



# 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 2010

## Grading scale

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

## Education cycle

Second cycle

## Main field of study

Built Environment, Industrial Management

## Specific prerequisites

For single course students:

180 credits in Engineering or Economics/Business Administration/Finance including at least 30 credits in Business Administration, or equivalent.

Documented proficiency in English B or equivalent (TOEFL, IELTS e g).

## 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 the interplay and interaction between investment, financing and dividend decisions.

More specifically, by the end of this course the student should be able to analyze and solve problems like:

- Should the firm reinvest most of its earnings in the business, or distribute the cash to shareholders (the dividend decision)?
- If the firm needs more money, should it issue more stock or should it borrow, or use some hybrid debt-equity instrument? (Capital structure)
- Should the firm borrow short-term or long-term?
- Should the firm borrow in the domestic or in the international market?
- Should the firm undertake risk-reducing financial transactions?
- When should a firm use leases to finance its business operations and investments?

Furthermore, students will also learn

- to understand and describe the process of raising capital for both new and established firms.
- how financing can be incorporated into the valuation of projects and ongoing businesses.
- different aspects of working capital management decisions.
- to analyze a firm's published financial statements.
- to understand the concept of strategic alliances (e.g. joint venture) as a mean of accessing financial resources as well as a tool for risk management.
- to value stocks, convertible debt and bonds.

## Course contents

Dividend policy; Determinants and theories of Capital structure; Financial leverage; short-term and long-term financing; Equity, debt, and hybrid securities; stock valuation; bond valuation; Issuing securities; Credit rating; WACC, FTE and APV; Cash and liquidity management; accounting and financial statement analysis; Strategic alliances.

## Course literature

Corporate Finance: International Edition.  
By Jonathan Berk and Peter DeMarzo. Latest edition.

## 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.