

# Corporate Issuers

## LEARNING OUTCOMES

### **Organizational Forms, Corporate Issuer Features, and Ownership**

*The candidate should be able to:*

- compare the organizational forms of businesses
- describe key features of corporate issuers
- compare publicly and privately owned corporate issuers

### **Investors and Other Stakeholders**

*The candidate should be able to:*

- compare the financial claims and motivations of lenders and shareholders
- describe a company's stakeholder groups and compare their interests
- describe environmental, social, and governance factors of corporate issuers considered by investors

### **Corporate Governance: Conflicts, Mechanisms, Risks, and Benefits**

*The candidate should be able to:*

- describe the principal-agent relationship and conflicts that may arise between stakeholder groups
- describe corporate governance and mechanisms to manage stakeholder relationships and mitigate associated risks
- describe potential risks of poor corporate governance and stakeholder management and benefits of effective corporate governance and stakeholder management

**Working Capital and Liquidity**

*The candidate should be able to:*

- explain the cash conversion cycle and compare issuers' cash conversion cycles
- explain liquidity and compare issuers' liquidity levels
- describe issuers' objectives and compare methods for managing working capital and liquidity

**Capital Investments and Capital Allocation**

*The candidate should be able to:*

- describe types of capital investments
- describe the capital allocation process, calculate net present value (NPV), internal rate of return (IRR), and return on invested capital (ROIC), and contrast their use in capital allocation
- describe principles of capital allocation and common capital allocation pitfalls
- describe types of real options relevant to capital investments

**Capital Structure**

*The candidate should be able to:*

- calculate and interpret the weighted-average cost of capital for a company
- explain factors affecting capital structure and the weighted-average cost of capital
- explain the Modigliani–Miller propositions regarding capital structure
- describe optimal and target capital structures

**Business Models**

*The candidate should be able to:*

- describe key features of business models
- describe various types of business models