

# Indicators (Z-Score) useful for evaluating **business continuity** - Going Concern (3/7)

**CNDCEC GUIDELINES** - Insolvency (accounting indicators)

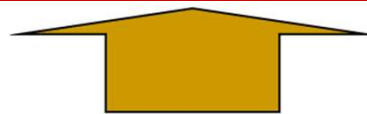
**LINEE GUIDA CNDCEC** – Insolvenza (indicatori contabili) (3/7)

**STIMA PD MODELLI DI SCORING** **Net Working Capital Ratio**

$$Z = 1,2X_1 + 1,4 X_2 + 3,3 X_3 + 0,6X_4 + 0,999 X_5$$

**MODELLO DI ALTMAN – INDICATORI PRESCELTI**

$$X_1 = \text{Working Capital} \div \text{Total Assets}$$

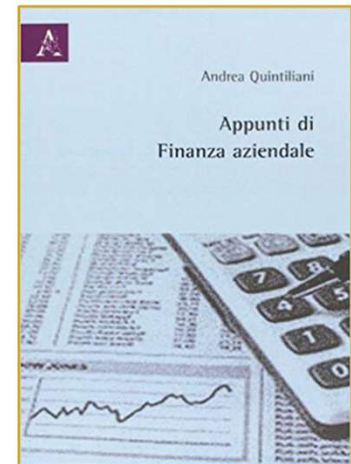


LE AZIENDE SANE DISPONGONO, GENERALMENTE, DI UNA LIQUIDITÀ SUPERIORE DI QUELLA DELLE AZIENDE IN CRISI; TALE ELEMENTO DIFFERENZIALE SI ACCENTUA MANO A MANO CHE L'AZIENDA IN CRISI SI AVVICINA AL FALLIMENTO

**Healthy companies generally have higher liquidity than companies in crisis; this differential element is accentuated as the company in crisis approaches bankruptcy**



Credit Scoring  
Model.xls



# Indicators (Z-Score) useful for evaluating **business continuity** - Going Concern (4/7)

**CNDCEC GUIDELINES** - Insolvency (accounting indicators)

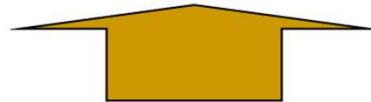
**LINEE GUIDA CNDCEC** – Insolvenza (indicatori contabili) (4/7)

**STIMA PD MODELLI DI SCORING** Retained Earnings-to-Total Assets Ratio

$$Z = 1,2X_1 + 1,4 X_2 + 3,3 X_3 + 0,6X_4 + 0,999 X_5$$

MODELLO DI ALTMAN – INDICATORI PRESCELTI

$$X_2 = \text{Retained Earnings} \div \text{Total Assets}$$



Fornisce informazioni sulla politica dei dividendi, ma anche, indirettamente, sull'età dell'impresa; si tratta di un elemento rilevante, poiché le evidenze empiriche dimostrano che la probabilità di dissesto dell'impresa è più elevata nella fase di avviamento dell'impresa e si riduce con il passare del tempo.

It provides information on the dividend policy, but also, indirectly, on the age of the company; this is a relevant element, since empirical evidence shows that the probability of company failure is higher in the start-up phase of the company and reduces as time passes.



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**Retained  
Earnings**

=

**Beginning  
Retained  
Earnings + Net  
Income –  
Dividends**

## Business English Dictionary



**Retained  
Earnings**

[ri-'tāned 'ar-niŋz]

The sum of a company's earnings from prior periods, after deducting any dividends paid to the company's shareholders.

# Indicators (Z-Score) useful for evaluating **business continuity** - Going Concern (5/7)

**LINEE GUIDA CNDCEC – Insolvenza (indicatori contabili) (5/7)**

**STIMA PD MODELLI DI SCORING**

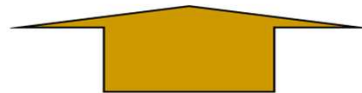
**Return On Investment (ROI)**

$$Z = 1,2X_1 + 1,4 X_2 + 3,3 X_3 + 0,6X_4 + 0,999 X_5$$

**MODELLO DI ALTMAN – INDICATORI PRESCELTI**

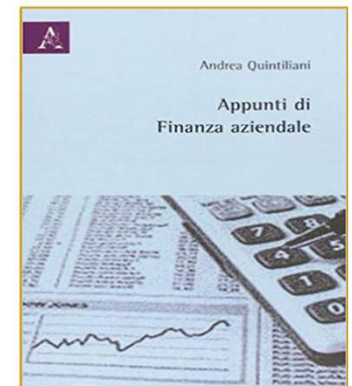


$$X_3 = \text{EBIT} \div \text{Total Assets}$$



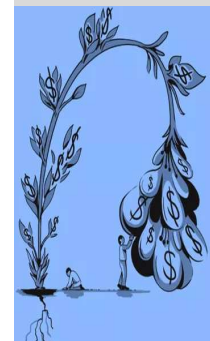
LA REDDITIVITÀ DEL CAPITALE INVESTITO DELLE AZIENDE IN DIFFICOLTÀ DIMINUISCE SENSIBILMENTE IN CONSEGUENZA DELLA DIMINUZIONE DELLE VENDITE E QUINDI DELLA DEBOLEZZA COMPETITIVA DELL'AZIENDA. UN VALORE PIÙ ALTO DEL ROI, RISCONTRABILE IN AZIENDE SANE, PUÒ ESSERE STRETTAMENTE LEGATO A UNA VARIAZIONE TRCI, SEGNO DI UN MIGLIORAMENTO DELLA SITUAZIONE DI MERCATO DELL'AZIENDA, OPPURE DEL ROS, CHE STA A INDICARE UN RAFFORZAMENTO INTERNO DELL'AZIENDA

The profitability of invested capital of companies in difficulty decreases significantly as a result of the decrease in sales and therefore the competitive weakness of the company. A higher **ROI** value, found in healthy companies, can be closely linked to a change in the **Asset Turnover Ratio**, a sign of an improvement in the company's market situation, or **Return On sales (ROS)**, which indicates an internal strengthening of the company.



**Credit Scoring Model.xls**

**Business English Dictionary**



**Return on Investment (ROI)**

[ri-tam òn in-ves(t)-mant]

A popular profitability metric used to evaluate how well an investment has performed.