# Financial Accounting and Analysis (main issues in the application of IFRS)

## Prof. Claudia Mezzabotta

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

The objectives of the course are: (i) to provide students with advanced tools of financial accounting, based on IAS/IFRS, to allow them to understand some complex issues related to the preparation of individual and consolidated financial statements; (ii) to provide techniques of financial statement analysis, focused on the dynamic interactions among the key amounts included in the B/S, the I/S and the cash flow statement.

At the end of the course, students will:

* be knowledgeable about the international accounting context, in particular as far as IAS/IFRS are concerned, their purpose, concepts, standards, regulations and advanced techniques of financial accounting measurement and disclosure (knowledge);
* be knowledgeable of the personal and professional responsibilities of financial statement preparers in making informed and motivated accounting policy decisions in compliance with international and national laws and regulations (knowledge);
* be able to recognize, analyze and apply advanced financial accounting measurement and disclosure methods to a full set of IAS/IFRS compliant financial statements, as prepared by a public company in different countries of incorporation (intellectual skill);
* be able to take informed decisions about the accounting policies to be critically applied to specific contexts and to appreciate their effect on the economic and financial results of a public company, in compliance with the existing laws and regulations (transferable skills).

***COURSE CONTENT***

Module 1: Introduction to the International Context of Financial Accounting

1.1 IFRS: Conceptual Framework; IAS 1 – The Structure of Financial Statements

1.2 Introduction to International Accounting and its Regulatory Context

Module 2: Tangible and Intangible Assets: Recognition, Measurement, Disclosure

2.1 IAS 16 and 38: Tangible and Intangible Assets

2.2 Financial Leases (IFRS 16)

2.3 The Impairment Test (IAS 36)

2.4 Non-Current Assets Held For Sale and Discontinued Operations (IFRS 5)

2.5 Ethical and professional responsibility implications

Module 3: Inventory and Long-Term Contracts

3.1 Accounting for Inventories (IAS 2)

3.2 Revenue from Contracts with Customers (IFRS 15)

3.3. Ethical and professional responsibility implications

Module 4: Liabilities

4.1 Accounting for Provisions (IAS 37)

4.2 Accounting for Employee Benefits (IAS 19)

4.3 Accounting for Income Tax (IAS 12)

4.4. Ethical and professional responsibility implications

Module 5: Financial Instruments

5.1 Introduction to Financial Instruments (IFRS 9)

5.2 Ethical and professional responsibility implications

Module 6: The Cash Flow Statement

6.1 The Cash Flow Statement (Indirect Method)

6.2 The Cash Flow Statement (Direct Method)

6.3 IAS 7: Core Concepts and Disclosure Requirements

Module 7: Company Groups and Business Combinations

7.1 Business Combinations: Rules and Exceptions (IFRS 3)

7.2 Company Groups and Introduction to Consolidated Accounts

7.3. Ethical and professional responsibility implications

Module 8: Financial Statement Analysis

8.1 Financial Statement Analysis: Reclassification of the B/S and the I/S

8.2 Relationships Between the B/S, the Cash Flow Statement and the I/S;

Impacts on Share Value.

***READING LIST[[1]](#footnote-1)***

*Required readings*

A. Melville, *International Financial Reporting. A Practical Guide,* Pearson, 2019, 7th edition, (ISBN: 978-1292-29312-7).

***TEACHING METHOD***

Lectures and exercise sessions. Technical experts may be invited as guest speakers, to illustrate from a technical point of view some real cases taken from their personal experience as certified public accountants, statutory auditors, CFOs. Exercise sessions, instead, will be offered by the instructor and will consist in practicing the techniques thoroughly explained in the previous theoretical sessions, by using quantitative and qualitative examples taken from academic texts and professional license examinations.

***ASSESSMENT METHOD AND CRITERIA***

Students can choose between a multiple assessment route and a single assessment route.

Multiple assessment route

Students are evaluated by two written exams. The first interim exam, dealing with topics in Modules 1-4, is taken at the end of Module 4. The second exam, dealing with topics in Modules 5-8, is taken at the end of Module 8. Each written exam includes 3 or 4 essay questions (48%) and 3 or 4 exercises (52%). The essay questions aim at assessing the knowledge of the students regarding the topics included in the course content section. The exercises aim at assessing the intended skills of the students in applying the specific technical methods to generic and more specific cases. Students must achieve a pass (i.e. a minimum of 18 over 30 points) in each written exam. The final grade for the course will be the average of the two exams combined (each one will have a weight of 50%). The specific modalities will also be communicated at the beginning of the course and made available on Blackboard.

Single assessment route

Grading will be based on a written exam, dealing with topics in Modules 1-8, and including 3 or 4 essay questions (48%) and 3 or 4 exercises (52%). The essay questions aim at assessing the knowledge of the students regarding the topics included in the course content section. The exercises aim at assessing the intended skills of the students in applying the specific technical methods to generic and more specific cases. Students must achieve a pass (i.e. a minimum of 18 over 30 points) in the written exam. No mid-term examination will be offered. The specific modalities will also be communicated at the beginning of the course and made available on Blackboard.

Assessment criteria

The student's preparation is evaluated according to grading scales which are published in Blackboard.

***NOTES AND PREREQUISITES***

N. ECTS - 8

Enrollment requirements - The course, being “advanced”, takes for granted the knowledge of basic financial accounting techniques (double entry book-keeping, end-of-year closing entries, preparation of B/S and I/S).

Language of instructions - English

Time – II term; 7.5 hours per lecture week (7.5 x 8 weeks = 60 hours in total).

Attendance – Strongly recommended

Associated courses – Corporate Finance, Management Control Systems, International Corporate Finance, Management Information Systems, Corporate Governance and Social Responsibility

International dimension – The course focuses on the knowledge and implementation of the international accounting standards issued by the IAS (IAS/IFRS) in local and multinational contexts.

*Business connection* – The theoretical and technical abilities taught in the course relate to the Accounting and Finance function within a single business entity or within a group of entities. To reinforce this connection to the Finance function, a real-world business case, covering the different topics, is presented and discussed along the overall course.

*Professional context* – In professional life, financial accounting competencies are naturally associated with a couple of perspectives. First, the course aims at building and strengthening the competencies of an accounting and audit professional, and gives a substantial preparation in international accounting techniques aimed at successfully taking exams to become a CPA. Second, the course aims at building and strengthening the competencies of managers who may read and use financial accounting information in order to critically interpret the economic and financial position of their company as well as of their competitors.

*Further information* – Additional information regarding the course schedule and delivery, learning assessment, expectation and policies, general announcements, and additional course materials will be posted on Blackboard.

1. I testi indicati nella bibliografia sono acquistabili presso le librerie di Ateneo; è possibile acquistarli anche presso altri rivenditori. [↑](#footnote-ref-1)