



**LUND**  
UNIVERSITY

School of Economics and Management

## **NFIN93, Finance: Theory of Corporate Finance, 7.5 credits** *Finans: Företagsfinansiering, 7,5 högskolepoäng* Second Cycle / Avancerad nivå

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### **Details of approval**

The syllabus is an old version, approved by The Board of the Department of Economics on 2017-03-14 and was valid from 2017-03-14, autumn semester 2017.

### **General Information**

This is a single subject master course in finance belonging to the Master Programme in Finance.

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

*Main field of studies*

Finance

*Depth of study relative to the degree requirements*

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,
- risk management policy.

### **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. The last part of the course addresses empirical methods to examine and test the theoretical models.

### **Course design**

1. Teaching: Tuition consists of lectures.

### **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 home assignment. 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.

*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.

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 who have studied a one-year master programme in finance and are admitted to a double degree master programme in finance between a non-Swedish university and the School of Economics and Management, Lund University are eligible for this course.

## 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 NEKN93 "Theory of Corporate Finance".

4. Similar courses: –

5. Limitations in renewed examination: –

## Subcourses in NFIN93, Finance: Theory of Corporate Finance

Applies from H17

1701 Theory of Corporat Finance, 7,5 hp  
Grading scale: Fail, E, D, C, B, A