

# Corporate Finance

Programme course

6 credits

Corporate Finance

TPPE17

Valid from: 2017 Spring semester

**Determined by**  
Board of Studies for Industrial  
Engineering and Logistics

**Date determined**  
2017-01-25

## Main field of study

Industrial Engineering and Management

## Course level

First cycle

## Advancement level

G2X

## Course offered for

- Mathematics, Master's Programme
- Mathematics
- Industrial Engineering and Management - International, M Sc in Engineering
- Industrial Engineering and Management, M Sc in Engineering
- Applied Physics and Electrical Engineering - International, M Sc in Engineering
- Applied Physics and Electrical Engineering, M Sc in Engineering

## Specific information

The course is not available for exchange students

## Entry requirements

Note: Admission requirements for non-programme students usually also include admission requirements for the programme and threshold requirements for progression within the programme, or corresponding.

## Prerequisites

Basic knowledge in accounting, optimisation, probability theory and statistics.

## Intended learning outcomes

Having completed the course the student should:

- have knowledge about the trade-offs that guide companies in their choice of capital structure and dividend policy
- be able to use the net-present-value technique in capital budgeting and project appraisals
- be able to determine appropriate, risk-adjusted costs of capital for companies and projects, with respect to financing sources and tax considerations
- have knowledge about the characteristics of basic derivative securities and be able to use the Black-Scholes Model to value options

## Course content

- Net present value methodology
- Portfolio theory
- Capital market equilibrium models (primarily CAPM)
- Dividend- and capital-structure policy
- Risk-adjusted costs of capital
- Company valuation
- Valuation of loans and financial leases
- Futures and options contracts

## Teaching and working methods

The theory is presented during lectures and in tutorial classes.

## Examination

UPG1	Assignment	1 credits	U, G
TEN2	A written examination	5 credits	U, 3, 4, 5

## Grades

Four-grade scale, LiU, U, 3, 4, 5

## Other information

Supplementary courses:

Financial markets and instruments, Financial risk management, Financial valuation methodology, Portfolio management, Financial optimization

## Department

Institutionen för ekonomisk och industriell utveckling

## Director of Studies or equivalent

Fredrik Persson

## Examiner

Ou Tang

## Education components

Preliminary scheduled hours: 48 h

Recommended self-study hours: 112 h

## Course literature

### **Additional literature**

#### **Books**

Berk, J. and DeMarzo, P., *Corporate Finance (BD)*

## Common rules

Regulations (apply to LiU in its entirety)

The university is a government agency whose operations are regulated by legislation and ordinances, which include the Higher Education Act and the Higher Education Ordinance. In addition to legislation and ordinances, operations are subject to several policy documents. The Linköping University rule book collects currently valid decisions of a regulatory nature taken by the university board, the vice-chancellor and faculty/department boards.

LiU's rule book for education at first-cycle and second-cycle levels is available at [http://stydokument.liu.se/Regelsamling/Innehall/Utbildning\\_pa\\_grund-\\_och\\_avancerad\\_niva](http://stydokument.liu.se/Regelsamling/Innehall/Utbildning_pa_grund-_och_avancerad_niva).