

FIN 555 | FIN 513: Corporate Finance Spring 2024
School of Business Studies, IBA Karachi

Program	MS Islamic Banking and Finance MS Finance		
Department Offering	Finance		
UMS Class Number	96927		
Faculty	Dr. Mohsin Sadaqat		
Class Details			
Class Days, Timing and Room	Session Days Tuesday	Time 6:00 PM – 8:45 PM	Classroom MTS6, TABBA Building, Main Campus
Credit Hours	3 Credit Hours		
Email	mohsin@iba.edu.pk		
Counselling hours	From 10:00 AM till 12:00 PM (Monday/Tuesday)		
Course Description			
The course introduces advanced topics of Finance, building on the fundamental concepts and processes covered in Financial Management. The focus is on investment and financing theories and their application in business operations/decisions. In addition to the theoretical models, applications of concepts in the local corporates/ businesses are incorporated through cases/projects.			
MS Islamic Banking & Finance and MS Finance Program Learning Competencies (PLCs)			
1. Advanced Knowledge of Finance Disciplines			
Students will be able to understand financial and economic fundamentals. (MS-IBF) Students will exhibit the knowledge of main theories and concepts in finance. (MS-FIN)			
2. Ethical Awareness			
Students will be able to understand the ethical implications of various financial decisions			
3. Critical Thinking/Analysis Skills			
Students will be able to critically evaluate different Islamic capital market instruments. (MS-IBF) Students will be able to critically evaluate and compare different investment approaches. (MS-FIN)			
4. Plan and Execute Research			
Students will be able to identify a specific financial problem/research gap.			
MS Finance Program Learning Objectives (PLOs) Embedded in this Course		MS Islamic Banking and Finance Program Learning Objectives (PLOs) Embedded in this Course	
PLO101	Students will exhibit the knowledge of main theories and concepts in finance. (Enhance)	PLO101	Students will be able to understand financial and economic fundamentals. (Enhance)
PLO102	Students will be able to perform valuation of the financial instruments traded in financial markets considering risk and return trade-offs. (Introduction)		
Course Learning Outcomes (CLOs)			
<ol style="list-style-type: none"> Students will demonstrate the ability to evaluate the financial position and performance of a business. (PLO101) Value the equity and operations of companies using different valuation approaches/models and using financial statement information. (PLO102) Understand the importance of risk analysis in capital investment decisions and value the real options. (PLO101, PLO102) Comprehend the factors affecting the financing choices of a firm and compare leverage strategies in ideal versus real capital markets. (PLO101) 			

5. Appreciate the profit distribution philosophy and process in the corporate sector. (PLO101)

Skills/Abilities

The course will inculcate skills on team working, analyzing and decision making.

AOL Assessment Mapping

AOL assessment will take place for PLO101.

Assessment Tool: Quiz

Teaching and Learning Methodology

1. Students are encouraged to read the topic prior to the lecture.
2. The course assignment is a written report on Analysis of Capital Structure and Dividends Policy for a publicly listed firm.
3. Lecture presentations will be uploaded on Learning Management System (LMS).
4. Unannounced quizzes will be taken to gauge student progress.

Course Learning Outcomes mapped to Program Learning Outcomes

Program Learning Competencies	Advanced Knowledge of Finance Disciplines	Ethical Awareness	Critical Thinking Skills	Plan and Execute Research	
Course Learning Outcomes					
1	PLO101				
2	PLO102				
3	PLO101, PLO102				
4	PLO101				
5	PLO101				

Reading	Mapping to Course Learning Outcomes	Session Topic
Review: Core Finance Concepts	CL01	<ul style="list-style-type: none"> • Corporate finance decisions • Value creation for shareholders • Cash flow and accounting income • Market value versus Intrinsic value • Risk and return relationship: CAPM • Valuation principle • Required returns and Cost of capital <p><u>Harvard Readings:</u></p> <ul style="list-style-type: none"> • Time Value of Money • Risk and Returns • Cost of Capital <p><u>Case:</u></p> <ul style="list-style-type: none"> • Cattle Fattening Farm: A Business Opportunity
Valuation Models	CL02	<ul style="list-style-type: none"> • Discounted Cash Flow models (FCFF and FCFE) • Comparing the DDM and FCF model • Estimating sustainable growth

		<ul style="list-style-type: none"> Estimating terminal value (stable growth/liquidation/multiple approach) <p>Harvard Readings:</p> <ul style="list-style-type: none"> NPV and Capital Budgeting <p>Spreadsheet Exercise:</p> <ul style="list-style-type: none"> Calculating Valuation Models
Capital Investments: Risk Analysis and Real Options	CL03	<ul style="list-style-type: none"> Capital Investment Decisions: Quick Review Sensitivity, Scenario, Monte Carlo Analysis Real Options (option to expand, abandon, timing) Decision trees and valuing real options <p>Spreadsheet Exercise:</p> <ul style="list-style-type: none"> Sensitivity Analysis in Evaluating Project

Midterm Exam: 5/3/2024 – 11/3/2024

Capital Structure Decisions	CL04	<ul style="list-style-type: none"> Features of debt and equity Business and Financial Risk Estimating the Optimal Capital Structure under the MM Theory Cost of Equity and Firm's value with and without leverage Distress cost and Trade-off Theory Signaling and Clientele Theory <p>Harvard Readings:</p> <ul style="list-style-type: none"> Capital Structure Theory <p>Case:</p> <ul style="list-style-type: none"> To be Shared
Profit distribution policies and modes	CL05	<ul style="list-style-type: none"> Dividend Theories Dividend payout policies Factors affecting the dividend policy How does a stock split work? Repurchase/ buyback needs
Mergers and Acquisitions	CL03	<ul style="list-style-type: none"> Why Companies Merge and Acquire Brief History of Mergers and Acquisitions The Merger and Acquisition Life Cycle Valuation of Mergers and Acquisitions <p>Harvard Readings:</p> <ul style="list-style-type: none"> The Mergers and Acquisitions Process <p>Case:</p> <ul style="list-style-type: none"> To be shared

Final Exam: 16/5/2024 – 27/5/2024

Textbook and Pre-Course Reading Material, Important Dates.

Recommended Text:

Financial Management: Theory and Practice. Eugene F. Brigham and Michael Ehrhardt, 16th edition. (year of publication: 2020)

Secondary Texts:

Fundamentals of Corporate Finance. Stephen A. Ross, Randolph W. Westerfield & Bradford D. Jordan.

Corporate Finance: Theory and Practice. Aswath Damodaran

Cases:

Will be shared in class.

Important Dates

- Midterm Exams from 5/3/2024 – 11/3/2024 (Type: Standardized)
- Final Exams from 16/5/2024 – 27/5/2024 (Type: Standardized)

- Project Submission: Phase 1 to be submitted on LMS: 15/3/2024.
- Quizzes: (N-1) 5 best quizzes will be counted in final grade. No makeup quizzes)

Prerequisite Skills and Knowledge to take this Course

Understanding of basic finance concepts and calculations are essential.

Assessments and Grading Scheme

Assessment	Due Date	Remarks
Project	Last Session of the Course	This is a group project. Students will submit their project documents on LMS.
Class Participation/Presentation	Ongoing (end of session/ as announced in class)	Practice questions/spreadsheet assignments will be given in some sessions.
Quizzes	Ongoing	The quizzes may be in advance or from the previous topic. There will be a perfect zero if you miss the quiz.
Mid/Final Paper	Mid/Final Exam Week	Mid/Final Exam Week

This course follows absolute grading. There will be NO SCALING

Marks Distribution

Marks Head	Total Frequency	Total Exempted	Marks /Frequency	Total Marks /Head
Project	1	0	20	20
Quizzes (N-1)	3	1	5/2	10
Exam Papers	2	0	25+35	60
Class Participation	y	0	10/y	10
Total Marks				100

Comments and/or Suggestions

- Active class participation will be rewarded by adjusting the grade upwards when it is on the margin.
- Since subsequent topics are built on previously learned material, it is imperative that students keep up with the material. In addition, you should ensure that lectures are understood properly.
- A student who misses a class is responsible for obtaining any handouts and information on course content, assignments, due dates, test dates, etc.
- Unethical behavior (cheating, plagiarism, proxy attendance) will be strictly penalized.
- Students are highly encouraged to read newspapers (Business Recorder etc.)

Technology & Innovation

- All course materials and grades will be posted on LMS/UMS. Students are responsible to stay updated on this platform.
- Students should bring calculators & textbooks to class.
- Familiarity with MS Word & Excel.
- For discussions and course related queries please join the class WhatsApp group and avoid sending direct messages

Social Contribution / Impact

- Consideration of the environmental impact of projects in capital budgeting decisions
- Inculcating financial awareness among the students and creating an interest in investing and budgeting

Academic Conduct

IBA policy

Attendance Policy
IBA policy
Plagiarism Policy
IBA policy
Withdrawal Policy
IBA policy