



UNIVERSITÀ DI PISA

FINANCIAL REPORTING AND ANALYSIS

MARCO ALLEGRINI

Anno accademico
CdS

2023/24
MANAGEMENT FOR BUSINESS AND
ECONOMICS
541PP
9

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

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)

MODULE A (6 ECTS)

Introduction to Investing and Valuation

The Analysis of the Cash Flow Statement



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How Financial Statements are Used in Valuation

Cash Accounting, Accrual Accounting and Discounted Cash Flow Valuation

Accrual Accounting and Valuation: Pricing Book Values

MODULE B (3 ECTS)

Viewing the Business through the financial Statements

Analysis of the Statement of Shareholders' Equity

Analysis of the Balance Sheet and Income Statement

Analysis of Profitability

Analysis of the Quality of Financial Statements Analysis of Credit Risk and Return

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)

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)

Analysis of the Quality of Financial Statements (chap. 18)

Analysis of Credit Risk and Return (last chap.)

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)

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

Note

Student may choose to carry out a "business game". Students who apply for the business game will work in a team with classmates and will develop an equity research report. Students will be expected to combine knowledge from the materials presented in this class to develop analyses and solutions to pursue opportunity in today's fast-paced, global, and highly competitive business environment. Each team group will act as financial analyst of the company(-ies) selected. All the team groups' analyses will be presented in the last lectures and will be assigned a Bonus to add to the final grade of the exam. The composition of the team should be communicated by the end of March via e-mail to both professors, describing also the selected target company.

Ultimo aggiornamento 21/02/2024 16:53