



## PFT CORPORATE TRAINING SERIES

SOURCES OF FINANCE AND UNDERSTANDING FUNDING COSTS (Course code: PCTS0003)

### LEARNING OUTCOMES

This course will enable participants to understand the different sources of finance available to the business. By the end of the course, candidates will have developed a thorough understanding of the issues involved in calculating the costs of different funding sources and understand how an appropriate capital structure can be built based upon a consideration of all aspects of risk and return.

### COURSE CONTENT

- Distinction between long and short-term funding options
- Key characteristics of Debt, Equity (Common) and Preferred Stock
- Balancing the mix – the critical importance of Financial Gearing
- The basic rules of Risk and Return
- Use of the Cost of capital in Capital Investment and Acquisition Appraisals
- Calculation of the Cost to the company of providing Equity Finance
- Are retained profits a free source of funding?
- Raising Equity – Placings, Rights Issues and the Public Markets
- Calculating the cost of Debt – the relevance of risk premiums
- The relevance of security in the form of fixed and floating charges
- Weighted Average Cost of Capital
- Other methods of Risk Adjustment

### WHO SHOULD ATTEND?

The course content is essential for those involved in Investment Appraisal and evaluating acquisition proposals who will need to appreciate the impact of funding on the appraisal and evaluation process, in addition to those involved in financial structuring and capital structure planning. It will also be of relevance to staff who require a developed knowledge of these concepts to support the decision-making process with regard to the above activities. Business leaders who require a broad insight into the consequences of alternative sources of finance will also find this useful.

### DURATION

12 hours (this is run as 4 sessions of 3 hours each or 2 full days of 6 hours)

