# Financial Reporting and International Accounting Standards (for the specialisation in “Finance” and “Finance – Corporate advisory”)

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

The course aims to complete the educational path in the field of accounting information by analysing the most relevant information profiles that characterise the discipline of financial statements according to the IAS/IFRS international accounting standards.

The first part of the course provides a summary of the foundations of the IAS/IFRS financial statements. Subsequently, the course examines the main technical-evaluation aspects relating to the preparation of the IAS/IFRS consolidated financial statements: the definition of the consolidation area, the consolidation methodologies and procedures, the accounting representation of equity investments.

Then, the course examines some advanced themes of financial reporting (the choices underlying the representation of M&A transactions, the logic of the *impairment test* of goodwill in the group financial statements, the accounting of financial instruments), particularly relevant in terms of companies issuing securities listed on regulated markets.

Finally, the course focuses, also through some business cases, on the process of reading and interpreting consolidated financial statements as an instrumental means to qualify the health conditions of the group and its business segments.

At the end of the course, students are expected to know:

– the construction of group consolidated financial statements according to international accounting standards;

– the recognition of M&A transactions in the consolidated financial statements according to IFRS 3;

– the development of the *goodwill impairment test* for the purposes of consolidated financial statements pursuant to IAS 36;

– the classification and evaluation of financial instruments in consolidated financial statements by applying the IFRS 9;

– the reading and interpretation of consolidated financial statements.

***COURSE CONTENT***

1. *The IAS/IFRS financial statements: basics*

*–* Guiding principles.

– The IAS/IFRS valuation logic and the relationship between cost and fair value.

* Separate financial statements and consolidated financial statements.

– The structure of balance sheet and income statement: classifications, OCI, recycling.

2. *Preparation of the IAS/IFRS consolidated financial statements.*

– Consolidated financial statements: methods.

– Measurement of consolidated capital and income.

– Consolidation differences: origin and analysis.

– Consolidation adjustments.

3. *Business combinations in the discipline of IAS/IFRS.*

– The methods for recognising *business combinations*.

– *Purchase price allocation:* assumptions and effects.

– The treatment of *minorities* and *step-up acquisition.*

4. *Goodwill* i*mpairment tests in consolidated financial statements*

– Impairment tests: purposes and area of application.

– Impairment tests: intangible assets and goodwill.

– Business combinations, cash generating units and impairment tests.

5. A*ccounting and valuation of financial instruments*

– Financial instruments: definitions and classification.

– Accounting and valuation of different categories of financial instruments.

– Fair value and impairment tests of financial assets.

6. *Reading and interpretation of consolidated financial statements.*

– A model of interpretation of the health status of the group.

– Gaap-measures, non-Gaap measures and group performance.

– From consolidated financial statements to *segmental reporting*.

***READING LIST***

A. Lionzo, *Il bilancio consolidato secondo i principi contabili internazionali* – *Assunti, principi e logica valutativa,* in A. Palma (edited by), *Il bilancio di esercizio. Profili aziendali, giuridici e principi contabili,* Giuffrè, Milan, 2016, ch. VIII.

F. Dezzani-P.P. Biancone-D. Busso, *IAS/IFRS*, Ipsoa, 2016, IV edition, 2016.

Additional reading references as well as information about study materials to be used (including the IAS/IFRS and OIC documents) will be provided to the students throughout the course.

***TEACHING METHOD***

Interactive lectures and development of some business issues will be supplemented by a series of assignments referring to the techniques for preparing consolidated financial statements.

Class presentations by corporate managers are also planned.

Lessons and practical exercises are carried out with the aid of slides and other supporting material. The slides are made available to students through the Blackboard platform before each lesson.

Regular class attendance and completion of the assignments are considered essential for enabling the student to pass the course.

***ASSESSMENT METHOD AND CRITERIA***

The exam is written and includes three questions. The first question (the passing of which is a necessary condition for the correction of the other two), consists of an exercise on the construction of the group's consolidated account, according to point 2 of the course contents. The other two questions are aimed at verifying the level of knowledge acquired on both general and applicative aspects relating to points 1, 3, 4 and 5 of the course contents.

Students pass the test if they achieve, in any case, a score of at least 18/30 in each of the 3 questions.

The oral exam can be: a) requested by students who have passed the final written test, in case they believe that their preparation does not correspond to the test outcomes; b) requested by the lecturers.

***NOTES AND PREREQUISITES***

Students should have adequate knowledge of:

– the fundamental principles of business management (from an institutional, strategic and organisational point of view);

– the accounting model, i.e. the process of recognising values according to the double entry method;

– the economic-financial model underlying the preparation of the year-end summaries;

– the main valuation profiles functional to the composition of the financial statements;

– reading, interpretation and economic-financial analysis of the company's financial statements.

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.