

PRINCIPLES OPEN COURSES FOR AUTUMN 2011

MODULE PR1.1

Principles of Asset Finance Part I

Tutor: Alick C Mulhall, FINANCE INDUSTRY TRAINING

Date: 13th September 2011

Time: 0930 – 1300

Topics

Finance products, the market and legal environment

- Non-tax-based asset finance products
 - credit sale: hire purchase and conditional sale
- The derivatives
 - lease purchase and contract purchase
- Tax-based asset finance products: leasing
 - definition
 - the attractions and benefits of leasing

The market place

- How the asset finance market divides
- The supply chain – how leasing interacts
- The roles of:

- finance providers and brokers

Types of customers

The legal environment

The Consumer Credit Act 1974 (as amended by the Consumer Credit Act 2006)

- definitions of consumer credit and consumer hire agreements

- regulated and unregulated agreements
- exemptions for small business
- exemptions for high net worth individuals
- unfair relationships
- HP flat rates and how interest is charged
- HP - “half” and “third” rules

The Sale of Goods and Services Act(s)

MODULE PR1.2

Principles of Asset Finance Part II

Tutor: Alick C Mulhall, FINANCE INDUSTRY TRAINING

Date: 13th September 2011

Time: 1400 – 1730

Topics

Essential technical information

The salient features of finance and operating leases

Comparison of the differences

Methods of asset acquisition

Capital Allowances (I)

A definition of plant or machinery

The difference between accounting and tax depreciation

Capital allowances

- definition; rules for claiming and time apportionment

The varying rates of allowance

The funding lease tests

Types of funding leases:

- short funding finance and short funding operating leases
- long funding finance and long funding operating leases

Exemptions for short funding leases

- Sec. 220 dis-application of time apportionment

- the rules for finance leases and operating leases

Capital Allowances (II)

Annual investment allowances

Business travel taxation

Integral fixtures

Payable ECA'S

MODULE PR1.3

Pricing & Time Value of Money

Tutor: Alick C Mulhall, FINANCE INDUSTRY TRAINING

Date: 14th September 2011

Time: 0930 – 1300

Topics

The basic concepts

Simple interest

Time value of money concept

Flat rates

How interest is charged

Simple interest amount theory

Discounting at simple interest

Building on the basics

Compound interest

Nominal rates

Compound interest amount theory

Discounting future values

The Internal rate of return/implicit rate

- as defined by SSAP 21

- as defined by IAS 17

- how it is calculated

Discounting cash flows

Net present value (NPV)

True rates

Annual percentage rates

MODULE PR1.4

Asset Finance Accounting Part I

Tutor: Alick C Mulhall, FINANCE INDUSTRY TRAINING

Date: 14th September 2011

Time: 1400 – 1730

Topics

Accounting Standards and Lease Classification

UK Generally Accepted Accounting Principles-(GAAP)

SSAP 21·

the 90% test and how to carry it out

- FRS 5

International GAAP

- IAS 17

- IFRIC 4

- IFRS 5

US GAAP

- FASB 13

Lessee accounting

Accounting for finance charges

- the actuarial method

- sum of the digits (Rule of 78)

- straight line method

Deferred Tax

Depreciation – accounting and tax

Understanding the term: “tax capacity”

Deferred tax from the lessee and the lessor standpoint

UK Generally Accepted Accounting Principles (GAAP)



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MODULE PR1.5

Principles of Risk Analysis Part I

Tutor: Sally Holmes, FINANCE INDUSTRY TRAINING

Date: 15th September 2011

Time: 0930 – 1300

Topics

The essential principles of the “PARSERS” approach

- getting to know customers and their businesses
- The relationships between amount and purpose
- The ability to repay and the security available
- Expediency and the granting of credit:
- deciding on the rate in relation to the risk

The risk analysis – sales partnership

- how to build a quality portfolio
- the real impact of bad decisions on a portfolio
- the causes and symptoms of business failure
- understanding financials from a credit perspective
- Analysing the risks and rewards of transactions
- The proper use of financial appraisal in risk analysis
- How to differentiate between cash flow and profit

The overall picture

- getting the balance right
- making the right recommendations



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MODULE PR1.6

Principles of Asset Finance Law

Tutor: Rachel Somerville, FINANCE INDUSTRY TRAINING

Date: 15th September 2011

Time: 1400 – 1730

Topics

Asset finance law

The principal laws relating to asset finance

- bailment
- contract
- unfair contract terms
- the Consumer Credit Act(s)
- the Sale of Goods and Services Act(s)

Documentation

Lease documents for both small and middle ticket deals

- a review of typical clauses

Getting it wrong – the consequences

Complying with the current tax regime

Security

Understanding:

- guarantees and indemnities
- mortgages, fixed and floating charges
- charging of bank accounts