



School of Economics and Management

BUSP61, Topics in Corporate Finance, 7.5 credits

Topics in Corporate Finance, 7,5 högskolepoäng

Second Cycle / Avancerad nivå

Details of approval

The syllabus was approved by The Board of the Department of Business Administration on 2011-05-20 to be valid from 2011-05-20, autumn semester 2011.

General Information

Language of instruction: English

Main field of studies

Business Administration

Depth of study relative to the degree requirements

A1F, Second cycle, has second-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 understanding of the microeconomics of corporate finance and governance.
- Have demonstrated ability to understand advanced academic research on corporate finance and governance.

Skills and abilities

- Have demonstrated ability to use multiple theories of corporate finance and their independent judgment to analyze corporate financial events and developments.
- Have demonstrated ability to justify, recommend, and defend theoretically consistent solutions to problems identified in their analyzes of corporate financial events and developments.

- Have demonstrated ability to identify problems and situations where the theories learnt are applicable.
- Have demonstrated ability to integrate theories learnt when solving corporate financial problems.
- Can present their analyses of, and solutions to corporate financial problems, clearly and unambiguously, orally and in writing, to specialist and non-specialist audiences.

Course content

The first part of the course contains an in-depth study of the microeconomics of corporate finance and governance, departing from the classical Arrow-Debreu general equilibrium model of frictionless markets and instead building on a model of the firm based on moral hazard and credit rationing. Various applications of corporate finance and governance, such as debt, dividends, collateral, etc are treated in a mathematically unified framework. Issues covered include the incentives of the firm's insiders and outsiders and related problems dealing with financial contracting and security design. Incentives of insiders refer to the classical principal-agent problem and its causes, consequences, and solutions in the form of incentive systems, while incentives of outsiders refer to incentives for claimholders to intervene in management and related consequences for passive and active monitoring and security design.

The second part of the course focuses on enhancing participants' abilities to make financial decisions. It also adds alternative theoretical perspectives on corporate financial decision making. Firstly, we discuss the strategic role of corporate finance, where the focus is the relationship between financial decision making and corporate strategy. Secondly, the course applies a behavioral view on corporate finance, where the focus is on key psychological obstacles to value maximizing behavior and their implications for corporate finance.

Course design

The course is conducted in the form of lectures, seminars, and case discussions. Assigned readings and cases are integral parts of the teaching and learning activities. The examination consists of assignments, case work, and a written examination covering all teaching and learning activities. Grading is based on both individual and group performance relative the learning outcomes.

Assessment

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.

Grading scale

At the School of Economics and Management grades are awarded in accordance with a criterion-based grading scale A-U (A-F). Students have to receive a grade of E or higher in order to pass a course.

Grade, characteristic	Points/percentage of total score, criteria
A-Excellent	100-85, A distinguished result that is excellent with regard to the following aspects –theoretical depth, practical relevance, analytical ability and independent thought.
B-Very good	84-75, A very good result with regard to the above mentioned aspects.
C-Good	74-65, The result is of a good standard with regard to the above mentioned aspects and lives up to expectations.
D-Satisfactory	64-55, The result is of a satisfactory standard with regard to the above mentioned aspects and lives up to expectations.
E-Sufficient	54-50, The result satisfies the minimum requirements with regard to the above mentioned aspects, but not more.
U/F-Fail	49-0, The result does not meet the minimum requirements with regard to the above mentioned aspects.

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.

It is necessary to have completed BUSM23 Theory of Corporate Finance or an equivalent advanced-level course on the theory of corporate finance. Students must have followed BUSM25 Managerial Finance or BUSM31 Strategic Financial Management, or an equivalent course covering corporate valuation and value-based management.

Further information

The course BUSP61 Topics in Corporate Finance cannot be combined with the courses BUSM72, BUSM22, BUSM70 or EHLM21 in a degree.

Subcourses in BUSP61, Topics in Corporate Finance

Applies from H11

- 1101 Topics in Corporate Finance, Written Examination, 2,5 hp
Grading scale: Fail, E, D, C, B, A
- 1102 Topics in Corporate Finance, Cases, 2,5 hp
Grading scale: Fail, E, D, C, B, A
- 1103 Topics in Corporate Finance, Presentations, 2,5 hp
Grading scale: Fail, E, D, C, B, A