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## 30005 – FINANCIAL ACCOUNTING

Accounting Department

BOCCONI UNIVERSITY

**Credit Points: 11**

**Course Director: Prof. Gianluca Lombardi Stocchetti**

**Course Director for BIEMF Classes: Prof. Antonio Mmarra**

Class Number	Class Director	Instructors	Class Day and Timetable	Room
16	Prof. Antonio Marra	Prof. Antonio Marra	See below	N15 N22 N24
		Prof. Emilia Merlotti		
		Dr. Andrea Toselli		

The class timetable (see below) or the room listed above may change.

Students are required to check any eventual change on Bocconi website: <http://www.unibocconi.it>

### COURSE DESCRIPTION

The course corresponds to 11 CFU, for a total workload of 275 hours and 100 academic hour lectures. The primary purpose of this course is not to qualify participants either as accountants or as bookkeepers. On the contrary, this course is designed primarily for those who expect to be users of financial statements as part of their professional responsibilities. In this respect this course intends to develop students' skills in understanding, analyzing and interpreting financial statements.

Consistently, the course intends to provide students with the basic terminology of financial accounting and with the methodology by which financial statements may be prepared and analyzed to extract information that is useful in making financial decisions or assessments about a company. Specifically, the course aims to develop students' skills in understanding the bookkeeping methodology with reference to the process of accounting item recognition and classification in annual financial statements. Also, the course aims to provide students with the basic tools to evaluate the main financial statement items. A set of lectures will also be devoted to understanding the basic principles and methods supporting the preparation of consolidated financial statements.

### LEARNING OBJECTIVES

The aim of this course is to let students achieve basic knowledge and skills in respect of financial statements, presenting the composition, classification and analysis methods of the individual and consolidated financial statements.

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## COURSE MATERIAL

The course content refers to the following textbook:

- Financial Accounting, International Edition, Libby, Libby, Short. McGraw-Hill, 2011 (8<sup>th</sup> edition);
- Consolidation: Preparing and understanding consolidated financial statements under IFRS Preface. C. Gallimberti, A. Marra., A. Prencipe, McGrawHill Education, 2013.
- Each section will have slides that will be made available on the University e-learning system.
- The course material is regularly downloadable from the course website through <https://elearning.unibocconi.it>. Teachers will make this material available throughout the course.

## STUDENTS' RESPONSIBILITIES

### a) In-class activities

- The course emphasizes the case discussion method, with intense students' involvement. Therefore, feedback between students and instructors will be strongly encouraged throughout the course.

### b) Out-of-class activities

- Individual preparation of the course material, including notes, cases and exercises will be available on the course e-learning website;
- Teaching assistance office hours; all details will be available on the e-learning platform.

### c) Students belonging to previous academic years

- Students belonging to previous academic years who still have to take the exam must study the current academic year program and books. Thus, they have to ask the Secretary's Office of the Department (see below for the details) to get the access to the current course site to update and integrate their own materials.
- Students who still have to take the exam are mandatorily assigned to *Class 98*.

NB – IT IS FORBIDDEN TO ALL STUDENTS (BOTH CURRENT AND PREVIOUS YEAR STUDENTS) TO ATTEND THE COURSE IN A CLASS THAT IS DIFFERENT FROM THE ONE THEY HAVE BEEN ASSIGNED TO.

## EXAM AND GRADING METHOD

The exam will only be written.

Students will have the following two possibilities:

- two intermediate exams. This possibility allows to dilute the exam content.
- one final and general exam (comprehensive).

Details on the structure of the exam will be given in class at due time.

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Registration for both partial and written exams is compulsory in order to take the exam.

For the exam dates please check on the [www.unibocconi.it](http://www.unibocconi.it) web site.

The second intermediate exam can be taken only by those students who have passed the first intermediate exam (during the same academic year) with a minimum grade of 18/30. Students who fail the first intermediate exam must take the general exam. The same process applies to the students who pass the first intermediate exam but fail the second intermediate exam. Students who pass the first intermediate exam can choose to take the general exam nonetheless. In this case their first intermediate exam grade will be waived.

Students passing both the first and the second intermediate exam with a grade of at least 18/30 are assigned a final grade that is calculated as *the average of the two intermediate exam grades*. In this case the exam cannot be taken again and a final grade equal or higher than 18/30 is automatically registered.

Students withdrawing during an exam session will be considered as non-attending the exam session at all.

Student passing the general exam with a mark of at least 18/30 cannot take the exam again and the final grade is automatically registered.

These exams are referred to the whole course program. Office hours will be specifically dedicated to view the exam corrections and will be promptly communicated.

To achieve 30 *cum laude*, students have to total at least 31 points. Roundings are calculated with regard to the final grade and not with reference to each single partial exam.

NOTE: For any specific question about the contents handled in class or concerning the rules and the organization of the course, please contact the instructors.

## TEACHERS' OFFICE HOURS

Office hours are available on the Bocconi website

Office hours may change: please check the website.

## HONOR CODE

Università Bocconi conceives of education as an ongoing process that stretches across a person's entire professional life. The University hopes that the entire Bocconi community will respect the values of fairness and correctness associated with it, values which inspire and guide the conduct of all members as they pursue common objectives and a shared mission. The Università Bocconi Honor code is published at <http://www.unibocconi.eu/honorcode>. We encourage all students to read it.

## ACCOMMODATIONS FOR STUDENTS WITH SPECIAL NEEDS

Università Bocconi enables students to follow their course of study and to test their learning through examination arrangements that take under consideration the different kinds of disability. Services for students with special needs are available at [www.unibocconi.it](http://www.unibocconi.it) (**Home > Services > ISU Bocconi > Other Services > Services for Students with Special Needs**). Please feel free to contact the instructors to receive assistance.

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## OTHER USEFUL INFORMATION

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Teaching Assistants:

*Antonio Ceci*  
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*Secretary's Office of the Accounting Department:*  
*Mrs. Ivana Tagliabue*  
*Via Roentgen 1 – V floor – Room C3 08*  
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## COURSE CONTENTS AND SCHEDULE<sup>1</sup>

Dates, timetable and Teachers are indicated, with reference to each specific class, on the website  
<http://www.unibocconi.it>

Session number	Day	Time	Instructor	Topic	Material	Exercises
1	09/09/2014	12.30 14.00	AM & EM	Course presentation and details on its contents and objectives. The F/S and Business decision: the information conveyed in each of four the basic financial statement and the role of GAAP in determining such information.	Hands-out Chapter 1	M1-1; M1-2; M1-3; E1-3; E1-4; E1-5; E1-7; E1-11; P1-1
<b>Financial Statements</b>						
2	10/09/2014	16.15 17.45	EM	Investing and Financial Decision and the Basic Balance Sheet: accounting entries and description of the main items on a classified Balance Sheet.	Hands-out Chapter 2	M2-2; M2-4; M2-9; E2-1; E2-6; E2-8; E2-13; E2-14; P2-5
3	11/09/2014	10.30 12.00	EM	Investing and Financial Decision and the Basic Balance Sheet: accounting entries and description of the main items on a classified Balance Sheet.	Hands-out Chapter 2	M2-2; M2-4; M2-9; E2-1; E2-6; E2-8; E2-13; E2-14; P2-5
4	12/09/2014	14.30 16.00	EM	Investing and Financial Decision and the Basic Balance Sheet: accounting entries and description of the main items on a classified Balance Sheet. Exercises.	Hands-out Chapter 2	M2-2; M2-4; M2-9; E2-1; E2-6; E2-8; E2-13; E2-14; P2-5

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<sup>1</sup>The schedule may be subject to revision. If time constraints require, appropriate adjustments will be made and will be announced in class. Should you miss class for any reason, make sure you keep track of any announcement regarding course materials, assignments and clarifications.

5	16/09/2014	12.30 14.00	EM	Operating decision and the Income Statement: accounting entries and description of the main items on a classified Income Statement. The accrual accounting concept.	Hands-out Chapter 3	M3-6; M3-7; M3-11; E3-1; E3-5; E3-7; E3-13; E3-17; P3-6
6	17/09/2014	16.15 17.45	EM	Operating decision and the Income Statement: accounting entries and description of the main items on a classified Income Statement. The accrual accounting concept.. Exercises.	Hands-out Chapter 3	M3-6; M3-7; M3-11; E3-1; E3-5; E3-7; E3-13; E3-17; P3-6
7	18/09/2014	10.30 12.00	EM	Adjustments, financial statements and the quality of earnings	Hands-out Chapter 4	M4-8; M4-9; M4-12; E4-4; E4-6; E4-8; E4-9; E4-15; E4-18; P4-8
8	19/09/2014	14.30 16.00	EM	Adjustments, financial statements and the quality of earnings. Exercises.	Hands-out Chapter 4	M4-8; M4-9; M4-12; E4-4; E4-6; E4-8; E4-9; E4-15; E4-18; P4-8
9	23/09/2014	12.30 14.00	EM	<b>Review Session</b>		
10	24/09/2014	16.15 17.45	EM	Reporting and interpreting sales revenue, receivables and cash: accounting for revenues and discounts; VAT; Accounting for receivables and estimating bad debts; cash reconciliations.	Hands-out Chapter 6	M6-4; M6-5; M6-8; E6-2; E6-5; E6-15; E6-16; E6-24; P6-6;-P6-7
11	25/09/2014	10.30 12.00	EM	Reporting and interpreting sales revenue, receivables and cash: accounting for revenues and discounts; VAT; Accounting for receivables and estimating bad debts; cash reconciliations.	Hands-out Chapter 6	M6-4; M6-5; M6-8; E6-2; E6-5; E6-15; E6-16; E6-24; P6-6;-P6-7
12	26/09/2014	14.30 16.00	EM	Reporting and interpreting sales revenue, receivables and cash: accounting for revenues and discounts; VAT; Accounting for receivables and estimating bad debts; cash	Hands-out Chapter 6	M6-4; M6-5; M6-8; E6-2; E6-5; E6-15; E6-16; E6-24; P6-6;-P6-7

				reconciliations. Exercises.		
13	30/09/2014	12.30 14.00	EM	Accounting for inventory and COGS.	Hands-out Chapter 7	M7-2; M7-6; M7-7; E7-1; E7-7; E7-13; E7-20; E7-21; E7-22; P7-6; P7-10
14	01/10/2014	16.15 17.45	EM	Reporting and interpreting cost of goods sold and inventory: inventory costing methods and effects on F/S; valuation at lower of cost or market.	Hands-out Chapter 7	M7-2; M7-6; M7-7; E7-1; E7-7; E7-13; E7-20; E7-21; E7-22; P7-6; P7-10
15	02/10/2014	10.30 12.00	EM	Reporting and interpreting cost of goods sold and inventory: inventory costing methods and effects on F/S; valuation at lower of cost or market. Exercises.	Hands-out Chapter 7	M7-2; M7-6; M7-7; E7-1; E7-7; E7-13; E7-20; E7-21; E7-22; P7-6; P7-10
16	03/10/2014	14.30 16.00	EM	<b>Review Session</b>		
17	06/10/2014	8.45 10.15	AT	Reporting and interpreting Property, Plant and Equipment; Natural Resources; Intangible: depreciation and impairment concepts.	Hands-out Chapter 8	M8-4; M8-8; M8-10; E8-3; E8-6; E8-8; E8-16; E8-17; P8-5; P8-10
18	07/10/2014	12.30 14.00	AT	Reporting and interpreting Property, Plant and Equipment; Natural Resources; Intangible: depreciation and impairment concepts.. Exercises.	Hands-out Chapter 8	M8-4; M8-8; M8-10; E8-3; E8-6; E8-8; E8-16; E8-17; P8-5; P8-10
19	08/10/2014	16.15 17.45	AM	Reporting and interpreting Property, Plant and Equipment; Natural Resources; Intangible: depreciation and impairment concepts.. Exercises.	Hands-out Chapter 8	M8-4; M8-8; M8-10; E8-3; E8-6; E8-8; E8-16; E8-17; P8-5; P8-10

20	09/10/2014	10.30 12.00	AM	Reporting and Interpreting Liabilities: definition and classification of liabilities.	Hands-out Chapter 9	M9-3; M9-7 M9-10; E9-9; E9-11; E9-16; E9-23; E9-24; P9-11; P9-14
21	10/10/2014	14.30 16.00	AM	Reporting and interpreting Liabilities: accounting for liabilities and contingent liabilities. Exercises.	Hands-out Chapter 9	M9-3; M9-7 M9-10; E9-9; E9-11; E9-16; E9-23; E9-24; P9-11; P9-14
22	13/10/2014	14.30 16.00	AM	<b>Review Session</b>		
23	14/10/2014	12.30 14.00	AT	Reporting and Interpreting Bonds: Par/Discount/Premium issuance; bonds amortization.	Hands-out Chapter 10	M10-6; M10-9; M10-12; E10-4; E10-5; E10-8; E10-13; E10-20; P10-5; P10-12
24	15/10/2014	16.15 17.45	AT	Reporting and Interpreting Bonds: Par/Discount/Premium issuance; bonds amortization.	Hands-out Chapter 10	M10-6; M10-9; M10-12; E10-4; E10-5; E10-8; E10-13; E10-20; P10-5; P10-12
25	16/10/2014	10.30 12.00	AT	<b>Review Session</b>		
26	29/10/2014	16.15 17.45	AM	Reporting and Interpreting Owners' Equity: common and preferred stock transactions; accounting for dividends and stock splits.	Hands-out Chapter 11	M11-1; M11-2; M11-10; E11-1; E11-7; E11-18; E11-24; P11-1; P11-13
27	30/10/2014	10.30 12.00	AM	Reporting and Interpreting Owners' Equity: common and preferred stock transactions; accounting for dividends and stock splits.	Hands-out Chapter 11	M11-1; M11-2; M11-10; E11-1; E11-7; E11-18; E11-24; P11-1; P11-13



28	31/10/2014	14.30 16.00	AM	Reporting and Interpreting investment in other corporations: types of investments;	Hands-out Chapter 12	M12-2; M12-10; M12-11; E12-3; E12-6; E12-7; E12-9; E12-10; P12-5; P12-8
29	04/11/2014	12.30 14.00	AM	Reporting and Interpreting investment in other corporations: types of investments;	Hands-out Chapter 12	M12-2; M12-10; M12-11; E12-3; E12-6; E12-7; E12-9; E12-10; P12-5; P12-8
30	05/11/2014	16.15 17.45	AM	<b>Review Session</b>		
31	06/11/2014	10.30 12.00	AM	Statement of cash flows: direct and indirect methods;	Hands-out Chapter 13	M13-1; M13-3; M13-4; E13-3; E13-6; E13-15; E13-16; E13-21; P13-2; P13-3
32	07/11/2014	14.30- 16.00	AM	Statement of cash flows: direct and indirect methods;	Hands-out Chapter 13	M13-1; M13-3; M13-4; E13-3; E13-6; E13-15; E13-16; E13-21; P13-2; P13-3
33	11/11/2014	12.30 14.00	AM	Statement of cash flows: direct and indirect methods;	Hands-out Chapter 13	M13-1; M13-3; M13-4; E13-3; E13-6; E13-15; E13-16; E13-21; P13-2; P13-3
34	12/11/2014	16.15 17.45	AM	<b>Review Session</b>		
35	13/11/2014	10.30 12.00	AT	Business Combinations and Consolidated accounts		Book on Consolidation
36	14/11/2014	14.30 16.00	AT	Business Combinations and Consolidated accounts		Book on Consolidation

37	17/11/2014	8.45 10.15	AT	Business Combinations and Consolidated accounts		Book on Consolidation
38	18/11/2014	12.30 14.00	AT	Business Combinations and Consolidated accounts		Book on Consolidation
39	24/11/2014	14.30 16.00	AT	Business Combinations and Consolidated accounts		Book on Consolidation
40	25/11/2014	10.30 12.00	AT	Business Combinations and Consolidated accounts		Book on Consolidation
41	25/11/2014	12.30 14.00	AT	Business Combinations and Consolidated accounts: Review Session		Book on Consolidation
42	26/11/2014	16.15 17.45	AM	Analyzing Financial Statements: F/S reclassification and analysis; ratio analysis and market tests.	Hands-out Chapter 14	M14-3; M14-9; M14-10; E14-7; E14-9; E14-10; E14-11; E14-15; P14-1; P14-4; P14-10
43	27/11/2014	10.30 12.00	AM	Analyzing Financial Statements: F/S reclassification and analysis; ratio analysis and market tests.	Hands-out Chapter 14	M14-3; M14-9; M14-10; E14-7; E14-9; E14-10; E14-11; E14-15; P14-1; P14-4; P14-10
44	28/11/2014	14.30 16.00	AM	Analyzing Financial Statements: F/S reclassification and analysis; ratio analysis and market tests. <b>Exercises.</b>	Hands-out Chapter 14	
45	01/12/2014	14.30 16.00	AM	Analyzing Financial Statements: F/S reclassification and analysis; ratio analysis and market tests. <b>Exercises.</b>	Hands-out Chapter 14	
46	02/12/2014	12.30 14.00	AM	<b>Case Study 1</b>	Case	

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47	03/12/2014	16.15 17.45	AM	<b>Case Study 2</b>	Case	
48	04/12/2014	10.30 12.00	AM	<b>Case Study 3</b>	Case	
49	05/12/2014	14.30 16.00	AM	<b>Financial performance comparison in a given industry</b>	Case	
50	05/12/2014	16.15 17.45	AM	<b>General Review</b>		