

## Corporate Finance 1

### Section 1: General Information

#### 1.1 Administrative details:

Associated HE Award(s)	Duration	Level	Subject Coordinator
Executive MBA (EMBA)	12+4 (16 Months)	Term 1	

#### 1.2 Core or elective subject/unit

Indicate if the subject/unit is a

- core subject/unit  
 elective subject/unit  
 other (please specify below):

#### 1.3 Subject/unit weighting

Indicate below, the weighting of this subject/unit and the total course points (eg 10 credit points for the subject/unit and 320 credit points for the course)

Subject/Unit Credit Points	Total Course Credit Points
1	10

#### 1.4 Student workload

Indicate below, the expected student workload per week for this subject/unit:

No. timetabled hours/week*	No. personal study hours/week**	Total workload hours/week***
9	9	18

\* Total time spent per week at lectures, tutorials, clinical and other placements etc

\*\* Total time students are expected to spend per week in studying, completing assignments, etc

\*\*\* That is, \* + \*\* = workload hours.

#### 1.5 Mode of Delivery

Indicate if this subject/unit is delivered

- face to face  
 online  
 independent learning module/un timetabled study  
 by a combination of modes (please specify below)  
 through a practicum  
 other mode (please specify below)

#### 1.6 Pre-requisites

Are students required have undertaken a prerequisite/co-requisite subject/unit(s) for this subject/unit?

- Yes  
 No

If **yes**, provide **details** of the prerequisite/co-requisite **requirements** below:

Financial Accounting for Decision Making
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#### 1.7 Other resource requirements

Do students require access to specialist facilities and/or equipment for this subject/unit (eg special computer access / physical education equipment)?

- Yes  
 No

If yes, provide details of the requirements below:

Note: Access to these requirements should be detailed under 3.5 in the accreditation application form.

#### 1.8 Supporting Material

- ♦ *“Corporate Finance” by Ross, Westerfield, Jaffe, & Kakani, 8th Ed., Special Indian Edition, Tata McGraw- Hill Publications (Higher Education), 2009. [RWJK]*

- ◆ “Principles of Corporate Finance” by Brealey, Myers, Allen, & Mohanty, McGraw Hill, 2007 [BMAM]
- ◆ “Financial Management: Theory & Practice” by Prasanna Chandra, McGraw Hill, 2007 [PC]
- ◆ “Financial Management and Policy” by James C. Van Horne, PHI, 2002 [VH]
- ◆ “Fundamentals Of Financial Management” by Brigham & Houston, South-western/cengage Learning, 2008 [BH]
- ◆ “Financial Management” by Jonathan Berk, Peter De Marzo & Ashok Thampy, Pearson, 2010 [BMT]
- ◆ “Financial Accounting for Management” by Ramachandran & Kakani, 3<sup>rd</sup> Ed., Tata McGraw-Hill Publications (Higher Education), 2011. [RK]
- ◆ “Fundamentals of Corporate Finance” by Ross, Westerfield & Jordan, McGraw Hill, 2007 [RWJ]
- ◆ “Corporate Finance: A Focused Approach” by Ehrhardt & Brigham, Cengage, 2009 [EB]
- ◆ “Fundamentals of Financial Management” by Van Horne & Wachowicz, Pearson, 2009 [VW]
- ◆ “Essentials of Managerial Finance” by Weston, Besley & Brigham, W B Saunders, 1996 [WBB]
- ◆ “Principles of Managerial Finance” by Lawrence Gitman, Pearson, 2010 [LG]
- ◆ “Financial Management” by I M Pandey, Vikas, 2010 [IMP]

## Section 2 – Academic Details

### 2.1. Student learning outcomes

Students will build on the accounting concepts learnt during the course ‘Accounting for Decision Making’. The ‘Accounting for Decsiosn Making’ course introduces the students to financial impact of various decisions made in the past. The Corporate Finance course will teach them how those decisions are taken by the management and what is the inter-relationship between different decisions.

At the end of the subject students shall be able to:

- a) Evaluate critically the role of corporate finance in business decisions in a global organization
- b) Have knowledge about time value of money and its application in techniques of capital investment decisions such as NPV, IRR, etc
- c) Learn various financing methods – both short term and long term
- d) Develop the skill for simple valuation of shares and debentures
- e) Appreciate the role of working capital management

### 2.2 Course content and structure

Session #	Theme	Reading/Case	Teaching Pedagogy
1	<p><i>Corporate Finance:</i></p> <ul style="list-style-type: none"> <li>• Functions &amp; Objectives</li> <li>• Wealth Maximization vs Profit Maximization</li> </ul>	<p>Finding Meaning in Financial Statements: A Look Behind the Numbers (HBP Book Chapter)</p> <p>==</p> <p>Other Supporting Material: Chapter 1 in RWJK Chapter 1 of BMAM; Chapters 1 &amp; 2 of PC; Chapter 1 of IMP; Chapter 1 of EB; Chapters 1 &amp; 2 of VW; Chapter 1 of LG</p>	Lecture and Guided Discussion

2 & 3	<p>Financial Planning</p> <ul style="list-style-type: none"> <li>- Financial Forecasting and Estimating Fund Requirements</li> <li>- Preparing Performance Financial Statements</li> <li>- Financial Decisions and Impact on Financial Statements</li> </ul>	<p>HBR Note on Financial Forecasting</p> <p>HBR Exercise: Note on Financial Forecasting, Problems (HBP)</p> <p>HBR Case: Tire City, Inc. ==</p> <p>Other Supporting Material: Chapters 2 and 3 in RWJK Chapters 29 of BMAM; Chapters 4, 5, 30 &amp; 32 of PC; Chapter 25 in IMP; Chapter 13 in VH; Chapter 4 in LG; Chapters 13 &amp; 14 in EB</p>	Lecture, Discussion and Problem Solving
4	<p>Financial Planning</p> <ul style="list-style-type: none"> <li>- Short Term Plan</li> <li>- Preparation of a Cash Budget</li> </ul>	<p>HBR Note on Cash Budgeting / Cash Management (HBP)</p> <p>HBR Case: Hampton Machine Tools ==</p> <p>Other Supporting Material: Chapter 26 in RWJK Chapter 31 of BMAM; Chapters 24, 28 &amp; 32 in PC; Chapters 27, 29 &amp; 31 in IMP; Chapter 16 in VH; Chapters 14 &amp; 15 in LG; Chapter 22 in EB</p>	Lecture, Discussion and Problem Solving
5, 6 & 7	<p>Working Capital Decisions</p> <ul style="list-style-type: none"> <li>- Estimation of Requirement and Policy</li> <li>- Cash Conversion Cycle</li> <li>- Strategic Importance of Working Capital in a Global organization</li> </ul>	<p>HBR Article: The Magic of Managing the Balance Sheet : How to Manage Working Capital (HBR) Case: Dell's Working Capital ==</p> <p>Other Supporting Material: Chapters 27 and 28 in RWJK Chapters 30 &amp; 31 of BMAM; Chapter 25, 26, 27, 28, &amp; 29 in PC; Chapters 28 &amp; 30 in IMP; Chapters 14 &amp; 15 in VH; Chapters 16 &amp; 17 in LG; Chapter 22 in EB</p>	Lecture, Discussion, Problem Solving, and Case Analysis
8 & 9	<p>Concept and Application of Time Value of Money</p> <ul style="list-style-type: none"> <li>- Time Value of Money and Cash Flow</li> <li>- Financial Applications – NPV, Annuities &amp; IRR</li> </ul>	<p>HBR Note: Present Value: A Note on Personal Applications ==</p> <p>Other Supporting Material: Chapter 4 in RWJK Chapters 2 &amp; 3 of BMAM; Chapter 6 of PC</p>	Guided Discussion, Problem Solving, and Case Analysis
10, 11 & 12	<p>Bonds and Shares Valuation: An Introduction</p> <ul style="list-style-type: none"> <li>- YTM</li> <li>- Effective Rate</li> <li>- Dividend Models</li> <li>- Earnings Capitalization</li> <li>- Discounted Cash Flows</li> </ul>	<p>HBR Note on Bond Valuation and Returns</p> <p>HBR Note: Basic Ratio Analysis and Equity Valuation ==</p> <p>Other Supporting Material: Chapters 4, 5 &amp; 20 in RWJK Chapter 4 of BMAM; Chapter 5, 7 &amp; 33 of PC; Chapter 3 in IMP; Chapter 2 in VH; Chapter 7 in LG; Chapters 6 &amp; 7 in EB</p>	Lecture, Discussion, Problem Solving, and Mini Cases

**\*Faculty may use appropriate cases/assignments/readings, comparable with syllabus standards**

**2.3. Student Assessment:**

Assessment Type	When assessed	Weightage	Learning Outcomes Assessed
Group-Based Case Analysis capturing Experiences & also enabling knowledge sharing	On going	20	Items (a), (b), (d) and (e) listed above
Assignments (individual specific)	At the end of the course	30	Items (a), (d) and (e) listed above
Mid Term Test	Session 8	10	Items (b) and (c) listed above
Examination	End Term	40	All items listed above

**2.4 Prescribed and Recommended Texts**

1. Finding Meaning in Financial Statements: A Look Behind the Numbers (HBP Book Chapter)
2. Note on Financial Forecasting
3. Exercise: Note on Financial Forecasting, Problems (HBP)
4. Case: Tire City, Inc.
5. Note on Cash Budgeting / Cash Management (HBP)
6. Case: Hampton Machine Tool
7. Article: The Magic of Managing the Balance Sheet : How to Manage Working Capital
8. Case: Dell's Working Capital
9. Note: Present Value: A Note on Personal Applications
10. Note on Bond Valuation and Returns
11. Note: Basic Ratio Analysis and Equity Valuation