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 2016

Grading scale

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

Education cycle

Second cycle

Main field of study

Industrial Management

Specific prerequisites

Admitted to Master program TINEM.

Language of instruction

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

Intended learning outcomes

After passing the course the participant should:

- Be able to analyze, design and implement a firm's financial policy.
- Be able to financially evaluate different investments in advanced technology and processes and choose the most appropriate investment by applying current methods (some with the help of computer) in financial economics as well as critically evaluate some common financial instruments.
- Be able to critically evaluate and choose a sustainable capital structure for an industrial organization.
- Be able to describe how the capital structure could influence the value of a company.
- Be able to describe and explain the organization of the financial market, its participants and the trading of securities, and how the financial markets influence the conditions for industrial organizations.
- 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, and risk level.
- Be able to evaluate and propose improvement of the corporation’s long-term value creation and sustainability based on the analysis.
- Be able to construct and present in writing and orally for different groups, balanced and focused systems for key measures to be used by owners, management, customers and employees - systems that meet high ethical standards.
- Be able to describe the role of control and how the key measures are influencing the behavior in the industrial organization.
- Be able to handle currency risk and other financial risks.

Course contents

The course includes advanced studies in the areas of management control and finance, focusing on central theories and tools of modern finance and control, and how to apply them in industrial and technology intensive organizations. In the control part areas such as objects of control, mission and strategy, strategy maps and balanced scorecards are covered in depth. An integrating part of these areas are the different financial measures presented and their use.

The content of the Finance part covers areas such as Ccpital markets, financial instruments, the price of risk, methods for investment decisions, capital budgeting and valuation and venture capital financing.

Disposition

The course builds on lectures, computer labs, tutorials and seminars.

Course literature

Jonathan Berk and Peter DeMarzo,"Corporate Finance", latest edition, Global edition. Pearson, Boston.

Kaplan, Robert S.; David P. Norton (2004). Strategy Maps: Converting Intangible Assets into Tangible Outcomes. Boston, Massachusetts, USA: Harvard Business School Press. ISBN 1-59139-134-2.

Sörensson, Tomas, 2011, The Equity Risk Premium on the Swedish Stock Market, working paper, KTH-Royal Institute of Technology, Stockholm.

Plus 5 recent 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.

One written exam with a weight of 75 % of total grade and one take home exam presented at a seminar with a weight of 25 % of total grade included in TEN1.

Other requirements for final grade

The requirements for a final grade are the two exams with a grade of E or better.
Active participation in seminars and pass on computer labs.

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.