



Course Descriptor
FINA 310 CORPORATION FINANCE

Proposed Academic Year	2020- 2021	Last Reviewed Academic Year	2019- 2020
Course Code	FINA 310	Course Title	Corporate Finance
Credit hours	3	Level of study	Undergraduate -Year One
College / Centre	COBA	Department	Accounting and Finance
Co-requisites	FINA201	Pre-requisites	FINA201

1. COURSE OUTLINE

Corporate Finance is the area of finance dealing with the sources of funding and the capital structure of corporations and the actions that managers take to increase the value of the firm to the shareholders, as well as the tools and analysis used to allocate financial resources. The primary goal of corporate finance is to maximize or increase shareholder value. Although it is in principle different from managerial finance which studies the financial management of all firms, rather than corporations alone, the main concepts in the study of corporate finance are applicable to the financial problems of all kinds of firms.

The course "Corporate Finance" is applicable to all forms of business, small and large, private and public. Individuals involved in the Corporate Finance area are concerned with Strategic corporate decisions, financial planning, valuation models, risk management and optimizing the capital structure. Therefore, the unit focuses on corporate finance. The following main aspects of corporate finance are covered here:

1. Profit vs. wealth maximization;
2. Investment Decisions (Capital Budgeting techniques)
3. Cost of Capital
4. Capital Structure Theories
5. Capital Markets and Source of funds
6. Corporate Reorganizations
7. Mergers & Acquisitions (M&A)

2. AIMS

This course provides introduction to these concepts and techniques needed by the manager of a firm for decision making. The ultimate goal of the financial manager is generally to maximize shareholder value. To succeed in business, profound corporate finance knowledge and its international perspectives is mandatory.

3. LEARNING OUTCOMES, TEACHING, LEARNING and ASSESSMENT METHODS

Learning Outcomes (Definitive)	Teaching and Learning methods (Indicative)	Assessment (Indicative)
Upon successful completion of this course, students will be able to:		
1. Be able to understand the significance between profit and wealth maximization in the firm	<ul style="list-style-type: none"> • Lectures through PPTs • Presentations • Problem Solving 	<ul style="list-style-type: none"> • Oral discussions and feedback



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and understand the goals of the organization in the changing business environment.	<ul style="list-style-type: none"> • Graphs, charts and Diagram Analysis 	<ul style="list-style-type: none"> • Homework assignments and Formal Examinations • Participation and Attendance
2. Be able to better understand the various finance functions and distinction among them viz. Investment Financing and Dividend decisions.	<ul style="list-style-type: none"> • Lectures through PPTs • Presentations • Problem Solving • Graphs, charts and Diagram Analysis 	<ul style="list-style-type: none"> • Oral discussions and feedback • Homework assignments and Formal Examinations • Participation and Attendance
3. Be able to understand the significance of capital budgeting decisions and how to calculate and analyze. In addition interpretation of the results for Investment Decision.	<ul style="list-style-type: none"> • Lectures through PPTs • Presentations • Problem Solving • Graphs, charts and Diagram Analysis 	<ul style="list-style-type: none"> • Oral discussions and feedback • Homework assignments and Formal Examinations • Participation and Attendance
4. Be able to understand the different costs of capital significance and how to calculate and interpret the various types of Cost of capital and its role in financing decision.	<ul style="list-style-type: none"> • Lectures through PPTs • Presentations • Problem Solving • Graphs, charts and Diagram Analysis 	<ul style="list-style-type: none"> • Oral discussions and feedback • Homework assignments and Formal Examinations • Participation and Attendance
Be able to understand the distinction between operational and financial leverages and alternative financial plans.	<ul style="list-style-type: none"> • Lectures through PPTs • Presentations • Problem Solving • Graphs, charts and Diagram Analysis 	<ul style="list-style-type: none"> • Oral discussions and feedback • Homework assignments and Formal Examinations • Participation and Attendance
Be able to understand the significance of capital markets in the economic development of the country regulatory issues related to the IPOs and other accepts.	<ul style="list-style-type: none"> • Lectures through PPTs • Presentations • Problem Solving • Graphs, charts and Diagram Analysis 	<ul style="list-style-type: none"> • Oral discussions and feedback • Homework assignments and Formal Examinations • Participation and Attendance
Be able to understand the importance of corporate reorganizations and concepts and implications	<ul style="list-style-type: none"> • Lectures through PPTs • Presentations • Problem Solving • Graphs, charts and Diagram Analysis 	<ul style="list-style-type: none"> • Oral discussions and feedback • Homework assignments and Formal Examinations



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of mergers and acquisitions.		<ul style="list-style-type: none"> Participation and Attendance
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4. ASSESSMENT WEIGHTING

Assessment	Percentage of final mark (%)
Home Assignment – Two 5x2	10
First Midterm Examination	25
Second Midterm Examination	25
Final Examination	40
TOTAL	100%

5. ACHIEVING A PASS

Students will achieve 3 credit hours for this course by passing **ALL** of the course assessments and achieving a **minimum overall score of 50%**

6. COURSE CONTENT (Indicative)

Financial Management: Meaning, Nature And Scope.	
Finance Goal Profit Vs. Wealth Maximization	
Finance Functions – Investment, Financing And Dividend Decisions.	
Capital Budgeting: Nature Of Investment Decisions: Investment Evaluation Criteria –	
Methods Of Capital Budgeting Decisions:	
Payback Period, Accounting Rate Of Return	
Net Present Value, Internal Rate Of Return, NPV And IRR Comparison,	
Profitability Index	
Capital Rationing; Risk Analysis In Capital Budgeting.	
Cost Of Capital: Meaning And Significance Of Cost Of Capital:	
Calculation Of Cost Of Debt, Preference Capital, Equity Capital	
Capital Asset Pricing Model (CAPM)	
Operating And Financial Leverage: Measurement Of Leverages:	
Capital Structure Theories: Traditional And M. M. Hypothesis	
Determining Capital Structure In Practice.	
Dividend Policies And Models: Issues In Dividend Decisions	
Corporate reorganizations: significance of Mergers & Acquisitions (M&A)	
Capital Markets And Source Of Funds	
Regulatory Role In Capital Markets	
COMPREHENSIVE FINAL EXAM	
TOTAL HOURS	36
Plus RECOMMENDED INDEPENDENT STUDY HOURS	45
TOTAL COURSE HOURS	81

7. RECOMMENDED REFERENCES

Core text/s:

- Simon Benninga, Principles of Finance with Microsoft Excel, Second Edition, Oxford University Press 2011.



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- Ernst, Dietmar; Häcker, Joachim (2011): Applied International Corporate Finance, Vahlen Publishers, Munich, 2nd edition.
- Brigham & Houston – Fundamentals of Financial Mgmt., Thomson Cengage Learning 1/e,
- www.cma.gov.om. ; www.msm.gov.om

Library + online resources:

<http://www.asu.edu.om/asuedu/about-the-programcurriculum-af/>

<http://www.asu.edu.om/asuedu/wp-content/uploads/2012/07/acc2.jpg>

Open Educational Resources:



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