# Financial Analysis and Financial Management

## Prof. Pierluigi Benigno

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

The course is aimed at illustrating the methodological fundamentals and technical aspects of the main tools for financial analysis. Such tools are used for surveying a company's situation in support of corporate financial management, and more in general, in support of financial decisions made both by the company itself and by the company's stakeholders.

At the end of the course, students will have acquired adequate knowledge of:

* some fundamental aspects of the economic-financial management of production companies;
* the methodological assumptions and the technical application methods of the most widespread analysis tools of a company’s situation in its various aspects;
* the performance of analyses of the situation of production companies through the use of the most common techniques for reprocessing financial statements data

***COURSE CONTENT***

* General contents and purposes of Financial Analysis
* The different possible points of view of Financial Analysis
* Management as an object of analysis and its different aspects in their unity
* Conditions of company balance and relevance of the performance and duration characteristics of the cycles in which management takes place
* The essential features of Financial Analysis and related techniques as tools to support financial decisions
* Financial analysis and timely detection of crisis situations
* The analysis of the financial position of the company and the technique for drafting the balance sheet from a financial point of view, by reclassifying the balance sheet
* The main indices of the capital structure
* Reclassification of the balance sheet with the so-called "functional" approach
* Analysis of the composition of the economic result with the so-called "functional" approach
* The cycle of conversion into cash and related duration ratios
* Net working capital: concepts, variability, and management profiles
* The system of financial statement indicators, business profitability and its determinants
* The financial statement: construction techniques, information content and analysis
* Indicators and indices for the timely detection of the crisis
* Prospective investigations

***READING LIST***

Appropriate instructional material will be made available and specific reading reference will be given at the start of and during the course.

***TEACHING METHOD***

The course will be geared toward providing the student with valid tools for an understanding of the theories presented. These tools will be explained and paired with exercises and cases presented in class so as to provide for the most effective combination possible of methodological and application profiles.

***ASSESSMENT METHOD AND CRITERIA***

The overall assessment of students’ preparation is based on the outcome of a written test divided into two parts. The first part consists of one or two exercises (depending on their complexity and the time needed to complete them, one hour estimated in total). The exercises assigned are aimed at verifying the skills acquired in the application of the techniques illustrated in the course, with particular attention to those that involve the re-processing of financial statements data and obtaining from this information tools and indices complementary to the same financial statements for an analysis of the overall company situation. Assessment will consider any errors made in carrying out the exercises and will result in a mark on a 30-point scale, which must necessarily be equal to or greater than sixteen. The second part consists of one or two open-ended questions (depending on the extent of the related topics and the time needed to answer, one hour in total), aimed at verifying students’ learning and understanding of course content. Assessment will be based on completeness and correctness of answers, and will result in a mark on a 30-point scale, which must necessarily be equal to or greater than sixteen. The overall mark will result from the simple average of the two scores and must be at least 18/30.

***NOTES AND PREREQUISITES***

Due to the nature of the course, regular attendance and participation are required.

To effectively address the proposed topics, students must have previously acquired:

* knowledge, understanding and ability to apply basic issues of business economics
* knowledge, understanding and ability to apply methodological and technical profiles relating to the preparation of financial statements of companies.

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.