



COURSE PROFILE

Program : MBA/EMBA
Trimester : Summer 2018
Course Title and Code : Corporate Finance (FIN 725)
Credit Hours : 03 (Three)
Course Instructor : MD.EDRICH MOLLA (JEWEL),
Lecturer, Department of Business Administration
& Deputy Proctor, VUB
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Basic Text: Corporate Finance – By Stephen A. Ross, Randolph W. Westerfield and Jeffrey Jaffe

Reference: Fundamental of Corporate Finance – By Stephen A. Ross, Randolph W. Westerfield and Bradford D. Jordan
Principles of Corporate Finance - By Richard A Brealey, Stewart C Myers, Franklin Allen and Pitabas Mohanty

Course objectives: The under mentioned course outline blends sound theoretical knowledge of Corporate Finance with practical and procedural aspects of all Business majors. The course is primarily designed to help understanding explicitly the modern theory of corporate finance for both Finance majors and non-major alike. It details the practice, procedures, and policies by financial managers and other concerned contribute to the successful performance of business enterprises. With the enhanced coverage, the course should be found to meet better the requirements of post-graduate courses in commerce, managerial finance, investment and risk analysis, portfolio management, international financial management.

Assignments: The grade awarded for this course shall be determined on the following basis:

Item of assignment	Weighting
<ul style="list-style-type: none"> • Work Sheet (Including 4 Class Attendance & Class Test) • Assignment & Presentation • Mid-term Exam • Final Exam 	 25% 10% 25% 40%
Total	100%

Course Content: The topics covered in the course are contained in the detail course outline set out on the below.

Course Outline (tentative):

Lecture	Details topics
1	Introduction to Corporate Finance: Corporate finance and financial manager, Corporate firms, Goals of the corporate firms, Financial markets. Agency costs and agency problem, Sources of finance, Balance sheet model of the firm, Financial environment.
2	Financial Planning and Forecasting: Financial planning process: cash planning, profit planning. Preparing financial statements.

3	Financial Statements Analysis: Concept of financial statements, Common-size financial statement analysis, Du Pont Analysis. Ratio analysis: Liquidity ratios, Activity/Asset utilization ratios, Debt ratios, Profitability ratios, Market ratios.
4	Cost of Capital: Concept and assumptions of cost of capital, Investors' required rate of returns, Fixed costs, Variable costs. Cost of debt, Cost of preferred stock, Cost of common stock, Marginal cost of capital, Weighted average cost of capital.
5	Capital Budgeting: Concept and meaning of capital budgeting, Capital budgeting techniques: Pay-back period, Discounted pay-back period. Net present value, Accounting rate of return, Internal rate of return, Profitability index.
6	Risk and Return: Expected return, Variance, standard deviation and covariance. Correlation coefficient, Coefficient of determination, Beta factor, Capital Asset Pricing Model (CAPM).
Mid Term Examination	
7	Valuation of Fixed Income Securities: Concept of fixed income securities, Interest rate and required rate of return, Bond fundamental. Basic bond valuation, Coupon interest rate, Spot interest rate, Yield to maturity, yield to call, Bond volatility.
8	Stock Valuation: Types of stocks, Common stock valuation models, Dividend discount models. Zero-growth model, Constant-growth model, Multiple-growth model, Capital asset pricing model.
9	Dividend Policy: Concept, Types of dividends, Corporate pay-out policy, Dividend theories, Issues of dividend policy, Dividend relevance and irrelevance argument, Dividend and the value of the firm; Some models.
10	Merger and Acquisition: Forms of acquisitions, Accounting for acquisitions. Gains from acquisition, Effect of acquisition, Cost of acquisition.
11	Derivatives: Options- put options, call options, Warrants Forwards, Futures contracts, Convertibles. Calculations of derivatives.
12	International Financial Management: Meaning of international finance and financial management, Domestic vs. international financial management, International trade theory and policy, International financial institutions, International monetary system, Exchange rate and exchange rate determination.
Final Examination	
Two Class Tests and Presentation/Open Discussion would be taken during the tenure	