



APPLIES TO ACADEMIC YEAR 2004/2005

BØK 9432 Financial Strategy

Program

Bachelor of Business Administration Program in Business Law, Bachelor of Business Administration Program

Responsible for the course

Dag Michalsen

Department

Financial Economics

Term

According to study plan

ECTS Credits

6

Objective

The main objective of the course is to provide the students with basic knowledge of theories relating to the financial decisions of the firm, such as capital structure and dividend policy. Moreover, the students are supposed to acquire an understanding of option pricing theory and how the financial decisions of the firm are affected in an international environment.

Prerequisites

The course Basic Financial Management from the Bachelor of Business Administration Program or equivalent.

Compulsory literature

Bøhren, Øyvind og Dag Michalsen. 2001. *Finansiell økonomi: teori og praksis*. 2. utgave. Oslo: Skarvet forlag. (chapters 6-11)

Korsvold, Pål E. 2000. *Valutastyring*. 2. utgave. Oslo: Cappelen akademisk forlag. (chapters 1-7)
Rentetabeller. Siste utg. Sandvika: Handelshøyskolen BI.

Recommended literature

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

Course outline

1. Financial Leverage and Risk. BM ch. 6
2. Capital Structure Decisions. BM ch. 7-8
3. Adjusted Present Value. BM ch. 9
4. Dividend Policy. BM ch. 10
5. Option Pricing Theory. BM ch. 11
6. International Financial Management. K ch. 1-7

Computer-based tools

Students are recommended to use computer-based tools, e.g. spreadsheets. Such tools, however, are not allowed at the examination.

Course structure

The course is based on 36 teaching hours of lectures. Exercises intended to demonstrate the practical use of theory are included in the lectures.

Evaluation

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

Evaluation code(s)

BØK 94321 Financial Strategy - multiple choice exam, counts 100% of a grade in the course
BØK 9432, 6 ECTS credits.

Aids at the examination

Financial calculator and interest rate tables are allowed.

Makeup exam

A re-sit is normally held at the end of the next course.

For students at the Bachelor of Business Administration Program in finance, the class will be together with exchange students and therefore taught in English. The compulsory literature which is written in Norwegian can therefore be replaced by:

Ross, Stephen A., Randolph W. Westerfield and Bradford D. Jordan. 1998. *Fundamentals of corporate finance*. 4th ed. Boston, Mass.: Irwin.

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Articles to supplement the textbook on international financial management.

The exam will be the same as the ordinary multiple choice exam, BØK 94321 Financial Strategy - multiple choice exam, which counts 100% of a grade in the course BØK 9432, 6 ECTS credits. However, the exam questions will be written in English.