during and post transaction
- Key Transaction documents (closing the transaction)
- Warranties & Indemnities
- Completion mechanism – Completion Accounts vs Locked Box
- Deal rationale, Business drivers, Key risks & Scoping
- Research tools / resources and Information sources
- Datarooms and Digitising Deals
- Projections, including Capital expenditure & Reviewing a model
- ESG, including focus on CSRD & ESRS

SUPPLEMENTARY CONTENT

Completion Accounts versus Locked Box



CHARTERED
ACCOUNTANTS
IRELAND

DIPLOMA IN CORPORATE FINANCE

Module 7:

Financial modelling (optional)

- Financial modelling using MS Excel

SUPPLEMENTARY READING

Mastering Financial Modelling in MS Excel, Alistair L Day - FT Prentice Hall

Module 8:

Negotiation skills (optional)

- Understanding and Planning the Negotiation Process
 - The Three Phase Negotiation Process
 - Bargaining Tactics and Techniques
 - Negotiation models and Frameworks
 - Negotiation Planning and Preparing
- Delivery, Execution and Close of the Negotiation
 - Negotiation Skills
 - Dealing with difficult personalities
 - Dealing with your emotions
 - Conflict Management
 - Closing the Negotiations
 - Action plan