

## **ACCOUNTING AND FINANCE**

**IE University**

Professor: **JUAN RAMON RALLO JULIAN**

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Degree course: FIRST

Semester: 1º

Category: COMPULSORY

Number of credits: 3.0

Language: English

### **PREREQUISITES**

## **SUBJECT DESCRIPTION**

This course intends to provide students with basic notions of finance, both on a theoretical and practical basis, ranging from Accounting to personal financial planning.

Finance plays a growing role in our societies. Financial markets not only determine the course of our economies, but also the typology of cases and problems that a lawyer may face. Therefore, it is of the most importance for a Law student to understand the basics both of the financial jargon and of the financial market functioning.

Furthermore, any skilled worker who expects to earn above-average wages should acquire some essential understanding of how to manage his savings. High wages without good financial planning leads to poor estates.

After this course, students will feel comfortable when speaking, reasoning and planning from a financial point of view.

## **OBJECTIVES AND SKILLS**

Given its introductory nature, the essential objective of the course is to familiarize students with basic accounting and financial concepts. In this course we will get a flavor on how individuals plan their lives from a financial point of view and how financial markets work. To do so we will go over basic concepts and tools and will sketch out the main definitions and relationships in the fields of both accounting (assets, liabilities, balance sheet, income statement, solvency, liquidity, etc.) and finance (stocks, bonds, IOUs, banks, hedge funds, etc.).

The Bachelor in Laws, through the study of Accounting & Finance, aims to develop students' ability to describe, analyze and understand the financial environment where investment takes place. More specifically, Accounting & Finance course aims for the student to make progress in several specific skills:

### Cognitive (Know)

- Understand basic accounting terms and statements.
- Distinguish between the different kinds of assets –Understand the general workings of the financial markets.
- Understand what problems can appear in financial markets.

### Procedures (Know How)

- Apply accounting and financial criteria to the analysis of current economic problems.
- Use the relevant information to evaluate the financial position of private companies.
- Use the course material to reason in a rigorous and systematic way from a financial point of view.
- Identify the sources of relevant financial information.
- Draw relevant information from data that non-experts would be unable to appreciate.
- Improve the ability to present and discuss in a coherent manner, whether in a written text or public exposition, the results of a specific financial study.

### Attitude (Being)

- Improve individual problem solving, confront problems in a rigorous and systematic fashion and think critically.
- Develop the ability to share and discuss the results with other students.
- Encourage an entrepreneurial and positive attitude when faced with new problems, and encourage students to overcome failure.

## **METHODOLOGY**

Each session is designed as follows:

- a) 65 minutes: Master class. Lectures will consist in the exposition of the main points by the professor and the active participation from the class.
- b) 10 minutes: The last part of the class is allocated to perform a short multiple choice test about the main points discussed in class.

<b>Teaching methodology</b>	<b>Weighting</b>	<b>Estimated time a student should dedicate to prepare for and participate in</b>
Lectures	26.67 %	20 hours
Discussions	2.67 %	2 hours
Exercises	26.67 %	20 hours
Group work	0.0 %	0 hours
Other individual studying	44.0 %	33 hours
<b>TOTAL</b>	<b>100.0 %</b>	<b>75 hours</b>

## **PROGRAM**

### **SESSION 1**

WHAT IS FINANCE AND WHY IT IS IMPORTANT?

### **SESSION 2**

INTRODUCTION TO ACCOUNTING: ASSETS AND LIABILITIES

### **SESSION 3**

THE BALANCE SHEET

### **SESSION 4**

THE INCOME STATEMENT

### **SESSION 5**

SPECIAL SITUATIONS FROM AN ACCOUNTING POINT OF VIEW

### **SESSION 6**

MATCHING ASSETS WITH LIFE CYCLE

### **SESSION 7**

MAIN ASSETS' CHARACTERISTICS

### **SESSION 8**

CLASSIFYING ASSETS BY THEIR CHARACTERISTICS

### **SESSION 9**

CLASSIFYING ASSETS BY THEIR CHARACTERISTICS

### **SESSION 10**

THE PRESENT VALUE OF ASSETS

### **SESSION 11**

HOW TO VALUE A COMPANY.

### **SESSION 12**

FINANCIAL MARKETS: WHAT THEY ARE AND WHAT THEY DO

## **SESSION 13**

FINANCIAL MARKETS: WHAT THEY ARE AND WHAT THEY DO

## **SESSION 14**

INVESTOR'S PSYCHOLOGY

## **SESSION 15**

FINAL EXAM

**BIBLIOGRAPHY**

## EVALUATION CRITERIA

### 6.1. GENERAL OBSERVATIONS

Each student has four attempts over two consecutive academic years to pass this course.

Dates and location of the final exam will be posted in advance and will not be changed.

Students must attend at least 70% of the sessions. Students who do not comply with the 70% attendance rule will receive a 0.0 on their first and second attempts and go directly to the third one (they will need to enroll in this course again the following academic year).

Students who are in the third or fourth attempt should contact the professor during the first two weeks of the course.

Criteria	Percentage	Comments
Final Exam	70 %	
Multiple choice tests	20 %	
Class Participation	10 %	

### 6.2. RETAKE POLICY

Any student whose weighted final grade is below 5 will be required to sit for the retake exam to pass the course (except those not complying with the attendance rules, whom are banned from this possibility).

Grading for retakes will be subject to the following rules:

The retakes will consist on a comprehensive exam. The grade will depend only on the performance on this exam; continuous evaluation over the semester will not be taken into account.

The exam will be designed bearing in mind that the passing grade is 5 and the maximum grade that can be attained on the second and fourth attempts is 8 out of 10.

The third attempt will require the student to complete:

a written assignment a  
final exam

This is also applicable to students who do not have required attendance, e.g. sickness.

Dates and location of the retakes will be posted in advance and will not be changed.

## PROFESSOR BIO

Professor: **JUAN RAMON RALLO JULIAN**

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JUAN RAMÓN RALLO  
email: [jrallo@faculty.ie.edu](mailto:jrallo@faculty.ie.edu)

Research fields:

Economics and Law

Academic degrees:



Since 2011 Ph.D. in Economics, Universidad Rey Juan Carlos de Madrid.  
2009 Degree in Law, Universidad de Valencia  
2008 Master in Economics of Austrian School, Universidad Rey Juan Carlos de Madrid.  
2007 Degree in Economics, Universidad de Valencia.

Since 2014 Director of the Master in Economics at Centro de Estudios Superiores Online de Madrid Manuel Ayau (OMMA)  
Since 2010 Professor of Economics and Finance at Isead Business School  
2009-2012 Associate Professor of Economics at Rey Juan Carlos University

#### Other interest data

Director of the Instituto Juan de Mariana.  
El Confidencial y La Razón  
Author of several books about Economics

## OTHER INFORMATION

### CODE OF CONDUCT IN CLASS

1. **Be on time:** : Students arriving more than 5 minutes late will be marked as “Absent”.

Only students that notify in advance in writing that they will be late for a specific session may be granted an exception (at the discretion of the professor).

2. **If applicable, bring your name card and strictly follow the seating chart.** It helps faculty members and fellow students learn your names.

3. **Do not leave the room during the lecture:** Students are not allowed to leave the room during lectures. If a student leaves the room during lectures, he/she will not be allowed to re-enter and, therefore, will be marked as “Absent”.

Only students that notify that they have a special reason to leave the session early will be granted an exception (at the discretion of the professor).

4. **Do not engage in side conversation.** As a sign of respect toward the person presenting the lecture (the teacher as well as fellow students), side conversations are not allowed. If you have a question, raise your hand and ask it. If you do not want to ask it during the lecture, feel free to approach your teacher after class.

If a student is disrupting the flow of the lecture, he/she will be asked to leave the classroom and, consequently, will be marked as “Absent”.

5. **Use your laptop for course-related purposes only.** The use of laptops during lectures must be authorized by the professor. The use of Social Media or accessing any type of content not related to the lecture is penalized. The student will be asked to leave the room and, consequently, will be marked as “Absent”.

6. **No cellular phones:** IE University implements a “Phone-free Classroom” policy and, therefore, the use of phones, tablets, etc. is forbidden inside the classroom. Failing to abide by this rule entails expulsion from the room and will be counted as one absence.

7. **Escalation policy: 1/3/5.** Items 4, 5, and 6 above entail expulsion from the classroom and the consequent marking of the student as “Absent.” IE University implements an “escalation policy”: The first time a student is asked to leave the room for disciplinary reasons (as per items 4, 5, and 6 above), the student will incur one absence, the second time it will count as three absences, and from the third time onward, any expulsion from the classroom due to disciplinary issues will entail 5 absences.