



APPLIES TO ACADEMIC YEAR 2008/2009

## GRA 6025 Financial Management

### Program

Core Course, Master in Innovation and Entrepreneurship, Master in Professional Accountancy, Master of Science in Financial Economics

### Responsible for the course

Dag Michalsen

### Department

### Term

According to study plan

### ECTS Credits

6

### Language of instruction

English

### Learning outcome

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:

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

### 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**

A bilingual dictionary, interest tables and BI-approved exam calculator. Exam aids at written examinations are explained under exam information in our web-based Student handbook.

Please note use of calculator and dictionary. <http://www.bi.edu/studenthandbook/examaids>

### **Makeup exam**

Re-takes are only possible at the next time a course will be held. When the course evaluation has a separate exam code for each part of the evaluation it is possible to retake parts of the evaluation. Otherwise, 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 represent values that are encouraged and promoted by the honor code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honor code system, to which the faculty are also deeply committed.

Any violation of the honor code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and 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.