



THE ASSOCIATION
OF INTERNATIONAL
ACCOUNTANTS

DIPLOMA IN CORPORATE FINANCE FOR DECISION MAKING

Syllabus 2008

Effective from December 2008 exam session

Introduction

This diploma is addressed to non financial managers who have practical experience and knowledge of the business administration functions and operations in different fields within the firm, and they are keen to acquire knowledge of the financial function from the practical point of view.

Aims

The objective of this diploma is to ensure that the participants have:

- An understanding of business functions and operations to provide information to assist management in their decision making and policy formulation activities.
- A thorough understanding of the role of finance functions in modern corporations operating in a turbulent environment.
- A holistic approach to company operation, how decisions are made and the development of competitive and comparative advantage.
- A detailed knowledge of both the control and decision support aspects of finance.
- An ability to evaluate, control and monitor the financial function.
- An appreciation of the strategic aspects of finance.

Learning Outcomes

After successfully completing this Diploma candidates will be able to:

- Explain the role of finance within an organisation.
- Actively participate in strategy formulation and business decisions implementation.

- Apply financial techniques to assist in controlling and monitoring operations and projects.
- Integrate technical and professional abilities and knowledge with a financial and business approach.
- Understand and appreciate the role and status of financial and quantitative information provided to various levels of management and how this will assist in carrying out their duties.
- Demonstrate the ability to prepare, analyse and critically evaluate financial and quantitative information.

Structure of the Paper

A written, closed-book, three-hour examination. The examination includes two Sections A and Section B.

Section A

This section contains 3 questions. Candidates are required to answer 2 questions. Each question carries 30 marks. Questions are of a quantitative nature; however, each question also contains a short descriptive section.

The nature of the questions will involve calculation and interpretation.

The objective of this section is to determine the candidates' understanding and ability to use the techniques, processes and practices of a finance function and operation.

Section B

This section contains 3 theoretical questions. Candidates are required to answer 2 questions, each carrying 20 marks.

The objective of this section is to determine the candidate's ability to use the basic business processes in decision making, organising, monitoring and controlling a corporation. The questions will be drawn from the entire syllabus.

Syllabus

1. Introduction to Economics & Corporate Finance

Topic Weighting 10%

A practical knowledge of:

- Nature and scope of economics
- Tools of economic analysis
- Elements of micro and macro economics
- An overview of financial management
- The financial environment
- Elements of Financial markets and Financial products

2. Financial statements and financial performance

Topic Weighting 20%

- Accounting principles and procedures
- Review of financial statements
- Balance sheet/Income statement/Cash flow analysis
- Analysis using financial ratios
- Liquidity/Asset management/Solvency/Performance ratios
- Limitations of ratio analysis
- Case study

3. Investment decisions and strategies

Topic Weighting 15%

- Time value of money
- Present value/Future value/Annuities
- Investment appraisal methods
- NPV and IRR investment rule
- Project appraisal – applications
- Cost of capital
- Case study

4. Financial planning and Short-term finance

Topic Weighting 15%

- Working capital management
- Cash budgeting

- Short-term financial plan
- Sources of credit
- Credit management
- Terms of sale/Credit policy/Credit control/Collection policy
- Inventory management
- Case study

5. Strategic finance and policy

Topic Weighting 10%

- Sources of long term finance
- Raising funds in the capital markets
- Leasing/Factoring
- Capital structure : The basic concepts

6. Budgeting and Cost Accounting

Topic Weighting 20%

- Basic cost terms and concepts
- Cost-Volume-Profit analysis (CVP analysis)
- Break-even/Operating leverage
- Budgeting: Profit planning and control systems
- Standard costing and performance measures
- Cost variance analysis
- Cost analysis and pricing decisions
- Case study

7. Business Management and MIS

Topic Weighting 10%

- The role of the manager in the modern organisation
- Decision making, planning and control
- Organisational structure and analysis
- Organisational performance

- Basic principles of business ethics
- Introduction to Management Information Systems
- Managing data and information
- Using the MIS as a tool for decision making

Reading List

Fundamentals of Financial Management 11th Edition

Author: Brigham, Eugene F
 Publisher: South-Western College Pub
 ISBN: 0324319819

Case Studies in Finance 5th Edition

Author: Robert E. Bruner
 Publisher: McGraw-Hill/Irwin
 ISBN: 0072994754

Introduction to Finance 1st Edition

Authors: Gitman, Lawrence J. Madura, Jeff Addison Wesley
 Publisher: Addison Wesley
 ISBN: 1567932320

Corporate Finance 8th Edition

Authors: Ross, Stephen A.; Westerfield, Randolph W.; Jaffe, Jeffrey :
 Publisher: McGraw-Hill/Irwin
 ISBN: 0073337188

Finance 1st Edition

Authors: Bodie, Zvi; Merton, Robert C.
 Publisher: Prentice Hall PTR
 ISBN: 0130151025

Essentials of Corporate Finance, 6th Edition

Authors: Ross, Stephen A.; Westerfield, Randolph W., Jordan J
 Publisher: McGraw-Hill/Irwin

ISBN: 0072946733

Managerial Accounting, 7th Edition

Author: Ronald W Hilton

Publisher: McGraw-Hill/Irwin

ISBN: 0073022853