

Accounting

Lecturer: Dr. Harald Wedell , University of Göttingen , Germany

Profit and Loss Analysis

Course Objectives

Introductory course in accounting information systems.

The role of accounting information for stakeholder (shareholder, creditors, employees and society).

Discussion about specific accounting standards and procedures based on recently published financial statement information of limited corporations.

Explanatory power of financial statement information.

Knowledge and skills after completing the course

Accounting-based valuation of the current situation and the future development of certain companies.

Course format and teaching methods

Foundations of financial statement numbers presented on charts and by case studies; discussion about published financial information of companies.

Integration of theory with practice; relationship with other courses

Basics for the understanding of published financial information focusing assets, the financial and the earnings position of specific companies. The topics discussed emphasize neither on specific working fields nor on specific companies.

Contents taught in this course are necessary foundations for further accounting courses: "Financial Accounting" and "Management Accounting and Controlling".

Course content

1. Assignments and tools of corporate planning and corporate supervision

1.1. Decision making competence and needs of information

1.2. External and internal accounting

2. External Accounting: The balance sheet as a source of information

2.1. Contents and structure of balance sheets

2.2. Profit and loss statement as a detailed balance sheet comparison

2.3. Analysis of specific balance sheet items from a managerial and a legal point of view

2.3.1. Intangible assets (goodwill)

2.3.2. Tangible assets

2.3.3. Current assets (especially finished and semi-finished products)

2.3.4. Equity structure of limited corporations

2.3.5. Debt capital (especially provisions)

2.4. Balance sheet ratios focusing the balance sheet structure (assets and liabilities), the financial and the earnings position

Exam

Regularly written exam. In addition written homework and presentation.

Reading list

Baetge, J.: Bilanzen, 4. Auflage, Düsseldorf 1996.

Ballwieser, W.: US-amerikanische Rechnungslegung, Grundlagen und Vergleiche mit dem deutschen Recht, Stuttgart 2000.

Coenenberg, A. G.: Jahresabschluß und Jahresabschlussanalyse. Betriebswirtschaftliche, handels- und steuerrechtliche Grundlagen, 17. Auflage, München 2000.

Wedell, H.: Grundlagen des Rechnungswesens, Band 1: Buchführung und Jahresabschluß, 8. Auflage, Herne/Berlin 2000.

Financial Accounting: Cost and Profit Planning

Course Objectives

The need of documentation in accounting. Accumulation of inventory changes and profit changes. Discussion of earnings positions of selected companies from a legal and a managerial point of view. Using operating ratios to evaluate economic success: Financial Statements (operating profit EBIT, NOPAT; Value Added; Return on Investment; Economic Value Added -

EVA; Cash Flow and others).

Knowledge and skills after completing the course

Accounting-based valuation of the current situation and the future development of certain companies. Understanding problems in connection with the appropriate periodization of profits and losses.

Course format and teaching methods

Presentation of selected managerial accounting problems and financial information by case studies and charts. Discussion of the above using recently published financial statements.

Integration of theory with practice; relationship with other courses

Enlargement of basic knowledge about financial statement information concerning assets, the financial and earnings positions of specific companies. The topics discussed emphasize neither on specific working fields nor on specific companies.

Contents taught in this course are necessary foundations for the further accounting course: "Management Accounting and Controlling"

Course content

1. Assignments of financial accounting and financial accounting systems
 - 1.1 Documentation and rendering of account
 - 1.2 Accumulation of inventory changes and profit changes
 - 1.3 "Cost of production method" and "cost of goods sold format"
2. Selected problems regarding income determination
 - 2.1. Depreciation
 - 2.2. Provision for risks
 - 2.3. Valuation and statement of semi-finished and finished goods
3. Profit analysis
 - 3.1. Company's profit
 - 3.2. Operating result
 - 3.3. Value Added
4. Operating ratios
 - 4.1. Profitability, Return on Investment (ROI)
 - 4.2. Productivity
 - 4.3. Economic Value Added (EVA)
 - 4.4. Cash Flow

Exam

Regularly written exam. In addition written homework and presentation.

Reading list

Baetge, J.: Bilanzen, 4. Auflage, Düsseldorf 1996.

Ballwieser, W.: US-amerikanische Rechnungslegung, Grundlagen und Vergleiche mit dem deutschen Recht, Stuttgart 2000.

Coenenberg, A. G.: Jahresabschluß und Jahresabschlußanalyse. Betriebswirtschaftliche, handels- und steuerrechtliche Grundlagen, 17. Auflage, München 2000.

Wedell, H.: Grundlagen des Rechnungswesens, Band 1: Buchführung und Jahresabschluß, 8. Auflage, Herne/Berlin 2000.

Management Accounting and Controlling

Course Objectives

Accounting methodology and concepts that have been developed to serve managers in decision-making for planning and monitoring. It includes cost and profit analysis, relevant costing, and product costing concepts.

Knowledge and skills after completing the course

Obtaining comprehension of the differences between internal and external accounting. Understanding the need of exact managerial planning and controlling processes focusing personal responsibility. Understanding the difficulties in allocating costs and profits on specific cost allocation bases (e.g. company, profit center, cost center, products).

Course format and teaching methods

Presentation based on "close-to-reality"-case studies. Discussion of the different means of communicating decision-relevant information. Working on case studies autonomously (using MS-EXCEL). Discussion about actual managerial accounting problems and related topics proposed by the students.

Integration of theory with practice; relationship with other courses

Management accounting is inherently application-orientated. All examples are (minimized) illustrations of the business reality in average companies. The students are invited to set priorities on specific topics depending on their interests and experiences.

Course content

1. Accumulation and allocation of costs and profits regarding the statement of operating results
 - 1.1. Criteria for the accumulation of decision-relevant costs and profits
 - 1.2. Operating income statement and short-term profit and loss statement
 - 1.3. Sector cost accounting (profit center, cost center, service center)
 - 1.4. Internal charges
2. Unit costing and unit monitoring
 - 2.1. Prime cost calculation
 - 2.1.1. Division costing
 - 2.1.2. Job order costing
 - 2.1.3. Machine hour accounting
 - 2.1.4. Activity based costing
 - 2.2. Profit planning by contribution margin
 - 2.3. Break-even-analysis and bottleneck optimization
 - 2.4. Target costing
3. Cost planning, cost monitoring and cost variance analysis

Exam

Regularly written exam. In addition written homework and presentation.

Reading list

- Coenenberg, A. G.: Kostenrechnung und Kostenanalyse, 4. Auflage, München 1999.
Drury, C.: Management & Cost Accounting, 5. edition, London, 2000.
Garrison, R. H., Noreen, E. W.: Managerial Accounting, Mc Graw Hill College, 2000.
Schweitzer, M., Küpper, H.-U.: Systeme der Kosten- und Erlösrechnung, 7. Auflage, München 1998.
Storey, R.: Introduction to Cost and Management Accounting, Houndmills 1997.
Wedell, H.: Grundlagen des Rechnungswesens, Band 2: Kosten- und Leistungsrechnung, 7. Auflage, Herne/Berlin 1999.