

# FINANCIAL ACCOUNTING

**IE University**

Professor: **SILVIU GLAVAN**

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Degree course: FIRST

Semester: 1<sup>o</sup>

Category: BASIC

Number of credits: 6.0

Language: English

## PREREQUISITES

None

## SUBJECT DESCRIPTION

The purpose of this course is to provide students with the basic knowledge of financial accounting that will allow them to construct and analyze financial statements using generally accepted accounting principles.

Accounting is the “language of business”, and students shall become sufficiently fluent in this language as to understand the financial condition and the performance of a business by reading its financial statements.

## OBJECTIVES AND SKILLS

The main aim of the Financial Accounting course is to familiarize the student with the language and terminology of accounting. In this respect, the course objective is to introduce the student to the basic concepts necessary for understanding accounting processes within businesses and to analyze a company’s financial status. Overall, the student should complete the course with two key skills:

1. How to write financial statements.
2. How to read and interpret those statements as the means to support financial decision-making.

## METHODOLOGY

As is common to all IE University courses, the course will combine lectures with practical exercises.

We will begin with an overview of the accrual and cash accounting systems, and continue by examining specific accounting problems and measurement topics.

Before each class session, readings regarding the topics to be covered will be assigned.

Students are also expected to solve the assigned homework sets and case-studies before the class, and to be able to start their class discussion by answering a question, related with the case, if cold-called.

Prior preparation of every class session is expected from all the students, since much of the learning occurs by listening to your peers opinions and questions during class discussions.

It is of utmost importance that you keep up with the coursework. In accounting, new material always builds on prior concepts, so you will soon lose the thread, if you decide to study only a few days just before the day of the exam.

Attendance and punctuality are mandatory. Please pay attention to the CODE OF CONDUCT IN CLASS attached.

A scheme of expected time allocation by students to this course is as follows:

\*Please notice that class discussions rely mainly on individual studying (outside class), and therefore, the relevance of class participation in the final grade is very important.

Teaching methodology	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	15.33 %	23 hours
Discussions	10.0 %	15 hours
Exercises	4.67 %	7 hours
Group work	50.0 %	75 hours
Other individual studying	20.0 %	30 hours
TOTAL	100.0 %	150 hours

## EVALUATION CRITERIA

**Course Requirements and Grading:** Final grades for the course will be based on the following:

- **Class Participation** (consists of: Class Discussions, Case Studies, Quiz and Homework Sets): **30%**
- **Class Discussions** (including **Case Studies**) **15%** - **Quiz + Homework Sets 15%** - **Midterm exam: 30%**
- **Final exam: 40%. A minimum grade of 3.5/10 is required for this exam in order to pass the subject.**

Criteria	Percentage	Comments
Class Participation (consists of: Class Discussions, Case Studies, Quiz and Homeworks)	30 %	
Midterm exam:	30 %	
Final Exam	40 %	A minimum grade of 3.5/10 is required for this exam in order to pass the subject.

**Class Discussions** represent a fundamental learning mechanism and are also crucial for the well functioning of the class. As mentioned, students are expected to come to class having read the assigned readings, thought about the topics to be discussed, and answered the study questions. The

pre-class preparation and in-class participation will make the course pleasant and intellectually stimulating.

It includes:

- Attending class (a necessary but not sufficient condition): regular attendance is required. Much of the learning will occur in the course of the discussions in class. Hence, regular attendance is required in order to receive credit for class participation. Please advise in advance if you cannot attend a session. Also note that according to the program rules, if you are absent in more of 30% of classes, you automatically fail the class.
- Does the student participate in class? It is not enough for the student just to be present. The student will be encouraged to participate actively in the discussions and to answer questions proposed by the professor.
- Does the student make quality points? It is entirely possible to offer many comments and still receive a low grade for participation. Asking questions that help to improve the learning process class is important, but it is much more important how well you respond to the issues and/or questions raised by the case material, or by the professor or by your classmates, during the class sessions.

**Attendance** is mandatory. If you are unable to attend a class session, you are still responsible for all the materials covered during that session. If attendance is lower than 70% of sessions, you will not pass the course.

## PROFESSOR BIO

Professor: **SILVIU GLAVAN**

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Silviu's main research interest is situated at the convergence of international finance and accounting, focusing on the IFRS (International Financial Reporting Standards) adoption around the world. In particular, he studies the impact of the "fair value accounting" (i.e. mark-to-market or mark-to-model) for financial instruments on the real decisions (portfolio allocation / risk management) of the financial institutions. Other lines of research are the banking regulation and the financial risk management.

He participated as a researcher in many projects, financed with public or private funding, like: Asset Pricing and Risk Management, Risks: analysis, management and applications, The Last Financial Crisis: a Finance-Accounting Approach, Pricing and Risk Management of volatility derivatives, Credit Risk Management, Financial Risks: Software for measurement and management.

His recent publications include an analysis of the Fair Value accounting in banks and the recent financial crisis, published by the Bank of Spain Financial Stability Review, and is the co-author of a book about the evolution of the Spanish financial system during the recent years.

His teaching experience comprises International Finance, Financial Derivatives, Risk Management, Fixed Income Securities and Other Derivatives, Financial Accounting and IFRS Accounting for the undergraduate level and graduate level with different programs: BBA, Master in Financial Engineering, Master in Financial Analysis, Master in Actuarial Science and Finance, Master in Industrial Organization and Markets. He is the coordinator of the Finance-Accounting sequence at the IE University and the Director of the Finance Lab for Segovia Campus. Also, he is a constant committee member for the final theses of the Master of Finance at IE Business School.

### **Academic Qualifications**

- Ph. D. in Business Administration and Quantitative Methods (Accounting and Finance track), Carlos III University, 2010
- Master in Statistics and Optimization, Bucharest University, 2000
- B.Sc. in Applied Mathematics (Actuarial Science), Bucharest University, 1998

### **Academic Experience**

- Professor, IE University, 2013-present
- Professor, Navarra University, 2010-2013
- Teaching Assistant, Carlos III University, 2003-2010
- Fields of interest: Fair Value Accounting, Banking Regulation, Risk Management, Asset Pricing

### **Professional Experience**

- Consultancy in developing financial software, 2007-present
- Insurance Broker, AON, 1999-2003

### **OTHER INFORMATION**

**Office hours:** Weekly, TBA

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