

## **BUSO98, Business Administration: Theory of corporate finance, 7.5 credits**

*Företagsekonomi: Corporate finance-teori, 7,5 högskolepoäng*  
Second Cycle / Avancerad nivå

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### **Details of approval**

The syllabus was approved by The Board of the Department of Business Administration on 2018-05-21 and was last revised on 2018-05-21. The revised syllabus applies from 2018-05-21, spring semester 2019.

### **General Information**

BUSO98 is a course on Business Administration at the advanced level.

*Language of instruction:* English

*Main field of studies*

Business Administration

*Depth of study relative to the degree requirements*

A1N, Second cycle, has only first-cycle course/s as entry requirements

### **Learning outcomes**

A passing grade on the course will be awarded to students who:

#### **Knowledge and understanding**

- have demonstrated thorough knowledge of corporate-finance theories and concepts, with particular emphasis on internal and external financing, corporate financing policies, corporate distribution policies, and liquidity and risk management;
- have demonstrated thorough knowledge of the current theoretical interpretations of the impact or non-impact of market imperfections on internal and external financing, corporate financing policies, distribution policies, and liquidity and risk management;
- have demonstrated understanding of corporate credit risk assessment.

### **Competence and skills**

- have demonstrated ability to use theories, concepts, and their independent judgment to analyze corporate financial problems;
- have demonstrated ability to apply theories, concepts, and relevant empirical evidence to justify, recommend, and defend appropriate financial policies and strategies for firms in different situations;
- can present their analyses of corporate financial problems, clearly and unambiguously.

### **Judgement and approach**

- have demonstrated ability to identify problems and situations where the theories learnt are applicable;
- have demonstrated ability to integrate theories learnt when analyzing and solving corporate financial problems.

### **Course content**

The main objective is to provide students with a rigorous and applied understanding of corporate financial policies, tactics, and strategies and of corporate credit risk assessment.

The course provides an advanced, organized, and comprehensive discussion of theoretical and empirical research on corporate financial policies, tactics, and strategies. The course examines the constraints posed by market imperfections on value-maximizing financial decision making. Market inefficiencies covered include agency problems, information asymmetry, market irrationality, taxes, and financial distress, as well as the importance of the firm's competitive setting. Financial policies covered include the importance of internal financing and the interaction between internal and external financing and risk management when financing investments in the face of financial constraints, contracting between a firm and its management and stakeholders, dividends and stock repurchases, financial distress and its resolution, and how to create value through risk management. The course also covers corporate credit risk assessment, with particular emphasis on rating companies.

### **Course design**

The course is conducted in the form of lectures and case and assignment work. The course emphasizes applied learning, where participants learn to use the studied analysis techniques. To facilitate this, case and assignment work makes up an important part of the teaching and learning activities on the course. Lectures will cover parts of the course literature, with particular emphasis on the more challenging parts. This means that self-study of the course literature is essential and that the assigned readings are integral parts of the teaching and learning activities.

### **Assessment**

Assessment and grading are based on case and assignment work and a written examination covering teaching and learning activities and assigned readings. Since the course emphasizes applied learning, important parts of the examination are focused on participants employing the studied analysis techniques.

The examiner, in consultation with Disability Support Services, may deviate from the regular form of examination in order to provide a permanently disabled student with a form of examination equivalent to that of a student without a disability.

*Subcourses that are part of this course can be found in an appendix at the end of this document.*

## Grades

Marking scale: Fail, E, D, C, B, A.

Grade (Definition) Points or % out of maximum points. Characteristic.

**A** (Excellent) 85-100. A distinguished result that is excellent with regard to theoretical depth, practical relevance, analytical ability and independent thought.

**B** (Very good) 75-84. A very good result with regard to theoretical depth, practical relevance, analytical ability and independent thought.

**C** (Good) 65-74. The result is of a good standard with regard to theoretical depth, practical relevance, analytical ability and independent thought and lives up to expectations.

**D** (Satisfactory) 55-64. The result is of a satisfactory standard with regard to theoretical depth, practical relevance, analytical ability and independent thought.

**E** (Sufficient) 50-54. The result satisfies the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought, but not more.

**F** (U) (Fail) 0-49. The result does not meet the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought.

Some occasional examination elements of the course may have the grading scale pass D / F (Pass/Fail).

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*Plagiarism is considered to be a very serious academic offence. The University will take disciplinary actions against any kind of attempted malpractice in examinations and assessments. The penalty that may be imposed for this, and other improper practices in examinations or assessments, includes suspension from the University for a specific period of time.*

## Entry requirements

Students admitted to a Master Programme where this course is either a compulsory or elective part, are qualified for the course.

For other students, at least 90 UCP or ECTS- cr in Business Administration is required. These must include a course in basic Business Administration (e.g. FEKA90 Business Administration: Introductory course in Business Administration). Students are also required to have successfully completed FEKH81 Corporate Finance or an equivalent advanced level undergraduate course in corporate finance.

## **Further information**

The course BUSO98 cannot be combined with the courses BUSN81, BUS851 or BUSM23 in a degree.

In case of closure of the course: Within three semesters after the course closure there will be offered three additional occasions for examination of respective examination part of the course, for students with no successful result. Note that after this you can get a certificate only regarding completed examination parts.

## Subcourses in BUSO98, Business Administration: Theory of corporate finance

Applies from H18

- 1801 Assignments, 4,5 hp  
Grading scale: Fail, E, D, C, B, A
- 1802 Individual written exam, 3,0 hp  
Grading scale: Fail, E, D, C, B, A