# Financial Accounting (Consolidated Budget and Budget Analysis) (Degree in Business Management and Consulting)

## Prof. Francesco Lenoci; Prof. Claudio Sottoriva

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

The course is divided into two parts: the first comprises Modules 1 and 2 (Prof. Claudio Sottoriva) and the second part Modules 3, 4, 5 and 6 (Prof. Francesco Lenoci).

The first part of the course aims to teach theoretical and practical analysis via indices and flows of the assets-economic-financial side of business management, through the reprocessing of information contained in financial statements. More specifically, the first part will address the following topics: objectives and perspectives of budget analysis; criteria for analysing management and other operations; reclassification of balance sheets; reclassification of income statements; relevant information for analysing the strategy pursued in individual business areas where typical management is applied; relevant information for analysing financial strategies; analysing budgets through indices and flows.

The second part of the course provides theoretical and practical knowledge required to prepare group consolidated financial statements, addressing the main issues behind the construction and interpretation of such documents. During this part of the course, the following topics will be addressed: consolidated financial statement (consolidation area, homogenisation of financial statements, structure and content of summary sheets, selection of valuation criteria, consolidation principles, treatment of consolidation differences, treatment of minority shareholders’ interests).

Both parts of the course will make reference to the national legislation and IAS/IFRS international accounting standards.

Upon completion of the course, students will be able to:

– demonstrate knowledge of the main differences between financial statements prepared in accordance with National Accounting Standards (OICs) and International Accounting Standards (IAS/IFRS);

– analyse a financial statement by analysing the indices and flows of the balance sheet;

– read a consolidated financial statement, assessing its compliance with the relevant accounting standards;

- interpret a consolidated financial statement, appreciating the degree of financial, income and asset equilibrium.

***COURSE CONTENT***

The course is divided into the following six teaching modules.

Module 1: Reference regulation for the preparation of a financial statement and introduction to budget analysis.

Module 2: Budget analysis and drafting of the financial statement.

Module 3: Reference regulation for a consolidated financial statement for unlisted groups and drafting techniques.

Module 4: Full consolidation and net equity method for unlisted groups.

Module 5: Regulatory framework for IAS/IFRS international accounting standards and the differences with respect to national accounting standards.

Module 6: Techniques for preparing a consolidated financial statement in accordance with IAS/IFRS international accounting standards.

***READING LIST***

F. Lenoci - E. Rocca, *Rendiconto finanziario,* Wolters Kluwer, Milan, 2016.

F. Lenoci - E. Rocca, *Bilancio consolidato,* Wolters Kluwer, Milan, 2017.

IASB Foundation, Conceptual Framework for Financial Reporting (Conceptual Framework), March 2018.

C. Sottoriva - F. lenoci, Materiale integrativo su “Analisi di bilancio e bilancio consolidato” disponibile *on-lin*e nella piattaforma *Blackboard* o in forma cartacea.

During the lecture cycle, additional teaching material, reading list references and recommended readings will be made available on the Università Cattolica Blackboard platform to help students in their studies.

***TEACHING METHOD***

This blended course includes face-to-face activities (50%) and distance activities (50%). Distance activities include video lectures (asynchronous), practical webinars and live feedback (conducted synchronously via webconference).

The course involves the alternation of classroom lessons and online activities.

Distance activity involves studying the topics presented in the video lectures and the in-depth study material.

Participation in *webinars* (practical classes) and *feedback moments* is fundamental for learning purposes.

***ASSESSMENT METHOD AND CRITERIA***

Students may choose one of two different assessment methods: a) an ongoing assessment or b) a single summative assessment, as described below.

1. *Ongoing assessment*

Students who opt for the ongoing assessment will take two interim tests and one final exam. Specifically:

* the two interim tests, which count 50% of the final mark, are structured as follows: (i) a written test assessing students’ knowledge on Modules 1 and 2, taken individually and in person during the lesson indicated on Blackboard; (ii) a group assignment assessing students’ skills and competences on Modules 3, 4, 5 and 6;
* the final exam, that counts 50% of the final mark, will be oral and will be held on one of the three exam dates following the end of the course semester.

Please note:

* students who obtain a pass mark in the test assessing their theoretical knowledge (Modules 1 and 2) will not be assessed again on them in the final exam;
* in case students are absent, fail or refuse the mark of the in-person interim test, it is possible to retake the test only once during the final exam (on one of the three exam dates following the end of the course semester); in the re-test, students will be assessed on their knowledge of Module 1 and 2 contents in the written format; students who pass the re-test take the oral exam on the same exam session; students who do not pass the re-test must take the single summative assessment (Point B);
* the formation of the groups for the assignments will be decided by the faculty and students will be rotated;
* students must pass the online test assessing their abilities/competences (it is not possible to retest for absence or fail); if students fail, they must take the single summative assessment (Point B);
* 50% of the final mark is the weighted average of the marks of the 2 ongoing assessments;
* the final exam must be passed; students who fail the final exam will keep their pass mark for the two ongoing assessments as long as they obtain a pass mark for the final exam on one of the three exam dates following the course semester;
* students may not refuse a pass mark obtained in the second online ongoing assessment (whether as group assignment or online test) and/or the final exam (30%) and ask to retest. If students refuse the mark, they must take the single summative assessment on the following exam dates.
* it is always possible to switch from the ongoing assessment to the single summative assessment modality and vice versa. It is always possible to refuse a mark obtained in the single summative assessment (by retaking the exam as single summative assessment).
1. *Single summative assessment*

The single summative assessment is an oral exam with a preliminary written test which will be held on the same day as the oral exam and marked immediately. Students who pass the written test will access the oral exam.

***NOTES AND PREREQUISITES***

Preliminary knowledge

A basic understanding of the content and main issues related to the preparation of financial statements is required. An essential prerequisite is knowledge of the double-entry accounting technique.

Students who lack such preliminary knowledge will be required to individually study up on the subject so as to be able to effectively follow the course content.

For this purpose, the following texts are recommended:

* P. Russo-E. Cantù-A.K. Pettinicchio-M. Daniele (edited by), *Il bilancio d’esercizio*, Mc Graw Hill, 2022;
* A. Cerri-M. Daniele, *Appunti di Contabilità e bilancio*, Educatt, 2020;
* A. Cortesi-P. Tettamanzi-C.Mancini, *Contabilità e bilancio*, Wolters Kluwer, Milan, 2018;
* C. Sottoriva, *La redazione del bilancio di esercizio secondo il D.Lgs. 139/2015 e secondo i principi contabili nazionali*, 2nd Edition, Wolters Kluwer, Milan, 2018.

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.