



ME2064 Finance and Control in Industrial Organizations 6.0 credits

Finansiell styrning i industriföretag

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 ME2064 valid from Autumn 2010

Grading scale

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

Education cycle

Second cycle

Main field of study

Industrial Management

Specific prerequisites

Special qualification requirements for studying at KTH.

Industrial management, first level course, or similar.

Language of instruction

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

Intended learning outcomes

The aim of the course is to give a good knowledge of important theories and tools of modern finance and control, and how to apply them in Industrial Organizations. After passing the course the participant should:

1. Be able to analyze and design a firm's financial policy.
2. Be able to financially evaluate different investments in advanced technology and processes by using the most common methods (some with the help of computer) in financial economics. And also be able to value some common financial instruments.
3. Be able to choose the appropriate capital structure for an Industrial Organization.
4. Be able to describe how the capital structure could influence the value of a company.
5. Be able to describe the organization of the financial market, its participants and the trading of securities, and how the financial markets influence the conditions for Industrial Organizations.
6. Be able to construct and analyze financial and non-financial measures for a company's value, balance sheet and income statement for decisions' regarding investing, financing, book value and risk level.
7. Be able to construct balances and focused systems for key measures to be used by owners, management, customers and employees.
8. Be able to describe the role of control and the key measures in influencing the behaviour in the Industrial Organization.
9. Be able to handle currency risk and other financial risks.
10. The course also gives the necessary knowledge for further studies within the area of financial economics and control.

Course contents

The course starts with important theories and tools of modern finance and control, and how to apply them in Industrial Organizations.

How to financially evaluate different investments in advanced technology and processes by using the most common methods (some with the help of computer) in financial economics. In this context we also discuss how to establish the level of interest rate to be used in the evaluation of different investments.

The choice of appropriate capital structure for an Industrial Organization is discussed and how the capital structure could influence the value of a company.

The course has a part on the organization of the financial market, its participants and the trading of securities, and how the financial markets influence the conditions for Industrial Organizations.

An important part of the course is how to construct and analyze financial and non-financial measures for a company's value, balance sheet and income statement for decisions' regarding investing, financing, book value and risk level.

How to construct balanced and focused systems for key measures to be used by owners, management, customers and employees are also treated in the course.

Finally the role of control and how the key measures influence the behaviour in the Industrial Organization is discussed.

Disposition

The course builds on lectures, tutorials and seminars.

Course literature

Jonathan Berk and Peter DeMarzo, "Corporate Finance", 2 edition, global edition, Pearson, Boston.

Fredrik Nilsson, Nils-Göran Olve, and Anders Parmen, 2010, "Controlling for competitiveness", Liber, Malmö, 2010.

Plus one or two articles in the area.

Examination

- TEN1 - Written Exam, 6.0 credits, grading scale: A, B, C, D, E, FX, 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.

Other requirements for final grade

Written exam. Active participation in seminars, pass on assignments and projects.

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.