UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

COURSE SYLLABUS

Basics of Financial Accounting and Reporting

2425-3-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 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 ratios 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
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 international accounting principles . 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 (ESG) 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.
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 (OIC adopter) and to the companies that publish the financial statements according to the international accounting principles (IAS/IFRS adopter). 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 (ESG) 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: the new report on sustainability (CSRD).
  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 course consists of 15 lessons of 2 hours each delivered in person,
5 lessons of 2 hours each in face to face interactive mode,
8 lessons of 2 hours each delivered in synchronous remote mode,
The course also includes a cycle of 3 exercises of 2 hours in presence mode with in-depth analysis by the tutor.
The calendar with the topics scheduled for each lesson/exercise will be published on the e-learning site. Any changes due to force majeure will be communicated immediately.

Assessment methods

In order to prepare for the final exam, the student will be required to prepare an in-depth paper, using Office programs such as Word and Excel: a. Qualitative analysis of the financial statements published by a listed company (public) that applies international accounting standards; b. Financial analysis (ratio analysis and cash flow statement analysis), covering at least a three-year period, of an industrial or commercial or service company, to be prepared using the software that will be available on the e-learning site and that will be illustrated during the specific exercises in the second part of the course. The in-depth study can be done in a working group with a maximum of three participants.
The company chosen for part b could be the same as for part a or even an unlisted (private) company applying the OIC.
For part a, a list of companies that have published both the financial statements and the non-financial report (CSRD) in 2023 will be made available to the students.
The exam consists of a written and an oral section.
The written exam consists of an exercise on the first part of the course and an exercise on the second part of the course; the positive result of both written exams is necessary to pass the oral exam.
The written examinations may be taken during scheduled examination sessions or in itinere, which is Latin for "on the way." The first examination is scheduled for November, following the first part of the course, while the second is scheduled for the end of the course.
The test is considered passed if they demonstrate an adequate understanding of the proposed exercise and the ability to apply the knowledge gained from the course.
The oral part (individual exam) consists of a discussion of the work done, followed by an interview on the topics covered in class and on the exam texts.
The exam, both written and oral, will be held in person, unless otherwise instructed by the University.
The teaching e-learning site is 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)
C. Sottoriva, *Il financial reporting secondo i principi contabili internazionali*, McGraw-Hill, Milano, 2022.
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 italian 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

Sustainable Development Goals

GENDER EQUALITY | RESPONSIBLE CONSUMPTION AND PRODUCTION | CLIMATE ACTION