



Basic Information:

Title:	Corporate Finance	Code:	FIN 541
Program:	MBIT via BBIT	Credit Hours:	Three (03)
Sessions:	30 Classes + Mid Term + Final Term	Pre-Requisite:	BBIT (Finance)

Course Description:

The objective of the course is to study the theory behind the financial decisions made by the corporate executives and their practical implications. The areas of focus are capital budgeting, capital structure, dividend policy, mergers and acquisitions, option pricing (including real options and convertible debt). Some other areas like IPO (Initial Public Offering, Bankruptcy and Liquidations etc.) may also be discussed if time permits. This course is particularly relevant for students who want to work in the finance departments of corporate sector, investment banking and management consulting. Those students who want to work in the investment industry (e.g., manage portfolio or work in brokerage houses) may not find this course of particular use. Such students should take courses like portfolio theory, derivatives and investment analysis. This course of corporate finance has practical importance for students aspiring to be corporate executives.

Learning Outcomes:

After the completion of this course, it is expected that students who will involve themselves in the knowledge base working of the course will be capable to

- ✓ *Distinguish different types of business structure, identify the major corporate financial decisions and corporate objective, and describe some important basic concepts;*
- ✓ *Apply skills in evaluating capital budgeting projects by using different methods of project evaluation;*
- ✓ *Describe basic portfolio theory and communicate more effectively in an academic or a business context;*
- ✓ *Be able to use the Capital Asset Pricing Model (CAPM) and apply skills in estimating cost of equity;*
- ✓ *Critically apply and discuss the theories relating dividends to share price and cost of capital;*
- ✓ *Describe the concept of market efficiency and distinguish between different categories of market efficiency.*

Teaching Learning Methodology:

The formal teaching component of this course consists of active student participation in and contribution to all forms of teaching and learning i.e. lectures, discussions, research assignments and projects. Lectures will be twice a week of 90 min each.

Weekly Term Plan

Wk	Lecture Topic
01	<i>Introduction to the Course</i>
02	<i>Efficient Market Hypothesis</i>
03	<i>Fundamentals of Corporate Capital Valuation</i>
04	<i>Fundamentals of Equities Valuation</i>
05	<i>Risk and Expected Return</i>
06	<i>Capital Asset Pricing Theory</i>
07	
08	<i>Mid Term Examination</i>
09	<i>Corporate Investing Policies and Value Creation</i>
10	
11	<i>Valuing Corporate Strategic Opportunities and Flexibility</i>
12	<i>Capital Structure Choice and Corporate Value</i>
13	<i>Capital Market Benchmarking</i>
14	<i>Financial Modeling for Optimal Capital Structure Dividend Policy and Corporate Value</i>
15	<i>The Market for Corporate Control</i>
16	<i>Final Term Examination</i>



Topics in Detail

Introduction to the Course

Why is Finance Corporate?
The Foundations for Proper Financial Analysis of the Firm
The role of Efficient Market Hypothesis in Corporate Analysis: Theory and Evidence

Fundamentals of Corporate Capital Valuation

Corporate Debt Capital
Fundamentals of Equities Valuation:
Preferred and Common Stock

Risk and Expected Return

Principles of Portfolio Analysis
Capital Asset Pricing Theory
Arbitrage Pricing Theory

Option Pricing Models

Corporate Contingent Claims

Corporate Investing Policies and Value Creation

The Analytical Toolkit for Riskless Projects
Traditional Analytical Tool Kit for Risky Projects

Valuing Corporate Strategic Opportunities and Flexibility

Corporate Real Options.

Capital Structure Choice and Corporate Value

Capital Market Benchmarking
Corporate Cost of Capital.
Financial Modeling for Optimal Capital Structure

Dividend Policy and Corporate Value

Theory and Evidence Corporate Risk Management and Value Creation

The Market for Corporate Control

Mergers & Takeovers
Strategic and Financial Restructuring
Corporate Governance and Corporate Value

Text & Recommended Readings

- A. *Principles of Corporate Finance*
10th Edition
Brealey, Myers and Allen
- B. *Fundamentals of Corporate Finance*
Brealey, Myers, Marcus – McGraw-Hill
Publishing.
- C. *Corporate Finance*
Ross, Westerfield, & Jaffee (RWJ)

Assignment Specification

Microsoft Word for Documentation
Headings *Arial 11pt Bold*
Normal Text *Times New Roman 10pt*
Header Footer *Times New Roman 8pt*
Paragraph *Single Line Spacing*
 First Line Indent 1.0 cm
Page Margins *2 cm from each side*



Grading Policy:

Final Grade for this course will be the cumulated result of the following term work with relevant participation according to the quoted percentage.

Sessional	25%		Mid Term	35%		Final Term	40%
Assignments	10 %		Mid Term Exam	25%		Final Exam	30%
Quizzes	10%		Lab Work/ Lab Mid	10%		Case Study/ Project/	10%
Presentations	05%		Exam			Term Paper	

Remember subdivision of Mid Term and Final Term Examination should be done only in case of very essential and major Grading Instruments.

Dishonest Practices & Plagiarism

Any student found responsible for dishonest practice/cheating (e.g. copying the work of others, use of unauthorized material in Grading Instruments) in relation to any piece of Grading Instrument will face penalties like deduction of marks, grade 'F' in the course, or in extreme cases, suspension and rustication from IBIT.

For details consult Plagiarism Policy of PU at <http://pu.edu.pk/dpcc/downloads/Plagiarism-Policy.pdf>

Grading System:

Letter Grade	Grade Point	Num Equivalence
A	4.00	85 – 100 %
A-	3.70	80 – 84 %
B+	3.30	75 – 79%
B	3.00	70 – 74 %
B-	2.70	65 – 69 %
C+	2.30	61 – 64 %
C	2.00	58 – 60 %
C-	1.70	55 – 57 %
D	1.00	50 – 54 %
F	0.00	Below 50 %
I	Incomplete	*
W	Withdraw	*

Norms to Course:

- ✓ *Submission Date and Time for the term instruments is always **UN-EXTENDABLE**.*
- ✓ *7 Absentees in class will be result in forced withdrawal. (PU Policy)*
- ✓ *Re-sit in Mid and Final Term will cause you a loss of 2 and 3 grade marks respectively. (PU Policy)*
- ✓ *This is your responsibility to keep track of your position in class evaluation units.*
- ✓ *After the submission date, NO excuse will be entertained.*
- ✓ *Keep a copy of all submitted Grading Instruments.*
- ✓ *Assignment is acceptable only in its Entirety.*
- ✓ *No make up for any assignment and quiz.*
- ✓ *Copied & Shared work will score Zero.*
- ✓ *Assignments are Individual.*

Good Luck

For the Fall Term 2019