



# UNIVERSITÀ DI PISA

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## FINANCIAL REPORTING AND ANALYSIS

**MARCO ALLEGRINI**

Anno accademico

2020/21

CdS

MANAGEMENT FOR BUSINESS AND  
ECONOMICS

Codice

541PP

CFU

9

Moduli	Settore/i	Tipo	Ore	Docente/i
FINANCIAL REPORTING AND ANALYSIS	SECS-P/07	LEZIONI	63	MARCO ALLEGRINI

### Obiettivi di apprendimento

#### *Conoscenze*

This is a course on fundamental analysis. The course combines accounting principles and investment principles to answer the question: How do I account for value so that I can challenge stock prices with some confidence? The primary emphasis is on equity (share) valuation, with a focus on developing and applying methods for valuing firms using financial statement analysis. Topics include models of shareholder value, a comparison of accrual accounting and discounted cash flow approaches to valuation, the analysis of profitability, growth and value generation in a firm, diagnosing accounting quality, and the determination of price/earnings (P/E) and market-to-book (P/B) ratios.

#### *Modalità di verifica delle conoscenze*

During the course, the student is engaged at understanding and developing a thorough, credible equity research report or investment analysis that meets the standards of professionalism.

#### *Capacità*

By the end of the course students should have answers to the following questions:

- How are fundamental values (or "intrinsic values") estimated?
- What business activities determine value? How is "value created for shareholders" identified?
- What is the relevance of cash-flows? Of dividends? Of earnings? Of book values?
- How does ratio analysis help in valuation? How does profitability tie into valuation?
- How does one analyze the quality of financial reports?
- What determines a firm's P/E ratio? How does one calculate what the P/E should be? What determines a firm's market-to-book (P/B) ratio? How does one calculate what the P/B should be?
- How does one evaluate a financial research report?

#### *Modalità di verifica delle capacità*

Case studies and financial reports will be discussed during the lectures.

#### *Modalità di verifica dei comportamenti*

Students will acquire an awareness of techniques to be used in an accounting and financial research department or firm. Accordingly, students will acquire confidence typical to the financial analysis.

#### *Indicazioni metodologiche*

The course has a practical focus.

The methods of fundamental analysis will be examined in detail and applied in cases and projects involving listed companies.

#### *Programma (contenuti dell'insegnamento)*

Introduction to Investing and Valuation

Introduction to the Financial Statements

How Financial Statements are Used in Valuation

Cash Accounting, Accrual Accounting and Discounted Cash Flow Valuation

Accrual Accounting and Valuation: Pricing Book Values



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Accrual Accounting and Valuation: Pricing Earnings  
Valuation and Active Investing  
Viewing the Business through the financial Statements  
Analysis of the Statement of Shareholders' Equity  
Analysis of the Balance Sheet and Income Statement  
The Analysis of the Cash Flow Statement  
Analysis of Profitability

### Bibliografia e materiale didattico

Materials uploaded on the Moodle (E-learning website of the course).

Allegrini - Ferramosca, FINANCIAL REPORTING AND ANALYSIS, CREATE McGraw-Hill 2020, ISBN 9781307529432.

Introduction to Investing and Valuation (chap. 1)

Introduction to the Financial Statements (chap. 2)

How Financial Statements are Used in Valuation (chap. 3)

Cash Accounting, Accrual Accounting and Discounted Cash Flow Valuation (chap. 4)

Accrual Accounting and Valuation: Pricing Book Values (chap. 5)

Accrual Accounting and Valuation: Pricing Earnings (chap. 6)

Valuation and Active Investing (chap. 7)

Viewing the Business through the financial Statements (chap. 8)

Analysis of the Statement of Shareholders' Equity (chap. 9)

Analysis of the Balance Sheet and Income Statement (chap. 10)

The Analysis of the Cash Flow Statement (chap. 11)

Analysis of Profitability (chap. 12)

### Indicazioni per non frequentanti

Exams methods, materials and syllabus are the same for attending and non-attending students.

### Modalità d'esame

Test on the web platform ([test.ec.unipi.it](http://test.ec.unipi.it))

Written exam with open questions as well as exercises and case studies

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