

Course Descriptions None 2022-2023

Course Title Accounting for Financial Markets
 Course Code EBC4103
 ECTS Credits 6,5
 Assessment Whole/Half Grades

Period	Start	End	Mon	Tue	Wed	Thu	Fri
2	31-10-2022	16-12-2022		X			X

Level Advanced
 Coordinator Patrick Vorst For more information:p.vorst@maastrichtuniversity.nl
 Language of instruction English

Goals analysing firms' accounting choices, identifying distortions to the financial statements, and undoing such distortions
 analysing financial statements in the context of firms' stated goals and strategy
 preparing prospective financial statements, assessing the value of firms, and understanding differences in the usefulness of various valuation methods
 applying financial analysis tools in credit analyses and analyses of mergers and acquisitions

Description PLEASE NOTE THAT THE INFORMATION ABOUT THE TEACHING AND ASSESSMENT METHOD(S) USED IN THIS COURSE IS WITH RESERVATION. A RE-EMERGENCE OF THE CORONAVIRUS AND NEW COUNTERMEASURES BY THE DUTCH GOVERNMENT MIGHT FORCE COORDINATORS 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 objective of this course is to understand the relevance of financial statement information to investors, creditors, financial analysts, auditors, managers, and other parties with an interest in the firm. Financial statements contain valuable information for a wide range of decision-making contexts. These include, but are not limited to, security analysis, credit analysis, mergers and acquisitions (M&As), leveraged buy-outs (LBOs), initial public offerings (IPOs), divestitures, and distress prediction. Financial statements thus play a crucial role in the functioning of capital markets and the efficient allocation of resources in an economy. Financial statement analysis skills are therefore of crucial importance in your career as a future accounting or finance professional and they will allow you to effectively use, read, compare, and interpret recorded financial data and determine the health, future prospects, and value of a company. However, using the information presented in the financial statements, crucially depends on your understanding of the context in which the information is presented and on understanding relevant theories concerning financial reporting decisions made by the executives of a firm. This course teaches you the language of financial analysis and firm valuation. We will begin by discussing the importance of industry and strategy analysis as the foundation of financial statement analysis. Next, you will learn how to evaluate the quality and usefulness of a firm's financial statement information, understand the incentives that affect preparers of financial statements, and you will learn how to undo distortions in low-quality financial statements, thereby creating financial statements that are more relevant and more comparable. We will then turn to financial/ratio analysis to learn how to use (the information in) the financial statements to critically evaluate the drivers of a firm's financial performance. In the prospective analysis sessions, you will learn techniques to forecast future firm performance, which we will subsequently use to determine an expected (intrinsic) value of the firm and/or the firm's shares. In doing so, we will discuss various approaches to forecasting and valuation used by for example (sell-side) analysts and investment bankers. Finally, we will have a look at specific applications of financial statement analysis in, for example, an IPO setting. This course is relevant for everyone who will advise executives in corporate communication and reporting issues, everyone who wants to become a financial analyst, investment banker, M&A advisor, or manager, those performing valuation related audit work (e.g. goodwill impairments), and everyone who is interested in the role of financial information in capital markets. To gain an in-depth understanding of financial statement analysis, the course uses various real-life cases and assignments and discusses a range of relevant research articles that will broaden your financial statement analysis knowledge and discuss how financial statement analysis can be used to develop profitable trading strategies.

Literature Business Analysis & Valuation: IFRS Standards Edition, Krishna G. Palepu, Paul M. Healy, and Erik Peek, Cengage Learning, Sixth Edition, 2022.

Prerequisites 'Students are expected to have sufficient knowledge of financial accounting (e.g., at the level of an intermediate accounting course). Further student should have a basic understanding of (corporate) finance. Exchange students need to have obtained a bachelor degree with a major in business.'

Teaching methods PBL / Presentation / Lecture / Assignment / Groupwork / Research

Assessment methods Attendance / Participation / Written Exam / Assignment / Computer test / Presentation

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

Master Financial Economics - Asset Pricing	Elective Course(s)
Master Financial Economics - Banking	Elective Course(s)
Master Financial Economics - Financial Analysis	Compulsory Course(s)
Master Financial Economics - No specialisation	Elective Course(s)