



APPLIES TO ACADEMIC YEAR
2002/2003

GRA 6025 Financial Management

Program

Master of Science (common course)

Responsible for the course

Dag Michalsen

Department

Financial Economics

Term

MSc: Fall

ECTS Credits

6

Objective

The finance discipline has over the last decades matured to the point where there exists a sound body of theory. In this introductory course, the theory of finance will be illustrated and applied to problems in corporate finance.

Learning to cope with routine problems is easy, for instance by developing a list of rules for dealing with such problems. However, full reliance on the list-of-rules approach is insufficient as problems that do not fit these rules will be encountered. A thorough understanding of financial theory will facilitate transcending the simple rules.

Prerequisites

None

Compulsory literature

Ross, Stephen A., Randolph W. Westerfield and Jeffrey F. Jaffe. 2002. *Corporate finance*. 6th ed. Boston, Mass.: Irwin/McGraw-Hill.

Recommended literature

Course outline

Finance- An Introduction
Accounting Statements and Cash Flows
Value and Capital Budgeting
-Net Present Value
-Valuation of Bonds and Stocks
-Alternative Investments Rules
-Capital Budgeting
Uncertainty
-Capital Market Theory
-Risk and return
-The Capital Asset Pricing Model
-The Arbitrage Pricing Theory
Risk, Return and Capital Budgeting
Capital Structure and Dividend Policy
-Overview of Capital Structure Theories
-Dividend Policy

Computer-based tools

Students are recommended to use computer-based tools, such as spreadsheets and statistical software. Such tools, however, are not allowed at the examination.

Course structure

The instruction during the 36 lecture hours consists primarily of presentations and discussions of the readings assigned to the topics listed above. Students are expected to have read the material before each class meeting.

Evaluation

Three-hour written exam

Evaluation code(s)

GRA60251

Aids at the examination

Interest tables (distributed during the exam) and a financial calculator is permitted during the exam.

Makeup exam

At the next ordinary exam