UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

COURSE SYLLABUS

Basics of Financial Accounting and Reporting

2122-3-E3301M202

Learning objectives

The preparation of the financial statements represents an important moment for the different types of companies, as a communication document with the different classes of interlocutors who deal with the company itself, both shareholders (shareholder) or social interlocutors (stakeholders).

The course aims to resume the debate on the role of the financial statements in the evaluation of corporate performance, offering the student a vision of the knowledge expectations of the various interlocutors and of how the drafting principles and accounting principles must be applied to meet these expectations.

The pandemic in progress has posed new challenges to the company, from maintaining continuity to the ability to respond to the sustainability strategies required by the community to which it belongs.

The national and international standard setters intervened with the updating of the accounting standards, to adapt them to changes in the scenario.

The aim of the course is to provide the student with an updated framework of the legislation and best practices to follow for an effective relationship between the company and the surrounding environment, providing the appropriate tools for a correct reading and evaluation of company performance.

After having deepened the evolution of the financial statements to respond to the information expectations of the different classes of interlocutors to whom it is directed, the second part of the course illustrates the fundamental aspects of the analysis by indices and flows, integrated with the analysis of the impacts of company on the environment, on the reference company (community), on governance models, in line with what is required by the market for the financing of companies.

Therefore, the student will be able to evaluate business performance, integrating the economic and financial analysis with the assessment of social, environmental and governance (ESG) risks

Expected learning outcomes:

The student will have acquired the fundamental principles underlying the preparation of the financial statements and therefore at the end of the course the student:

- knows the purposes and principles of preparing the financial statements, as well as the content of the documents that make up the financial statements, based on civil law, national and international accounting standards

- will be able to make assessments for the financial statements in the perspective of the civil code and accounting principles and tax legislation

- acquired the ability to read accounting documents to understand the income, equity and financial situation of companies.

- will be able to assess company performance, integrating the economic and financial analysis with the assessment of social, environmental and governance (ESG) risks

- has an adequate technical language to communicate the acquired knowledge clearly and effectively.

Contents

Synthetic contents

The course examines in the first part the issue of the evaluation for the preparation of the financial statements, in the corporate, civil and fiscal dimensions and with reference both to the companies that apply the national accounting principles and to the companies that publish the financial statements according to the accounting principles international. In the second part, it deals with the issue of the financial statements as a tool for communicating corporate strategies, in a scenario in which economic, social and environmental sustainability represents the challenge that companies must face, framing the methods of reading, analysis and interpretation developed by the doctrine and applied by practice, for the purpose of assessing creditworthiness and business development prospects.

Detailed program

First part

The preparation of financial statements in industrial, commercial and service companies

- Ethics and financial statements.

- The financial statements after the Legislative Decree 139/2015

- The content of the financial statements and the expectations of the interlocutors.

- Evaluation of the financial statements: company perspective, civil law aspects, tax aspects.

- The financial statements and the national accounting principles.

- The financial statements of listed companies and international accounting standards.

- The financial statements and corporate communication.

- Beyond the economic and financial results: from the social report to the sustainability report up to the non-financial declaration.

Second part

The financial statements and the assessment of creditworthiness.

- The model of the financial economic analysis of the financial statements

- Analysis of the balance sheet: the riskiness of the items

- Analysis of the income statement: the assessment of the quality of profit

- Analysis of the financial statement: the assessment of self-financing capacity

- The analysis of the explanatory notes and the management report and the evaluation of business prospects

- The methodologies of balance sheet analysis: balance sheet analysis by ratio and flows and the preparation of the cash flow statement

- Prospective analysis: pro forma financial statements and cash budgets

- Qualitative analysis and preparation of the business plan

- The financial statements in the relationship with the lenders: from the forecast models of insolvency to the rating, to the alert system of the new code of business crisis.

- Businesses and the response to the development of sustainable finance: the financial statements and communication of sustainability. ESG (Environmental, Social, Governance) analysis.

- Analysis and evaluation of the financial statements of non-profit organizations

- Analysis and evaluation of the balance sheet of financial institutions.

Prerequisites

The student is required to pass the General and Applied Accounting exam

Teaching methods

The planning of the methodology of the lessons depends on the evolution of the pandemic. Face-to-face lessons will be preferred if possible. If the situation requires it, the meetings will take place in a mixed way: face to face and remotely, to encourage student participation.

We will try to facilitate the participation of students in group work, with the use of office programs, such as Excel, for the preparation of the financial statements (balance sheet, income statement and cash flow statement) and for the analysis of the financial statements.

Assessment methods

The planning of the methodology of the lessons depends on the evolution of the pandemic. Face-to-face lessons will be preferred if possible. If the situation requires it, the meetings will take place in a mixed way: face to face and remotely, to encourage student participation.

We will try to facilitate the participation of students in group work, with the use of office programs, such as Excel, for the preparation of the financial statements (balance sheet, income statement and cash flow statement) and for the analysis of the financial statements.

Methods for verifying learning

The exam involves the performance of a written part, followed by the oral discussion of the group work prepared for the exam. The examination is individual.

The written part can be carried out with the option of two in itinere tests, of a practical nature (exercises), the performance of which in presence or remotely depends on the progress of the pandemic, respectively on the first and second part of the course.

The oral exam involves the discussion on the topics of the course, starting with a qualitative analysis of the financial statements of a listed company and the quantitative analysis of the financial statements (at least three years) of a company chosen by the student.

For the preparation of these documents, the relative models and the software to be used will be made available on the e-learning site. If possible, some lessons will be held in the computer labs, to illustrate the software used for budget analysis. If this option is not possible, the operation of the software will be illustrated in remote synchronous lessons.

The methods of examination, in person or remotely, will be promptly communicated on the University platform, based on the evolution of the pandemic.

The teaching e-learning site will be constantly updated.

Textbooks and Reading Materials

First part:

L.F. Franceschi (edited by), Financial statements and national accounting standards, Vita e Pensiero, Milan 2017

E. Santesso, U. Sostero, The accounting principles for the financial statements. Analysis and interpretation of civil law, EGEA, Milan 2018 (E-book)

L.Marchi, M. Allegrini, *Bilancio*, II Ed. EGEA, Milano 2019 (e-pub)

OIC - Italian Accounting Body and A. Giussani, - Second edition, Giuffrè Editore, Milan 2017. Introduction to international accounting standards

Students are advised to follow the lessons with an updated Civil Code and TUIR.

Consultation of the institutional websites is recommended, where the texts of the accounting principles are available:

- for national accounting standards, www.fondazioneoic.eu, www.commercialisti.it,

- for the international accounting standards IAS / IFRS, www.ifrs.org.,

- for the USGAAP, www.fasb.org;

- for the European Union sites to follow the changes to the Accounting Directives: http://europa.eu.int/.

In-depth materials will be made available on the e-learning site

Second part:

Alessandra Tami, Beyond the bank. Towards sustainable finance. From economic and financial analysis to ESG analysis, Franco Angeli, Milan, 2017

Semester

First semester

Teaching language

Italian