## **Financial statements (consolidated and balance sheet analysis)**

## Prof. Marco Giovanni Rizzo

***Text under revision. Not yet approved by academic staff***

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

The course aims to provide students with the concepts behind the creation, reading and interpretation of consolidated financial statements on the one hand, and the techniques and instruments for balance sheet and financial statement analysis on the other.

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

1. possess knowledge on economic-corporate aspects of groups, consolidation theories, pre-consolidation operations, consolidation adjustments, the main techniques for analysing financial statements (reclassifications, indices, flows) and the creation of the financial statement;
2. draw up consolidated financial statements, reclassify summary tables, and construct financial statement ratios and a financial statement;
3. critically interpret the economic-financial information of an enterprise group, and formulate independent judgments, systemic and integrated assessments of the spatial-temporal trend of the companies' economic-financial performance;
4. clearly communicate to specialist interlocutors the quantitative determinations of financial statements from enterprise groups and the assessments of company balances, by proposing aspects of interdependence between the various analytical dimensions;
5. thanks to the theoretical lessons and practical applications, possess the learning skills necessary to undertake professional careers with a high degree of autonomy.

***COURSE CONTENT***

The course is divided into two modules. The following topics will be addressed in the first module: (i) the enterprise group: business economic aspects; (ii) the documents making up the consolidated financial statement, the obligation to draw up consolidated financial statements and the consolidation area; (iii)consolidation processes and consolidation theories; (iv) pre-consolidation operations; (v) consolidation adjustments in the first year and subsequent years; (vi) the construction of the consolidated financial statements according to national and international accounting standards.

The following topics will be addressed in the second module: (i) objectives of the budget analysis: the perspectives of internal and external analysts; (ii) reclassification of the income statement and the balance sheet; (iii) budget analysis through indicators solidity, profitability, liquidity and development indicators; (iv) connections between the four dimensions of analysis; (v) cash flow statement. Meaning, structure, editing mode.

***READING LIST***

C. Teodori, *L’analisi di bilancio*, Turin, Giappichelli (latest edition) (Chapters: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10).

A. Prencipe-P. Tettamanzi-C. Mancini, *Bilancio consolidato*, Milan, Egea (latest edition) (Chapters: 1, 2, 3, 4, 5, 6, 7, 8).

***TEACHING METHOD***

The use of diversified methodologies is envisaged to promote the active participation of students. More specifically, in addition to theoretical lectures, the course includes intensive use of interactive practical lessons, case analyses and plenary reflective laboratories. The syllabus containing the course's analytical programme will be communicated on Blackboard.

***ASSESSMENT METHOD AND CRITERIA***

For their assessment, students may choose to take: a) standardized summative assessment or b) progressive assessment based on two partial assessment tests which contribute equally to the determination of the final mark. The first partial test is taken during the week's lecture break dedicated to the partial tests. All students may participate in the first partial test. The second partial test, will be taken in exam sessions provided for in the academic calendar. A minimum mark of 18/30 is required to pass each of the partial tests. Students who pass the first partial assessment test must take the second partial test within the second summer exam session.

Both tests focus on theoretical questions (open-ended) and exercises.

***NOTES AND PREREQUISITES***

*Prior knowledge*

A basic knowledge of the contents and of the main problems related to the redaction of the balance sheet are requested.

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