Course:
BAE2292 – Financial Control (Management Accounting)

Overview (catalogue description):
The dominant topic of this course is how managerial accountants (financial controllers) think and act in order to reach the financial goals of a company. Financial methods and instruments and the usage of them will be explained in this course like Business Planning and Budgeting, usage of Key Performance Indicators (KPI), analysis of Business Reports and Product Costing.

Volume: 2 semester periods per week, 3 credits
Language: English
Level: Advanced
Date: Wednesday / 13.45 – 15.15 o’ clock
Classroom: see online schedule of courses

Instructor:
Name: Prof. Harald Schnell
Email: harald.schnell@hs-pforzheim.de
Office: T1.3.28
Office Hours: Wednesday, 12 – 13.30 p. m.
or according to individual arrangement

Prerequisites:
You should have a good understanding of traditional cost accounting systems (see lectures of Business Management I (BW I)) and financial accounting as well as financing and investment calculation as well as strategic management (see lectures of Business Management II (BW II)).

Learning Objectives:
At the end of the course, students will know how Managerial Accountants think and act and which financial instruments and methods they will use. Management Accounting is a corporate function, which has to ensure effectiveness and efficiency of companies, especially concerning the main corporate objectives of profitability and liquidity.

As partners of management, management accountants make a significant contribution to the sustainable success of the organization. They …
1. … design and accompany the management process of defining goals, planning and management control so that every decision maker can act in accordance with agreed objectives,
2. … ensure the conscious preoccupation with the future and thus make it possible to take advantage of opportunities and manage risks,
3. … integrate an organization’s goals and plans into a cohesive whole,
4. … develop and maintain all management control systems. They ensure the quality of data and provide decision-relevant information,
5. … are the economic conscience and thus committed to the good of an organization as a whole.

Managerial Accountants are internal business consultants of all decision-makers and act as a navigator for the target achievement.
Course Topics:

1. Introduction
   1.1 Objectives of a company and tasks to reach them
   1.2 Management and controllership

2. Analysis of the economic situation of a company
   2.1 SWOT analysis
   2.2 Financial key ratios and key data
   2.3 Financial ratio systems

3. Ensuring effectiveness and efficiency in a company
   3.1 Business planning and budgeting
      3.1.1 Procedure of business planning
      3.1.2 Budgets and financial instruments
   3.3 Target costing and target pricing
   3.4 Article profit and loss statement
   3.5 Break-even-point analysis

4. Performance Measurement
   4.1 Controllership reports and charts
   4.2 Ratios: term and type of ratios

5. Summary and Outlook

Course Material:
Besides lecture notes (including a complexe case study and a paper with additional exercises), which can be downloaded from “E-Learning” (see course BAE2292-Financial Control / Prof. Schnell), following literature will be recommended:

- **IGC (International Group of Controlling (Hrsg.)):** Controller-Wörterbuch. 4. überarbeitete und erweiterte Aufl.; Stuttgart : Schäffer-Poeschel – 2010
- **Weber, J.; Schäffer, U.:** Einführung in das Controlling. 15. überarbeitete und aktualisierte Aufl.; Stuttgart : Schäffer-Poeschel – 2016
Tentative Schedule:

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Subject / Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>02. Okt</td>
<td>Organizational aspects, presenting the topics, stating the objectives of the lecture / Discussion of strategic and operational goals of companies as well as effectiveness and efficiency – Introduction into Financial Control and Managerial Accounting and the way of thinking and acting of controllership’s staff</td>
</tr>
<tr>
<td>2.</td>
<td>09. Okt</td>
<td>Ensuring Effectiveness and Efficiency in a Company: Analysis of financial SWOT of a company</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Case Bike Ltd.: Key ratios</strong></td>
</tr>
<tr>
<td>3.</td>
<td>16. Okt</td>
<td>Analysis of SW of the product programme and OT of the markets: Relative market share and portfolio analysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Case Bike Ltd.: Portfolio</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Introduction in business planning and budgeting: Business strategy and operating planning</td>
</tr>
<tr>
<td>4.</td>
<td>23. Okt</td>
<td>Business strategy and operational planning: Business planning and budgeting – Case Study “E-Wheely Ltd.”: Sales and capacity</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Case Bike Ltd.: Sale, Production &amp; Capacity, Determination of Budgets</strong></td>
</tr>
<tr>
<td>5.</td>
<td>30. Okt</td>
<td>Budgeting – Case Study “E-Wheely Ltd.”: Budgets and P&amp;L-Statement as well as CF-Statement (Direct method)</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Case Bike Ltd.: P&amp;L, CF I</strong></td>
</tr>
<tr>
<td>6.</td>
<td>06. Nov</td>
<td>Differentiated CF-Statement by means of indirect method and preparation of balance sheet</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Case Bike Ltd.: CF II &amp; Balance Sheet</strong></td>
</tr>
<tr>
<td>7.</td>
<td>13. Nov</td>
<td>Organisational aspects of business planning and budgeting: Budgeting: The role of management accountants / The twofold budgeting process</td>
</tr>
<tr>
<td>8.</td>
<td>20. Nov</td>
<td>Target costing and pricing: Principles and definition!</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Case 3: TC Burger</strong></td>
</tr>
<tr>
<td>9.</td>
<td>27. Nov</td>
<td>Target costing and pricing: Cost Break down</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Case 4: TC at R. Wash</strong></td>
</tr>
<tr>
<td>10.</td>
<td>04. Dez</td>
<td>Sales result accounting</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Case 5: Sales result accounting</strong></td>
</tr>
<tr>
<td>11.</td>
<td>11. Dez</td>
<td>Break-even-Analysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Case 6: Break-even-Analysis at …</strong></td>
</tr>
<tr>
<td>12.</td>
<td>18. Dez</td>
<td>Management Reports: Controllership’s reports and charts</td>
</tr>
<tr>
<td>13.</td>
<td>08. Jan</td>
<td>Financial ratios and financial ratio systems: Du-Pont-Ratio-System &amp; Balances Scorecard</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Case 7: Du-Pont-Ratio System</strong></td>
</tr>
<tr>
<td>14.</td>
<td>15. Jan</td>
<td>Financial ratios and financial ratio systems: Du-Pont-Ratio-System &amp; Balances Scorecard</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Case 8: BSC</strong></td>
</tr>
<tr>
<td>15.</td>
<td>22. Jan</td>
<td>Conclusions: Questions / Preparation for the examination / Outlook on Financial Control in other lectures and semesters</td>
</tr>
</tbody>
</table>
Writing the final exam:

After the end of the semester, you will write a 60 minute exam on ‘Controlling’ in English. During the lectures, you will be prepared for the exam by preparing many case studies. Summaries and key learning will be given that provide you with the framework of what to prepare for the exam. In addition, the style of the exam will be explained.

Corresponding to „§ 24 (2) SPO“ there is the following grading for evaluating your exam:

1 = sehr gut = very good = represents exceptional work.
2 = gut = good = represents good work, far above average
3 = befriedigend = sufficient = represents average work
4 = ausreichend = still acceptable = represents below average work with considerable shortcomings
5 = nicht ausreichend = failed = represents work which won’t be accepted due to serious shortcomings

For a differentiated evaluation of the examination, individual grades will be increased or decreased by steps of 0.3; the grades 0.7, 4.3 and 5.3 are excluded.

Teaching and learning approach:

- Please use the literature, which is suggested to reflect the content of this course in a critical way!
- Then repeat the treated chapters and the case studies of the lecture regularly, ideally minimum once per week!
- Use written examinations of previous semesters, which are given to you for preparing the new ones and to get familiar with the character, the volume and the level of difficulty of the forthcoming examinations.
- Please read newspapers regularly and especially economic-relevant information to become aware of topical items, which are relevant for the lecture. By doing this, you will improve your capabilities to transfer theoretical knowledge into practice.

My teaching philosophy:

I care about your learning, helping you is important to me. If you have a problem or questions with some aspect of the course, do not hesitate to contact me. I will respond quickly and if it is necessary, we will make an appointment. If you have problems with your progress in the course or with a teammate or your group please see me as early as possible. The longer you wait the fewer options I will have to help you. I really want you to graduate, but you must earn it!

Policy on academic honesty:

Students are encouraged to discuss the course, including issues raised by the assignments. However, the solutions to assignments should be individual original work unless otherwise specified. If an assignment makes you realize you do not understand the material, ask a fellow student a question designed to improve your understanding, not one designed to get the assignment done. To do otherwise is to cheat yourself out of understanding, as well as to be intolerably dishonourable.