Course Descriptions None 2020-2021

Course Title	Finance and Accounting
Course Code	EBC2007
ECTS Credits	6,5
Assessment	Whole/Half Grades

Period

Period	Start	End	Mon	Tue	Wed	Thu	Fri
1	31-8-2020	16-10-2020					

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 a firm's payout policy: Why do firms pay dividends? Do investors demand dividends? Should dividends matter for the firm or the investor? How do dividends compare to share repurchases? * Learn about derivatives, their pricing and use by firms and investors. * Learn how to prepare financial statements (income statement, balance sheet, cash flow statement) at an introductory level using International Financial Reporting Standards (IFRS). * Understand how managerial judgement plays a role in selecting accounting methods and measurement. * Learn how to analyse and interpret financial statements.
Description	PLEASE NOTE THAT THE INFORMATION ABOUT THE TEACHING AND ASSESSMENT METHOD(S) USED IN THIS COURSE IS WITH RESERVATION. THE INFORMATION PROVIDED HERE IS BASED ON THE COURSE SETUP PRIOR TO THE CORONAVIRUS CRISIS. AS A CONSEQUENCE OF THE CRISIS, COURSE COORDINATORS MAY BE FORCED TO CHANGE THE TEACHING AND ASSESSMENT METHODS USED. THE MOST UP-TO-DATE INFORMATION ABOUT THE TEACHING/ASSESSMENT METHOD(S) WILL BE AVAILABLE IN THE COURSE SYLLABUS. 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 other factors (such as accounting regulation, internal control, governance and managerial incentives) that affect the preparation and use of financial statements as well as techniques for analysing financial statements.
Literature	* Berk and De Marzo, Corporate Finance, 4th edition, Pearson. * Harrison, Horngren, Thomas, and Suwardy, Financial Accounting (IFRS), Global Edition, 9th edition, Pearson.
Prerequisites	TRANSITIONAL REGULATION (EBC2007): Only for bachelor International Business (excl. Emerging Markets) students who started their programme prior to academic year 2018/19. No education. Exam/resit only. Note that students who do not fulfil the participation requirement for EBC2007 will have to pass the participation resit in order to pass the course. 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	
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

Transitional Regulations	See prerequisites