

Course Descriptions Exchange 2014-2015

Course Title Finance and Accounting
 Course Code EBC2007
 ECTS Credits 6,5
 Assessment None

| Period | Start | End | Mon | Tue | Wed | Thu | Fri |
|--------|----------|------------|-----|-----|-----|-----|-----|
| 1 | 1-9-2014 | 24-10-2014 | X/E | L | | X/E | |

Level Intermediate

Coordinator Stefanie Kleimeier For more information:s.kleimeier@maastrichtuniversity.nl

Language of instruction English

Goals

- Understand what finance theory says about the choice between debt and equity finance for a firm. Compare these theoretical predictions with corporate reality.
- Understand dividends: Why do firms pay dividends? Do investors demand dividends? Should dividends matter for the firm or the investor?
- Learn about derivatives and their use as risk management tools by firms and investors.
- Learn how to prepare, analyse and interpret financial statements (income statement, balance sheet, cash flow statement) at an introductory level.

Description

The first part deals with basic issues in finance, such as capital structure, dividend policy and derivatives. In particular, building on the finance knowledge presented in the first year of your studies, we will now provide you with additional concepts in the two main areas of finance: corporate finance and financial markets. Regarding corporate finance, this course builds on the basic concepts of investment decision making within a company and the role of the cost of capital of a firm and proceeds to discuss the relevance of an optimal corporate strategy regarding the choice between debt and equity and between dividends and retained earnings. Regarding financial markets and following the discussion of basic financial instruments such as stocks and bonds in the first year, this course now proceeds to more complex financial instruments including futures and options. After investigating the specific characteristics of these derivatives, their payoff structures and pricing will be the focus of attention.

The aim of the second part of the course is to introduce financial accounting. Students will learn how to record basic business transactions in the financial statements. This part of the course also addresses the institutions (such as accounting regulation and governance) that affect the preparation and use of financial statements as well as techniques for analysing financial statements.

Literature

- Berk and De Marzo, Corporate Finance, 3rd edition, Pearson.
- Harrison, Horngren, Thomas, and Suwardy, Financial Accounting (IFRS), Global Edition, 9th edition, Pearson.

Prerequisites

Students are expected to understand the following finance concepts: Types of securities (stocks, bonds) and their returns; Markowitz' portfolio theory (risk-return relationships, efficient frontier, security market line), CAPM (capital market line, beta); definitions and implications of market efficiency; principles of time value of money; converting accounting figures into cash flows; capital budgeting including NPV, IRR. Although there are no prerequisites for the accounting part of the course, students are expected to be familiar with different cost classifications, break-even analysis, introductory level budgeting, and basic product costing from the first year (management) accounting course.

An advanced level of English is required.

Teaching methods PBL / Lecture / Assignment

Assessment methods Participation / Written Exam

Evaluation in previous academic year For the complete evaluation of this course please click <http://iwio-sbe.maastrichtuniversity.nl/rapporten.asp?referrer=codeUM>

This course belongs to the following programme / specialisation

| | |
|---------------------------------|---------------------------|
| Bachelor International Business | Year 2 Compulsory Courses |
| SBE Exchange Bachelor | Bachelor Exchange Courses |
| SBE Exchange Master | Bachelor Exchange Courses |
| SBE Non Degree Courses | Bachelor Courses |