

„Advanced Financial Accounting“

Winter Term 2014/2015

Prof. Dr. Paul Pronobis (Lecturer)

M.Sc. Karsten Asbahr (Research Associate in Charge)

Course Description:

This course procures fundamental knowledge for identifying, analyzing and evaluating advanced problems in accounting. In particular, the course focuses on generating a problem solution in an international context. Thus, the course increases expert knowledge and methodological abilities in accounting. After completing this course, students are able to solve complex problems in accounting as well as to address new issues (interpretation of standards, addressing regulatory gaps) in a systematic, comprehensive and appropriate manner.

Subsequent exercises are intended to deepen the understanding of specific topics.

We provide an interactive E-Learning Platform for selected topics (available at <http://elias-fu-berlin.de/login.aspx>).

In addition, online lectures will be made available (further details to be announced during the first lecture).

The course is held in English.

Course Content:

I. Introduction and Course Outline

II. Revenue Recognition

III. Leasing

IV. Impairment of Assets

V. Pension Accounting

VI. Financial Instruments

VII. Consolidated Financial Statements

VIII. Course Wrap-Up

Course Schedule:

Date (Time)	Topic
16.10.2014 (3 PM – 6 PM)	Course Outline and Introduction (Ch. I); Revenue Recognition (Ch. II) (by Professor Paul Pronobis)
17.10.2014 (9 AM - 11 AM)	<i>Revenue Recognition Exercises</i> (by Karsten Asbahr)
23.10.2014 (3 PM – 6 PM)	Leasing (Ch. III) (by Professor Paul Pronobis)
24.10.2014 (9 AM - 11 AM)	<i>Leasing Exercises</i> (by Karsten Asbahr)
30.10.2014 (3 PM – 6 PM)	Impairment Testing (Ch. IV); Pension Accounting (Ch. V) (by Professor Paul Pronobis)
31.10.2014 (9 AM - 11 AM)	<i>Pension Accounting Exercises</i> (by Karsten Asbahr)
06.11.2014 (3 PM – 6 PM)	Financial Instruments – Part 1 (Ch. VI) (by Professor Paul Pronobis)
07.11.2014 (9 AM - 11 AM)	<i>Financial Instruments Exercises – Part 1</i> (by Karsten Asbahr)
13.11.2014 (3 PM – 6 PM)	Financial Instruments – Part 2 (Ch. VI) (by Professor Paul Pronobis)
14.11.2014 (9 AM - 11 AM)	<i>Financial Instruments Exercises – Part 2</i> (by Karsten Asbahr)
20.11.2014 (3 PM – 6 PM)	Consolidated Financial Statements – Part 1 (Ch. VII) (by Professor Paul Pronobis)
21.11.2014 (9 AM - 11 AM)	<i>Consolidated Financial Statements Exercises</i> (by Karsten Asbahr)
27.11.2014 (3 PM – 6 PM)	Consolidated Financial Statements – Part 2 (Ch. VII) (by Professor Paul Pronobis)
28.11.2013 (9 AM - 11 AM)	<i>Preparation for Case Study “Intellectual Property, Research & Development Accounting Treatment”– Part 1</i> (by Professor Klaus Ruhnke – separate material)
04.12.2014 (3 PM – 6 PM)	<i>Preparation for Case Study “Intellectual Property, Research & Development Accounting Treatment”– Part 2</i> (by Professor Klaus Ruhnke – separate material)
05.12.2014 (10 AM-5 PM)	<i>Case Study “Intellectual Property, Research & Development Accounting Treatment”</i> (by Bayer AG – separate material)
11.12.2014 (3 PM – 6 PM)	Course Wrap-Up (Ch. VIII)
12.12.2014 (9 AM - 11 AM)	<i>Exam Preparation Exercises</i>
19.12.2014 (9 AM - 11 AM)	WRITTEN EXAM (90 min)

Literature

Mackenzie et al. 2014 (2014), *Wiley IFRS 2014*, Boston.

Pellens/Fülbier/Gassen/Sellhorn (2014), *Internationale Rechnungslegung*, 9. Auflage, Stuttgart.

Ruhnke/Simons (2012), *Rechnungslegung nach IFRS und HGB*, 3. Auflage, Stuttgart.

Wiley VCH: International Reporting Standards IFRS 2014, March 2014

Further literature (e.g. articles, etc.) are provided via our „Blackboard“ Learning Platform.

„Research Methods in FACTS“

Winter Term 2014/2015

Prof. Dr. Paul Pronobis (Lecturer)

Course Description:

This course procures fundamental knowledge in one of the following areas of business research: taxation, finance, accounting and auditing. The students are going to be familiarized with common research methodologies and the application of those methodologies. In particular, the course increases expert knowledge and methodological abilities in empirical research. Furthermore, selected textbooks and research studies critically analyzed. Computer training sessions deepen the understanding and prepare for the use of the acquired knowledge.

After completing this course, students are able to understand, evaluate and criticize research studies from the FACTS area. The students are also trained to critically analyze concurrent research as well as to conceptualize their own research studies (from problem identification through communications of empirical results).

In addition, online lectures will be made available (further details to be announced during the first lecture).

The course is held in English.

Course Content:

I. Introduction and the Research Framework

II. The Research (R)Evolution during the 1950s/1960s

III. Early Research on the Predictability of Asset Returns

IV. The Efficient Market Hypothesis

V. The Influence of the CAPM

VI. The Event Study

VII. Empirical Research on Insolvency Risk

VIII. Value Relevance: Timing, Dimension, Expectations and Form of Relation

IX. Accounting Quality Research

X. Audit Research

Excursion. Literature Research, Endnote and Databases (Presentation held by our library experts)

Course Schedule

Date (Time)	Topic
16.10.2014 (9 AM – 12 PM)	Introduction and the Research Framework (Ch. I);
16.10.2014 (1 PM – 3 PM)	The Research (R)Evolution during the 1950s/1960s (Ch. II)
23.10.2014 (9 AM – 12 PM)	Early Research on the Predictability of Asset Returns – Part 1 (Ch. III)
23.10.2014 (1 PM – 3 PM)	Early Research on the Predictability of Asset Returns – Part 2 (Ch. III)
30.10.2014 (9 AM – 12 PM)	Special Lecture on Literature Research (PC-Pool)
30.10.2014 (1 PM – 3 PM)	The Efficient Market Hypothesis (Ch. IV)
06.11.2014 (9 AM – 12 PM)	Special Lecture on Endnote (PC-Pool)
06.11.2014 (1 PM – 3 PM)	Special Lecture on Endnote (PC-Pool)
13.11.2014 (9 AM – 12 PM)	The Influence of the CAPM (Ch. V)
13.11.2014 (1 PM – 3 PM)	The Event Study (Ch. VI)
20.11.2014 (9 AM – 12 PM)	Special Lecture on Financial Databases (PC-Pool)
20.11.2014 (1 PM – 3 PM))	Empirical Research on Insolvency Risk (Ch. VII)
27.11.2014 (9 AM – 12 PM)	Value Relevance: Timing, Dimension, Expectations and Form of Relation–Part 1 (Ch. VIII)
27.11.2014 (1 PM – 3 PM)	Value Relevance: Timing, Dimension, Expectations and Form of Relation–Part 2 (Ch. VIII)
04.12.2014 (9 AM – 12 PM)	Accounting Quality Research – Part 1 (Ch. IX)
04.12.2014 (1 PM – 3 PM)	Accounting Quality Research- Part 2 (Ch. IX)
11.12.2014 (9 AM – 12 PM)	Audit Research – Part 1 (Ch. X)
11.12.2014 (1 PM – 3 PM)	Audit Research – Part 2 (Ch. X)
18.12.2014 (1 PM – 3 PM)	Examination (90 Minutes)

Literature – Basics:

Greene, W. H. (2011) *Econometric analysis*, Pearson International, 7th edition, Boston.

Jaccard, J. und Becker, M. (2002) *Statistics for Behavioral Sciences*, Wadsworth Thomson Learning, 4. Auflage, Belmont.

Wooldridge, J. M. (2008), *Introductory Econometrics: A Modern Approach*, South Western College Pub, 4th edition, Mason.

Literature – Advanced:

Beaver, W.H. (1998), *Financial Reporting: An Accounting Revolution*, Prentice Hall, New Jersey.

Dechow, P. M.; Schrand, C. M. (2004), *Earnings Quality*, Research Foundation of CFA Institute, USA.

Campbell, J.; Lo, A. W. und MacKinlay, A. C. (2007), *The econometrics of financial markets*, Princeton Univ. Press, 2. Auflage, Princeton.

Smith, M. R. (2011) *Research methods in accounting*, Sage Verlag, 2. Auflage, London.

Watts, R. L.; Zimmerman, J. L. (1986), *Positive Accounting Theory*, Prentice Hall, New Jersey.

Prof. Dr. Jochen Bigus

Performance Measurement and Incentives

winter term 2014

(possibly lectures on Wednesdays: 1-4 p.m. and Fridays: 12-2 p.m.,
tutorials on Mondays 12-2 p.m. and Tuesdays 12-2 p.m.)

ECTS credits: 6

Overview examinations: written examination (100%)

Course prerequisites:

There are no formal prerequisites because it is a compulsory class in the first semester. However, students with a sound microeconomic or game-theoretic background will have an advantage. The course is a pre-requisite for the seminar "Ausgewählte Fragen des Controlling".

Purpose and content of the Course:

This course aims at equipping master students (you) with the necessary background to critically assess different problems of the measurement of value creation in firms. These skills will help you to decide, when and which instruments of performance measurements are useful and when they are not. Measurement is crucial for value creation and thus, for the firm's success. The class starts with insights from both capital market theory and principal-agent theory and then introduces modern performance measurement systems and management incentive systems such as residual income, Economic Value Added, Cash Value Added, bonus banks and the balanced scorecard. This course is rather theory-based. In the summer term, the course "Unternehmensüberwachung und Managementanreize" also provides empirical evidence.

Competencies developed:

You will learn which factors determine whether a performance measure is useful or not. This will help you in managerial decision making. You will learn about modern performance measures and when and why they might be more useful than traditional performance measures such as return on assets or return on equity.

Course literature:

The relevant course material will be distributed via Blackboard: lecture notes, exercises, other readings (case studies etc.).

Course organization:

The class will be taught in English from October to December. Lecture parts are taught by Prof. Bigus, tutorials (with exercises) are offered by Christa Bauer and Prof. Bigus. The following table provides a more detailed overview.

	Subject	Lecture notes
Introduction		
October 15 (JB)	Introduction	Chapter 1
Perfect performance measurement		
October 15 / 17 (JB)	The NPV rule and CAPM	Chapter 2.1 – 2.2
	Corporate finance and management accounting	Chapter 2.3 – 2.4
Results from principal-agent theory		
October 27 / 28 (CB)	Exercises 1-3	
October 29 (JB)	Direct performance measurement	Chapter 3.1
October 31 (JB)	Indirect and multiple performance measurement	Chapter 3.2 – 3.4
November 3 / 4 / 5 (CB/JB)	Exercises 4-7	
November 7 (JB)	Trust	Chapter 3.5
Financial performance measures		
November 7 / 12 (JB)	Short-term performance measurement	Chapter 4.1 – 4.2
November 14/ 17 / 18 (JB/CB)	Exercises 8-9	
November 19 (JB)	Residual profits and firm value	Chapter 4.3
November 21 (JB)	Residual profits in practice: EVA, CVA etc.	Chapter 4.4
November 24 / 25 / 26 (CB/JB)	Exercises 10-12	
November 28 (JB)	Residual profits in practice + Long-term performance measurement	Chapter 4.4 - 4.5
December 1/ 2 / 3 (CB/JB)	Exercises 13-14	
Non-financial performance measures: Balanced Scorecard		
December 5 (JB)	Balanced Scorecard, Exercise 15	Chapter 5
December 8 / 9 (CB)	Exercise 15, Exam Preparation	
Exam: December 15		
Exam review		
Exam, 2 nd date: April 6-10		

Optional module: Tax Effects for foreign students

University/Faculty/Department: Freie Universität Berlin/School and Business and Economics /Department FACTS			
Person in charge of the module: Hundsdorfer			
Prerequisites: none			
Learning Objectives: The students possess skills about the tax system and business taxation. They have a fundamental knowledge of business taxation, the techniques and criteria of tax planning, and the causes, consequences and measurement of tax effects. Thereby the students have the ability to independently develop and solve tax planning problems of intermediate difficulty (instrumental competences) and to acquire new knowledge of tax systems and tax effects (systematic competences).			
Content: Taxation and organizational form: Taxation of different legal and organizational forms in Germany, periodic and aperiodic taxation. Tax effects: effects of taxation on corporate decisions (investment, location, funding, profit). The advanced seminar deepens the content of lecture. The content is oriented on the typical previous knowledge of foreign students.			
Forms of Teaching and Learning	Classroom Presence (in Hours)	Forms of Active Participation	Workload (in Hours)
Lecture	1	Discussion of selected issues, opinions on theses	attendance 45 preparation before and after 70
Advanced seminar	2	Discussion and review of assignments on the course content, if applicable working on case studies	preparation and taking of exam 65
Language		English	
Obligation to attend		yes	
Total Workload		180 hours	
Module duration		one semester	
Module assessment		Written exam (90 minutes)	
Module frequency		Irregular	
Applicability		Master program Finance, Accounting and Taxation (FACTS)	
ECTS Credit Points		6 ECTS credit points	

Financial Statement Audit in Practice (Prof. Joachim Schindler)

Syllabus

Auditing analyzes whether reality is properly recorded, categorized and reported using a set of prescribed procedures (auditing standards) und given specific criteria (accounting standards). The module "Financial Statement Audit in Practice" focuses mainly on how audits are done in practice, incl. using a fair number of examples. It looks at the important steps (e.g. what is meant by risk assessment and what role does the Internal Control System have?) as well as other points like the requirements of an auditor, auditing sustainability reports, collaboration between the Supervisory Board and Auditors, etc. Detecting irregularities (fraud) are dealt with and likewise opportunities and challenges of data analytics for Audit and the Future of Audit. The module looks at the whole cycle from the election of an auditor until completion and reporting.