# . – Financial Statement Analysis and Managerial Accounting

## Proff. Andrea Gamba-Ilaria Galavotti

# Financial Statement Analysis Module

## Prof. Andrea Gamba

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to provide students with an understanding of the information potential contained in financial statements. It will present and interpret the methodologies for the reclassification and analysis of financial statements by indices and flows, aimed at evaluating the global economic structure of a company.

At the end of the course, students will be able to:

* Understand the main qualifying indicators of business.
* Analyse and interpret the budget document.
* Interpret the equity structure and the financial structure of the company.
* Make judgments on the conditions of equilibrium of company management.
* Submit their own first-level financial analysis report.

***COURSE CONTENT***

* Purpose and methodology of financial statement analysis.
* Composition and layouts of the financial statements: balance sheet, income statement, cash flow statement, explanatory note. Reports annexed to the financial statements.
* Analysis of the items in the financial statements and summary illustration of the reference accounting standards.
* Reading and interpretation of the financial statements.
* Reclassification of the income statement: formats, obtainable values,interpretation.
* Reclassification of the balance sheet: formats, obtainable values, interpretation.
* Construction of the system of quotients and financial statement indices.
* Definition and meaning of the main indicators of solidity, profitability, liquidity, and development.
* First-level analysis of cash and financial flows through the cash flow statement.
* Synthetic evaluation of the company.

***READING LIST***

C. Teodori, *Analisi di bilancio. Lettura e interpretazione,* Giappichelli, Turin, 2017.

Organismo Italiano di Contabilita’, *Principi contabili,* Rome, 2019 and in particular

OIC 12, *Composizione e schemi del bilancio d’esercizio.*

OIC 10, *Rendiconto finanziario.*

Suggested readings

C. Teodori, *Il rendiconto finanziario: ruolo informativo, analisi, interpretazione e modelli contabili,* Giappichelli, Turin, 2015.

***TEACHING METHOD***

The course consists of theoretical lessons and practical exercises. The materials, balance sheets and slides posted by the lecturer to the Blackboard platform are an integral part of the course material. Attending students will be assigned a group activity consisting in the analysis of the financial statements of existing companies.

***ASSESSMENT METHOD AND CRITERIA***

The assessment of attending students will be based on a written test (80% of the final mark), group work (10%), and on their active participation in lectures and performance of the assigned tasks (10%).

The assessment of non-attending students will be based on a written test (90%) and the analysis of a balance sheet (layout published on Blackboard) to be emailed

to the lecturer before the exam (10%).

The written test consists of different exercises in financial statement reclassification and construction of indices, and open-ended questions relating to the content of financial statement items, reclassification of book values, preparation and reclassification of financial statements, analysis of financial statements through indices and quotients. In particular, students will have to be able to illustrate and discuss the meaning of the main indicators of solidity, profitability, liquidity and development. Duration of the written test: 70-90 minutes.

The final assessment of the course in on a 30-point scale.

***NOTES AND PREREQUISITES***

Prerequisites for the course is good knowledge of general accounting and financial statements, therefore previous attendance of the courses of "Business Economics" and "Accounting and Financial Statements" is required.

The teacher is available to meet with students after class. Other information available on the teacher's personal page at <http://docenti.unicatt.it/>

**Planning and Checking Module**

Prof. Ilaria Galavotti

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to provide students with notions relating to the methodologies of measurement and economic-financial analysis to support management. In particular, it will provide a review of methods and techniques for the calculation of costs, for economic analyses and for economic-financial simulations. The analysis of business cases used extensively throughout the course will offer students the opportunity to interpret economic-financial information from a *problem-solving* perspective.

At the end of the Planning and Control course, students will be able to:

* + calculate the product cost;
  + set up the profitability analysis consistent with the decision-making context;
  + prepare the analysis of relevant costs for short-term decisions (make or buy, elimination of a product/segment, choices of allocation of production capacity);
  + analyse the operational risk conditions;
  + prepare the master budget;
  + carry out the analysis of the deviations and interpret its results.

***COURSE CONTENT***

The course content is divided into three parts:

* + Cost analysis and management: terminology, concepts and classifications; cost analysis, cost-volume analysis and results, economic analysis for short-term decisions;
* Programming and simulation models of economic and financial results: terminology and concepts; budget articulation dimensions; summary documents.
* Economic control and reporting: criteria, result areas, variance analysis.

***READING LIST***

The teaching material that attending and non-attending students will have to use to prepare for the lectures and the exam includes the slides and cases, made available by the lecturer, and the following textbook:

A.Arcari, *Programmazione e controllo,* McGraw-Hill, 2nd edition, Milan, 2014.

For further insights and additional practical exercises, we also recommend:

# S. Baraldi-A. Cifalinò-P. Sacco, *Esercizi svolti di programmazione e controllo*, Giappichelli, 2013.

# F. Gasparini, *Programmazione e controllo. Guida allo svolgimento di esercizi e problemi,* Pearson, Edition 2016.

# R.H. Garrison-E.W. Noreen, *Programmazione e controllo:* *Managerial Accounting per le decisioni aziendali*, Mc-Graw Hill, latest edition.

***TEACHING METHOD***

The course will consist of theoretical framework lectures, analysis and discussion of business cases and exercises. The combination of different teaching methods aims to develop the students' ability to design and use methods for quantitative determination of economic magnitudes in the various decision-making cases and in the various sectors.

***ASSESSMENT METHOD AND CRITERIA***

The final exam consists of a written test on the entire course content. The test (70 minutes duration) is divided into: a theoretical part, including closed-ended questions (true or false and multiple choice) and open-ended questions, and an application part consisting of exercises.

The assessment will be on a 30-point scale.

***NOTES AND PREREQUISITES***

Prerequisite for attending the course is basic knowledge of business administration and general accounting.

Information on office hours available on the teacher's personal page at <http://docenti.unicatt.it/>.