



APPLIES TO ACADEMIC YEAR 2007/2008

## EXC 2501 Financial Decision Making

### Program

Bachelor in Business Administration - (3. year)

### Responsible for the course

Dag Michalsen

### Department

Financial Economics

### Term

According to study plan

### ECTS Credits

6

### Language of instruction

English

### 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

#### Books:

Brealey, R.A., S.C. Myers and A.J. Marcus. 2006. Fundamentals of corporate finance. 5th ed.. Boston: McGraw-Hill/ Irwin. The 4th edition may be used by students already having purchased it.

### Recommended literature

### Course outline

- |   |             |
|---|-------------|
| 1. Financing  | (ch. 13-14) |
| 2. Capital Structure Decisions                      | (ch. 15)    |
| 3. Dividend Policy                                  | (ch. 16)    |
| 4. Mergers and Acquisitions                         | (ch. 22)    |
| 5. International Financial Management               | (ch. 23)    |
| 6. Options  | (ch. 24)    |
| 7. Risk Management                                  | (ch. 25)    |
| 8. What We Do and What We Do Not Know about Finance | (ch. 26)    |

### 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)**

EXC 25011 - Multiple Choice exam, counts 100% of a grade in the course BØK 2501 Financial Decision Making, 6 credits.

**Aids at the examination**

Advanced calculator and interest rate tables are allowed.

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**

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