

## SUBJECT DETAILS

Data on the subject	
Name	Accounting and Finance for Lawyers
Degree	Postgraduate in Master in International and European Business Law
Year	2016-17
Nature	Fall
ECTS Credits	20 hours = 2 credits
Department	Law
Area	Law
Teaching staff	Javier Hernández Galante

Data on the teaching staff	
Teaching staff	Javier Hernández Galante
e-mail	javierhernandez.galante@ashurst.com
Telephone	91 364 98 00
Office	Alcalá, 44, 4th floor, Madrid
Tutoring Schedule	Upon request from students

## SPECIFIC DATA ON THE SUBJECT

Pre-requisites
None
Contribution of the degree to the professional profile
<p>Acquiring knowledge on accounting and finance basics is essential to understand the economics of most of the transactions and legal implications of all the acts taken by companies, which are the main actors in the global economy.</p> <p>The interaction between the economic side of a company (being the accounting the common language followed by all the companies to have comparable information) and the way to regulate from a legal point of view all the relations between the company and third parties is essential for an accurate and complete advise to your clients.</p>

## COMPETENCES TO BE IMPROVED

What skills you'll gain from this class:

You will have a basic but comprehensive knowledge of the economic implications of all the relevant steps in the life of a company, since its incorporation to its liquidation, including how to measure the profit of a company, comparing the economic situation of a company to other companies.

Understanding what a balance sheet is and the differences between a balance sheet and the profit and loss account, understand from an economic perspective, the reasons for a company to become insolvent or not to be insolvent but being a compulsory liquidation scenario,... all those elements that have a critical impact for the company (and the lenders, the providers, the employees, of the company) from a legal perspective, have an economic rationale that you will understand after this class.

Finally, you will be able to identify the different ways a company can be funded, the difference between equity and debt, for both the company and the lender/shareholder, the different types of debt instruments typically used for different types of transactions quite common in the market (sale and lease back of assets, real estate transactions, LBOs,...). Once you have a better understanding, from an economic perspective of these issues, it will be easier to deal with the legal treatment of share capital increases, use of reserves of a given company, when to borrow money and at what rates, etc...

## THEMATIC AREA AND CONTENT

### AREA 1: Accounting for lawyers

#### Theme 1: Introduction to accounting and its relevance for a business lawyer

- 1.1 Introduction to accounting concepts in a balance sheet
- 1.2 Introduction to accounting concepts in a P&L account
- 1.3 Use of accounting for lawyers

#### Theme 2: Ways to measure the value of a company

- 2.1 Methods based on accounting
- 2.2 Other methods

#### Theme 3: Relevance of the accounting for tax purposes

- 3.1 The P&L account as the basis of the Corporate Income Tax
- 3.2 Different approaches to risk by accountants and lawyers

### AREA 2: Finance principles for lawyers

#### Theme 1: Financial ratios and information obtained from accounting

- 1.1 EBITDA
- 1.2 Working capital
- 1.3 Return on investment / return on assets / return on equity

#### Theme 2: Alternative ways to finance a business (merits and cons)

- 2.1 Equity

2.2 Debt  
2.3 Hybrid instruments

## BIBLIOGRAPHY AND RESOURCES

<b>Basic Bibliography</b>
<b>Text books</b>
Not necessary but any introduction to basic principles of accounting would be useful.
<b>Chapters of books</b>
<b>Articles</b>
<b>Websites</b>
<b>Notes</b>
<b>Other material</b>
Materials will be distributed in class.

## TEACHING METHODOLOGY

<b>General methodological aspects of the subject</b>
<b>Contact hours methodology: Activities</b>
Practical classes with a theory part showing the accounting and finance basic principles and then use practical cases to, with the participation of all the members of the class, understand the previously explained concepts.
<b>Independent study methodology: Activities</b>
In some cases, and in particular regarding the final case study, they students will have to analyse and solve some cases.

<b>SUMMARY OF STUDENT WORK HOURS</b>			
Activity	Number of class hours	Number of independent	Total number of

		study hours	hours
Lecture	4		
Practical class	10	8	
Debate	2		
In class presentation	2	2	
Individual work		8	
Work in collaboration		8	
Evaluation: one minute paper			
Evaluation: class test			
Evaluation: exam	1	4	
Evaluation: exam review	1		
Others			
<b>ECTS Credits:</b>	<b>20</b>		

## GRADE EVALUATION AND CRITERIA

Evaluation Activities	Generic Competences	Indicators	Evaluation Weighting
Individual work			
Work in collaboration	Good participation level, show interest, understanding the basic principles of accounting and financing to be discussed. Ask questions.	Clearance and technical knowledge on the presentations	40%
Debate		Good exposition of ideas and technical knowledge	
Class presentation			
Evaluation: one minute paper			
Evaluation: class test			
Evaluation: exam (final)	Understanding and use of the accounting and finance basic principles	Result in the exam	50%
Attendance			10%