

Corporate Finance (FIN722)

Syllabus for Final Term Exams

Recommended Books

- Fundamentals of Corporate Finance by: Stephen A. Ross, Randolph W. Westerfield, Bradford D. Jordan
- Fundamental of Corporate Finance by: Richard A. Brealey, Stewart C. Myers

Note:

Syllabus for final-term examination includes the complete content covered from **lectures # 23-43**. The paper will be of subjective type only means it may include both numerical and theoretical questions but will not carry any MCQ. You will have to attempt all the questions.

Students are advised to consult the recommended books along with video lectures, updated PPTs, supplements provided along with these PPTs in different lectures on VULMS of the course to prepare for final-term examination.

Topics:

01. Dividend Policy & Financial Planning Process and Control

Video lecture # 23

- Dividend and value of firm
- Dividend relevance
- Residual dividend policy
- Financial planning process and control

02. Budgeting Process

Video lecture # 24

- Budgeting process
- Purpose / functions of budgets
- Cash budgets – Preparation & interpretation

03. Cash Flow Statement & Working Capital Management

Video lecture # 25

- Cash flow statement
- Working capital management
- Cash and operating cycle

04. Working Capital Management

Video lecture # 26 & 27

- Working capital management (Risk, Profitability and Liquidity)
- Working capital policies
- Risk and return of current liabilities
- Classification of working capital
- Current Assets Financing – Hedging approach
- Short term vs long term financing
- Risk of short & long term financing

- Trade off of short & long term financing

05. Cash Management

Video lecture # 28

- Overtrading – Indications & remedies
- Cash management
- Motives for Cash holding
- Cash flow problems and remedies
- Investing surplus cash
- Inventory approach to cash management
- Demerits

06. Cash & Inventory Management

Video lecture # 29 & 30

- Miller-Orr Model of cash management
- Inventory management
- Inventory costs
- Economic order quantity
- Reorder level
- Discounts and EOQ
- Inventory cost – Stock out cost
- Economic Order Point
- Just in time (JIT)
- Debtors Management

07. Credit Policy

Video lecture # 30, 31 & 32

- Credit Control Policy
- Cash discounts (Cost of discount, Shortening average collection period)
- Credit instrument
- Analyzing credit policy
- Evaluating client worthiness
- Optimal credit policy
- Collection policy
- Debtors management
- Effects of discounts
- Extension of credit
- Factoring (Management of creditors)

08. Mergers & Acquisitions

Video lecture # 32 & 33

- Introduction to Mergers & Acquisitions
- Purpose of combinations
- Synergies
- Types of mergers
- Why mergers fail?
- Merger process and methods of mergers

- Acquisition consideration
- Valuation of shares and its methods

09. Share Valuations

[Video lecture # 34 & 35](#)

- Valuation of shares and its methods
- Assets & Income Based Share Valuations
- Hybrid Valuation methods
- Procedure for public takeover
- Procedure for private takeover
- Anti-takeover strategies

10. Corporate Reorganization and Capital Reconstruction

[Video lecture # 36](#)

- Corporate Restructuring
- Divestment
- Purpose of divestment
- Buyouts
- Types of buyouts

11. Financial Distress

[Video lecture # 36 & 37](#)

- Financial distress – introduction
- Sources of financial distress
- Effects of financial distress
- Reorganization

12. Foreign Exchange Market & Currency Risks

[Video lecture # 37, 38 & 39](#)

- Foreign Exchange Market-Introduction
- Types of Currency Risks
- Methods of Protection against Transaction Exposure (Internal Methods & External methods)
- Future payment situation – hedging
- Currency futures – features
- CF – future payment in FCY

13. Interest Rate Risk & Forward Rate Agreements

[Video lecture # 40](#)

- CF – future receipt in FCY
- Forward contract vs. currency futures
- Interest rate risk
- Hedging against interest rate
- Forward rate agreements
- Decision rule

14. Interest Rate Futures & Options

Video lecture # 41, 42 & 43

- Short Term Interest Rate Futures (STIR)
- Options Contract (Put and call options)
- Currency options and interest rate options