



## COURSE SYLLABUS

# Corporate Finance 2, 7.5 credits

*Corporate Finance 2, 7,5 högskolepoäng*

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Course Code:	FSBN13	Education Cycle:	First-cycle level
Confirmed by:	Council for Undergraduate and Masters Education Jan 4, 2013	Disciplinary domain:	Social sciences (75%) and natural sciences (25%)
Revised by:	Council for Undergraduate and Masters Education Oct 22, 2014	Subject group:	FE1
Valid From:	Jan 19, 2015	Specialised in:	G2F
Version:	2	Main field of study:	Business Administration, Economics
Reg number:	IHH 2014/4468-122		

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### Intended Learning Outcomes (ILO)

On completion of the course the student will be able to:

#### *Knowledge and understanding*

1. understand the concept of the Capital Asset Pricing Model
2. know the principles of capital structure decisions and the Modigliani-Miller results
3. know basic principles of financial option valuation

#### *Skills and abilities*

4. apply different capital budgeting methods
5. apply different valuation techniques based on cash flow information
6. work with spreadsheet software to solve financial problem

#### *Judgement and approach*

7. judge and evaluate agency conflicts within corporations
8. critically assess the various costs associated with bankruptcy and financial distress of the firm

### Contents

This course provides students with a deeper knowledge of the three tasks of the Financial Manager: investment decisions, financing decisions and cash management. The purpose of the course is to present Managerial Finance within a unifying valuation framework based on the Law of One Price and other powerful simple ideas.

Main topics covered in the lectures and exercises:

- Capital Asset Pricing Model and portfolio choice
- Estimating the cost of capital
- Capital structure decisions in perfect markets and with taxes
- Payout policies
- Financial distress
- Methods of capital budgeting and valuation techniques
- Financial options and option valuation

- Risk management
- Mergers and Acquisitions

### Type of instruction

Lectures, exercises, e-learning and case seminars

The teaching is conducted in English.

### Prerequisites

60 credits in Business Administration or Economics including 7.5 credits in Corporate Finance I, 7.5 credits in Financial Accounting, 15 credits in Business Statistics I and II (or the equivalent).

### Examination and grades

The course is graded A, B, C, D, E, FX or F.

ILOs 1-7 are examined both in a written examination as well as in assignments.

ILO 8 is examined in the assignments.

Registration of examination:

Name of the Test	Value	Grading
Examination <sup>1</sup>	6 credits	A/B/C/D/E/FX/F
Assignments	1.5 credits	U/G

<sup>1</sup> Determines the final grade of the course, which is issued only when all course units have been passed.

### Course evaluation

It is the responsibility of the examiner to ensure that each course is evaluated. At the outset of the course, evaluators must be identified (elected) among the students. The course evaluation is carried out continuously as well as at the end of the course. On the completion of the course the course evaluators and course examiner discuss the course evaluation and possible improvements. A summary report is created and archived. The reports are followed up by program directors and discussed in program groups and with relevant others (depending on issue e.g. Associate Dean of Education, Associate Dean of faculty, Director of PhD Candidates, Dean and Director of Studies). The next time the course runs, students should be informed of any measures taken to improve the course based on the previous course evaluation.

### Other information

The course Corporate Finance II replaces the course Corporate Finance for Executives. Students who have not passed the exam in Corporate Finance for Executives yet are referred to take the exam in Corporate Finance II instead (the contents of both courses overlap).

Academic integrity

JIBS students are expected to maintain a strong academic integrity. This implies to behave within the boundaries of academic rules and expectations relating to all types of teaching and examination.

Copying someone else's work is a particularly serious offence and can lead to disciplinary action. When you copy someone else's work, you are plagiarizing. You must not copy sections of work (such as paragraphs, diagrams, tables and words) from any other person, including another student or any other author. Cutting and pasting is a clear example of plagiarism. There is a workshop and online resources to assist you in not plagiarizing called the Interactive Anti-Plagiarism Guide.

Other forms of breaking academic integrity include (but are not limited to) adding your name to a project you did not work on (or allowing someone to add their name), cheating on an examination, helping other students to cheat and submitting other students work as your own, and using non-allowed electronic equipment during an examination. All of these make you liable to disciplinary action.

## Course literature

### *Literature*

- Berk, J./ DeMarzo, P. Corporate Finance (Global edition). latest edition; Pearson
- Relevant articles