

## Syllabus

### Course description

<b>Course title</b>	<b>Financial Statement Analysis</b>
<b>Course code</b>	<b>27161</b>
<b>Scientific sector</b>	SECS-P/07
<b>Degree</b>	Economics and Management (L-18)
<b>Semester and academic year</b>	2nd Semester 2018-2019
<b>Year</b>	OPT
<b>Credits</b>	6
<b>Modular</b>	No

<b>Total lecturing hours</b>	36
<b>Total lab hours</b>	Not foreseen
<b>Total exercise hours</b>	Not foreseen
<b>Attendance</b>	suggested, but not required
<b>Prerequisites</b>	The frequency of the course "Introduction to Accounting" is strongly suggested to properly follow these lectures.
<b>Course page</b>	<a href="https://www.unibz.it/it/faculties/economics-management/bachelor-economics-management/">https://www.unibz.it/it/faculties/economics-management/bachelor-economics-management/</a>

<b>Specific educational objectives</b>	<p>The course refers to the educational activities chosen by the student and belongs to the scientific area of Business Administration, in particular it helps:</p> <ol style="list-style-type: none"> <li>1) To make managerial and investment decisions as a user or as a preparer of financial statements</li> <li>1) To interpret the financial disclosure</li> <li>2) To assess the performance of a company</li> <li>3) To communicate relevant information to stakeholders</li> </ol> <p><b>Educational objectives:</b> The main objective of this course is to equip you with the knowledge to:</p> <ol style="list-style-type: none"> <li>a) read, interpret and analyze financial statements to make informed business decisions regarding investment, credit, or resource allocation;</li> <li>b) compare financial statements;</li> <li>c) analyze the quality of financial statements;</li> <li>d) understand and present to stakeholders the firm's financial results.</li> </ol> <p>Such skills are required for equity and credit analysts, executives, bankers, auditors, consultants and other users of financial information. The course addresses questions such as 1) How do operating and financial decisions contribute to a firm's return? 2) Why does a firm's performance differ from its</p>
--	---

	<p>competitors? 3) Has the firm distorted its accounting numbers and how will this influence its reported performance? 4) How does the financial performance today predict future events, such as credit default? 5) How can a firm forecast financial statements over multiple years? 6) What is the relevance of cash flows? 7) How to derive the “right cash flow” for DCF valuation?</p>
--	--

<b>Lecturer</b>	<p>Dott. Nicola Dalla Via  <a href="https://www.unibz.it/it/faculties/economics-management/academic-staff/">https://www.unibz.it/it/faculties/economics-management/academic-staff/</a></p>
<b>Scientific sector of the lecturer</b>	SECS-P/07
<b>Teaching language</b>	Italian
<b>Office hours</b>	please refer to the lecturer’s web page
<b>Lecturing assistant</b>	Not foreseen
<b>Teaching assistant</b>	Not foreseen
<b>Office hours</b>	No assistant
<b>List of topics covered</b>	<p>The course covers the following topics:</p> <p>The business environment</p> <ul style="list-style-type: none"> <li>- Macroeconomic indicators, industry characteristics, competitive position, firm’s strategy</li> </ul> <p>Review of financial statements:</p> <ul style="list-style-type: none"> <li>- Review of line items from the core course Introduction to Accounting</li> <li>- Common-size financial statements, cross-sectional comparisons and time-series analysis</li> <li>- Introduction to XBRL for financial reporting</li> </ul> <p>Financial reporting quality</p> <ul style="list-style-type: none"> <li>- Overview of earnings quality and earnings management</li> <li>- Concept of accrual accounting</li> <li>- How diagnostics are developed to detect manipulation in financial statements</li> <li>- How accounting choices influence our understanding of the business</li> </ul> <p>Reformulation of financial statements</p> <ul style="list-style-type: none"> <li>- Why reformatting financial statements is necessary for analysis</li> <li>- How operating, investing and financing activities are depicted in reformatted financial statements</li> <li>- Working capital analysis</li> </ul>

	<ul style="list-style-type: none"> <li>- Income statement ratios and balance sheet ratios, such as profit margin ratios and leverage ratios</li> <li>- The different types of cash flows in a business and how they relate to each other</li> <li>- Direct and indirect calculation of cash from operations</li> <li>- Cash flow analysis</li> <li>- Free cash flow and capital expenditures</li> <li>- Profitability analysis</li> </ul> <p>Credit risk analysis:</p> <ul style="list-style-type: none"> <li>- Liquidity and solvency ratios for credit analysis</li> <li>- Credit scoring models</li> <li>- Probability of bankruptcy</li> </ul>
<p><b>Teaching format</b></p>	<p>The course will combine in-class explanation, problem-solving and case discussion. Students are expected to participate actively in class.</p>
<p><b>Learning outcomes</b></p>	<p>Knowledge and understanding:</p> <ul style="list-style-type: none"> <li>- Knowledge of the main line items of the financial statements</li> <li>- Understanding financial statement analysis and evaluation tools for various business decisions</li> <li>- Knowledge of the main accounting ratios</li> <li>- Understanding how free cash flow is generated and disposed of</li> <li>- Knowledge of profitability analysis and liquidity analysis</li> <li>- Understanding how XBRL format improves financial statement analysis</li> </ul> <p>Ability to apply knowledge and understanding:</p> <ul style="list-style-type: none"> <li>- Reformulate income statements and balance sheets</li> <li>- Analyze financial statements using appropriate accounting ratios</li> <li>- Compare financial statements and conduct time-series and cross-sectional analyses</li> <li>- Carry out an accounting quality analysis on a set of financial statements</li> <li>- Perform a credit risk analysis</li> <li>- Build a spreadsheet and apply automated data analysis tools and techniques to extract financial data and analyze financial statements</li> </ul> <p>Making judgments:</p> <ul style="list-style-type: none"> <li>- Interpret the outcome of financial statement analysis and assess the financial situation of a firm</li> </ul>

	<ul style="list-style-type: none"> <li>- Judge the probability of bankruptcy using financial ratios and assess the solvency of a firm</li> </ul> <p>Communication skills:</p> <ul style="list-style-type: none"> <li>- Communicate in basic writing the results of a financial statement analysis and provide relevant suggestions to executives and stakeholders</li> </ul> <p>Learning skills:</p> <ul style="list-style-type: none"> <li>- Read, interpret and analyze financial statements to make informed business decisions</li> <li>- Apply accounting ratio analysis and cash flow analysis</li> <li>- Apply analytical and practical skills independently and in group.</li> </ul>
<b>Assessment</b>	<p>Non-attending student: Written exams</p> <p>Attending students: Written exams and Assignments</p>
<b>Assessment language</b>	Italian
<b>Evaluation criteria and criteria for awarding marks</b>	<p><u>Not Attending Students</u> Not attending students are evaluated through a final exam (100%) that covers all the topics of the course</p> <p><u>Attending Students</u> Final 70%, Assignments 30%</p>
<b>Required readings</b>	<p>Analisi di bilancio Edition: 2 Authors: Giunta F., Pisani M. ISBN: 9788838789830</p>
<b>Supplementary readings</b>	I will provide additional readings and exercises.