Accounting and Balancing

Course Description

This class provides students with an essential set of tools that is vital for anyone who will use financial statements in a meaningful way and make key managerial decisions, particularly concerning the start-up of an enterprise. Procedural aspects of financial accounting are discussed to enhance the students’ understanding of the content of financial statements. However, the course emphasizes the analysis of the financial condition of an operating company and making recommendations to the management for improvements.

Contents

1. Financial Accounting as Information Source
   1. Business Activities and the Role of Accounting
   2. Basic Financial Statements
   3. Key Ratios
2. General Accounting Principles
   1. Conceptual Framework under IFRS
   2. IFRS for Small- and Medium-Sized Enterprises
   3. BilMog and HGB in Germany
3. Measuring Performance: Income Statement and Statement of Cash Flow
   1. Accrual Accounting
   2. Income Statement
   3. Statement of Cash Flow
   4. Revenue Recognition
4. Reporting and Analysing Assets: Balance Sheet
   1. Definition of Assets
   2. Inventory
   3. Property, Plant, and Equipment
   4. Intangible Assets
5. Reporting and Analysing Liabilities and Equity: Balance Sheet
   1. Definition of Liabilities and Equity
   2. Accounting for Debt Financing
   3. Accounting for Contributed and Earned Capital
6. Financial Statement Analysis

6.1 Horizontal and Vertical Ratio Analysis

1. Analyzing Profitability, Liquidity, and Solvency
2. Using Accounting Information in Valuation
3. Accounting Illustrated—Case Study

7.1 Application of Accounting Principles

1. Analysis of Accounting Information
2. Recommendations Based on Accounting Information