

ME2064 Finance and Control in Industrial Organizations 6.0 credits

Course Description

The general aim of the course is to give basic knowledge in financial calculation methods as well as extensive knowledge of central theories, models and analytical tools in the subject of corporate financing and financial control. In the course, the ability to use this knowledge in practical work leading to investment decisions, based on an elaborated financial analysis, is emphasised in relation to other factors that affect financial performance, such as customer success, market trends and sustainability. The course aims at providing practical context to theories and help students to identify and apply these in practice.

The course also gives necessary basic knowledge for possible additional studies in the financial area.

Through the course, you will be introduced to several important tools that you may use in future work and that are relevant in different phases for a company, from start-up to a mature company.

Intended learning outcomes

On completion of the course, you should be able to:

1. Analyse, design and implement a company's funding strategy, be able to choose a sustainable capital structure and explain how it influences a company's value and be able to show the underlying calculations.
2. Calculate and evaluate the financial consequences of different investments and evaluate common financial instruments and on the basis of each situation choose the most suited one, by means of the methods for this, presented in the course, and be able to show the steps in the calculations, including necessary equations and graphical illustrations.
3. Explain how the financial market functions, its actors, how the trade is carried out, as well as how the financial market influences the companies' preconditions.
4. Design, analyse, and in writing and orally present financial key indicators for the company's value, balance sheet and profit and loss account, for decisions about investment, funding, evaluation and level of risk.
5. Design a focused system of key indicators for control of a company's value adding activities, including a sustainability perspective and meeting high ethical standards. A system to be used by the owners, the management and the employees.
6. Explain and analyse the role of the financial control in a company and how important key indicators can be used to influence behaviour in an industrial organisation.

Course disposition

The course consists of a number of related parts:

- A series of lectures in order to present selected parts of the literature and to complement the literature.
- A series of exercises that are used to deepen the models or theories and its application in practice.
- A project that you shall carry out together with fellow students, which will be presented collectively. This will be complemented with an individual written assignment that will be graded.
- A written exam on site at the end of the course on the subjects covered in the literature and classes on corporate finance.

The detailed schedule is published on the course web where announcements will be made ahead of any change.

Literature and preparations

Specific prerequisites

ME1003 Industrial Management, Basic Course completed

Literature

Main text book:

Berk, J. and DeMarzo, P., "Corporate Finance", 3rd, 4th, 5th or 6th Global edition. Pearson, Boston. (Use cross-reference sheet to make sure problems correlate).

You are strongly recommended to have a copy of Berk/ DeMarzo. It is very difficult to pass the course without extensive use of the course book.

Articles:

Atz, U. et al (2022) "Does sustainability drive better financial performance? Review, meta-analysis and propositions. Journal of Sustainable Finance & Investment, Vol 13 (1)

Kaplan, R. and Norton, D. (1992) "The Balanced Scorecard – Measures that Drive Performance", Harvard Business Review, Jan-Feb

Grading scale

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

Examination

- INL1 - Assignment, 1.5 credits, grading scale: A, B, C, D, E, FX, F
- TEN2 - Exam, 4.5 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.

The examination consists of a written exam (TEN2), with a weight of 75% of the final mark, and a take-home examination written assignment that is presented at a seminar (INL1), with a weight of 25% of the final mark.

Other requirements for final grade

Participation in lectures and seminars are mandatory, as is a passed computer exercise. If you miss more than 5 lectures and/or seminars an additional assignment will be required. Contact the course examiner in that case.

Main teacher and course coordinator:

Ruth Brännvall, ruth.brannvall@indek.kth.se

Examiner

Christian Thomann, Christian.thomann@indek.kth.se

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.

Further information

Course web

Further information about the course can be found on the Course web at the link below. Information on the Course web will later be moved to this site.

[Course web ME2064](#)

Offered by

[ITM/Industrial Economics and Management](#)