



APPLIES TO ACADEMIC YEAR 2003/2004

BØK 2213 Finance II

Program

Master of Business and Economics Program

Responsible for the course

Dag Michalsen

Department

Financial Economics

Term

According to study plan

ECTS Credits

6

Objective

The first objective of this course is to understand how managers of corporations make decisions regarding how corporations are financed and how they pay out dividends. To begin to understand these students need to consider what an efficient financial market is and why efficiency in financial markets is important for these decisions. Managers can finance investments through raising equity or debt. The decision regarding how much debt relative to equity should be used will form an integral part of this section of the course. Moreover students will learn how the choice between debt and equity can influence the capital budgeting decision discussed in Finance I. The second objective of the course is to give students a basic understanding of a set of additional topics in finance. These are related to the issuance of securities, the decision of whether to buy or lease, merger and acquisition activity, risk management and issues in international finance.

Prerequisites

BØK xxxx Finance I

Compulsory literature

Ross, Stephen A., Randolph W. Westerfield and Jeffrey F. Jaffe. 2002. *Corporate finance*. 6th ed, rev. Boston, MA.: Irwin/McGraw-Hill, chapters 13-23, 25 and 30.

Recommended literature

Eksamensoppgavesamling med løsningsforlag i finans. Sandvika: Handelshøyskolen BI. Siste utgave.

Course outline

Part I: Financing

- Efficient Markets
- Long Term Financing
- Debt or Equity?
- Capital Budgeting: APV
- Dividend Policy

Part II: Topics in finance

- Issuing securities
- Leasing
- Derivatives and Risk Management
- Merger and Acquisition Strategy
- International Finance

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 course is based on 36 teaching hours, primarily presentations and discussions of the readings assigned to the topics listed above. Students are expected to have read the material before each class meeting. In addition to regular lecturing, there will be 6 hours of problemsolving.

Evaluation

A three-hour multiple-choice exam concludes the course.

Evaluation code(s)

BØK 22131

Aids at the examination

Interest tables and financial calculator are permitted during the exam.

Makeup exam

At the next ordinary exam.