



APPLIES TO ACADEMIC YEAR 2007/2008

## **BØK 2213 Finance II**

### **Program**

Bachelor of Science in Business (3. year).

### **Responsible for the course**

Geir Bjønnes

### **Department**

Financial Economics

### **Term**

According to study plan

### **ECTS Credits**

6

### **Language of instruction**

Norwegian

### **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 2212 Finance I

### **Compulsory literature**

#### **Books:**

Berk, Jonathan and Peter DeMarzo. 2007. Corporate finance. Boston : Pearson/Addison Wesley.

### **Recommended literature**

#### **Other:**

Eksamensoppgavesamling med løsningsforlag i finans. 1997. Oslo: BI Forlag

### **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 - Three hour multiple choice exam, counts 100% of the grade in BØK 2213 Finance II, 6 credits.

**Aids at the examination**

Interest tables and advanced (programmable) calculator are permitted during the exam.

Support materials at written examinations are explained under exam information in our web-based student handbook. Please note use of calculator. <http://www.bi.no/studenthandbook>

**Makeup exam**

At the next ordinary exam.

The change of literature takes effect for the 2006-2009 class. The first time with this text book is spring 2009.