



APPLIES TO ACADEMIC YEAR
2001/2002

BØK 8950 Basic Financial Management

Program

Bachelor of Business Administration Program in Travel and Tourism Management, Foundation Program in Business Administration, Bachelor of Business Administration Program in ICT Management (1st year), Master's Degree Program in Marketing Management (2nd year)

Responsible for the course

Dag Michalsen

Department

Financial Economics

Term

Spring

ECTS Credits

6

Objective

The main objective of the course is to provide students with basic insight into the theoretical and practical aspects of the capital budgeting decisions made by the firm. With respect to capital budgeting, this implies that in addition to a careful discussion of traditional decision-making rules like net present value and internal rate of return, considerable emphasis is placed on capital budgeting under uncertainty, including portfolio theory and risk and return. The financing decisions are dealt with more pragmatically, emphasizing the cost of capital for different sources of long-term financing, as well as estimating the overall cost of capital for the firm.

Prerequisites

The course is based on knowledge acquired in the statistics course of the Foundation Program in Business Administration or similar. The part-time course option also requires knowledge corresponding to the courses in Managerial Accounting. Full-time students need to keep themselves up to date with the progression of the courses in Managerial Accounting.

Compulsory literature

Bøhren, Øyvind og Per Ivar Gjærum. 1999. *Prosjektanalyse*. 2. utg. Oslo: Skarvet forlag.
Bøhren, Øyvind og Dag Michalsen. 2001. *Finansiell økonomi: Teori og praksis*. 2. utg. Oslo: Skarvet forlag.
Interest tables. 1988. Sandvika: BI Forlag.

Recommended literature

Korsvold, Pål og Dag Michalsen. *Eksamensoppgaver med løsningsforslag i finans*. Siste utg. Sandvika: BI Forlag.

Course outline

1. Introduction and Overview. BG chapter 1
2. Short-term Financial Planning. BG chapters 2-5
3. The Time Value of Money. BG chapter 6
4. Capital Budgeting under Certainty. BG chapters 7, 12
5. Capital Budgeting under Uncertainty. BM Chapters 1-3, BG chapter 8, 9
6. Sources of Long-term Financing. BM chapters 4-5, BG chapter 10
7. Organizing Capital Investments and Performance Measurement. BG chapter 11

Computer-based tools

Students are advised to make use of computer-based tools in the course, for instance spreadsheets. At the examination, however, computer-based tools are not allowed.

Course structure

The course is based on 42 teaching hours of lectures.

Evaluation

A three-hour multiple choice exam concludes the course.

Evaluation code(s)

BØK 89501 - multiple choice exam, counts 100% of the grade in BØK 8950, 2 credits

Aids at the examination

Programmable calculator and interest tables are allowed.

Makeup exam

A makeup exam is held in every term.