



AALBORG UNIVERSITET

Economics and Business Administration (EBA)

Approved by Study Board, August 2019

Module title, ECTS credits <i>Corporate Finance</i> 10 ECTS
Location <i>Aalborg University, Aalborg</i>
Module coordinator <i>Daniel Hain (dsh@business.aau.dk), Daojuang Wang (daw@business.aau.dk)</i>
Type and language <i>Compulsory Course</i> <i>Language of instruction: English</i>
Academic content and conjunction with other modules/semesters <i>The course is related to other courses, such as management accounting, and has natural links to the course Financial Accounting.</i> MAIN TOPICS OF THE COURSE: <i>The course primarily focuses on the following issues:</i> <ul style="list-style-type: none">• <i>Capital Budgeting methods</i>• <i>Investment Principles and Net Present Value</i>• <i>Return, Risk, Portfolio and Asset Pricing Models</i>• <i>Issues in Modern Finance: the CAPM, Efficient Market Hypothesis and Behavioural Finance</i>• <i>Capital Structure</i>• <i>Mergers and Acquisitions</i>
Learning Objectives <i>This course provides an introduction to the theory, the methods, and the concerns of corporate finance. In this course, the students will study the main issues in modern corporate finance. The subject 'corporate finance' is a well-established discipline, which is concerned with corporations large enough to have issued shares that are 'quoted' on a stock market. Corporate finance is a key function in modern industrial and service companies as well as public organizations. Both small and large companies have to use corporate finance if they are to successfully compete in the international market, implement and evaluate strategies, ensure goal achievement and optimal use of resources. Corporate finance includes a large number of different activities, such as capital budgeting, investment decision, capital structure, shares valuation, valuation of merger and acquisition. Bachelor students will inevitably be addressing corporate finance issues both in their future studies and in practice. Understanding the basic concepts on which financial management is based is therefore a prerequisite for working with most business-related problems.</i>

Knowledge:

In this course, the students will acquire knowledge on theory and practice of corporate financial decision making enabling them to:

- *Describe modern principles of corporate finance and evaluate their validity*
- *Examine and discuss the key issues related to dividend policy and their implications for the value of the firm.*
- *Discuss firms' choice of capital structure and its implications for the value of the firm*

Skills:

The students in this course will acquire a range of skills enabling them to make and facilitate corporate financial decision making. This includes skills to:

- *Evaluate the valuation of bonds and stocks.*
- *Select tools for financial forecasting and scenario planning.*
- *Evaluate profitability and risk of investments of a firm's project.*

Competences:

The students will acquire competence enabling them to:

- *Rationalize corporate finance decisions in the light of agency problems and conflict of interest among corporations' stakeholders*
- *Critically assess the reasons behind mergers and acquisitions and their implications*
- *Analyze and evaluate a firms' investment decisions*

Scope and expected performance

10 ECTS is equivalent to 270 hours of work.

-13 lectures of 2 hours: 26 hours

-4 workshops of 2 hours: 8 hours

- self-directed learning (readings, exercises, meetings with module lecturers): 232 hours

- exam: 4 hours

Examination

Written exam

Assessment: 4 hour written exam

Exam Aid: Open book

Marking Scale: 7-point scale

Exam Evaluation: Internal examiner

EVALUATION OF LEARNING OUTCOME; ASSESSMENT CRITERIA

Grade 12: The grade 12 will be given to exam papers in which: the students, in a competent way, demonstrate a clear understanding of general as well as specific issues within the subject area of corporate finance - the students show a competent and structured use of models, methods and tools in relation to corporate finance issues - the students, in an independent and structured manner, argue for improvements and developments in connection with the description of specific management accounting issues.