Course Name: Corporate Finance
Course Code: FIN504
Semester: 5th
Credit Hours: 03
Total Weeks: 16/18
Total Hours: 48/54
Total Marks: 100

Week – 1, 2:
Introduction to Corporate Finance and corporation
  • Basic Concept of corporate Finance.
  • Important Financial Management Decisions.
  • Difference among Cash, Fund & Finance (Assignment).

Week – 3 & 4:
Management of Common Stock:
  • Concept of Capital Stock and aspect of ownership in common stock.
  • Par value & no par value concept of C-stock.
  • Difference among authorized, issued & outstanding shares.
  • Classes of common stock.
  • Right of common Stockholders.
  • Distribution of earning & assets rights.
  • Preemptive Rights
  • Voting Rights.
  • Other Rights.
  • Voting Rights.
    1. Majority Voting System.
    2. Cumulative Voting System.
  • Importance of Proxy Voting.
  • Selling Common Stock
  • Advantages & Disadvantages of Common Stock.

Week – 5, 6:
Management of Preferred Stock:
  • Introduction of preferred Stock.
  • Concept of Par Value and no Par Value Preferred Stock.
  • Basic Rights of Preferred Stockholders.
  • Distribution of assets, earnings and voting right (in special situation)

Features of Preferred Stock:
  i. Restrictive covenants.
  ii. Cumulation
  iii. Participation.
  iv. Call Feature.
  v. Conversion Feature.
  Special Types of Preferred Stock:
    i. Adjustable rate Preferred Stock (ARPs)
      ii. Payment in kind Preferred Stock (PIK)
      iii. Money market Preferred Stock (MMP)

Week – 7, 8, 9:
Management of Dividend:
  • Basic concept of dividend.
  • Cash dividend payment procedure.
  • Factors influencing dividend policy.
  • Dividend policy theories.
    ➢ The residual theory of dividend.
    ➢ Dividend irrelevance theory arguments.
    ➢ Dividend relevance theory arguments.
  • Types of dividend policies.
  • Constant-payout-ratio dividend policy.
  • Regular dividend policy
  • Low-regular and extra dividend policy.

Week –10,11:
Investment Banking.
  ➢ Basic concept of Investment banking.
  ➢ Functions of the investment banker.
    i. Underwriting.
    ii. Private Placement.
    iii. Best Efforts Basis.
    iv. Advising.
  ➢ Organization of Investment Baking Activity.
  ➢ Cost of Investment banking Services.

Week – 12,13:
Leverage.
  ➢ Basic Concept of Leverage.
  ➢ Operating Leverage.
  ➢ Calculation of DOL.
  ➢ Breakeven analysis. Algebraic Approach & Graphical Presentation.
  ➢ Financial Leverage.
  ➢ Calculation of DFL.
  ➢ Total Leverage.
    Calculation of DTL

Week – 14, 15:
Merger Fundamentals.
Basic Concept of Corporate Restructuring Merger and Consolidation

Basic Merger Concepts.
- Acquiring Versus Target Companies
- Friendly vs. Hostile Takeovers
- Strategic vs. Financial Merger
- Motives for Merger
- Types of Merger
- Merger Process
- Leveraged Buyouts (LBO)

Week – 16
Management of Inventory
Meaning and Types of Inventory
- ABC system
- EOQ model – The reorder point
- Just in time system
- Safety Stock
- Material requirements planning (MRP)

Text Books:

Reference Books:
i. Fundamentals corporate finance by Ross, Westerfield & Jordan.