Chapter 10

Structure and Contents of (Italian) Financial Statements

by Patrizia Riva

Summary

10.1. Standards and Framework. – 10.2. Sections of the Financial Statements. – 10.3. Balance Sheet. – 10.3.1. Statutory Template under Article 2424 of the Italian Civil Code. – 10.3.2. Assets Macro-Classes – Macro-Class A) Subscribed Capital Unpaid – Macro-Class B) Fixed Assets – Macro-Class C) Current Assets – Macro-Class D) Accruals and Deferrals. – 10.3.3. Macro-Classes of Liabilities – Macro-Class A) Shareholders' Equity – Macro-Class B) Provisions for Risks and Charges – Macro-Class C) Employee Severance Indemnities – Macro-Class D) Payables – Macro-Class E) Accruals and Deferrals. – 10.4. Income Statement. – 10.4.1. Statutory Template under Article 2425 of the Italian Civil Code – 10.4.2. Main Aggregates of the Income Statement – A) Value of Production – B) Costs of Production – C) Financial Income and Charges – D) Value Adjustments to Financial Assets – 20) Current, Deferred and Prepaid Income Taxes for the Year – 10.5. Cash Flow Statement. – 10.5.1. Statutory Template under Article 2425-ter of the Italian Civil Code and OIC 10. – 10.5.2. Main Flows in the Cash Flow Statement. – 10.6. Notes to the Financial Report. – 10.7. Management Report. – 10.8. Disclosure of Non-financial Information. – 10.9. Short-Form Financial Report for SMEs.

10.1. Standards and Framework

Financial statements are a simplified representation of a company's business performance and equity, economic and financial data recorded during the year and are drawn up by making assumptions on the business outlook and therefore on the company's viability. Financial statements make it possible to understand whether a company has operated by balancing off its budget in the recent past and whether a sufficient enough result has been achieved with respect to the expectations of shareholders and, more generally, stakeholders. Consequently, by reading a company's financial statements one may, first of all, evaluate the work of the managers who have actual control over the implementation of the company's strategies.

The number of parties interested in reading a company's financial statements due to being directly or indirectly involved in the enterprise's fortunes has gradually expanded over time. Financial disclosure is no longer addressed only to shareholders, top managers and internal boards and committees involved in company management in various capacities, but also includes several external parties, primarily lenders, investors, customers, or suppliers, who depend on the company's fortunes to achieve their objectives. These stakeholders will not only make use of the financial statements as commonly understood, i.e. consisting of documents regarding the company's equity, economic and financial position, but will be interested in consulting other types of documents capable of providing all possible information, including non-financial information, also relating to ESG issues. Non-Financial Reporting has evolved into the sustainability report and integrated report. In European legislation and subsequently in Italian law, larger companies are required to draft a Non-Financial Report (NFR).

As seen in preceding chapters, in the Italian national framework, the articles of the Civil Code form the legal basis that governs the preparation of financial statements of joint-stock companies (arts. 2423-2435-*ter* of the Italian Civil Code). The current civil law provisions represent the transposition, under Legislative Decree 127/1991, of the IV EEC Directive of 1978, the crowning harmonisation at European level of standards for drawing up financial statements, which are fundamental for comparability purposes. For banks, insurance companies and financial intermediaries, specific regulations were set forth to take into account the management characteristics of companies belonging to that sector. The Italian civil law provisions set out a significant nucleus of general principles and make reference to accounting standards. In particular, the national accounting principles issued by Organismo Italiano di Contabilità (OIC, Italian Accounting Board) govern the necessary practical implementation for the interpretation of civil law provisions. OIC standards do not supplement the law, but regulate accounting events and transactions that have not been addressed at the regulatory level. It is appropriate to recall the fact that, since 2005, listed companies have been required to adopt the international accounting principles, rather than the rules of the Italian Civil Code and standards published by the OIC. The computation of taxable income for tax purposes is entrusted to the specific rules of tax legislation. Italian legislation also establishes the autonomy of the financial statements from tax rules, which will be applied at the time of filing the tax return so as to figure out taxable income based on the profit (loss) reported in the financial statements.

The rules laid down in OIC standards for unlisted companies will be the subject treated hereunder.

The civil law provisions governing the financial statements set forth key drafting principles. Art. 2423, first paragraph, states that the financial statements should be drawn up by the company's directors, while the second paragraph states that *the financial statements shall be drawn up with clarity and shall give a true*

and fair view of the company's equity and financial position and business performance for the year. This provision is referred to as *the general clause for financial statements,* all other provisions deriving therefrom. The term *clarity* should be understood as comprehensibility of the financial report itself. True view is not synonymous with mathematical exactness of data. In fact, in the preparation of the financial statements, subjective evaluations, otherwise referred to as estimates, if verifiable, and conjectures, if not verifiable, are indispensable. Fair view may be interpreted as honesty, neutrality, i.e. the willingness on the part of the directors to draw up the financial statements without seeking to benefit specific stakeholders. Fair view may be interpreted as verifiability of the information provided. Under the third paragraph of art. 2423 of the Italian Civil Code, the legislature introduced the concept of full disclosure, providing that, in the event that the information required by specific legal provisions is not sufficient to give a true and fair view, supplementary information necessary for such purpose should be provided. It also establishes the obligation to derogate from regulatory provisions if their adoption is incompatible with the main purpose of the financial statements, i.e. to provide a true and fair view. The explanatory notes should justify any derogations and should state the impact thereof on the representation of the company's equity, financial position and business performance. Any profits deriving from such a derogation should be entered in a reserve, which will be non-distributable to the extent of its recovered value.

Art. 2423-*bis* describes the postulates on which the preparation of the financial statements should be based, namely: prudence; going-concern assumption; substantial representation; accrual method; consistency in value measurement criteria. The civil law provisions set forth that the value of financial items should be measured according to prudence and on a going-concern basis. This first postulate underlies the need for a company to operate on a continuous basis, otherwise different liquidation criteria will have to be applied. The postulate of prudence suggests to the drafter of the financial statements not to recognise gains that have not been achieved with certainty and that have not been realised at the closing date of the financial year and conversely to allocate costs to the Income Statement including if they are only expected. Furthermore, the most prudent case scenario should always be preferred when formulating valuation assumptions. The postulate of economic substance introduces the concept of prevalence of substance over form. This principle is embodied in the observation, formulated by the OIC, according to which, first and foremost, a drafter of the financial statements should identify the rights, obligations and conditions that may be inferred from the contractual terms governing the company's transactions and should compare them with the relevant accounting standards in order to verify whether the company's financial and economic items have been recognised or derecognised correctly. The postulate concerning the accrual method provides that, in the financial statements, account must be taken of income earned and charges related thereto regardless of

the collection or payment date. The postulates under review also affect any facts or events that may have occurred after the end of the financial year. Losses should in fact be stated in the financial year, on an accrual basis, even if the company has become aware of them after the end of the reference period. The postulate of consistency in value measurement criteria implies that valuation criteria cannot be changed from one year to the other. Over time, a frequent succession of changes in valuation criteria would make it difficult to compare the documents to each other, making the analysis of the company's evolution even more complex. Making such criteria recurrent also reduces the degree of the directors' discretion, which may allow them to present a situation that is only apparently better than the situation that would result from applying criteria adopted previously. Adoption of the postulate in question may only be waived on condition that any changes in the choice of valuation criteria are reported, and validly justified, in the Explanatory Notes.

10.2. Sections of the Financial Statements

Art. 2423, para. 1, defines the documents that make up the annual report. The latter should include the Balance Sheet, the Income Statement, the Cash Flow Statement and the Explanatory Notes. Art. 2428 of the Italian Civil Code also provides that financial statements should be accompanied by the Management Report.

- The *Balance Sheet*, at the reporting date, presents asset and liability items and shows the operating economic and financial inventories deriving from any incomplete business cycles.
- The *Income Statement* summarises the performance of income items of the year, such as costs and revenues, ensuring the computation of income for the year.
- The *Cash Flow Statement* summarises inflows and outflows of financial resources or liquidity according to three business areas. These areas are separated by type, namely operating activities, financing activities and investing activities. The result obtained consists in showing the overall change in financial resources or cash and cash equivalents for the reference year.
- The *Explanatory Notes* are a document that describes all the assessments made by the directors regarding the data shown in the above statements, the changes undergone, and the value measurement issues.
- The *Management Report* is a report prepared by the directors. It should contain a faithful, balanced and thorough analysis of the company's situation, business performance and operations as a whole and in the various sectors in which the

company operated, including through subsidiaries, with particular regard to costs, revenues and investments, including a description of the main risks and uncertainties to which the company was exposed.

Financial representation tables are characterised by strict rules, but there may be exceptions aimed at ensuring the postulate of clarity is respected, namely: the possibility to further dividing items into sub-items; the possibility to group items when, according to the accrual method, they do not affect the choices of third parties; the prohibition to offset items referring to the same entity. To facilitate the comparability of financial representation tables, data relating to the previous period should be shown next to the data pertaining to the year.

10.3. Balance Sheet

In a nutshell, this document presents a company's assets and liabilities. Assets are company resources from which economic benefits may flow, and are under the control of the company as the current result of operations carried out in the past. Likewise, liabilities are obligations whose fulfilment the company cannot escape and are the current result of operations carried out in the past from which outflows of resources are expected. A company's shareholders' equity is the difference between assets and liabilities and is representative of resources contributed at the time of incorporation or contributed subsequently by the shareholders as capital or granted by the same to the company by allocating profits to reserves rather than paying them out as dividends.

10.3.1. Statutory Template under Article 2424 of the Italian Civil Code

The content of the Balance Sheet is governed by Article 2424 of the Italian Civil Code, as shown below. There are three levels of detail marked respectively by capital letters, Roman numerals and Arabic numerals; a fourth level is provided for some items only and is marked by lowercase letters of the alphabet.

Assets	Liabilities
A) Subscribed capital unpaid, with separate indication of the part which has already been called. ***B) Fixed assets, with separate indication of those granted under finance leases:*** I – Intangible fixed assets: 1) start-up and expansion costs; 2) development costs; 3) industrial patent rights and rights to use intellectual property; 4) concessions, licenses, trademarks and similar rights; 5) goodwill; 6) assets under construction and advances; 7) other. Total. II – Tangible fixed assets: 1) land and buildings; 2) plants and machinery; 3) industrial and commercial equipment; 4) other assets; 5) assets under construction and advances. Total. III – Financial fixed assets, with separate indication, for each credit item, of amounts due within the following year: 1) equity investments in: a) subsidiaries; b) associated companies; c) parent companies; d) companies controlled by parent companies; d-bis) other companies; 2) receivables from: a) subsidiaries; b) associated companies; c) parent companies; d) companies controlled by parent companies; d-bis) others; 3) other securities; 4) derivative financial instruments held as assets. Total. Total fixed assets;	***A) Shareholders' equity:*** I – Capital. II – Share premium reserve. III – Revaluation reserves. IV – Legal reserve. V – Reserves under the Company Bylaws. VI – Other reserves, indicated separately. VII – Reserve for expected cash flow hedging transactions. VIII – Profits (losses) carried forward. IX – Profit (loss) for the year. X – Negative reserve for treasury shares. Total. ***B) Provisions for risks and charges:*** 1) pensions and similar obligations; 2) taxes, including deferred taxes; 3) derivative financial instruments held as liabilities; 4) other. Total. ***C) Employee severance indemnities.*** ***D) Payables, with separate indication, for each item, of the amounts due beyond the following year:*** 1) bonds; 2) convertible bonds; 3) shareholder loans; 4) due to banks; 5) due to other lenders; 6) advances; 7) trade payables; 8) payables represented by debt securities; 9) due to subsidiaries; 10) due to associated companies; 11) due to parent companies; 11-bis) due to companies controlled by parent companies; 12) tax payables; 13) due to welfare and social security institutions; 14) other payables. Total. ***E) Accruals and deferrals.***

C) Current assets: I – Inventories: 1) raw materials, supplies and consumables; 2) work in progress and semi-finished products; 3) work in progress on order; 4) finished products and goods for resale; 5) advances. Total. II – Receivables, with separate indication, for each item, of the amounts due beyond the next financial year, from: 1) trade receivables; 2) subsidiaries; 3) associated companies; 4) parent companies; 5) companies controlled by parent companies; 5-bis) tax credits; 5-ter) prepaid taxes; 5-quater) other. Total. III – Financial assets not held as fixed assets: 1) equity investments in subsidiaries; 2) equity investments in associated companies; 3) equity investments in parent companies; 3-bis) equity investments in companies controlled by parent companies; 4) other equity investments; 5) derivative financial instruments held as assets; 6) other securities. Total. IV – Cash and cash equivalents: 1) bank and postal accounts; 2) cheques; 3) cash on hand. Total. Total current assets. ***D) Accruals and deferrals.***	

10.3.2. Assets Macro-Classes

Assets
A) Subscribed capital unpaid
B) Fixed Assets
C) Current Assets
D) Accruals and Deferrals

Art. 2424-*bis*, paragraph 1, establishes the *allocation method* for the classification of assets: assets intended to be used on a long-term basis must be entered among fixed assets and therefore in *macro-class B).* If a financial item does not meet these characteristics, the related value should be entered in the class of items of current assets, i.e. in *macro-class C).* The legislature did not specify how long the period that determines the durability of the asset should be, but conventionally the end of the following year may be taken as a time limit. In any case, the *method* of distinction *by nature* also stands at the basis of item classification. This is of particular importance, as will be seen below, for the item Receivables.

It should be noted that the statement of *accumulated depreciation and amortisation* and *adjustment reserves* is not included in the Balance Sheet, as these items are directly deducted from the items stated in the section of assets.

Macro-Class A) – *Subscribed capital unpaid*

This corresponds to capital being subscribed by shareholders but yet unpaid, therefore in reference to capital contributions. In joint-stock companies, at least twenty-five percent of the contributions should be paid in cash into a bank account at the time of signing the deed of incorporation. The legislation requires separate registration of the receivables in question from the remaining receivables claimed by the company, as they correspond to unpaid share capital, and therefore entail a reduction in the capital guarantees towards third parties.

Macro-Class B) – *Fixed Assets*

In *macro-class B),* fixed assets are classified into three distinct categories: I) intangible fixed assets, II) tangible fixed assets and III) financial fixed assets.

Intangible fixed assets (OIC 24) include: deferred charges (start-up and expansion costs; development costs); intangible assets (industrial patent rights and rights to use intellectual property; concessions, licenses, trademarks and similar rights); goodwill; intangible fixed assets in progress and advances. Accounting standard OIC 24 referred to above emphasises that *deferred charges* are costs that do not exhaust their usefulness in the year in which they have been incurred and are different from intangible assets and goodwill. Their characteristics are more difficult to determine, with reference to their long-term usefulness, than actual in-

tangible assets. *Start-up and expansion costs* are costs incurred on a non-recurring basis in some typical events of the company's life cycle, such as the pre-operational phase (referred to as *start-up costs*) or when increasing operating capacity. *Development costs* are incurred when applying the findings of basic research or other knowledge held or acquired to a plan or project for the production of new or substantially improved materials, devices, processes, systems or services before the commencement of commercial production or use thereof. *Deferred charges* are distinguished from *intangible assets,* which are non-monetary assets, individually identifiable, without physical presence and are, as a rule, represented by legally protected rights. An intangible asset may be individually identified when: a) it is separable, i.e., it may be separated or spun off from the company and therefore can be sold, transferred, licensed or rented out, and exchanged; or b) arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the company or from other rights and obligations. *Goodwill, on* the *other hand, is* defined, again by national accounting principles, as a company's ability to create profits that either derive from specific factors which, while contributing positively to the creation of income and having been formed for consideration over time, do not have an independent value, or derive from increases in value that the entire set of company assets acquires with respect to the sum of the values of individual assets, by virtue of the organisation of resources in an efficient system.

Tangible fixed assets (OIC 16) are durable physical items that are part of the company's permanent organisation and whose economic usefulness extends beyond the limit of one year. The reference to durable factors and conditions is not an intrinsic characteristic of the goods as such, but rather of their allocation. They are normally employed as the company's income creation tools during the normal course of business and are therefore not held for sale or for processing to manufacture the company's products. The same asset, for example a real property, may represent a fixed asset for companies that use it as headquarters for their business, or may represent an asset to be classified as an inventory component for companies whose corporate purpose is to build or sell real estate. Tangible fixed assets may include: tangible assets purchased or produced internally; tangible assets under construction; amounts paid in advance for purchase or production. More specifically, the template identifies several categories of tangible assets, namely: 1) *plant* may be generic plants when not related to the company's core business (for example: heating and air conditioning systems, alarm systems) or may be specific if linked to the company's core business; 2) *machinery* should be understood as devices capable of carrying out certain operations by themselves (i.e. automatically) or with the help of people (semi-automatically); 3) *industrial and commercial equipment* include tools (operated manually) necessary for the operation or performance of certain activities or a more complex asset (for example: laboratory tools, equipment and spare parts, commercial and canteen equipment); 4) *other*

assets represent a residual category which may, among other things, include office furniture, furnishings and equipment, laboratory workshop, warehouse and department furniture and equipment, office machines and vehicles.

Financial fixed assets include securities, equity investments and receivables. *Equity investments* (OIC 21) held by the company on a long-term basis should be entered among fixed assets, the others will be entered among current assets. In order to determine the allocation of investments that will remain a part of the company's assets in the long term, the company management's decisions and the company's effective ability to hold such equity investments for a prolonged period of time should be considered. Equity investments in other companies exceeding one-fifth of the investee's capital, or one-tenth if the latter has shares listed on regulated markets, are normally classified under financial fixed assets. However, this is a non-absolute presumption by law (*iuris tantum*). This means that proof to the contrary is possible and therefore they should be classified as fixed assets if they are not held for disposal in the short term. Equity investments in jointly controlled companies (*joint ventures*) will be classified as equity investments in affiliated companies. Equity investments classified as fixed assets may also be considered exclusively as cost-effective investments that bear fruit in the form of dividends (rather than interest), or may be considered representative of joint interests in investee companies. The different consideration of the different share packages within the company's portfolio will lead to applying different valuation criteria (please refer to the following chapters for further details on the subject). *Securities* (OIC 20), on the other hand, are documents that attribute to the holder the right to receive a defined or definable cash flow without attributing the right of direct or indirect participation in the management of the company that issued those securities. This includes securities issued by sovereign states, bonds issued by public organisations, financial companies and other companies, as well as similar securities. Classification among fixed assets or current assets depends on the allocation of the security. Securities held in the company's portfolio of assets on a long-term basis will be entered among fixed assets, the others will be entered in working capital. In addition to the characteristics of the instrument, the company management's decisions and the company's actual ability to hold the securities for a prolonged period of time should be considered for the purpose of determining whether securities are being held to remain permanently in the company's assets. It should be noted that the governing body may, in compliance with the criterion of economic allocation, establish that a portfolio of equity investments or securities of the same type may partly represent a long-term investment, to be recognised among fixed assets, or may partly represent an asset held for trading, to be entered among current assets. *Receivables* (OIC 15) represent rights to demand fixed or determinable amounts of cash, or goods / services with an equivalent value, from customers or other parties at an identified or identifiable maturity date. As mentioned at the beginning of this paragraph, receivables should first of all be

reclassified bearing in mind their nature. Financing receivables will be entered among fixed assets, while trade receivables will be entered among current assets. Secondly, in the context of the macro-class chosen – whether fixed assets or current assets – a further degree of detail must be provided, acknowledging the collectability of the item. That is, the portion of receivables that are expected to be collected within one year and the portion of receivables that are expected to be collected after one year should be stated separately in specific sub-items.

Macro-Class C) – *Current Assets*

Current assets are divided into (I) inventories, (II) receivables, (III) financial assets not held as fixed assets (IV) cash and cash equivalents.

Inventories (OIC 13) represent assets held for sale or which contribute to production during the company's normal course of business. As clarified above, albeit *a contrariis* with reference to fixed assets, the classification of certain assets held for sale will not be based on an intrinsic characteristic of the assets as such, but rather it will depend on their allocation within that particular enterprise. The main types of inventories governed by law are: raw materials, including purchased goods subject to further transformation processes (referred to as semi-finished products); supplies and consumables (consisting of materials used indirectly in production); products in progress (materials, parts and assemblies in progress); semi-finished products (finished items in internal production to be used in a subsequent production process); goods for resale (goods purchased for resale without undergoing significant transformations); finished products (products manufactured in house).

Receivables will be classified among current assets, as emphasised above, when they are of a commercial nature. A separate indication of their degree of liquidity should be provided, stating, the amounts due after (or before) the end of the year.

Financial assets not held as fixed assets are represented by equity investments and securities as further defined above for the purpose of short-term realisation, i.e. within one year.

Lastly, *cash and cash equivalents* (OIC 14) are represented by bank and postal accounts, cheques, and cash in hand. Cash and cash equivalents may include currency, cheques and bank and postal accounts denominated in foreign currency. In the absence of specific information, the cash and cash equivalents shown in the balance sheet are presumed to be immediately available to the company for any purpose. Bank and postal accounts consist in available cash held with the banking system or postal administration, with the requirement of being able to collect it immediately. Cheques are domestic or foreign bank credit instruments (current account, cashier's cheque and the like) payable on demand. Cash in hand consist of money and stamped values (postage stamps, revenue stamps, stamped papers, etc.).

Macro-Class D) – *Accruals and Deferrals*

Item D) under Assets represents *accruals* and *deferrals* (OIC 18), which arise at the end of the year following settlement entries:

- accrued income represents a portion of income pertaining to the financial year to which the financial statements refer, which will be collected in subsequent years.
- deferred liabilities represent a portion of costs that have been disbursed during the closing year or in previous years, but pertain to one or more subsequent years. They represent the portion of costs deferred to one or more subsequent years.

10.3.3. Macro-Classes of Liabilities

Liabilities
A) Shareholders' Equity
B) Provisions for Risks and Charges
C) Employee Severance Indemnities
D) Payables
E) Accruals and Deferrals

For liabilities, the main classification corresponds to the nature of financing sources, by essentially making a distinction between equity on one side and third-party debt on the other.

Macro-Class A) – *Shareholders' Equity*

Equity, referred to as *shareholders' equity* in the financial statements (OIC 28), present a further degree of detail with the statement of items classified with Roman numerals. The nominal amount of share capital at the time of incorporation and of subsequent subscriptions to capital increases by the shareholders, including if not yet fully paid up, is entered in item I *Capital,* updated for any changes due to other equity transactions. Subscribed capital unpaid (with separate indication of the part already called up) will be, as mentioned above, recorded in item *A. Subscribed capital unpaid* under balance sheet assets in order to pay particular attention to the anomalous situation evoked by this item. The lack of capital coverage is in fact only formally compatible with applicable statutory provisions, which do not positively identify a term within which such payments must be made, but only presume that such payments will be immediately called up by the directors and therefore made by the shareholders. Item II *Share premium reserve* includes: the excess of the issue price of shares or units over their nominal value; any differences that may

emerge following the conversion of bonds into shares. Item III *Revaluation reserves* includes the revaluation of assets as set forth by special laws regulating the matter, some of which may require a specific entry in the financial statements. Item IV *Legal reserve* includes the portion of profits for the year that the shareholders' meeting has allocated to this reserve. Article 2430 of the Italian Civil Code requires provisions of at least 5% of the profit for the year to be set aside into this reserve until its amount has reached one-fifth of the company's share capital. In the event that, for any reason, the amount of the legal reserve falls below the limit of one-fifth of the company's share capital, it should be reinstated by progressively setting aside at least one-twentieth of net profits every year. Item V *Reserves under the Company Bylaws* includes all types of reserves required by the company's Bylaws. The conditions, restrictions and methods of formation and handling of these reserves are governed by the Bylaws. Item VI *Other reserves, indicated separately,* includes all the other reserves that have not already been recorded in the other shareholders' equity items above. Item VII *Reserve for expected cash flow hedging transactions* includes changes in the fair value of derivative financial instruments generated as part of expected cash flow hedging transactions, after any deferred tax effects. Item VIII *Profits (losses) carried forward* include the net income of previous years that has not been distributed or set aside to other reserves and losses that have not been covered. This item includes adjustments deriving from corrections of errors committed in prior years and adjustments deriving from changes in accounting principles if the allocation to another equity item is no longer appropriate (OIC 29). Item IX *Profit (loss) for the year* includes the profit or loss for the year as shown in the income statement. If, during the year, the loss for the year has been covered, an equity item *Loss covered in the year* may be added. Item X *Negative reserve for treasury shares* includes, as a decrease in shareholders' equity, the acquisition cost of treasury shares in accordance with the provisions of Article 2357-*bis* of the Italian Civil Code, according to which an unavailable reserve, equal to the amount of the parent company's shares recorded on the assets side of the balance sheet, should be established and maintained until the shares or units have been transferred.

Macro-Class B) – Provisions for Risks and Charges

Provisions for risks and charges (OIC 31) represent liabilities of a definite type, which may be certain or likely, and whose date of occurrence and/or amount collected or disbursed should be considered indefinite. In relation to the degree of probability of realisation, the future events to which these liabilities refer may be classified as likely, possible or remote. An event is likely when its occurrence is deemed more probable than the opposite circumstance. An event, on the other hand, is possible when it depends on a circumstance that may or may not occur. Therefore, it is a matter of events characterised by a lower likelihood of occur-

rence. Finally, an event is remote when it has very little chance of occurring, that is, it can only happen in exceptional circumstances.

More precisely, *provisions for risks* represent liabilities of a defined nature and likely occurrence, the value of which has been estimated. Therefore, these are contingent liabilities connected to circumstances already in place at the reporting date, but characterised by a state of uncertainty whose outcome depends on whether or not one or more events occur in the future. *Provisions for charges* represent liabilities of a specific nature and certain existence, estimated in the amount or in the date of occurrence, connected to obligations already assumed at the reporting date, but whose disbursement will occur in subsequent years.

Item 1 *pension and similar obligations* includes supplemental pension funds, other than employee severance indemnities pursuant to Article 2120 of the Italian Civil Code, as well as one-off indemnities, such as for example: indemnity funds for termination of coordinated and continuous collaboration relationships; indemnity funds for termination of agency relationships; supplementary customer indemnity funds; funds for employee loyalty bonuses.

Item 2 *taxes, including deferred taxes* (OIC 25) includes liabilities for probable taxes for an indefinite amount or date of occurrence, deriving, for example, from non-final assessments or pending litigation and other similar cases; deferred tax liabilities figured out according to taxable temporary differences.

Item B3 "*derivative financial instruments held as liabilities*" includes derivative financial instruments with a negative fair value at the valuation date (OIC 32).

Item B4 "*other*" includes provisions for risks and charges other than the above, such as: provisions for pending lawsuits; reserves for guarantees provided; reserves for any disputes by third parties; reserves for regular maintenance; reserves for keeping or restoring freely transferable assets and leased company assets; reserves for prize initiatives and competitions; reserves for product returns; reserves for environmental reclamations; reserves for early retirement and corporate restructuring; reserves for onerous contracts.

Macro-Class C) – *Employee Severance Indemnities*

Employee severance indemnities represent the benefit to which an employee is entitled in case of termination of his/her employment relationship, pursuant to art. 2120 of the Italian Civil Code "Regulation of employee severance indemnities". It should be remembered that Legislative Decree No. 252 of 5 December 2005 reformed supplemental pension schemes. The allocation of employee severance indemnities to supplemental pension funds was regulated under such legislation. A distinction was made between companies with fewer or more than 50 employees. With regard to the former, if a worker chooses to keep his/her severance indemnity in its original form, nothing changes: the indemnity will be withheld by the company that will accrue a debt towards the worker, which is revalued every year

and the worker will collect the accrued indemnity from the company upon termination of his/her employment relationship. In companies with more than 50 employees, workers may decide to leave their indemnities with their employer. However, the company will be required to transfer the sums to a single national fund managed directly by INPS. In the event of termination of the employment relationship, the employer will have to pay out the severance indemnity to the employee and then reclaim the amount from the national social security fund.

Macro-Class D) – *Payables*

Payables (OIC 19) are liabilities of a definite nature and certain existence, which represent obligations to pay fixed or determinable amounts of cash, or goods / services having an equivalent value, usually on a set date. These are obligations towards lenders, suppliers and other parties. The classification of liability items is not symmetrical to that of asset items. Therefore, the financial rather than the commercial nature of the debt is not relevant. The classification of payables among the various debt items is in fact essentially nominal and will be carried out according to the origin or structural characteristics of the amount payable. Art. 2424 of the Italian Civil Code requires a separate indication, for each payable item, of amounts due after one year, taking into account their contractual or legal maturity.

Macro-Class E) – *Accruals and Deferrals*

Item E) of the liabilities represents accruals and deferrals, which arise at the end of the year following the settlement entries:

- accrued liabilities represent a portion of costs pertaining to the financial year to which the financial statements refer, which will be disbursed in subsequent years;
- deferred income represents a portion of income that was collected during the year ending or in previous years but pertains to one or more subsequent years. It represents a portion of income deferred to one or more subsequent years.

10.4. Income Statement

The income statement, governed by art. 2425 of the Italian Civil Code, is a financial representation that includes revenues and costs, whose difference will give rise to the company's business performance for the year, i.e. the profit or loss. It provides a representation of management operations through a summary of income and cost components that have contributed to causing that business performance. Income and cost components are grouped so as to provide significant interim representations.

This is a three-level itemised table that classifies items by nature. The first level, marked with a capital letter, identifies four classes, each of which ends with a total. Within each class, the individual items are identified by means of Arabic numerals and further details are indicated with lowercase letters of the alphabet. The income statement template is essentially based on ordinary operations, to which macro-classes A, B, C, D belong. The separate representation of extraordinary items, as required in the past, (item E Extraordinary income and charges) was abrogated as of 1 January 2016. Therefore, it can be briefly stated that macro-classes A and B include data relating to the company's core business, and ancillary activities, if any (excluding those of a financial nature), including corporate investments capable of autonomously creating income (for example, real property management), while macro-classes C and D include income and cost components and value adjustments of a financial nature (management of securities and units). The term core business identifies income components generated by operations that occur on an ongoing basis in the relevant sector for the purpose of running the company's business, and identifies and qualifies the peculiar and distinctive part of the business activities carried out by the company. Ancillary operations consist in operations that generate income components that do not fall within the company's core business or financial activities.

10.4.1. Statutory Template under art. 2425 of the Italian Civil Code

The content of the income statement is governed by art. 2425 of the Italian Civil Code, as shown below.

Income Statement
A) Value of production: 1) revenues from sales and services; 2) changes in inventories of work in progress, semi-finished products and finished products; 3) changes in work in progress to order; 4) own work capitalised; 5) other revenues and income, with separate indication of operating grants. Total. **B) Costs of production:** 6) raw materials, supplies, consumables and goods for resale; 7) services; 8) use of third-party assets; 9) personnel: a) wages and salaries; b) social security contributions; c) employee severance indemnities; d) pensions and similar;

e) other costs;
10) value adjustments:
a) amortisation of intangible fixed assets;
b) depreciation of tangible fixed assets;
c) other write-downs of fixed assets;
d) write-downs of receivables held as current assets and cash and cash equivalents;
11) changes in inventories of raw materials, supplies and consumables and goods for resale;
12) provisions for risks;
13) other provisions;
14) sundry operating charges.
Total.

Difference between value and costs of production (A – B).

C) Financial income and charges:
15) income from equity investments, with separate indication of investments in subsidiary and associated companies and investments in parent companies and companies controlled by the latter;
16) other financial income from:
a) receivables held as fixed assets, with separate indication of receivables from subsidiary and associated companies and receivables from parent companies and companies controlled by the latter;
b) securities held as fixed assets that do not constitute equity investments;
c) securities held as current assets that do not constitute equity investments;
d) income other than the above, with separate indication of income from subsidiary and associated companies and income from parent companies and companies controlled by the latter;
17) interest and other financial charges, with separate indication of interest paid to subsidiary and associated companies and to parent companies;
17bis) currency exchange gains and losses.
Total (15 + 16 – 17 + – 17bis).

D) Value adjustments to financial assets and liabilities:
18) write-ups of:
a) equity investments;
b) financial fixed assets that do not constitute equity investments;
c) securities held as current assets that do not constitute equity investments;
d) derivative financial instruments;
19) write-downs of:
a) equity investments;
b) financial fixed assets that do not constitute equity investments;
c) securities held as current assets that do not constitute equity investments;
d) derivative financial instruments.
Total adjustments (18-19).

E) Earnings before taxes (A – B + – C + – D);

20) current, deferred and prepaid income taxes for the year;
21) profit (loss) for the year.

10.4.2. Main Aggregates of the Income Statement

Summary tables
A) Value of Production B) Costs of Production *Difference A – B* C) Financial Income and Charges D) Value Adjustments to Financial Assets *Earnings before taxes (A – B + C + D)* E) Income before taxes (A – B + – C + – D) 20) Income taxes *Profit (loss) for the year*

A) Value of Production

Value of production does not refer only to revenues or only to the volume of business but represents the value amount created by the company during the year, which, therefore, may be higher or lower than the amount of sales made and services provided. This aggregate includes all revenues from production processes belonging both to the company's core business and to any non-core business operations, thus not only those deriving from the sale of goods and services, but also changes in inventories of finished products, products and orders in progress, capitalisation of long-term costs, such as increases in fixed assets manufactured in house and gains or losses from ancillary operations, excluding financial operations. This macro-class therefore contains values that have already had a financial collection (sales revenues) and revenues understood as an increase in internal production that has not yet translated into sales to the market (changes in inventories), or whose direct realisation or indirect realisation is not even expected through participation in internal processes (capitalisation of long-term costs). The items relating to revenues from sales and services will be adjusted for discounts, returns, allowances and bonuses.

B) Costs of Production

Costs of production include costs that the company has had to incur to obtain the value of production. Costs are classified by nature (e.g. raw materials, services, wages and salaries, depreciation and amortisation, write-downs, provisions). No separate information is given about the corporate functions or processes to which these costs refer. It should be noted that this aggregate includes heterogeneous data: some originate from transactions with third parties, while others, such as depreciation and amortisation, provisions and write-downs, depend on estimates (the result of verifiable assumptions) and conjectures (the result of non-

verifiable assumptions). The item Sundry operating charges that closes the aggregate has a residual content. OIC 12, by way of example, emphasises that this item should include sundry costs of a non-financial nature and also capital losses of a non-financial nature, contingent liabilities and write-backs of liabilities, indirect taxes, taxes and contributions (such as registration tax; mortgage and land registry taxes; stamp duty).

C) Financial Income and Charges

This aggregate includes income items relating to financial operations (interest expense on payables) and items relating to investing operations (dividends, interest on securities held, etc.). Income deriving from loans granted to third parties or to any group companies are included in the latter group. Finally, a separate representation of (positive and negative) currency exchange differences is required.

D) Value Adjustments to Financial Assets

The class in question includes income items that do not reflect costs and revenues deriving from transactions with third parties, but depend on adjustment entries of financial assets. In particular, this aggregate includes write-ups and write-downs of equity investments, of securities either held as financial fixed assets or current assets, as well as write-downs of receivables held as financial fixed assets.

20) Current, Deferred and Prepaid Income Taxes for the Year

This class includes income taxes and therefore *Imposta sul Reddito delle Società* – (I.R.E.S., corporate income tax) and *Imposta Regionale sulle Attività Produttive* (I.R.A.P., regional tax on production activities) pertaining to the year (OIC 25). They are divided into: i) current taxes, calculated on the taxable income for the year; ii) deferred taxes, which represent amounts of income taxes for the period, but due in future years and therefore referable to taxable temporary differences; and iii) prepaid taxes, which represent amounts of income taxes due in the current year, but pertaining to and recoverable in future years; among other things, they may be attributable to the carry-forward of tax losses. Provision charges for deferred taxes and the use of deferred tax assets will contribute to the aggregate with a positive sign, while prepaid taxes and the use of provisions for deferred taxes will contribute with a negative sign.

10.5. Cash Flow Statement

10.5.1. Statutory Template under art. 2425-*ter* of the Italian Civil Code and OIC 10

Under an amendment introduced by Legislative Decree 139/2015, the Italian Civil Code requires companies to prepare a cash flow statement as of 1 January 2016. In particular, art. 2425-*ter* provides that the cash flow statement should, for the year to which the financial statements refer and for the previous one, show the amount and composition of cash and cash equivalents at the beginning and at the end of the year, and the cash flows for the year deriving from *operating, investing* and *financing activities,* including transactions with shareholders, to be stated separately. *Operating activities* generally include transactions connected with the acquisition, production and distribution of goods and the supply of services, including if referable to ancillary operations, in addition to other transactions not included in investing and financing activities. *Investing activities* include the purchase and sale of tangible, intangible and financial fixed assets and current financial assets. *Financing activities* include transactions carried out for the purpose of obtaining and being repaid liquid assets in the form of risk capital or debt capital.

The cash flow statement provides essential information for assessing the company's financial position (including its liquidity and solvency) in the reference year and its evolution in subsequent years. The purpose of the document is the assessment of the liquid assets created and the corresponding investment methods, as well as the company's ability to face short-term financial commitments and its self-financing ability. In summary, this statement reflects the company's operations by focusing on the methods in which resources are formed and employed.

The Italian Civil Code does not provide a fixed and predefined template for the cash flow statement. For this reason, reference should be made to OIC 10. In particular, the following template is presented in the appendix thereto:

A. Cash flows deriving from operating activities (indirect method)

Profit (loss) for the year
Income taxes
Interest expense / (interest income)
(Dividends)
(Capital gains) / losses on the disposal of assets
1. Profit (loss) for the year before income taxes, interest, dividends and capital gains / losses on disposal
Adjustments for non-monetary items with no contra-item in net working capital
Provision charges
Depreciation and amortisation of fixed assets
Write-downs for value impairment
Value adjustments to financial assets and liabilities of derivative financial instruments not involving cash handling

Other adjustments for non-monetary items
2. Cash flow before changes in NWC
Changes in net working capital
Decrease / (increase) in inventories
Decrease / (increase) in trade receivables
Increase / (decrease) in trade payables
Decrease / (increase) in accrued income and deferred liabilities
Increase / (decrease) in accrued liabilities and deferred income
Other changes in net working capital
3. Cash flow after changes in NWC
Other adjustments
Interest collected / (paid)
(Income taxes paid)
Dividends collected
(Use of provisions)
Other collections / payments
Cash flow from operating activities (A)

B. Cash flows from investing activities
Tangible fixed assets
(Investments)
Divestments
Intangible fixed assets
(Investments)
Divestments
Financial fixed assets
(Investments)
Divestments
Non-fixed financial assets
(Investments)
Divestments
(Acquisition of company business units after cash and cash equivalents)
Disposals of company business units after cash and cash equivalents
Cash flow from investing activities (B)

C. Cash flows from financing activities
Third-party debt
Increase (decrease) in short-term payables to banks
Loans taken out
(Loans repaid)
Equity
Capital increase for payment
(Repayment of capital)
Sale (purchase) of treasury shares
(Dividends (and interim dividends) paid)
Cash flow from financing activities (C)

Increase (decrease) in cash and cash equivalents (A ± B ± C)
Exchange rate effect on cash and cash equivalents

Cash and cash equivalents at the beginning of the year
including:
bank and postal accounts,
cheques
cash in hand
Cash and cash equivalents at the end of the year
including:
bank and postal accounts,
cheques
cash in hand

10.5.2. Main Flows in the Cash Flow Statement

The Cash Flow Statement is divided into three sections, corresponding to three business areas:

1. The drafting of this statement begins by considering *income / operating activities.* The cash flow from operations is obtained by restating the items contained in the income statement. This can be achieved either by using the indirect method, i.e. adjusting the profit or loss for the year reported in the income statement to take into account non-monetary items, or by using the direct method, i.e. selecting only transactions that on the one hand affected items of an income nature and on the other generated cash flows. The algebraic sum of the cash flows of each category specified above represents the net change (increase or decrease) in financial resources – also referred to as expendable income or income flow of net working capital – which occurred during the year. It represents the company's potential self-financing capacity. In order to go from the flow of operating working capital to the operating cash flow it will be necessary to: i) subtract positive changes in current assets (increases in short-term receivables and inventories) and negative changes in current liabilities (decreases in short-term payables); ii) add up the negative changes in current assets (decreases in short-term receivables and inventories) and positive changes in current liabilities (increases in short-term payables).
2. The second financial flow originates from *investing and divesting activities* in tangible, intangible and financial fixed assets. This amount shows the company's ability to create, or possibly absorb, financial resources according to strategic choices related to changes in the company structure represented in the aggregate of balance sheet fixed assets.
3. Finally, the flow generated by *financing activities* will be considered, which is understood as the changes in equity and changes in third-party debt employed in the medium/long term. In this case, paid capital increases, capital reductions with repayments, pay-outs of dividends and loans taken out and repaid are relevant.

The algebraic sum of the three above flows will be equal to the net change suffered by the cash amount considered during the year.

10.6. Notes to the Financial Report

The Explanatory Notes, governed by art. 2427 of the Italian Civil Code, form an integral part of the annual report and their purpose is to explain the methods by which the data contained in the quantitative statements (Balance Sheet, Income Statement and Cash Flow Statement) have been reached. The Explanatory Notes set out equity, financial and economic information, both in the form of tables and in the form of descriptions, in order to clarify and supplement the items making up the accounting statements. In particular, this document performs various tasks:

- It explains the value measurement criteria adopted for financial valuations.
- It provides breakdowns of the items entered in the Income Statement and in the Balance Sheet.
- It provides details of the quantitative changes that the items contained in the Balance Sheet have undergone.
- It adds further data which do not represent comments on items already entered in the accounting statements, but give users useful information.

The description of the value measurement criteria and value adjustments should be comprehensive, albeit concise. Therefore, such information should neither be limited to reporting the legal requirement nor, on the contrary, be too detailed. In both cases, in fact, the postulate of clarity would be violated.

10.7. Management Report

The requirement to prepare the Management Report is established by art. 2428 of the Italian Civil Code. This document constitutes an annex to the financial statements. Therefore, it is not subject to approval by the General Meeting of shareholders. The persons in charge of drafting and approving it are the directors.

As mentioned above, the Explanatory Notes include information of a technical nature on the financial statements (breakdowns of financial items, details on value measurement criteria and any exceptions, etc.). Conversely, the Management Report regards the operating issues that have characterised the company's operations during the year and business outlook in the short term. It is a document that aims to complete and supplement financial information with internal and external qual-

itative and quantitative information and should, at the same time, provide a description of the company's situation on a forward-looking basis.

The content and length of the document should be proportionate to the corporate enterprise and consistent with the complexity of its business. Directors should describe the company's performance during the year under review, its situation, business outlook and risks and uncertainties affecting it in a faithful, balanced and comprehensive manner. The document should be drafted in a discursive, concise manner connecting present, past and future circumstances in order to allow stakeholders to have a greater understanding of the company's progress. A commentary on the company's financial risk, credit risk and liquidity risk policies should also be provided if significant for the purpose of understanding the company's equity, economic and financial position. This report will include indicators such as financial ratios and additional clarifications on how to calculate them, as well as comments on the same. Art. 2428 of the Italian Civil Code also requires information relating to the company to be included, including information on the environment and personnel. These are the so-called non-financial indicators, and it is worth pointing out that among these, ESG indicators are increasingly assuming greater importance. The topic is specifically discussed in the following paragraph.

10.8. Disclosure of Non-financial Information

Legislative Decree No. 254 of 30 December 2016 introduced a "non-financial" reporting requirement for large companies. The obligation addressed to directors provides for reporting on environmental, social, personnel, respect for human rights, fight against corruption and bribery, to the extent necessary to ensure the comprehension of the company's business activities.

The parties required to prepare a separate Non-Financial Report are *Enti di Interesse Pubblico (EIP, Public Interest Entities)*, i.e. Italian companies issuing securities admitted to trading on Italian and European regulated markets, banks, insurance and reinsurance companies and groups of companies (defined as large corporations) if, on average, they had a number of employees greater than five hundred during the financial year and exceeded at least one of the following thresholds at the reporting date: balance sheet total: € 20 million; total net revenues from sales and services: € 40 million. Entities included in the consolidated Non-Financial Report prepared by their parent company under these requirements will be exempted from drafting a separate Non-Financial Report.

It should be remembered that the proposal for European Directive 2021/0104 of 21 April 2021 provides for a significant increase in the number of entities required to draft the Non-Financial Report, including certain listed companies with

fewer than 500 employees, i.e. SMEs whose securities are traded on the market and large companies, including if not listed. The proposed Directive does not introduce a general mandatory drafting of NFR for all SMEs, but provides that they may opt for the voluntary drafting of structured non-financial information to be included in the management report, rather than in a separate document, based on appropriate standards and consistent with the principle of proportionality, which has been receiving growing approval in recent times.

The Non-Financial Report should, *to the extent necessary for an understanding of the company's development, performance and position, and the impact of its activities,* contain a description of:

- the company's business model for the management and organisation of its activities;
- the policies applied by the company with regard to the above issues and the outcome thereof;
- the main risks associated with these issues linked to the company's operations, including in reference to its transactions, where appropriate and proportional;
- the commercial products and services that may have negative repercussions in these areas, as well as the related management methods adopted by the company.

The legislation also requires the inclusion in the document of a description of: the company's business model for managing and organising its operations; the policies adopted by the company, including due diligence practices, and the outcomes achieved through them; the main risks generated or suffered: these risks may concern activities, products or services, the supply chain, commercial relationships or other aspects.

The information provided should be identified according to the principle of *materiality.* Information is defined as material when its omission or misstatement could reasonably influence the decisions of users taken on the basis of the company's financial statements. Such relevance will therefore be assessed with respect to the corporate context, taking into account the company's concrete situation. It will be necessary to evaluate which information is important for the comprehension of the company's situation, its performance and the impact of its activity, taking into consideration various factors, including first of all the interests and expectations of stakeholders. Materiality assessments should be repeated on a regular basis to ensure that reportable issues are kept up-to-date.

When drafting the NFR, a company may rely on international or national standards, provided they are of high quality and generally accepted (GRI, IIRC, OIBR). Typically, relying on a generally accepted and developed standard provides businesses with a structured model for communicating key issues of broad interest, limits the administrative burden, and makes information easier to compare.

As mentioned above, the non-financial report may be published in two different ways:

A) it may be an integral part of the management report pursuant to art. 2428 of the Italian Civil Code, in a specific section marked as such; or
B) it may constitute a separate report, without prejudice to the requirement to entitle it with a similar term and to file it together with the management report.

The non-financial report, including when published in the form of a separate document, should be considered as an attachment to the financial statements, as the management report. It is therefore not subject to approval by the General Meeting of shareholders, but by the Board of Directors. However, a discussion thereof at the General Meeting will have an important informative value for shareholders.

10.9. Short-Form Financial Report for SMEs

The Italian civil law provisions require financial statements to be drawn up in the traditional long form, but also grant the adoption of documents containing less extensive information. These alternatives may be used by companies that have a smaller size, to be identified by verifying whether certain thresholds have been respected for a certain period of time. The documents in question are the short-form financial statements, governed by art. 2435-*bis* of the Italian Civil Code, and the financial statements of micro-enterprises, under art. 2435-*ter* of the Italian Civil Code. The difference between short-form financial statements and financial statements of micro-enterprises first of all consists in the fact that in the former case the company will be exempted from preparing the Management Report (if it provides some specific information in the explanatory notes, such as information relating to the number and nominal value of treasury shares) and the Cash Flow Statement and in the latter case the company will also be exempted from preparing the Explanatory Notes. In both cases, companies may only state the items marked with capital letters and ordinary numbers. Other simplifications concern the drafting method of the Explanatory Notes, with reduced disclosure requirements.

The financial statements may be drawn up in the short form when the company has not exceeded two of the following thresholds in its first year of life or for two consecutive years thereafter:

- Total balance sheet assets: € 4,400,000.
- Revenues from sales and services: € 8,800,000.
- Average number of employees during the year: 50 resources.

The financial statements may be drawn up in the form reserved for micro-enterprises when the company has not exceeded two of the following thresholds during its first year of life or for two consecutive years thereafter:

- Total balance sheet assets: € 175,000.
- Revenues from sales and services: € 350,000.
- Average number of employees during the year: 5 resources.

The preparation of the financial statements in a simplified form is optional. Therefore, the preparers may decide whether or not to benefit from this facilitation. Furthermore, the adoption of these simplifications should be consistent with the functions of the chosen instrument, whose feasibility and effectiveness will therefore have to be verified in advance. Companies that do not exceed the number of employees and revenues from sales and services shown above, but are significantly complex entities due to being the holding companies of large business groups or real estate agglomerations will have to evaluate their choices carefully, even though their "asset" parameter alone is misaligned. In this case, it will be appropriate to present financial statements which may not be in the long form but should at least be of a mixed type, i.e. fully consistent – in terms of disclosure – with the requirements of OIC standards without simplifications for the relevant asset items under review (i.e. equity investments and tangible assets, howsoever reclassified). Only in this way will it be possible to comply with the general clause for financial statements by providing a true and fair view of the company's situation.

A further consideration is also appropriate in light of the provisions of art. 2086 of the Italian Civil Code, as amended by the Crisis and Insolvency Code in 2019, which requires adequate organisational, administrative and accounting departments to be established. The choices of the board of directors (or of the sole director in smaller enterprises), should in fact always, regardless of the simplifications adopted, enable a clear understanding of the company's economic, financial position and equity, including for the purpose of the timely detection of a business crisis.

References

Andrei P., Fellegara A.M. (2020). *Contabilità generale e bilancio d'impresa*, Torino: Giappichelli.

Brunetti G. (2000). *Contabilità e bilancio di esercizio*, Milano: Etas.

Cerbioni F., Cinquini L., Sostero U. (2006). *Contabilità e bilancio*, Milano: McGraw-Hill.

D'Alessio I., Lombardi Stocchetti G., Colombo S. (2019). *Basic financial accounting*, Milano: Guerini Next.

Fondazione OIBR (2022). *Informazioni non finanziarie per gli adeguati assetti e per la previsione delle crisi nelle PMI*.

Frattini G. (2006). *Contabilità e bilancio. Le rilevazioni*, Milano: Giuffrè.

Frattini G. (2011). *Contabilità e bilancio. Vol. 2: Il bilancio pubblico*, Milano: Giuffrè.

Lombardi Stocchetti G. (2013). *Valutazioni e analisi di bilancio*, Milano-Torino: Pearson.

Marchi L. (a cura di) (2002). *Contabilità d'impresa e valori di bilancio*, Giappichelli: Torino.

Palma A. (a cura di) (1999). *Il bilancio di esercizio e il bilancio consolidato*, Milano: Giuffrè.

Provasoli A. (2004). *Bilancio d'esercizio. Letture e casi*, Milano: Egea.

Quagli A. (2021). *Bilancio di esercizio e principi contabili*, Torino: Giappichelli.

Quagli A. (2020). *Bilancio e principi contabili*, Milano: Wolters Kluwer.

Riva P. (a cura di) (2020). *Ruoli di Corporate Governance. Assetti organizzativi e DNF*, Milano: Egea.

Riva P. (2007). "Adoption of IAS/IFRS in Italy: format of financial statements. A trend analysis", in *Improving business reporting: new rules, new opportunities, new trends* a cura di Frattini G., Milano: Giuffrè.