APPLIES TO ACADEMIC YEAR 2016/2017

GRA 8198 Corporate Finance (2016/2017)

Programme
Executive MBA 2016/2017 - Core courses

Responsible for the course
Øyvind Norli

Department
Department of Finance

Term
According to study plan

ECTS Credits
4

Language of instruction
English

Introduction
This course will introduce you to Corporate Finance. The main objective of the course is to provide you with insights and practical tools that will help you make sound financial decisions.The course covers two broad topics:

Part I: Financial Policy and the risk-return trade-off.

In Part I, we will examine the factors that determine a companys need for external financing, be it debt or equity. We will then consider the optimal mix of debt and equity financing. We will also introduce you to the trade-off between risk and return in capital markets.

Part II: Valuation.

In Part II, we will develop the tools needed for valuing investment projects, including the estimation of relevant project cash flows, estimating the cost of capital (discount rate), and dealing with risk. We will then use these tools as a basis for selecting investment projects and valuing companies.

Learning outcome
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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 EMBA programme.

Compulsory reading
Books:
Hillier, David; Ross, Stephen; Randolph W. Westerfield; Jeffrey Jaffe; Bradford D. Jordan. 2013. Corporate finance. European ed. 2nd ed. McGraw-Hill

Other:
Cases (will be distributed)

Recommended reading

Course outline
1. Introduction to corporate finance
2. Financial planning
3. Capital budgeting
4. Risk and return. CAPM.
5. Capital structure
6. Free Cash Flow
7. Cost of capital
8. Options. real options.
9. Mergers and acquisitions

Computer-based tools
Spreadsheets will be used extensively in the course

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

The course is conducted through a total of 32 hours of lectures and casework. The cases are prepared in groups and discussed in class. It is expected that the participants actively participate in class discussions.

A number of cases will be used throughout the course. It is expected that the participants have prepared themselves beforehand for the discussion of the cases in the classroom.

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 evaluation will be based on:
1. Class participation: 25% of the grade
2. Individual assignment: 35% of the grade
3. Group work (case write-up): 40% of the grade

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 (e.g. 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 81981 - Continuous assessment; accounts for100 % to pass the course GRA 8198, 4 ECTS credits.

The course is a part of a full Executive Master of Business Administration Program 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 an exam. Retake examinations entail an extra examination fee.

Additional information