



## QURTUBA UNIVERSITY

Of Science and Information Technology

D.I Khan, Peshawar Khyber Pakhtunkhwa, Pakistan.

<b>Course Name</b>	<b>Corporate Finance</b>
<b>Course Code</b>	<b>FIN504</b>
<b>Semester</b>	<b>Fifth</b>
<b>Credit Hours</b>	<b>03</b>
<b>Total Weeks</b>	<b>16/18</b>
<b>Total Hours</b>	<b>48/54</b>
<b>Total Marks</b>	<b>100</b>
<b>Pre-requisite</b>	<b>None</b>

### Course Objectives

Corporate Finance is all about the basic principles and concepts used in the financial matters of an enterprise. This course has been designed to produce quality financial managers as needed by the growing business community in Pakistan. The contents are latest and are very much applicable in current business environment. The syllabus encompasses Capital & Risk, Treasury, Working Capital Management and valuations of financial instruments. A latest tag of “Mergers & Acquisition” has also been attached at a very basic level in order to familiarize the students with the latest happenings and developments in this subject. The financial knowledge about Foreign Exchange Markets has also been provided within the syllabus of this course.

### Grading Criteria

<b>Distribution</b>	<b>Weight</b>
Quizzes, Assignments, and class participation	10
Mid Term	20
Final Term	70
Total	100

### Recommended Books

- Fundamentals of Financial Management by Houston.
- Principles of Management Finance by Lawrence J. Gitrnan 9th & 10th Edition.
- Fundamentals corporate finance by Ross, Westerfield & Jordan.
- Financial Management theory & Practice by Eugene F. Brigham & Lons, G. Gapenski. s

**WEEK WISE BREAKDOWN**

<b>Week</b>	<b>Description</b>
<b>1 &amp; 2</b>	<p><b>Introduction to Corporate Finance and corporation</b></p> <ul style="list-style-type: none"> <li>◇ Basic Concept of corporate Finance.</li> <li>◇ Important Financial Management Decisions.</li> <li>◇ Difference among Cash, Fund &amp; Finance (Assignment).</li> </ul>
<b>3 &amp; 4</b>	<p><b>Management of Common Stock</b></p> <ul style="list-style-type: none"> <li>◇ Concept of Capital Stock and aspect of ownership in common stock.</li> <li>◇ Par value &amp; no par value concept of C/stock.</li> <li>◇ Difference among authorized, issued &amp; outstanding shares.</li> <li>◇ Classes of common stock.</li> <li>◇ Right of common Stockholders.</li> <li>◇ Distribution of earning &amp; assets rights.</li> <li>◇ Preemptive Rights</li> <li>◇ Voting Rights.</li> <li>◇ Other Rights.</li> <li>◇ Voting Rights. <ul style="list-style-type: none"> <li>○ Majority Voting System.</li> <li>○ Cumulative Voting System.</li> </ul> </li> <li>◇ Importance of Proxy Voting.</li> <li>◇ Selling Common Stock</li> <li>◇ Advantages &amp; Disadvantages of Common Stock.</li> </ul>
<b>5 &amp; 6</b>	<p><b>Management of Preferred Stock</b></p> <ul style="list-style-type: none"> <li>◇ Introduction of preferred Stock.</li> <li>◇ Concept of Par Value and no Par Value Preferred Stock.</li> <li>◇ Basic Rights of Preferred Stockholders.</li> <li>◇ Distribution of assets, earnings and voting right (in special situation)</li> </ul> <p><b>Features of Preferred: Stock</b></p> <ul style="list-style-type: none"> <li>○ Restrictive covenants.</li> <li>○ Cumulation</li> <li>○ Participation</li> <li>○ Call Feature.</li> <li>○ Conversion Feature.</li> </ul> <p><b>Special Types of Preferred Stock</b></p> <ul style="list-style-type: none"> <li>○ Adjustable rate Preferred Stock. (ARPs)</li> <li>○ Payment in kind Preferred Stock. (PIK)</li> <li>○ Money market Preferred Stock (MMP)</li> </ul>
<b>7,8 &amp; 9</b>	<p><b>Management of Dividend</b></p> <ul style="list-style-type: none"> <li>◇ Basic concept of dividend.</li> <li>◇ Cash dividend payment procedure.</li> <li>◇ Factors influencing dividend policy.</li> <li>◇ Dividend policy theories. <ul style="list-style-type: none"> <li>○ The residual theory of dividend.</li> <li>○ Dividend irrelevance theory arguments.</li> <li>○ Dividend relevance theory arguments.</li> </ul> </li> <li>◇ Types of dividend policies. <ul style="list-style-type: none"> <li>○ Constant-payout-ratio dividend policy.</li> <li>○ Regular dividend policy</li> <li>○ Low-regular and extra dividend policy.</li> </ul> </li> </ul>

	<b>Two Assignments + Two Test</b>	<b>Mid Term Exam</b>
<b>10 &amp; 11</b>	<b>Investment Banking.</b> <ul style="list-style-type: none"> <li>◇ Basic concept of Investment banking.</li> <li>◇ Functions of the investment banker. <ul style="list-style-type: none"> <li>○ Underwriting.</li> <li>○ Private Placement.</li> <li>○ Best Efforts Basis.</li> <li>○ Advising.</li> </ul> </li> <li>◇ Organization of Investment Baking Activity.</li> <li>◇ Cost of Investment banking Services.</li> </ul>	
<b>12 &amp; 13</b>	<b>Leverage</b> <ul style="list-style-type: none"> <li>◇ Basic Concept of Leverage.</li> <li>◇ Operating Leverage.</li> <li>◇ Calculation of DOL.</li> <li>◇ Breakeven analysis.</li> <li>◇ Algebraic Approach &amp; Graphical Presentation.</li> <li>◇ Financial Leverage.</li> <li>◇ Calculation of DFL.</li> <li>◇ Total Leverage.</li> <li>◇ Calculation of DTL</li> </ul>	
<b>14 &amp; 15</b>	<b>Merger Fundamentals.</b> <ul style="list-style-type: none"> <li>◇ Basic Concept of Corporate Restructuring Merger and Consolidation</li> <li>◇ Basic Merger Concepts. <ul style="list-style-type: none"> <li>○ Acquiring Versus Target Companies</li> <li>○ Friendly vs. Hostile Takeovers</li> <li>○ Strategic vs. Financial Merger</li> </ul> </li> <li>◇ Motives for Merger</li> <li>◇ Types of Merger</li> <li>◇ Merger Process</li> <li>◇ Leveraged Buyouts (LBO)</li> </ul>	
<b>16</b>	<b>Management of Inventory</b> <ul style="list-style-type: none"> <li>◇ Meaning and Types of Inventory.</li> <li>◇ ABC system</li> <li>◇ EOQ model - The reorder point</li> <li>◇ Just in time system</li> <li>◇ Safety Stock</li> <li>◇ Material requirements planning (MRP)</li> </ul>	
	<b>Two Assignments + Two Test+ Presentation</b>	<b>Final Term</b>

### Learning Outcomes:

- Analyze major corporate finance issues
- Demonstrate knowledge of the theory underpinning corporate valuation
- Demonstrate knowledge of the basics of risk and return for cost of capital valuation
- Recognize and understand the principles underlying risk management and options valuation
- Understand dividend policy for increasing shareholder value