**Balance Sheet Analysis Planning And Control**

Prof.ssa Monica Veneziani

# Module I: Balance Sheet Analysis

***COURSE AIMS AND INTENDEND LEARNING OUTCOMES***

The course aims to provide a key for the interpretation of corporate operating results through financial statements. In particular, after the presentation of accounting language, the course analyses the components of income and capital in shareholders reporting through annual financial statements. After introducing the main balance sheet reclassifications, the course presents an interpretive outline of the common indexes and flows systems widely employed in corporate performance analysis.

At the end of the course the student will be able to:

* Apply the main methods of analysis and interpretation of balance sheet and financial statements;
* Interpret the main balance sheet and financial statement ratios and connect the information deriving from the related analysis with the main economic, financial and equity dynamics related to business management;
* Make a basic assessment of a firm's level of patrimonial and financial strenght, profitability and liquidity.

***COURSE CONTENT***

* Financial statements in corporate information system, reliability, functionality, workability of financial statements;
* Financial statement analysis and interpretation;
* Reclassifications of financial statements according to financial and operational criteria;
* Main reclassifications of income statements and ability to represent the different contributions of management to achieving results;
* Defining and interpreting the main indicators of corporate performance (Balance sheet indicators, Profitability analysis, Liquidity and solvency analysis);
* Cash flow statement.

***READING LIST***

* Teodori C., (2022). *Analisi di bilancio. Finalità, caratteristiche, interpretazione [Financial statement analysis. Purpose, characteristics, interpretation]*. Giappichelli Editore, Torino.

Topics discussed in class and not included in the set reading list will be uploaded in the area “Materiali Didattici” (slides and practical exercises) on the course blackboard webpage.

***TEACHING METHOD***

The course will be taught through lectures on theory and in class assignments. Readings and cases posted in the blackboard platform are an integral part of the course and should be considered as textbooks.

***ASSESSMENT METHOD AND CRITERIA***

The final exam will be a written test covering the entire programme, including the cases discussed in class. The text has a duration of 90 minutes and it consists of three parts: the first one includes exercises concerning financial statement analysis (8 points/30), the second part refers to reclassifications (12 points/30), the third part includes analysis and interpretation of indicators (8 points/30). Attending students have the opportunity to carry out training tests during classes. The evaluation criteria are: correct application of the reclassification criteria, precision in the relative calculations, clarity in the presentation of the assessments relating to patrimonial and financial strength, profitability and liquidity, ability to link together the information obtained through the analysis of the balance sheets and financial statements.

#### NOTES AND PREREQUISITES

The course presupposes that students enrolling already have a good understanding of accounting practices. Information on office hours available on the teacher's personal page at: <http://docenti.unicatt.it/>

# Module II: Planning And Control

***COURSE AIMS AND INTENDEND LEARNING OUTCOMES***

The course looks at the measurements companies use in order to support management, approaching the issue from two perspectives: (i) the production of the data relative to earnings and financial position, and (ii) the use of the data in company decisions. Though maintaining a non-specialised approach, the course will look at various methods and techniques for cost calculation, economic analysis and the simulation of earnings and financial position. Case analysis will give students the chance to interpret financial and earnings data from a problem-solving perspective. The course objective is to provide students with fundamentals of costing and budgeting methods and techniques to support the management in the area of decision making, planning and allocation of resources. Particularly, a full array of costing choices and techniques and economic analysis development and use will be illustrated.

At the end of the course, the students should be able to:

* Calculate the product cost;
* Develop the profitability analysis consistent with the decision-making framework;
* Support short-term decision making with a schedule of relevant costs (make or buy, product/segment elimination, add-on processes, capacity allocation);
* Analyse the relationship among costs, volume and results;
* Carry out basic variance analysis;
* Prepare master budget.

***COURSE CONTENT***

The course program develops long three sections:

* An introduction to cost terms and concepts: cost accumulation for inventory valuation and profit measurement, cost assignment, process costing, joint and by-product costing;
* Information for decision-making: cost–volume–profit analysis, Measuring relevant costs and revenues for decision-making, pricing decisions and profitability analysis, activity-based costing, decision-making under conditions of risk and uncertainty;
* Information for planning, control and performance measurement: the budgeting process, management control systems, standard costing and variance analysis.

***READING LIST***

**Arcari, Programmazione e controllo, 3rd Edition, McGraw-Hill, Milano, 2019**

# Additional recommended textbook for further study and additional practice:

* Baraldi S., Cifalinò A., Sacco P., Esercizi svolti di programmazione e controllo, Giappichelli, 2013.
* Gasparini, F., Programmazione e controllo. Guida allo svolgimento di esercizi e problemi, Pearson, Edizione 2016.

***TEACHING METHOD***

The course programme develops through lectures, analysis and discussion of business cases, and exercises. The teaching methods aim equipping students with the necessary skills to design and use of main costing and budgeting methodologies.

***ASSESSMENT METHOD AND CRITERIA***

The final exam will be a written test covering the entire programme, including the cases discussed in class. The text has a duration of 90 minutes and includes two exercises (18 points/30) and two qualitative open questions (12 points/30). The evaluation criteria are: correct application of the cost analysis and budgeting criteria, precision in the related calculations, clarity in the presentation of alternatives for short and long-term decisions, correct use of the technical terminology acquired and clarity in the presentation of the theoretical contents.

***NOTES AND PREREQUISITES***

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