

Performance Measurement and Controlling

PROF. LAURA ZONI

Module I – International Financial Reporting

COURSE AIMS AND INTENDED LEARNING OUTCOMES

The course is designed to provide an understanding of international financial statements in an economic context.

Successful completion of this course results in the ability to read and meaningfully interpret financial statements that are prepared and disseminated by business entities with a special focus on listed companies, competing in global industries. This necessarily requires devoting attention to the basic rules of the accounting language as well as to the issues and to the institutions, which influence and formulate these rules. The course will also provide the basis for the financial analysis and comparative reporting.

In terms of skill objectives the student will:

- consolidate the knowledge of financial statement literacy, in the sense that students should be able to examine an annual report and understand a meaningful portion of information contained therein
- improve the ability to evaluate the financial effectiveness of alternative business models
- develop the capability of conducting a comparative financial analysis of peers in the same industry
- raise his/her awareness about the strengths and limitations of financial communication.

COURSE CONTENT

The course will mainly focus on:

- annual report and financial communication
- income statement, balance sheet and cash flow statement: main contents, formats and their links
- assets (selected items) evaluation criteria – impact on key financial indicators
- liabilities (selected items) evaluation criteria – impact on key financial indicators
- ratio analysis: from accounting measures to accounting based measures
- business model and segmental reporting

READING LIST

YOUNG D. S. AND COHEN J., *Corporate Financial Reporting and Analysis: A Global Perspective*, 4th Edition, 2018, Wiley is a recommended textbook.

Additional background readings are:

ROBERT N. ANTHONY, DAVID F. HAWKINS, DIEGO M. MACRÌ, KENNETH A. MERCHANT, *Il Bilancio*, McGraw-Hill, 13th edition” - Relevant chapters are: 1,2,3,4,5,6,7 and 11.

C. T. HORNGREN, G. L. SUNDEM & J. A. ELLIOTT, D. R. PHILBRICK, *Introduction to Financial Accounting*, 11th Edition, Pearson – Relevant Chapters are:1, 2, 3, 4, 5 and 12.

TEACHING METHOD

During the course, interactive lectures will be complemented with exercises, problems and case analysis. Practice exercises and problems from the textbook are suggested, and solutions are distributed via Blackboard. Further, to stimulate interaction and experiential learning, group work will be assigned and assessed as an integral part of the course evaluation. Group assignment(s) are described in details in the analytical programme.

The course assumes full attendance and active participation in and outside class (group work). Should students have problems in attending, they should please contact the instructor.

ASSESSMENT METHOD AND CRITERIA

The course assessment is based on class participation (10%), group-work (40%), and exam (50%).

Class participation is based on the quality of the contribution to the class development.

Group assignments will be evaluated base on their completeness, in-depth analysis and consistency of the argumentations expressed.

The exam will be based on a mix of open questions on incidents and mini cases, and multiple-choice questions.

In the case of students not attending classes, the closed book written exam is worth 100%.

The course evaluation is expressed by means of a grade on a 30-point scale.

NOTES AND PREREQUISITES

Previous knowledge in the area of introductory financial accounting, and management will facilitate the understanding of the main concepts taught in this module.