CORPORATE FINANCE

IE University
Professor: **SILVIU GLAVAN**

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Degree course: FIRST
Semester: 2º
Category: COMPULSORY
Number of credits: 5.0
Language: English

PREREQUISITES
None

SUBJECT DESCRIPTION
This is an introductory course in Finance. The course provides an overview of the theories and the practical applications of Finance.

OBJECTIVES AND SKILLS
The main objective of this course is to develop a framework and basic tools for financial decisionmaking, and to provide a solid grounding in the principles and practice of corporate finance.

Another objective is to be confident with the use of Excel spreadsheets for solving practical finance problems. Applied finance exercises requiring the use of Excel are introduced in a coherent and complementary way with the other subjects that are part of the Business Administration Degree.

The course is designed with the following specific objectives:

- To teach the fundamental methods and skills of finance.

- To prepare you to make sound personal and professional financial decisions.

- To provide the knowledge that enables you to better understand the role of finance in the real life and management.

- To prepare you to take more advanced courses in finance and other business areas.

METHODOLOGY
This course is divided into 25 sessions. The 24th session will be the review session and the 25th session will be the final examination.

The basic financial concepts are taught through the classes. In order to follow the classes, the students are expected to be familiar with the contents discussed in class by reading in advance the corresponding chapters and the slides. The professor encourages the students to ask any questions during the class. Discussions on the problem sets and presentation are also welcome. After the class, individual study and content review is required to master the knowledge in the classes.

The purpose of learning Finance is to apply it to the real life. We will relate the theories in this course to real-life applications. Therefore, it's important to keep up by working exercises. Doing exercises is the best way to learn Finance. Problem sets for each topic will be provided to the students. Students will have to prepare in advance the problem sets, which will be graded. The problem sets are the building block towards the quiz and the final exam.

Teaching methodology	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	28.0 %	35 hours
Discussions	0.0 %	0 hours
Exercises	0.0 %	0 hours
Group work	32.0 %	40 hours
Other individual studying	40.0 %	50 hours
TOTAL	100.0 %	125 hours

EVALUATION CRITERIA

Your final grade in the course will be based on both individual and group work of different characteristics that will be weighted in the following way:

Criteria	Percentage	Comments
Class Participation	10 %	
Workgroups	20 %	Problem sets
Intermediate Tests	30 %	3 quizzes based on problem sets
Final Exam	40 %	

A. CLASS PARTICIPATION (it represents 10% of the overall grade)

The students are expected to come prepared and participate actively (and voluntarily) during lectures. In addition, the professor can cold-call on students, particularly on those who have not participated in a while. The students are required to obey the "IE UNIVERSITY'S CODE OF CONDUCT IN CLASS" (see Section 8). Three main criteria will be used in reaching judgment about your class participation:

- Depth and Quality of Contribution: The most important dimension of participation concerns what it is that you are saying. A high quality comment reveals depth of insight, rigorous use of case evidence, consistency of argument, and realism.

- Moving Your Peers' Understanding Forward: Great ideas can be lost through poor presentation. A high-quality presentation of ideas must consider the relevance and timing of comments, and the flow and content of the ensuing class discussion. It demands comments that are concise and clear, and that are conveyed with a spirit of involvement in the discussion at hand.

- Frequency: Frequency refers to the attainment of a threshold quantity of contributions that is sufficient for making a reliable assessment of comment quality. The logic is simple: if contributions are too few, one cannot reliably assess the quality of your remarks. However, once threshold quantity has been achieved, simply increasing the number of times you talk does not automatically improve your evaluation. Beyond the threshold, it is the quality of your comments that must improve. In particular, one must be especially careful that in claiming more than a fair share of "airtime", quality is not sacrificed for quantity. Finally, your attempts at participation should not be such that the instructor has to "go looking for you". You should be attempting to get into the debate on a regular basis.

B. PROBLEM SETS (the sets represent a total of 20% of the overall grade)

The problem sets contribute to a total of 20% of your grade, you are recommended to work in groups no larger than 4 or 5 students and hand in 1 copy of the assignment promptly at the deadline (start of the session). Late assignments will not be graded. These problem sets will serve as guidance toward the quizzes and the final exam. Please pay attention to the presentation of your solutions, it will be taken into account for the marks.

C. 3 QUIZZES (the 3 quizzes represent a total of 30% of the overall grade)

The quiz is an individual computer-based assessment lasting 20-30 minutes (depending on the topic). Each quiz counts 10% of the final mark. The contents of the quizzes will be based on the previous problem sets. Please ensure you bring a non-graphing, non-financial calculator to the quiz.

D. FINAL EXAM

The final exam is a mandatory and cumulative computer-based exam. A minimum grade of 4/10 is required for this exam in order to pass the subject, even if the aggregate mark of the course including all the assessments is greater than 5. The retake policy will follow the university rule (see below).

PROFESSOR BIO

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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
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