



APPLIES TO ACADEMIC YEAR 2006/2007

GRA 6025 Financial Management

Program

Common Course, Master of Science in Financial Economics, Master in Public Accounting

Responsible for the course

Dag Michalsen

Department

Financial Economics

Term

According to study plan

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

Bachelors degree in Business or eq

Compulsory literature

Books:

Ross, Stephen A., Randolph W. Westerfield and Jeffrey F. Jaffe. 2005. Corporate finance : fundamentals. 7th 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
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. Blackboard/homepage

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

The course grade will be based on the following activities and weights:

20%: Class work (in the form of a mix of some/all of the following: hand in of case write ups, projects, and homework; case presentations and class participation; in class midterm and quizzes).

80%: 3 hour written final exam.

Both parts of the evaluation need to be passed in order to get a grade in the course.

Specific Information regarding any aspect of student evaluation will be provided in class. It is the student's responsibility to obtain this information. Please note that whilst attendance is not compulsory, it is the student's responsibility to obtain any information provided in class that is not included on the course homepage/Blackboard or text book. Homepages and/or Blackboard are not designed for the purpose of students who choose not to attend class.

Evaluation code(s)

GRA60251 accounts for 100 % of the final grade in the course GRA6025.

Aids at the examination

Interest tables, advanced calculator, and a bilingual dictionary are permitted during the exam.

Makeup exam

Re-takes are only possible at the next time a course will be held. When course evaluation consists of class participation or process elements, the whole course must be re-evaluated when a student wants to retake an exam. Retake examinations entail an extra examination fee.

Honor Code

Academic honesty and trust are important to all of us as individuals, and they are encouraged and promoted by the honor system. This is a most significant university tradition. The honor system is the responsibility of students. As faculty, we share the commitment to the ideals of the honor system.

At no time should notes or papers or personal consultations based on previous semesters of this course be used. As part of the honor code papers handed in as part of the course is, at the discretion of the professor, scanned for plagiarism. We are using Safe Assignment in Black Board for this purpose. Any violation of the honor code will be dealt with in accordance with BI's procedures on cheating. These issues are a serious matter to everyone associated with the program. They are at the heart of the Honor Code and academy integrity. If you have any questions about your responsibilities under the honor code, please ask.