



APPLIES TO ACADEMIC YEAR 2012/2013

MBA 2394 Corporate Finance

Programme

Master of Business Administration - China

Responsible for the course

Wang Xiaozu

Department

Department of Financial Economics

Term

According to study plan

ECTS Credits

4

Language of instruction

English

Introduction

The module deals with the major issues related to financial management in firms. It is organised around three major topics: Determining economic value, economic project analysis, and financing of the firm. Though the focus is on private firms, the methodology used to analyse financial decisions is also relevant for public firms.

Learning outcome

The objective of this module is to familiarise the students with how firms should analyse financial issues, and how decisions should be made. The financial decisions dealt with in the module are:

What methods should be used in analysing financial issues?

The real asset decision: How should the firm invest in real productive assets? This is the topic of economic project analysis.

The financing decision: How should the firm finance its real assets? Specifically, how much debt and equity capital should the firm have?

These decisions are typically strategic in nature because they are frequently costly to reverse. In addition, they have significant long-term risk consequences for the firm. Hence an important issue that influences the firm's decisions is how to deal with a risky environment. Specifically, how should management balance risk and return when it deals with the above decisions?

Prerequisites

Bachelor degree or equivalent, 4 years work experience, managerial experience and good written and oral knowledge of the English language. Please confirm our Student regulations.

Compulsory reading

Books:

Higgins, Robert C. 2012. Analysis for financial management. 10th ed. McGraw-Hill.
http://highered.mcgraw-hill.com/sites/007803468x/information_center_view0/

Recommended reading

Other:

Hanson, Robert. Student problem manual for use with Corporate Finance. 7th ed. Boston : McGraw-Hill/Irwin

Helmuth, John A. Solutions manual for use with Corporate finance. Boston : McGraw-Hill/Irwin

Course outline

Determining economic value:

- Cash flow analysis
- Methods for determining economic value
- The value of bonds and stocks

Economic project analysis:

- Criteria
- Making investment decisions

Risk and return

Financing the firm:

- Cost of capital
- Financial strategy: How much debt?

Approximately 1 day will be spent on the topic “Determining economic value” and 1½ day on “Economic project analysis”. The final 1½ will be spent on “Risk and return” and “Financing the firm”. Problems and mini-cases will be used throughout to exemplify and familiarise the students with the issues discussed in class.

Computer-based tools

Learning process and workload

The course is conducted as a teaching module, where students have classes all day for four subsequent days, a total of 32 hours.

Examination

The students are evaluated through an individual written assignment, accounting for 4 ECTS credits.

Examination code(s)

MBA 23941 - individual written assignment; accounts for 100% to pass the program MBA 2394; 4 credits.

The course is part of a full MBA and all evaluations must be passed in order to obtain a certificate for the degree.

Examination support materials

All aids permitted.

Re-sit examination

At the next ordinary exam.

Additional information