

Introduction to Business Economics (non-IE)

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Offered by	Department of Industrial Engineering and Innovation Science
Language	English
Primarily interesting for	All students except for major students Industrial Engineering
Prerequisites	None
Contact person	Dr. ir. L.P.J. Schlicher (l.p.j.schlicher@tue.nl)

Content and composition

This package is designed to give students an understanding of basic concepts in accounting, finance, and microeconomics.

Course code	Course name	Level classification
1CV10	Fundamentals of Financial and Management Accounting	1.
1CK40	Intermediate Finance and Accounting	2.
1CK90	Microeconomics	2.

Precedence relationships within the package

1CV10 (Introduction to Financial and Management Accounting) should precede 1CK40 (Intermediate Finance and Accounting).

Course description

Fundamentals of Financial and Management Accounting (1CV10)

Focus of this course is on companies in terms of goods and cash flows. Goods flow through a company from suppliers to customers. These goods flows cause cash flows in the opposite direction, from customers to suppliers of production resources. The success of a company is measured, amongst others, by the amount of profit gained by the activities. Important topics are consequently: (relevant) costs, cost calculations, revenues, and financial performance and position.

Intermediate Finance and Accounting (1CK40)

In the first part of this course students learn how to create and analyze cash flow statements. Besides, they learn how to use financial ratios to analyze and interpret the performance of a company. In the second part of the course, students learn (quantitative) methods and techniques to facilitate proper financial decision making. They start with techniques, such as the net present value and the internal rate of return, to evaluate deterministic cash flows streams. Thereafter, students apply these techniques to value fixed income securities such as loans, mortgages and bonds. They also use these techniques to value firms, discuss how to structure firm capital and execute proper capital budgeting. Then, students learn and apply the mean-variance model of Nobel laureate Markowitz and the capital asset pricing model. These models introduce (one-period) uncertainty and illustrate the trade-off between risk and return. Finally, students learn the basics of (financial) options, and how to use them to manage risk. Two group assignments are part of this course. These assignments will deal with realistic business problems.

Microeconomics (1CK90)

For consumers, choices are all around. Simultaneously, producers select their own input-output combinations. Consumer and producer behavior subsequently come together as demand and supply sides of a market. Starting with standard models of choice, students acquire knowledge and gain insight into economic theory and underlying methods. Topics include consumer choice, firm supply, market demand, industry supply, elasticity, exchange of goods, etc.