



APPLIES TO ACADEMIC YEAR 2016/2017

## EXC 3671 Corporate Finance

### Programme

Bachelor of Business Administration - BBA (3. year), Exchange Program

### Responsible for the course

Salvatore Miglietta

### Department

Department of Finance

### Term

According to study plan

### ECTS Credits

7,5

### Language of instruction

English

### Introduction

The aim of this course is to provide the students with essential basic knowledge and skills with respect to corporate financial decisions. It provides an understanding of the fundamental financial problems faced by corporations and teaches how to carry out simple corporate financial analyses, make decisions and communicate the results of the analyses in a comprehensible manner.

The course Corporate Finance is mainly focused on financing issues, that is, when and in what way should companies raise capital for their investment and operational activities. By studying the main activities carried out in a company as financing projects over multiple periods, emphasis is placed on evaluating all economic effects of a project with a long-term perspective and consequently being able to optimally make both investment and strategic decisions. With this goal in mind the course not only reviews the classical economic theories of frictionless markets and the optimal corporate decisions therein but also incorporates and analyses market frictions and how the optimal decisions are modified accordingly.

### Learning outcome

- Differentiation between the advantages and/or disadvantages of different financing instruments
- Capital structure decisions in different tax regimes
- How dividend decisions might affect firm value
- The difference between a merger and an acquisition.

### Acquired knowledge

After taking the course, the students shall be able to explain key concepts and give an account of the tools used in analyses of corporate finance problems (these tools include methods, techniques, models, theories, etc. applied in the subject area). Some examples of the concepts that students shall be able to explain are:

### Acquired skills

After taking the course, the students shall be able to (a) apply knowledge (i.e. concepts and skills) in analyses and discussions on corporate

financial problems, (b) distinguish between relevant and irrelevant financial information about a corporation, and (c) give written answers to questions so that the readers understand the applied methods and conclusions. Examples:

- When the tool is given, be able to apply the tool correctly
- Based on simple situation descriptions, choose the right tool and apply it correctly
- Based on more complex situation descriptions, be able to produce relevant information, link it to the suitable tool and apply the tool correctly

#### Reflection

After taking the course, the students shall be able to ask critical questions and reflect on crucial assumptions and theories within the field of corporate finance. They shall be able to understand the general context in which the financial operations of a company take place and understand the effects on the company and its stakeholders of the various financial decisions that may be taken.

#### Prerequisites

EXC 2910 Mathematics, EXC 2904 Statistics, EXC 2110 Basic Financial Management, or equivalent.

#### Compulsory reading

##### Books:

Brealey, Richard A., Stewart C. Myers, Franklin Allen. 2014. Principles of corporate finance. 11th global ed. McGraw-Hill

##### Other:

Lecture notes, cases and additional exercises and examples will be available on the course-website on itslearning.

#### Recommended reading

##### Course outline

- Cost of capital
- Financing
- Capital structure decisions
- Market imperfection and agency problems
- Dividend policy
- Mergers and acquisitions

#### Computer-based tools

Students are recommended to use computer-based tools, e.g. spreadsheets. Such tools, however, are not allowed at the examination.

#### Learning process and workload

The course will include a combination of lectures and plenary tutorials where solutions to exercises will be explained.

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/itslearning or the text book.

The following is an indication of the time required:

Activity	Workload
Lectures	36
Plenary tutorials where exercises will be explained	9
Preparation for lectures and plenary tutorials	115
Preparation for the final exam	40
<b>Total recommended workload</b>	<b>200</b>

#### Use of hours

36 hours – Lectures  
9 hours – Tutorials  
45 hours – Total

**Examination**

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

**Examination code(s)**

EXC 36711 - Multiple Choice exam, accounts for 100% of the grade in the course EXC 3671 Corporate Finance, 7.5 credits.

**Examination support materials**

The BI-approved examination calculator, interest rate tables and a bilingual dictionary are allowed. Examination support materials at written examinations are explained under examination information in the student portal @BI. Please note use of calculator and dictionary: [https://at.bi.no/EN/Pages/Exa\\_Hjelpemidler-til-eksamen.aspx](https://at.bi.no/EN/Pages/Exa_Hjelpemidler-til-eksamen.aspx).

**Re-sit examination**

Re-sit examination is offered every term.

**Additional information**