

MID-WESTERN UNIVERSITY, FACULTY OF MANAGEMENT  
BACHELOR IN BUSINESS ADMINISTRATION (BBA), SYLLABUS 2072 (2016)

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<b>Course Title</b>		<b>Corporate Finance</b>
<b>Course Code Number</b>		<b>MGT 385</b>
<b>Credit Hours</b>		<b>03</b>
<b>Year: IV</b>		<b>Semester: VIII (Finance Specialization)</b>
<b>Course Objectives:</b>		
<b>Main Objective</b>		This course aims to Introduce concepts and practices on short-term financing, Term Loans and Lease Financing, Common Stock Financing and Long-Term Debt and Preferred Stock Financing.
<b>Enabling Objectives</b>		<p>After the completion of all the learning units of the course, participants will be able to:</p> <ul style="list-style-type: none"> <li>• Understand the basic concepts and theories of corporate finance</li> <li>• Analyze the cost of short-term financing</li> <li>• Analyze the term loan and lease financing</li> <li>• Evaluate the common stock financing</li> <li>• Analyze the debt and preferred stock financing</li> <li>• Understand the concept of dividend policy</li> </ul>
<b>Learning Unit (LU)</b>	<b>Learning Hours (LH)</b>	<b>Contents</b>
<b>LU 1</b>	<b>LH 4</b>	<b>Introduction to Corporate Finance</b> Corporate finance and financial manager; Financial manager's responsibilities; Managerial actions to maximize shareholder wealth; The agency problem: stockholders versus managers and stockholders versus creditors; Corporate social responsibilities.
<b>LU 2</b>	<b>LH 10</b>	<b>Short-Term Financing</b> Nature of short-term financing, Advantages and disadvantages, Sources of short-term financing: accruals, accounts payable (trade credit), commercial paper, short-term bank loans – line of credit, revolving credit arrangement, transaction loans; The cost of bank loan; Choosing a bank; accounts receivable financing.
<b>LU 3</b>	<b>LH 10</b>	<b>Term Loans and Lease Financing</b> Meaning of term loan, Characteristics of term loans, repayment schedule, Lease financing: significance of lease financing, types of lease, evaluating lease financing in relation to debt financing
<b>LU 4</b>	<b>LH 10</b>	<b>Common Stock Financing</b> Features of common stock; Rights common stockholders; Advantages and

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		disadvantages; The market for common stock; Methods of selling securities: public offering, rights offering and private placement; Analysis of rights offering and effect of rights offering on shareholders' wealth,
<b>LU 5</b>	<b>LH 8</b>	<b>Long-Term Debt and Preferred Stock Financing</b> Types of long-term debt instruments, trustee and indenture, Call provision, Sinking fund, Advantages and disadvantages; Preferred stock: features, types, advantages and disadvantages, Use of debenture and preferred stock in Nepalese capital market.
<b>LU 6</b>	<b>LH 6</b>	<b>Dividend Policy</b> Concept of Dividend Policy , Factors Influencing Dividend Policy, Dividend Payment Procedures, Stock Dividends and Stock Splits, Types of Dividend Policy: Residual Policy and Stability in dividend.
<b>References</b>		<b>Reference Books</b> <ol style="list-style-type: none"> <li>1. James C. Van Horne, <i>Financial Management and Policy</i>, Prentice Hall of India, New Delhi</li> <li>2. Eugene F. Brigham, and Michael C. Ehrhardt, <i>Financial Management: Theory and Practice</i>, Thomson Asia, Singapore.</li> <li>3. Ross, S. A., Westerfield, R. W. &amp; Jordan, B. D. <i>Fundamentals of corporate finance</i>. New York: McGraw-Hill Irwin</li> <li>4. Paudel, R. B., Baral K. J., Gautam R. R. &amp; Rana S. B. <i>Fundamentals of corporate finance</i>. Kathmandu: Asmita Books Publishers and Distributors.</li> </ol>

Net Contact Hour is 48 excluding the exams and tests.

Evaluation Module: 50 percent will be assessed through the internal evaluation and 50 percent will be assessed through end semester examination