# . – Financial Statement Analysis and Managerial Accounting

## Prof. Andrea Gamba- Prof.ssa Ilaria Galavotti

# Financial Statement Analysis Module

## Prof. Andrea Gamba

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

**Course aims**

The course aims to help students understand the information potential contained in financial statements. The course offers and interprets reclassification and financial statement analysis methodologies by indexes and flows, aimed at assessing the overall financial structure of a company.

**Intended learning outcomes**

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

* Understand the main indicators qualifying business management.
* Analyse and interpret a balance sheet.
* Interpret a company’s capital and financial structure.
* Formulate an opinion of the balance within the company management.
* Present their own first-level analysis of a balance sheet.

***COURSE CONTENT***

* Aims and methodology of balance sheet analysis.
* Composition and format of financial statements: balance sheet, income statement, cashflow statement, notes to the financial statement. Reports attached to the balance sheet.
* Analysis of items in a financial statement and explanation of the accounting principles.
* Reading and interpretation of financial statements.
* Reclassification of profit and loss accounts: layouts, obtainable values, interpretation.
* Reclassification of balance sheets: layouts, obtainable values, interpretation.
* First-level analysis of monetary and financial flows by means of a cash flow statement.
* Constructing a system of quotients and balance sheet ratios.
* Definition and meaning of the main indicators of strength, profitability, liquidity and development.
* Brief company evaluation.

***READING LIST***

C. Teodori, *Analisi di bilancio. Finalità, caratteristiche, interpretazione,* Giappichelli, Turin, 2022.

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

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

OIC 10, *Rendiconto finanziario.*

Recommended reading

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

***TEACHING METHOD***

The course consists of theoretical lectures and exercises. The material, financial statements and transparencies posted on the Blacboard platform by the lecturer form an integral part of the course. Attending students will be assigned group work on the analysis of financial statements of existing companies.

***ASSESSMENT METHOD AND CRITERIA***

For attending students assessment will be based on the written examination (80% of the final mark), group work (10%) and active participation in lectures and completion of assignments (10%)

For non-attending students assessment will be based on the written examination (90%) and on the analysis of a balance sheet (the format will be posted on Blackboard) which must be submitted to the lecturer before the examination (10%).

The written examination consists of reclassification exercises or index construction exercises and open-ended questions related to balance sheet items, the reclassification of accounting values, the drafting and reclassification of financial staement formats, financial statement analysis. In particular students must be able to illustrate and argue the meaning of the main indicators of strength, profitability, liquidity and development. Duration of the written examination: 70 -90 minutes.

The final mark wil be expressed in thirtieths.

***NOTES AND PREREQUISITES***

Students should have sound knowledge of general accounting and financial statements and therefore have already attended the "Business Administration" and “Accounting and Financial Statements” courses.

Further information can be found on the lecturer's webpage at http://www2.unicatt.it/unicattolica/docenti/index.html, or on the Faculty notice board.

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

**Planning and Checking Module**

Prof.ssa Ilaria Galavotti

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

The course aims to provide students with notions related to economic-financial measurement and analysis methodologies to support management operations. In particular, there will be a review of methods and techniques for cost calculation, economic analysis and economic-financial simulations. The extensive use of the analysis of business cases throughout the course will give students the opportunity to interpret economic-financial information from a problem-solving perspective.

**Intended learning outcomes**

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

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

***COURSE CONTENT***

The course is divided into three parts:

* + Cost analysis and management: terminology, concepts and classifications; cost analysis, volume/performance cost analysis, economic analysis for short-term decisions;
* Planning and simulation models for economic-financial results: terminology and concepts; budget frameworks; summary documents.
* Financial checks and reporting: criteria, result areas, analysis of deviations.

***READING LIST***

The course material both attending and non-attending students should refer to in preparation for lectures and for the examination includes slides and cases provided by the lecturer and the following textbook:

Arcari A., *Programmazione e controllo,* McGraw-Hill, edition IV (or earlier editions), Milan.

For further reading and additional exercises, the following is also recommended:

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

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

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

***TEACHING METHOD***

The course consists of theoretical lectures, analysis and discussion of business cases and exercises. The combination of different teaching methods aims to develop students’ ability to plan and employ methods for the quantitative determination of financial quantities in different decision-making cases and sectors.

***ASSESSMENT METHOD AND CRITERIA***

The final examination consists of a written examination on the entire course. The test, which lasts 70-90 minutes, consists of: a theoretical part (50% of the mark for the written test), made up of closed questions (true or false and multiple choice), open-ended questions, and a part containing exercises (50% of the mark for the written test).

In the written test, students will be asked to show that they have learned the key concepts during the course and know how to carry out exercises related to topics covered during the course.

The final mark will be expressed in thirtieths and students will be assessed on the accuracy, relevance and completeness of their answers, their use of correct technical terminology, the structure of the exercises and ability to identify connections and causal links.

***NOTES AND PREREQUISITES***

Students must have basic knowledge of business economics and general accounting.

Further information can be found on the lecturer's webpage at http://www2.unicatt.it/unicattolica/docenti/index.html, or on the Faculty notice board.

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