
Course Title: Corporate Finance Fundamentals

- **Duration:** 5 Days (approximately 35-40 instructional hours)
- **Course Goal:** To provide non-financial managers, business professionals, and aspiring finance professionals with a solid foundational understanding of the core principles, tools, and decisions of corporate finance. This course will demystify financial concepts and equip participants with the skills to analyze financial decisions, understand value creation, and contribute more effectively to the financial health of their organization.
- **Core Focus:** Mastering the three key decisions of corporate finance: the investment decision (capital budgeting), the financing decision (capital structure), and the working capital decision.

Learning Objectives:

Upon successful completion of this workshop, participants will be able to:

- **Understand** the primary goal of corporate finance: maximizing firm value.
- **Apply** the principles of the Time Value of Money to value cash flows.
- **Read** and interpret the three core financial statements to assess a company's financial position and performance.
- **Analyze** investment projects using key capital budgeting techniques, including Payback Period, Net Present Value (NPV), and Internal Rate of Return (IRR).
- **Understand** the relationship between risk and return.
- **Explain** the components of a company's cost of capital (WACC).
- **Describe** the key differences between debt and equity financing and understand the concept of capital structure.
- **Analyze** a company's short-term financial health by managing working capital (cash, receivables, payables, inventory).
- **Understand** basic company valuation principles.
- **Communicate** more effectively with finance professionals and contribute to financial decision-making.

Target Audience:

- Managers and team leaders from non-finance departments.
- Project managers, marketing professionals, operations managers, and HR professionals.
- Entrepreneurs and small business owners.
- Junior financial analysts or professionals new to corporate finance roles.
- Anyone seeking to build a strong foundation in business finance.

Prerequisites:

- Basic numeracy skills and a desire to learn about finance.
- Proficiency with Microsoft Excel for calculations and simple modeling is highly recommended.
- No prior formal finance or accounting degree is required.

Teaching Methodology:

This is a highly interactive and practical workshop. The methodology includes:

- **Interactive Lectures:** Explaining financial theories and concepts in clear, accessible language with real-world examples.
- **Hands-on Excel Labs:** The core of the course. Participants will build financial models to perform time value of money calculations, capital budgeting analysis, and more.
- **Case Studies:** Applying financial decision-making frameworks to simplified business scenarios.
- **Group Discussions & Problem-Solving:** Collaboratively analyzing financial problems and making decisions.
- **Financial Statement Analysis:** Working with real (simplified) company reports to extract insights.

Materials Provided:

- Comprehensive digital or printed workbook with key concepts, formulas, frameworks, and exercises.
 - An "**Corporate Finance Toolkit**" with a suite of Excel templates for Time Value of Money, Capital Budgeting (NPV/IRR), WACC calculation, and Working Capital Analysis.
 - Case study documents with company financial data.
 - A glossary of key corporate finance terms.
 - Certificate of Completion.
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Detailed Day-by-Day Curriculum

Day 1: The Foundation – The Goal & The Language of Finance

- **Module 1: What is Corporate Finance? (Approx. 2 hours)**
 - Welcome, introductions, and course objectives.
 - The primary goal of the firm: Maximizing shareholder/stakeholder value.
 - The three fundamental decisions of corporate finance:
 1. The Investment Decision (what assets to buy).
 2. The Financing Decision (how to pay for them).
 3. The Working Capital Decision (managing day-to-day finances).
 - The role of the finance function in an organization.
- **Module 2: The Language of Finance: Reading Financial Statements (Approx. 3 hours)**
 - A practical guide for non-accountants to understanding the story behind the numbers.
 - **The Balance Sheet:** Assets, Liabilities, Equity.
 - **The Income Statement:** Revenue, Expenses, Profit.
 - **The Statement of Cash Flows:** Operating, Investing, and Financing activities.
 - The crucial link between the three statements.
 - **Workshop:** "Financial Statement Scavenger Hunt" – Participants use a real (simplified) annual report to find and interpret key figures.
- **Module 3: The Cornerstone of Finance: The Time Value of Money (Approx. 2.5 hours)**
 - Why a dollar today is worth more than a dollar tomorrow.
 - **Compounding:** Calculating Future Value (FV).
 - **Discounting:** Calculating Present Value (PV).
 - Annuities and perpetuities.
 - **Hands-on Lab (Excel):** Participants practice using Excel's FV, PV, RATE, NPER, and PMT functions to solve various financial problems.
 - **End of Day 1 Recap & Q&A.**

Day 2: The Investment Decision – Capital Budgeting Part 1

- **Module 4: Identifying Relevant Cash Flows for Investment Projects (Approx. 2.5 hours)**
 - The "cash flow, not profit" principle for project evaluation.
 - Identifying **incremental cash flows**.
 - Key components: Initial investment, operating cash flows, and terminal cash flow.
 - The role of depreciation and the tax shield.
 - Factoring in changes in working capital.
- **Module 5: Forecasting Project Cash Flows (Approx. 3 hours)**
 - A structured approach to building a multi-year project cash flow forecast.

- Making and documenting key assumptions.
- **Hands-on Workshop (Excel):** Participants begin building a detailed cash flow forecast for a capital investment case study.

- **Module 6: Simple Investment Appraisal Techniques (Approx. 2 hours)**

- **Payback Period:** Calculation, decision rule, and its major flaws.
- **Discounted Payback Period:** An improvement.
- **Accounting Rate of Return (ARR):** Calculation and its limitations.
- **Hands-on Lab (Excel):** Participants calculate these simple metrics for the case study.
- **End of Day 2 Recap & Q&A.**

Day 3: The Investment Decision – Capital Budgeting Part 2

- **Module 7: The Gold Standard: Net Present Value (NPV) (Approx. 3.5 hours)**

- The NPV decision rule and its direct link to creating value.
- Calculating NPV from a stream of cash flows.
- Why NPV is considered the superior method.
- Interpreting the NPV result.
- **Intensive Hands-on Lab (Excel):** Participants finalize their cash flow forecast and calculate the NPV for the case study project, making a clear accept/reject decision.

- **Module 8: The Popular Alternative: Internal Rate of Return (IRR) (Approx. 3.5 hours)**

- Defining the IRR: The project's "effective" rate of return.
- The IRR decision rule: Accept if $IRR > \text{Cost of Capital}$.
- Calculating IRR using Excel.
- Common pitfalls of IRR, especially when comparing mutually exclusive projects.
- **Hands-on Lab (Excel):** Participants calculate the IRR for the case study and create an NPV Profile to visualize the relationship between NPV, IRR, and the discount rate.
- **End of Day 3 Recap & Q&A.**

Day 4: The Financing Decision – Risk, Return & Cost of Capital

- **Module 9: Understanding Risk & Return (Approx. 2.5 hours)**

- The fundamental trade-off between risk and expected return.
- Measuring historical returns.
- Measuring risk: Standard deviation and variance.
- The concept of diversification.
- Systematic vs. Unsystematic Risk.

- **Module 10: The Cost of Capital (WACC) (Approx. 3 hours)**

- The "hurdle rate" for investment decisions.
- The **Weighted Average Cost of Capital (WACC):** What it costs a company to finance its assets.
- Calculating the components:
 - Cost of Debt (after-tax).
 - Cost of Equity (using the Capital Asset Pricing Model - CAPM).
- Determining the capital structure weights.
- **Workshop (Excel):** Participants calculate the WACC for the case study company.

- **Module 11: Capital Structure: The Debt vs. Equity Decision (Approx. 2 hours)**

- Sources of long-term financing: Debt (bonds, loans) and Equity (common stock).
- The pros and cons of using debt (financial leverage).

- The concept of an optimal capital structure.
- How capital structure affects WACC.
- **End of Day 4 Recap & Q&A.**

Day 5: Working Capital, Valuation & The Big Picture

- **Module 12: The Working Capital Decision (Approx. 3 hours)**

- Managing short-term assets and liabilities.
- The Cash Conversion Cycle revisited.
- Strategies for managing:
 - **Cash:** The trade-off between liquidity and profitability.
 - **Accounts Receivable:** Credit policy and collections.
 - **Inventory:** The costs of holding too much or too little.
 - **Accounts Payable:** Using trade credit effectively.
- **Case Study Analysis:** Analyzing a company's working capital management using key ratios (DSO, DPO, DOH).

- **Module 13: Introduction to Business Valuation (Approx. 2 hours)**

- How are companies valued?
- **Discounted Cash Flow (DCF) Valuation:** Applying the same principles as NPV to value an entire company.
- **Comparable Company Analysis:** Using market multiples (like P/E ratio).
- The link between corporate finance decisions and the ultimate valuation of the firm.

- **Module 14: Capstone: The Investment Committee Simulation (Approx. 2 hours)**

- **Final Simulation:** Participants, working in teams, are presented with two mutually exclusive investment opportunities for the case study company.
- They must perform a full financial analysis (NPV, IRR, Payback) and prepare a short presentation to an "Investment Committee" (played by the instructor and other groups) to justify their choice.

- **Module 15: Course Review & Action Planning (Approx. 1 hour)**

- Review of the three key decisions in corporate finance.
- Open forum for final questions.
- **Action Planning:** Participants identify how they will apply these financial principles in their own roles.
- Course evaluation and closing.