



# AI2144 Corporate Finance 7.5 credits

## Företagsfinansiering

This is a translation of the Swedish, legally binding, course syllabus.

If the course is discontinued, students may request to be examined during the following two academic years

## Establishment

Course syllabus for AI2144 valid from Autumn 2009

## Grading scale

A, B, C, D, E, FX, F

## Education cycle

Second cycle

## Main field of study

Built Environment, Industrial Management

## Specific prerequisites

For students not registered on a KTH programme (180hp/300hp):

Completed upper secondary education incl documentet proficiency in English. 180 credits of the Social Sciences preferably Economics and Business Administration and at least 7,5 credits in Financial Investments and Quantitative Methods Applied to Real Estate and Financial Service, or equivalent.

## Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

## Intended learning outcomes

The overall aim of this course is to provide students with good working and theoretical knowledge of determining the best short- and long-term financing strategy of a firm. More specifically, by the end of this course the student should be able to analyze and solve problems like- Whether the firm should reinvest most of its earnings in the business, or distribute the cash to shareholders (the dividend decision)- Whether the firm should issue more stock, borrow or use some hybrid debt-equity instrument (Capital structure) - Whether the firm should borrow short-term or long-term- Whether the firm should borrow in the domestic or in the international market- Whether the firm should undertake risk-reducing financial transactions- When a firm should use leases to finance its business operations and investments Furthermore, this course will - Enable students to understand and describe the process of raising capital for both new and established firms. - Learn students how financing can be incorporated into the valuation of projects and ongoing businesses.- Enable the students to analyze the working capital management decisions and to understand a number of aspects of working capital management—credit management, inventory management, cash, and marketable securities.- Learn students to analyze a firm's published financial statements.- Introduce students to strategic alliances (e.g. joint venture) as a mean of accessing financial resources as well as a tool for risk management.

## Course contents

Dividend policy; Determinants and theories of Capital structure; Financial leverage; short-term and long-term financing; Equity, debt, and hybrid securities; interest rate and currency swaps; Issuing securities; Credit rating; WACC; APV; Cash and liquidity management; accounting and financial statement analysis; Strategic alliances

## Course literature

Corporate Finance by Brealey, Myers and Allen, latest edition. (Preliminary)

## Examination

- TEN1 - Examination, 5.5 credits, grading scale: A, B, C, D, E, FX, F
- ÖVN1 - Assignment, 2.0 credits, grading scale: P, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

## Ethical approach

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.