# Financial accounting

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

The aim of the course is to provide students with an introduction to the measurement of assets and liabilities and to the preparation of a complete set of financial statements for manufacturing and merchandising companies. Notions on international accounting regulation (IFRS) and its connection to the main business ethics implications of truthful and fair financial information are also provided.

At the end of the course, students will be:

– knowledgeable about the purposes, concepts, standards, and techniques of financial accounting;

– able to record a wide range of transactions, to properly measure the typical categories of assets and liabilities, and to prepare the five basic financial statements under IFRS;

– able to use financial reports to gain a general understanding of a company’s financial position and performance;

– familiar with financial accounting terminology and able to communicate financial results;

– equipped with the knowledge basis and the capacity to collect additional information that are needed to tackle more advanced accounting topics.

***COURSE CONTENT***

1. Introduction to international accounting and the related regulatory context.
2. Review of financial accounting basics: transaction analysis; year-end adjustments; preparation of financial statements.
3. Accounting for merchandising operations. Inventory (IAS 2).
4. Accounting for receivables. Long-term contracts and other forms of revenue from customers (IFRS 15).
5. Property, plant and equipment (IAS 16) and investment property (IAS 40).
6. Intangible assets (IAS 38).
7. Impairment of assets and impairment test (IAS 36).
8. Liabilities. Provisions and contingencies (IAS 37).
9. Leases (IFRS 16).
10. Accounting issues relating to equity items: share transactions, dividends, retained earnings.
11. Introduction to financial assets and financial liabilities (IFRS 9).
12. Presentation of financial statements (IAS 1).
13. The cash flow statement (IAS 7).

***READING LIST***

J.J. Weygandt-P.D. Kimmel-D.E. Kieso, *Financial Accounting With International Financial Reporting Standards*, Wiley, 2019, 4th edition, ISBN: 978-1-119-50430-6.

Additional reference materials (slides, additional exercises, and suggested readings) will be posted on Blackboard.

***TEACHING METHOD***

Lectures and exercise sessions. Technical experts may be invited as guest speakers. Class participation is strongly recommended.

***ASSESSMENT METHOD AND CRITERIA***

Grading will be based on written exams.

More specifically, students will be expected to take a mid-term and an end-term test, respectively covering the first and the second parts of the course and counting for 40% and 60% against the final grade. The mid-term test will be offered only once. The end-term test will be offered twice, but it can only be taken once.

Students who (i) choose not to take these tests, (ii) fail at least one of these tests, or (iii) choose to retake the exam despite passing the tests, will be offered a comprehensive final exam according to the official exam schedule.

All exams (be they mid-term, end-term, or comprehensive) are composed of essay questions and exercises. Essay questions are useful to assess the students’ knowledge about the purposes, concepts, and standards of financial accounting, their command of financial accounting terminology, and their ability to understand and communicate financial position and performance. Exercises are intended to test the students’ ability to properly record transactions, carry out the initial and subsequent measurements of assets and liabilities, and prepare financial reports.

Essay questions will account for 16 points out of 32, while exercises will account for the remaining 16 points. In order to pass the exam, students will need the meet three thresholds: 18 points overall, 8 points on essay questions, and 8 points on exercises.

***NOTES AND PREREQUISITES***

The course requires a basic knowledge of financial accounting (double-entry book-keeping, transaction analysis, and adjusting entries, up to the preparation of a complete set of financial statements), as provided during the first year. In any case, the first week will be devoted to a review of these topics.