



Corporate Finance Course 2007 with emphasis on Liquidity Management and Treasury Tools

Monday 11th – Friday 15th June 2007

Objectives

This is an intensive, advanced 5 day course in Corporate Finance with emphasis on liquidity management and treasury Tools.

1. Participants will review the fundamental aims of corporate finance and the various considerations: corporate strategy, shareholder value, risk reduction in determining the best financial strategy for the firm;
2. They will review the tools and analysis used for adequately forecasting cash and liquidity; determining whether funds must be raised or invested and the pricing and risks associated with the various financial instruments that might be used;
3. Emphasis will be then be spent on the practical decisions that treasury managers face including:
 - Managing interest costs or returns
 - Managing risk to the value of instruments
 - Structuring finance – debt versus equity and the impact on value
 - Company valuation.

Method

The time spent in lecture inputs will be kept to a minimum. Delegates will spend a significant amount of time working on exercises and case studies in syndicate groups rather than in straight lectures.

Target

This is an **advanced** corporate Finance seminar designed for:

1. Senior finance managers
2. Treasury managers
3. Investment Analysts
4. Senior accountants



COURSE CONTENT

The course will be intensive with the early emphasis on the broad framework of financial strategy; what is a financial strategy and what should it include. This provides the context for corporate finance activity. This section will also establish the need to understand shareholders' expectation of returns and to understand why these expectations cannot be ignored.

At this stage the emphasis has to shift to the core principles of finance; first the time value of money and understanding the expected cash position; second the cost of risk. Once these ideas are in place the emphasis will move to the application of those concepts to practical finance and valuation. At first this means understanding how to raise or invest funds and the relationship between the value of instruments and any changes in interest rates. So the risk measures will be discussed: duration, convexity and Value at Risk. The instruments available for managing the interest rate profile will be discussed: Forward Rate Agreements (FRAs) and futures for the short term, swaps for the longer term.

The emphasis will then move to valuing less certain flows – equity valuation. At first the focus will be on the need to be sure that the right numbers are being discounted. An investment appraisal case study will be introduced here. The issue of the discount rate will arise – this will be discussed by introducing the idea of risk and the relationship between risk and return. Of vital importance is the understanding of how the equity market quantifies risk, effectively determining the cost of equity. This discussion will lead to the Capital Asset Pricing Model, "beta" and the cost of equity.

Cash flow valuation will be discussed in some detail, firstly so that the potential for investing or borrowing cash can be determined, but also because it will form the basis for cash flow valuation.



Outline

Financial Strategy

- Components of Financial Strategy
- Links to corporate strategy
- Links to shareholder demands
- Links to financial risk management
- Links to tax management
- Links to financial control and stewardship

Time Value of Money

- Compounding and future values
- Discounting and present values
- Annuities and perpetuities
- NPV and IRR

Yield Curves

- The par, forward and zero coupon yield curves
- Disaggregating the yield curve
- Understanding different rate quotes and different compounding periods

Cash Flow Analysis

- The difference between historic cost profit and cash flow
- Deriving the cash flow data
- Using the data
- The importance of separating operational and financial flows
- Forecasting cash needs/surpluses

Instruments to Raise / Invest Funds

- Short term instruments
- Longer term instruments
- Guidelines for investment

Risk Measures for Investment in Instruments

- Duration and modified duration
- Convexity and modified convexity
- Value at Risk



Treasury Tools to Manage Interest Rate Profile

- FRAs
- Futures
- Swaps

Risk and Return

- Business risk and financial risk (e.g. economic cycles and gearing)
- Measuring risk and return
- Systematic risk (beta) and specific risk
- Factors influencing beta
- Cost of equity - Capital Asset Pricing Model

Capital Structure

- The concept of leverage
- The traditional view
- The Modigliani & Miller propositions
- Gearing and de-gearing beta
- The impact of leverage on value

Weighted Average Cost of Capital

- Cost of equity and cost of debt
- Calculating pre- and post-tax WACC
- How WACC changes as leverage changes

Valuation Methods

- Cash flow valuation
- What to discount, and at what rate
- Pre-tax or post-tax?
- Multiples methods - earnings, sales
- LBO valuation methodology



ABOUT THE FACILITATOR

IAN JAKEWAYS

Ian Jakeways has twenty years experience in designing and running training programmes for managers. In addition to the UK, his experience covers Western Europe, the United States, Asia, Africa, the Middle East and Central Europe. The institutions with whom he has worked, include major domestic and international commercial and investment banks and other financial institutions.

After a first degree in Physics and an initial period in production management, becoming Works Manager of a manufacturing company, he went to Manchester Business School to study for an MBA. On completion of his MBA, he remained within the School, joining the International Banking Centre which ran the School's programmes for banks. For a number of years he was Course Director.

Ian was a founder director of a commercial training consultancy specialising in education and training for the financial services business and has since established Ian Jakeways Associates. His teaching emphasizes rigour in understanding and practical application to cases which reflect the activities of course delegates.

His areas of special interest are

- Corporate finance
- Treasury management
- Investment banking
- Financial modelling

For many years, until end-2002, Ian was a Chief Examiner for the Association of Corporate Treasurers' Membership examinations (Advanced Funding and Risk Management). He is a Fellow of the Association.



REGISTRATION FORM

Corporate Finance Course 2007 with emphasis on Liquidity Management and Treasury Tools

Monday 11th – Friday 15th June 2007

NAME:

JOB TITLE:

COMPANY NAME:

COMPANY ADDRESS:

PHONE:

FAX NO:

E-MAIL ADDRESS:

SIGNATURE:

COURSE PRICE: US\$2,120 + 15% VAT

This covers the cost of tuition, course materials, lunch and refreshments.

In order to ensure that you have a booked place, you must complete and sign the registration forms signifying your confirmed attendance at the above seminar and payment in full upon registration.

CANCELLATION POLICY

A cancellation fee of 50% of the total cost per registered participant will apply after **Monday 4th June 2007**.

KINDLY MAKE CHEQUES OR DRAFTS PAYALBE TO: **CDN MANAGEMENT SERVICES LIMITED**.