APPLIES TO ACADEMIC YEAR 2010/2011

EXC 2300 Basic Financial Management - RE-SIT EXAM

Programme
Makeup exams

Responsible for the course

Department

Term
According to study plan

ECTS Credits
6

Language of instruction
English

Introduction

Objective
The main objective of the course is to provide students with basic insight into the theoretical and practical aspects of the capital budgeting decisions made by the firm. With respect to capital budgeting, this implies that in addition to a careful discussion of traditional decision-making rules like net present value and internal rate of return, considerable emphasis is placed on capital budgeting under uncertainty, including portfolio theory and risk and return. The financing decisions are dealt with more pragmatically, emphasizing the cost of capital for different sources of long-term financing, as well as estimating the overall cost of capital for the firm.

Prerequisites
There are no special prerequisites beyond especially the courses in mathematics and macroeconomics in the first semester,

Compulsory reading
Books:
Brealey, R.A., S.C. Myers and A.J. Marcus. 2009. Fundamentals of corporate finance. 6th ed. Boston: McGraw-Hill/ Irwin

Recommended reading

Course outline

1. Introduction and Overview	ch. 1-2
2. Accounting and Finance	ch. 3
3. The Time Value of Money	ch. 4
4. Valuing Bonds and Stocks	ch. 5-6
5. Capital Budgeting under Certainty	ch. 7-9
6. Capital Budgeting under Uncertainty	ch. 10-11
7. The Cost of Capital	ch. 12

Computer-based tools
Students are advised to make use of computer-based tools in the course, for instance spreadsheets. At the examination, however, computer-based tools are not allowed.

Course structure
The course is based on 36 teaching lecture hours. In addition to regular lecturing, there will be 6 hours of problemsolving.

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

Please note that whilst attendance is not compulsory, it is the students 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.

Examination code(s)
EXC 23001 - Multiple choice exam, counts 100% of the grade in EXC 2300, 6 ECTS credits.

Examination support materials
BI-approved exam calculator and interest tables are allowed. Further one bilingual dictionary may be used at the examination.

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

Re-sit examination
Due to changes in our Bachelor Programmes from autumn 2009, there also will be changes in every single course. This course was lectured for the last time autumn 2009. Re-sit exam will be offered every term from autumn 2010 even spring 2012.

Additional information