

FINANCIAL ACCOUNTING AND BUSINESS EVALUATION

[Professor Cristina FLORIO](#)

COURSE AIMS

Students will understand financial statement structure and content, as well as its use for the construction of financial statement analyses, which is essential to interpret firm's performance for business evaluation. To this end, the course aims at providing students with a framework of the different analytical purposes of financial analysis and the main techniques employed for measuring actual and future performance of the firm.

The main learning objectives of the course can be summarized as follows:

- Improve students' familiarity with the aims and scope of financial reporting, with a focus on the contents of the balance sheet and the income statement and evaluation criteria;
- Provide students with different techniques of financial statement analysis together with the understanding of firm's strategy and its competitive market;
- Train students to carry out an analysis of firm's performance in order to interpret its results in terms of decision-making;
- Provide students with basic principles and applications on business evaluation.

All the topics covered will be supported by illustrative analysis and discussions of case studies.

COURSE CONTENT

	CFU
Introduction to financial accounting. The company and its activities. The role of accounting. Purposes and users. Regulation in accounting.	0.5
Financial reporting. Annual report. Balance sheet. Income statement.	1.5
Financial analysis business evaluation. Financial statement analysis. Purposes and tools. Reformulated reports. Profitability analysis. Liquidity and solvency analysis. Growth analysis.	2.5
Business evaluation. Business evaluation: aims and tools. Cash-flow-based approaches. Market-based approaches.	1.5

READING LIST

P. ATRILL-E. MCLANEY, *Financial Accounting for Decision Makers*, Financial Times, Prentice Hall/Pearson, Harlow, 2011.

C.V. PETERSEN-T. PLENBORG, *Financial statement analysis: valuation, credit analysis and executive compensation*, Financial Times, Prentice Hall/Pearson, Harlow, 2012.

J.M. WAHLEN-S.P. BAGINSKI-M. T. BRADSHAW, *Financial Reporting, Financial Statement Analysis and Valuation*, 7th Edition, South-Western Cengage Learning, Mason, 2008.

Further readings and case studies will be provided during the course.

TEACHING METHOD

The course adopts an integrated approach that combines theoretical and applicative lectures and discussion of case-studies. Students are required to develop group-work analyses on assigned case studies and present such analyses before the end of the course.

ASSESSMENT METHOD

Students will be assessed by an intermediate and a final exam.

The intermediate exam consists in group-work presentations concerning the financial statement analysis and business evaluation of a firm operating in the agribusiness industry. The intermediate exam aims at assessing the capability acquired on performing and discussing a meaningful financial statement analysis, both at a technical and an interpretive level. Presentations consists of 20-30 pages and are due towards the end of the course. They will be discussed in classroom in 20 minutes per group and will provide students with maximum 4/31 points.



The final exam consists in a written individual exam on the whole program, structured into 3 parts: 5 multiple-choice or true/false questions, 3 semi-open questions and 2 case analysis or numerical exercises. The exam lasts 90 minutes and will provide students with maximum 27/31 points.

Professor Cristina Florio is available to meet students according to her office hour posted on the notice board of the course webpage.