



APPLIES TO ACADEMIC YEAR 2003/2004

## BØK 9932 Financial Strategy

### Program

Bachelor of Business Administration Program in Finance, Exchange Program

### Responsible for the course

Knut Sagmo

### Department

Financial Economics

### Term

According to study plan

### ECTS Credits

6

### Objective

The main objective of the course is to provide students with a basic understanding and appreciation of the main theories relating to understanding firms' major financial decisions, such as choice of capital structure and dividend policy. Also; the students are supposed to acquire an understanding of option pricing theory and how firms' financial decisions are exposed to additional uncertainty in an international environment.

### Prerequisites

Basic Financial Management from a first-year Foundation Program in Business Administration, or equivalent.

### Compulsory literature

Ross, Stephen A., Randolph W. Westerfield and Jeffrey Jaffe. 2001. *Corporate Finance*. 6th ed. Chicago: Irwin/McGraw-Hill International Editions (RWJ).

All articles, handouts and material discussed in class.

### Recommended literature

To be announced in class.

### Course outline

1.	Introduction to Corporate Finance	ch. 1	(RWJ)
2.	Financial Leverage, Risk and Return	ch. 12	"
3.	Capital Structure: Basic Concepts	ch. 15	"
4.	Capital Structure: Limitations to Debt	ch. 16	"
5.	Valuation, Leverage and the APV-approach	ch. 17	"
6.	Dividend Policy	ch. 18	"
7.	Options and Corporate Finance: Basics	ch. 21	"
8.	Options and Corporate Finance: Extensions	ch. 22	"
9.	International Corporate Finance	ch. 32	"

### Computer-based tools

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

### Course structure

The course is based on 36 lecture-hours of teaching (12 lectures in total). Exercises highlighting and demonstrating practical applications of the theory will be used extensively in class. Completion with a passing grade on four home-assignments is required prior to being allowed to register for the exam. This requirement will be strictly enforced. The final exam is given in English.

### Evaluation

A final, 3-hour, multiple-choice exam concludes the course. The exam grade determines 100% of the course-grade.

**Evaluation code(s)**

BØK 99321 Financial Strategy - Multiple-choice, 6 ECTS credits.

**Aids at the examination**

Financial calculator and interest rate tables.

**Makeup exam**

At the next ordinary exam.