# Financial statements

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

COURSE AIMS AND INTENDED LEARNING OUTCOMES

The course aims to introduce students to financial statements as a representative system for company management, the underlying methodologies and quantitative determinations, and the national legislation governing the preparation of financial statements, with particular reference to balance sheet formats and asset evaluation criteria.

At the end of the course, students will:

1. have acquired theoretical and applied knowledge in the accounting logic underlying management and end-of-period records (adjustments, determination of income and closure); of the aims, contents and structure of financial statements; and of financial statement valuation criteria with reference to the main regulatory sources: civil code, national accounting principles and international accounting standards (outlines);
2. on the basis of their acquired knowledge, be able to draw up the accounting records for the main operations within an accounting period and at the end of the period, to draw up and read the financial statements of commercial, industrial and service companies, to assess the compliance of financial statements with the legal rules and accounting standards, and to carry out an assessment of the main financial statement items;
3. be able to critically interpret the information produced by the general accounting system and that contained in financial statements, arriving at the formulation of independent judgments about the economic, assets and financial situation of a company;
4. be able to communicate clearly to specialist and non-specialist interlocutors their conclusions from reading financial statements, supporting their assessments with appropriate arguments;
5. thanks to the theoretical lessons and practical applications, have developed the learning skills necessary to undertake advanced studies with a high degree of autonomy and to apply the course contents at a professional level.

COURSE CONTENT

The course is divided into two teaching units:

1. *General accounting records*:

– Review of several fundamental concepts introduced in the course of Business Administration.

- Accounting period records: the purchasing cycle, the sales cycle, the remuneration of personnel, fixed assets, financing receivables and payables, the values of net capital.

- The concepts of economic competence and prudence. Adjustment accounting entries. The closing entries. The determination of summary results. The reopening entries.

2. *Financial statements, accounting principles and financial statement assessments*:

- The legal framework. National and international accounting principles.

- Statutory financial statements in light of the Legislative Decree 139/2015 amendments.

- Inventories.

- Tangible and intangible fixed assets.

- Receivables and financial assets.

- Net equity.

- Funds for risks and charges, the TFR, debts.

- Income taxes (outline).

READING LIST

L. Marchi (ed.), *Contabilità d’impresa e valori di bilancio*. Giappichelli, Turin (latest edition).

P. Russo, E. Cantù, A.K. Pettinicchio, M. Daniele (Eds.), *Il bilancio di esercizio*. McGraw Hill, Milan.

For both texts we recommend purchasing the most updated edition.

National accounting standards downloadable from the OIC [Italian Accounting Body] website <https://www.fondazioneoic.eu/>

Workbook:

D. Scubla, *Esercizi svolti di Metodologie e Determinazioni Quantitative d’azienda* – Aracne Editore

Lectures and texts also refer systematically to the civil code (in particular articles 2423 to 2430) and to Italian accounting principles.

TEACHING METHOD

The use of diversified methodologies is envisaged to promote the active participation of students. More specifically, in addition to theoretical frontal lectures, the course includes the intensive use of interactive practical lectures, tutorials, and case analyses.

ASSESSMENT METHOD AND CRITERIA

A written exam comprising theoretical open-ended questions and exercises.

For the purposes of the assessment, students may take a general test or two partial tests. A minimum mark of 18/30 is required to pass each of the partial tests. The final mark is based on the arithmetic average of the marks from the two partial tests. A student who passes the first test must take the second test during the first summer exam session. A student who does not take or fails to pass one of the two tests, or does not accept the mark obtained in one of the two tests, will have to take the complete exam during the exam session scheduled in the academic calendar. During this exam session, a single exam is written.

The assessment criteria on which the student's mark is based are: knowledge of the course content; the ability to apply and critically elaborate what has been learned; the ability to link the theoretical contents presented to practical applications; and the ability to formulate and communicate independent judgments.

In assessing the individual tests and attributing the mark, reference will be made to a learning assessment scale. For a student to pass, they must demonstrate sufficient, but general, knowledge of the course contents supported by elementary presentation skills, and confidence in applying the theoretical concepts and company quantitative methodologies to both the preparation and interpretation of financial statements and to budget evaluation criteria. To achieve the maximum mark (and a distinction), the student must demonstrate very extensive, complete and in-depth knowledge of the course contents, a consolidated ability to apply the contents, excellent skill at applying company quantitative methodologies to the preparation and interpretation of financial statements and application of budget evaluation criteria, and an ability to make interdisciplinary connections using masterful presentation skills.

The examination committee, at its discretion, may request a supplementary oral exam on the whole course programme if there are doubts about the contents of the written exam that could compromise the student's assessment. This possibility is communicated to students in conjunction with the presentation of the written exam results. Any student who refuses to take the oral exam relinquishes the mark they obtained in the written exam.

The supplementary oral exam will take place without delay on the date set by the committee.

NOTES AND PREREQUISITES

Attendance at lectures and tutorials is strongly recommended.

Use of the Blackboard IT platform is envisaged for activities such as the distribution of materials, the delivery of any documents, and the communication of marks.

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.