NEKN93, Finance: Theory of Corporate Finance, 7.5 credits
Finans: Företagsfinansiering, 7,5 högskolepoäng
Second Cycle / Avancerad nivå

Details of approval

The syllabus is an old version, approved by The Board of the Department of Economics on 2016-10-04 and was last revised on 2017-09-05. . The revised syllabus applied from 2017-09-05. , autumn semester 2017.

General Information

This is a single subject master course in finance belonging to the Master Programme in Finance. The course is either obligatory or optional within a number of master programmes at Lund University.

Teaching is in English. (Teaching may be in Swedish if all registered students have a good knowledge of Swedish.)

Main field of studies	Depth of study relative to the degree requirements
Finance	A1N, Second cycle, has only first-cycle course/s as entry requirements

Learning outcomes

Knowledge and understanding
The aim of the course is to develop students' understanding of models, theories and concepts in corporate finance, as well as their ability to apply the models to real world problems. Specifically, after the course the students are expected to understand:
• the relationship between internal financing, external financing and risk management,
• different theoretical models of capital structure,
• initial public offerings and seasoned equity offerings,
• payout policy,
• debt contracting
• mergers and acquisitions.

Competence and skills
Student shall have the ability to apply their knowledge to real problems. More specifically, the student shall be able to:
• use the models and theories covered in the course to analyze real-world financial problems,
• apply relevant theories and empirical data to motivate, recommend and justify appropriate financing policies and strategies in different situations,
• clearly and pedagogically report the results of their own and others' empirical analyses of corporate finance problems.

Judgement and approach
Students shall have developed:
• learning skills that allow for further study in finance and economics,
• an ability to independently search for and evaluate information drawn from the corporate finance literature,
• the ability to independently conduct a master thesis.

Course content

The course consists of advanced theories and concepts in corporate finance where the main objective is to provide students with a rigorous and applied understanding of those theories and concepts. Starting from the Modigliani–Miller-theorem, the course provides a comprehensive review of theoretical and empirical research on corporate financial policies and strategies, with emphasis on the constraints imposed by market imperfections such as agency problems, information asymmetries, taxes and financial distress costs.

Course design

1. Teaching: Tuition consists of lectures and lab sessions.

Assessment

1. Examination: : Examination consists of a written examination that takes place at the end of the course. There will be further opportunities for examination close to this date. In addition, there is a group assignment and individual assignments. Other forms of examination may be used to a limited extent.
2. Limitations on the number of examination opportunities: –

The University views plagiarism and other academic dishonesty very seriously, and will take disciplinary action against students for any kind of attempted malpractice in connection with examinations and assessments. Plagiarism is considered to be a very serious academic offence. The penalty that may be imposed for this, and other unfair practices in examinations or assessments, includes suspension from the University for a specified period.

3/ 3

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.

Grades

Marking scale: Fail, E, D, C, B, A.
1. Grading: The official grading scale is A, B, C, D, E and Fail.

Grade (Definition), Points or percentage 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.
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.
U (Fail), 0–49, The result does not meet the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought.
Students have to receive a grade of E or higher in order to pass a course.

2. Weighting grades from different parts of the course: –
3. Grading scales for different parts of the course: –

Entry requirements

Students admitted to the Master Programme in Finance are qualified for this course. Students admitted to the Master Programme in Economics who have completed at least 45 ECTS-credits at the master level, which must include NEKN81 Foundations of Finance, are qualified for this course. For other students, at least 90 ECTS-credits in economics or business administration are required, which must include an introductory course in finance and an intermediate course in corporate finance.

Further information

1. Transitional regulations: –
2. Limitations in the period of validity: –
3. Limitations: This course may not be included in the same degree as BUSN81 "Theory of Corporate Finance".
4. Similar courses: –
5. Limitations in renewed examination: –