# Financial accounting (Consolidated financial statements/Financial statement analysis)

## Prof. Andrea Alessandri; Prof. Paolo Russo

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

The course has two main objectives: 1. To study the techniques for constructing consolidated financial statements and the cash-flow statement, so as to supplement the knowledge acquired by the student in the Business Economics and Business Quantitative Methods and Calculations courses; 2. To get the student started with financial statement analysis.

*Previous knowledge*

Financial Accounting course (First level degree – or equivalent course) is a prerequisite to Financial Accounting (Consolidated Financial Statements/Financial Statement Analysis) course.

***COURSE CONTENT***

Module I

The first module tackles the following topics: 1. Consolidated financial statements (consolidation area; standardisation of the financial statements; structure and content of summary formats; choice of valuation criteria; consolidation principles; treatment of consolidation differences; intra-group balances elision; treatment of the holdings of minority shareholders); 2. Techniques for constructing the cash-flow statement (according to national accounting principles.

Module II

The second module tackles the following topics: the objectives of financial statement analysis; the viewpoints of the internal analyst and external analyst in analysing the statements; the criteria for analysing operations and the other transactions; the reclassification of the balance sheet; the reclassification of the income statement; the reclassification of the cash-flow statement; information relevant for analysing the strategy pursued in the individual areas of the core business; information relevant for analysing financial strategies; analysing financial statements through indicators; the role of financial statement analysis in analysing business and financial forecasts.

***READING LIST***

P. Russo, *La dimensione economico-finanziaria nel governo dell’impresa. Metodologie e tecniche di analisi,* Etas libri, Milano, 1994 limited to chapters 1, 2, 4, 6 and paragraphs 5.1, 5.2, 5.3, 5.4, 5.7, 5.8, 5.9, 5.11, 7.1, 7.2, 7.3, 8.5 [the material is published on BlackBoard for all students enrolled in the course].

P. Russo, *La Ricchezza. Cos'è. Come si produce, Come si misura*, 2017, par. 4.6 e 5.7, 5.8, 5.9, 5.10 [the material is published on BlackBoard for all students enrolled in the course].

OIC – Organismo Italiano di Contabilità, Principi contabili: *OIC 17 “Bilancio consolidato e metodo del patrimonio netto”* (Consolidated financial statement section).

OIC – Organismo Italiano di Contabilità, Principi contabili: *OIC 10 “Rendiconto finaziario”* .

OIC – Organismo Italiano di Contabilità, Principi contabili: *OIC 25 “Imposte sul reddito”* (some references).

***TEACHING METHOD***

The course is divided into two modules: one is on consolidated financial statement and one on statement analysis. The lectures in the second module will be implemented by optional exercises aimed at consolidating the logic and techniques of statement analysis by studying more applicative cases than those analysed in class.

***ASSESSMENT METHOD AND CRITERIA***

The examination will be a written test divided up into two parts, each of which will ascertain the student's understanding of the themes developed in each of the two modules. In order to pass the course, the student must pass both parts of the written test.

***NOTES AND PREREQUISITES***

Considering the course content and the teaching methods employed, regular class attendance, although not mandatory, is highly recommended.

In case the current Covid-19 health emergency does not allow frontal teaching, remote teaching will be carried out following procedures that will be promptly notified to students.

Further information can be found on the lecturer's webpage at *http://docenti.unicatt.it/web/searchByName.do?language=ENG, or on the Faculty notice board.*