Course Curriculum for BUSN87 Managerial Finance
Business Administration, Master level, 7.5 University Credit Points (UCP) or ECTS-credits

Main Field of Study: Business Administration     Progression level: A1N

Approved by the director of studies on delegation from the department board of the Business Administration, 2011-05-20

1. Course level and placement within the educational system
The course is a compulsory part of the master’s program, Finance. The course can be studied within the Business Administration and Economics programme, the International Business Administration and Economics programme, the Degree of Master of Science in Business and Economics Programme (Civilekonomprogrammet) as well as an independent-subject course.

The course is offered in English, students must therefore be able to communicate in English both orally and in writing.

2. Learning outcomes
A passing grade on the course will be awarded to students who:

Knowledge and understanding
- Have demonstrated knowledge of corporate investment decision-making and risk management, with particular emphasis on:
  • discounted-cash-flow-based valuation, especially analyzing corporate performance and financial statements, construction and forecasting of pro forma financial statements and building a valuation model, calculation of cost of capital, and testing, interpreting, and presenting the results;
  • value creation, especially value drivers and measurement of creation of shareholder value;
  • valuation of real options.

Skills and abilities
- Have demonstrated ability to identify problems and situations where the theories learnt are applicable.
- Have demonstrated ability to competently and intelligibly analyze strategic investments.
- Can communicate the results, and their analyses and conclusions, of an empirical investigation clearly and unambiguously.

Judgement and approach
- Have demonstrated ability to use theories and concepts and their independent judgment to analyze corporate investment decisions and value creation.

3. Course contents
The main objective of the course is to provide students with a rigorous knowledge of how to apply financial analysis to value firms and investment projects using, in particular, earnings, cash flow, and options techniques.

The first part of the course deals with capital budgeting and corporate valuation. The course will make students familiar with different earnings- and cash-flow-based present-value techniques for valuing companies and investments. Students will use financial statement data for business analysis and valuation. The ultimate test of corporate strategy is whether it creates economic value for shareholders. The course will make students familiar with different models for measuring value creation and will emphasize the relationships between economic value creation and corporate valuation.

A present value calculation can provide a lot of insight into the potential value created by strategic decisions. However, it cannot properly capture the value of managerial flexibility to adapt and revise later decisions in response to unexpected market developments. Corporate strategy can be viewed as a portfolio of real options that is actively managed by the firm. Expanding the net present value criterion to include real-options valuation can capture both the strategic commitment value of competitive initiatives or reactions and the flexibility value of altering planned investments in pursuing a business strategy under uncertainty.

4. Teaching and assessment
The course is conducted in the form of lectures and assignments. Assigned readings and assignments are integral parts of the teaching methods. The examination consists of assignments and a written examination covering the reading materials, lectures, and assignments.
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.

<table>
<thead>
<tr>
<th>GRADE</th>
<th>CHARACTERISTIC</th>
<th>POINTS / PERCENTAGE OF TOTAL SCORE</th>
<th>CRITERIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Excellent</td>
<td>100-85</td>
<td>A distinguished result that is excellent with regard to the following aspects – theoretical depth, practical relevance, analytical ability and independent thought.</td>
</tr>
<tr>
<td>B</td>
<td>Very good</td>
<td>84-75</td>
<td>A very good result with regard to the above mentioned aspects.</td>
</tr>
<tr>
<td>C</td>
<td>Good</td>
<td>74-65</td>
<td>The result is of a good standard with regard to the above mentioned aspects and lives up to expectations.</td>
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<tr>
<td>D</td>
<td>Satisfactory</td>
<td>64-55</td>
<td>The result is of a satisfactory standard with regard to the above mentioned aspects and lives up to expectations.</td>
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<tr>
<td>E</td>
<td>Sufficient</td>
<td>54-50</td>
<td>The result satisfies the minimum requirements with regard to the above mentioned aspects, but not more.</td>
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<tr>
<td>U (F)</td>
<td>Fail</td>
<td>49-0</td>
<td>The result does not meet the minimum requirements with regard to the above mentioned aspects.</td>
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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.

5. Prerequisites
Students admitted to a Master Programme where this course is a compulsory part are qualified for the course.

6. Miscellaneous
The course BUSN87 cannot be combined with the courses BUSM25, BUSM31, FEK546, FEK598 or BUS862 in a degree.

7. Literature
See separate literature list.

8. Further information