

Specialist Course - Capital Structure and Credit Rating

The following details a brief outline of the objective of the course, who should attend, general comments on the course, length of course, the course content and likely presenters.

Objective

To increase the understanding of all Directors of treasury management techniques, appropriate capital structures, how they are assessed by credit rating agencies and which metrics are applied by which class of analysts.

Outcome

At the end of the course a successful participant will:

- Be capable of assessing the advantages and disadvantages of different capital structure policies and their impact on cost of capital;
- Communicate and discuss the essentials of a company's capital structure choices and policies; and,
- Able to understand the key drivers in credit rating processes and the impact of capital structure, capital budgeting and operating performance on credit ratings.

Who should attend?

All Directors who wish to increase their understanding of these topics or refresh their knowledge in the light of recent developments such as current government policy.

General Comments

For the majority, if not all, Crown companies capital structure is an issue not just in respect of operating efficiency but also in respect of monitoring because there is no equity market monitoring of CRIs and SOEs. This is an area where many Directors have not generally had training.

The recent Crown Review on Long Term Hold Policy this is an important area for Directors to not only understand but be able to participate in during Board discussions.

Understanding the impact of credit rating agencies has become more important in recent years as market participants look to ratings in regulatory decisions, performance monitoring, capital budgeting and rationing and debt instrument performance. Directors ought to be aware of the process, how to interpret results and how to communicate with market participants in this area.

Length of Course

One day.

Content

Sessions will cover:

This is similar to the half day Treasury Management and Capital Structure Course but will cover this content more in-depth and include an additional module on credit rating agencies.

- *Capital and Structure*
This module will explain the essential concepts and the major debates in capital structure design.

- *Crown Ownership*
Particular emphasis will be placed on issues peculiar to Crown owned entities in dealing regulatory issues and monitoring issues related to capital structure as these are affected by Crown ownership.
- *Credit Rating*
This module will discuss the focus of credit rating, the nature of the process, the applications of credit ratings and the strengths and weaknesses of the process.