



APPLIES TO ACADEMIC YEAR 2013/2014

## BØK 1322 Finance II

### Programme

Bachelor of Science in Business (3. year)

### Responsible for the course

Geir Bjønnes

### Department

Department of Financial Economics

### Term

According to study plan

### ECTS Credits

7,5

### Language of instruction

Norwegian

### Introduction

### Learning outcome

#### Acquired knowledge

Upon completion of the course, students are required to master tasks such as:

- The capital structure decision; how corporations are financed and how they pay out dividends.
- Why capital structure decisions cannot impact valuation in perfect markets.
- Market efficiency and why efficiency in financial markets is important for these decisions.
- How to issue new debt and equity, and the choice between these two alternatives.
- Computing how taxes and other impediments to perfect markets influence firms' cost of capital.
- The decision of whether to buy or lease-
- Computing option-derived valuations of corporate debt and equity.
- Computing gains and costs from corporate financial management.
- The gains and losses from merger and acquisition activity.
- Risk management and issues in international finance.

### Acquired skills

Students having completed the course are required to satisfactorily conduct analytical exercises such as:

- Explaining the impact of corporate capital restructurings in terms of operational choices and strategies.
- Explaining the impact of corporate capital restructurings in terms of signalling private information on future business prospects to capital markets.
- Explaining why debt and equity finance may initiate conflicts of interest between major corporate stakeholders.
- Explaining why financial risk management activity may enhance the corporate sector's overall stability and thus profitability.
- Explaining why options are valuable.
- Explaining costs and benefits from mergers and acquisitions.

### Reflection

The students should be able to understand the importance of the models underlying assumptions. They should be able to discuss whether the assumptions are reasonable in the real world, and what may happen if the assumptions are violated. The students should also be able to see the relevance of the theory when confronted with real-world issues

### Prerequisites

Finance I

### Compulsory reading

#### Books:

Hillier, David ... [et al.]. 2013. Corporate finance. Second European ed. McGraw-Hill Higher Education

### Recommended reading

### Course outline

Part I: Financing

- Long Term Financing
- Debt or Equity?
- Capital Budgeting: APV
- Dividend Policy

Part II: Topics in finance

- Leasing
- Issuing Securities
- Derivatives and Risk Management
- Merger and Acquisition Strategy

**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.

**Learning process and workload**

The instruction 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.

Relevant problems that will be discussed in class will be formulated. In this case, students are expected to solve the problems before each class meeting.

Please note that while attendance is not compulsory in all courses, it is the student's own responsibility to obtain any information provided in class that is not included on the course homepage/It's Learning or in the textbook.

The course consists of 36 lecture hours and 6 hours of, instructor-guided problem solving in class. Students are recommended to allocate hours of studying as follows:

follows:

<b>Activity</b>	<b>Hours</b>
Attendance during lectures	36
Participating in problem-solving in class	6
Independent reading/preparation for class	120
Preparation for the final examination	48
<b>Total</b>	<b>200</b>

**Use of hours**

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.

**Examination**

A three-hour multiple-choice examination concludes the course.

**Examination code(s)**

BØK 13221 - Multiple choice examination, counts 100% towards the grade in BØK 1322 Finance II, 7,5 credits.

**Examination support materials**

Interest tables and the BI-approved exam calculator, TEXAS INSTRUMENTS BA II Plus™ are permitted during the examination.

Examination support materials at written examinations are specified under exam information in our web-based Student Handbook. Please note the use of calculator and dictionary.

<http://www.bi.edu/studenthandbook/examaids>.

**Re-sit examination**

A re-sit is offered in connection with the next ordinary examination.

**Additional information**