



APPLIES TO ACADEMIC YEAR 2015/2016

## GRA 8150 Corporate Finance

### Programme

Executive Master of Management in Energy (EMME)

### Responsible for the course

Øyvind Norli

### Department

Department of Financial Economics

### Term

According to study plan

### ECTS Credits

3

### Language of instruction

English

### Introduction

The objective of the course is to present the main financial concepts and techniques that managers need in order to understand the requirements of investors, carry out a financial analysis, determine the economic value of a project and select the most appropriate financing instruments. We propose an integrated approach to corporate finance stressing the interdependence between operations and financial management.

### Learning outcome

The objective of the course is to familiarise the participants with how organisations should make financial decisions. For a firm, these decisions are:

- The real asset decision:
  - How should the firm invest in real productive assets?
  - How should the firm assess risk?
- The financing decision:
  - How should the firm finance its real assets?

Typically, these decisions are strategic in nature since they are frequently costly to reverse and have significant, long-term and risk consequences.

### Learning outcome

#### Acquired knowledge:

- Methods for evaluating investment projects
- Handling risk in project analysis
- Determining a company and project cost of capital
- Determination of the appropriate firm capital structure
- Understanding options
- Understand key challenges of Mergers and acquisitions

#### Acquired skills:

- Choosing between good and bad investment projects
- Adjusting project returns for risk
- Estimating the economics consequences of mergers and acquisitions

#### Reflection:

The participants should be able to evaluate the trade-off between risk and return in making financial decisions.

### Prerequisites

Granted admission to the Executive Master of Management in Energy Management programme.

### Compulsory reading

#### Books:

Hillier, David ... [et al.]. 2013. Corporate finance. 2nd European Edition. McGraw-Hill

#### Other:

Cases: Will be distributed.. .

## **Recommended reading**

### **Course outline**

Understanding financial statements:  
Balance sheet, income statement, cash flow statement

Valuation of future cash flows:

The time value of money

Discounted cash flow

Valuation of bonds and stocks

Economic project analysis:

Investment criteria

Project cash flows

Project analysis and evaluation

Risk and return:

The historical record

Systematic and unsystematic risk

The Capital Asset Pricing Model (CAPM)

Options and corporate finance

Financial policy

Cost of capital

Raising capital

Financing the firm: Debt or equity?

Dividend policy

### **Computer-based tools**

It's Learning

### **Learning process and workload**

1 ECTS credit corresponds to a workload of 26-30 hours.

Attendance to all sessions in the course is compulsory. If you have to miss part(s) of the course you must ask in advance for leave of absence. More than 20% absence in a course will require retaking the entire course. It's the student's own responsibility to obtain any information provided in class that is not included on the course homepage/ It's learning or other course materials

### **Examination**

The course evaluation will be based on:

Homeworks and mini cases, counts 50%

Final case, counts 50%

This is a course with continuous assessment (several exam elements) and one final exam code. Each exam element will be graded using points on a scale (0-100). The elements will be weighted together according to the information in the course description in order to calculate the final letter grade for the course.

Specific information regarding student evaluation beyond the information given in the course description will be provided in class. This information may be relevant for requirements for term papers or other hand-ins, and/or where class participation can be one of several elements of the overall evaluation

### **Examination code(s)**

GRA 81501 - Continuous assessment; accounts for 100% to pass the course GRA 8150, 3 ECTS credits

The course is a part of the Executive Master of Management in Energy (EMME) and all evaluations must be passed to obtain a certificate for the degree.

### **Examination support materials**

### **Re-sit examination**

Re-takes are only possible at the next time a course will be held. When course evaluation consists of class participation or continuous assessment, the whole course must be re-evaluated when a student wants to retake

a exam. Retake examinations entail an extra examination fee.

**Additional information**