

The Otto Beisheim Endowed Chair of Accounting

Activity Report 2011/2012 (01.09.2011—31.08.2012)



WHU – Otto Beisheim School of Management
The Otto Beisheim Endowed Chair of Accounting
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Editorial



Dear friends of the Chair,

The academic year 2011/2012 was at least as interesting and exciting for our Chair—which has been renamed “The Otto Beisheim Endowed Chair of Accounting” some months ago—as were the previous periods. The “first team” of doctoral students, Julia Lerchenmüller, Stefan Hahn and Maximilian Mueller, left the Chair after successfully completing their dissertation projects. We are glad that Maximilian Mueller remains in the WHU Accounting & Control Group as an Assistant Professor of Financial Reporting, whereas Julia Lerchenmüller (BMW) and Stefan Hahn (ThyssenKrupp) are now working for their favourite companies and in their home regions. We are very happy that we were already able to replace them appropriately with a new motivated team of doctoral students: Katharina Hombach, Xiaomin Lin, Christian Barthelme, Matthias Breuer and Christian Stier are currently working with the Chair as Research Assistants.

We contributed to the scientific debates on IFRS adoption and fair value accounting by publishing articles in *European Accounting Review*, *Review of Accounting Studies*, *Journal of International Accounting Research*, and *Frankfurter Allgemeine Zeitung* (09/17/2012), among others. Furthermore we are now represented on the editorial boards of five international journals.

A research sabbatical which I spent with my family as a visiting scholar at the University of Arizona in Tucson in Spring 2012 was a really fruitful and inspiring experience for my research activities. I returned with various professional and personal impressions and many new ideas—while my research team at Vallendar was also able to create new ideas and projects in absence of their “boss”.

In university teaching the Chair contributed for the

first time to the Kellogg-WHU Executive MBA Program with a lecture on “International Financial Reporting & Analysis”. Another highlight was the WHU Doctoral Summer Program in Accounting Research (SPAR), conducted successfully for the third time in July 2012. Over 30 doctoral students from all over Europe stayed at Vallendar for a week and attended the demanding course program, designed in cooperation with internationally renowned colleagues.

A further milestone in the past year for me personally was the foundation of our WHU FAcCT (Financial Accounting & Tax) Center. The WHU FAcCT Center is dedicated to generating and disseminating scientific knowledge about the economic consequences of financial accounting and taxation that is relevant to practitioners and policy makers. Current activities, which will be extended in the future, are a Working Paper Series, a Published Paper Series, a blog, a scientific workshop series, and numerous other activities in university and non-university education and training. Well-known academics from Germany and abroad form the advisory board of the Center.

Last but not least I would like to thank all Chair members, including Claudia Heymann, always cordial and working diligently in the background, and our supporters in practice for their cooperation. I would like to put the academic period of 2012/2013, which has already started, under the motto “Keep it up!”

Kind regards,

Thorsten Sellhorn

Vallendar, September 2012

Highlights of the year!

- 13.09.2012 Article "Fair Value and Audit Fees" accepted for publication in the Review of Accounting Studies.
- 31.08.2012 Professor Sellhorn becomes a member of the Editorial Board of the Journal of International Accounting Research (JIAR), the European Accounting Review (EAR) und Advances in Accounting (AIA).
- 12.07.2012 WHU fosters European doctoral education in accounting – Summer Program in Accounting Research (SPAR) conducted successfully for the third time.
- 21.06.2012 Article "Intended and unintended consequences of mandatory IFRS adoption: Review of extant evidence and suggestions for future research" accepted for publication in the European Accounting Review.
- 09.05.2012 New publication in the Journal of International Accounting Research: "The Cross-Country Comparability of IFRS Earnings and Book Values: Evidence from France and Germany".
- 03.05.2012 Guest lecture by Dr. Daniel Pindur, CVC Capital Partners (Deutschland) GmbH: "Private Equity & Financial Accounting".
- 08.12.2011 Presentation of the Chairholder at Bochum University, Institut für Unternehmensführung: "Empirische Forschung in der Rechnungslegung: Was bringen die IFRS?"
- 05.12.2011 Guest lectures within the course "Accounting for M&A Transactions": Matthias A. Vogt, CFO, Merz Group and Dr. Jörg Nicklas, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft.
- 26.11.2011 Successful participation of a team of WHU students supervised by the Chair of Accounting in the KPMG's International Case Competition 2012.
- 09.11.1011 Article "Zur Darstellung des Other Comprehensive Income nach IAS 1 (rev. 2011)" published in the journal "Die Wirtschaftsprüfung (WPg)".
- 08.11.2011 Guest lecture within the course "Financial Statements": WHU-Alumnus Benedikt Schoeps, Deutsche Bank, spoke about the impact of Accounting information in Investment Banking, particularly in consulting activities and provided interesting insights into the acquisition process.
- 31.10.2011 Guest lectures within the course "Financial Statement Analysis & Private Equity": WHU-Alumnus Dr. Daniel Pindur, CVC Capital Partners (Deutschland).
- 13.10.2011 Professor Sellhorn receives—for the second time in a row after 2010—the "Best Teacher Award" in the WHU full-time MBA program for his lecture "Financial Accounting"
- 10.10.2011 Guest lectures in the Bachelor of Science course International Accounting: WP StB Dr. Bernd Kliem, PricewaterhouseCoopers AG: "Accounting of the Future" and Prof. Dr. Edgar Ernst, Deutsche Prüfstelle für Rechnungslegung (Financial Reporting Enforcement Panel): "Enforcement in Germany".

Team



Academic Chair

Prof. Dr. Thorsten Sellhorn, MBA

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Thorsten Sellhorn was appointed head of the Chair of Accounting at WHU - Otto Beisheim School of Management on September 1st, 2008. After having studied at the University of Bochum and the University of Wisconsin-Madison he was a Research Assistant and PhD student at the Department of International Accounting, Faculty of Economics at Bochum University. After conducting research at the University of Wisconsin, School of Business, Madison, and at Harvard Business School, he completed his post-doctorate studies successfully in 2008 at the Department of Economics and Business Administration at Ruhr-University Bochum. For more information on his research, teaching, transfer and service activities please have a look at his curriculum vitae, which is available for download on our website ([www.whu.edu / accounting](http://www.whu.edu/accounting)).



Honorary Professor

Prof. Dr. Edgar Löw

Edgar Löw is Partner and Head of Financial Accounting Advisory Services at Ernst & Young in Eschborn/Frankfurt, Germany since August 2010.

Previously he was partner at KPMG in Frankfurt. As head of the DPP Department of Professional Practice Banking & Finance, he was responsible for the area of bank accounting, for basic issues in accounting, especially conceptual accounting issues under German HGB, the European regulations and IFRS as well as US-GAAP. Edgar Löw is one of the most respected German bank accounting specialists.



Assistant Professor

Jun.-Prof. Dr. Maximilian André Müller

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Maximilian André Müller was Professor Sellhorn's first doctoral student. He held a position as Research Assistant from September 1, 2008 until June 30, 2012. In addition to his valuable contribution to the Chair's teaching and research activities he completed his doctoral project entitled "Empirical Studies on the Economic Consequences of Financial Reporting Flexibility" with the disputation on 12 December 2012. First supervisor of the thesis was Prof. Dr. Thorsten Sellhorn, second supervisor was Prof. Dr. Igor Goncharov. Maximilian Müller remained at WHU as a postdoc. On July 1st, 2012 he was appointed Assistant Professor Financial Reporting at the WHU-Otto Beisheim School of Management and is now part of the WHU Accounting & Control Group faculty.



Research Assistant

Dipl.-Kfm. Christian Barthelme

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Christian Barthelme works with the Chair of Accounting since 1st September 2011 as a Research Assistant. He studied Business Administration at the University of Mannheim (Main subjects: Accounting and Auditing; Corporate Finance and Banking). He gained practical experience in completing several internships in Germany at Postbank AG, KPMG, HSBC Global Asset Management GmbH and also abroad at Volkswagen AG in Puebla, Mexico.



Research Assistant

Dr. Stefan Hahn

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Stefan Hahn held a position as Research Assistant at the Chair of Accounting from September 1st, 2009 until the end of April 2012. In addition to his valuable contribution to the Chair's teaching and research activities he completed his doctoral studies on the subject of „The impact of transitions from U.S. GAAP to IFRS on the decision usefulness of accounting information – an empirical analysis“ with the doctoral defense on July 6, 2012. First supervisor of the thesis was Prof. Dr. Thorsten Sellhorn, second supervisor was Prof. Dr. Igor Goncharov. Stefan Hahn is currently working with ThyssenKrupp in the M&A area.



Research Assistant

Katharina Hombach, M.Sc.

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Katharina Hombach holds a position as Research Assistant at the Chair of Accounting since October 1st, 2011. She studied Business Administration at the Frankfurt School of Finance & Management (Bachelor of Science) and at the London School of Business Administration & Political Science (Master of Science in Law and Accounting). She gained practical experience in her apprenticeship at Commerzbank AG (Bankkauffrau (IHK)) and in completing several internships at Commerzbank AG as well as at Ernst & Young in Frankfurt.



Research Assistant

Dr. Julia Lerchenmüller

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Julia Lerchenmüller worked with the Chair of Accounting from October 1st, 2008 until September 30, 2011. In addition to her various contributions to the Chair's teaching and research activities she completed her dissertation project entitled "Measurement, Determinants and Consequences of Forward-Looking Reporting Disclosure". She finished with the disputation on July 5, 2012. First supervisor of the thesis was Prof. Dr. Thorsten Sellhorn, second supervisor was Prof. Dr. Dr. h.c. Jürgen Weber. Julia Lerchenmüller is currently following a trainee program at BMW AG.



Research Assistant

Xiaomin Lin, M.Sc.

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Xiaomin Lin joined the Chair of Accounting on June 13, 2011 as a Research Assistant. She studied Business Administration at Xiamen University, Fujian, Xiamen, VR China (Bachelor of Science) and at Humboldt Universität Berlin (Master of Science) and passed a semester abroad at Otto-von-Guericke-University Magdeburg. Her master thesis was on the subject of "Beta Estimation: the Choice of the Length of the Observation Period and the Data Intervals". She gained practical experience at Generali Versicherungen, Hypovereinsbank and at Postbank AG, participating in the Project "Postbank Finance Award 2009".



Research Assistant

Dipl.-WiWi. Christian Stier

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Christian Stier joined the Chair of Accounting on November 15, 2011 as a Research Assistant. He studied Business Administration at Ulm University with a focus on Accounting and Auditing and passed a semester abroad as an exchange student in the Master of Accounting Program at the University of Oregon. He gained practical experience in completing internships with EvoBus GmbH in Ulm and Ebner Stolz Mönning Bachem in Stuttgart.



External Doctorate Candidate

Dipl.-Kfm. Stefan Reimig
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Stefan Reimig has worked on his external dissertation project since January 1st, 2011. He studied Business Administration at WHU—Otto Beisheim School of Management. His diploma thesis was on the subject of “Value Chain 2016 – Megatrends and their Influence on the value chain in the German consumer sector“. In the course of his studies he spent one semester at ESCP-EAP in Paris, France and one at the University of Maryland, USA. Stefan Reimig is a Fellow Senior Associate at McKinsey & Company, Inc.



Personal Assistant

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Claudia Heymann supports the Chairholder in his activities for WHU, the scientific environment, and the corporate practice and is in charge of all organizational issues of the Chair. She has worked with WHU for many years, previously for the Chairs of Controlling, Corporate Governance and in the Dean’s office.



Visiting Lecturer

Prof. Dr. Carl-Friedrich Leuschner

Carl-Friedrich Leuschner is Partner of Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, and responsible for the Financial Services Area in Frankfurt/Main.



Visiting Lecturer

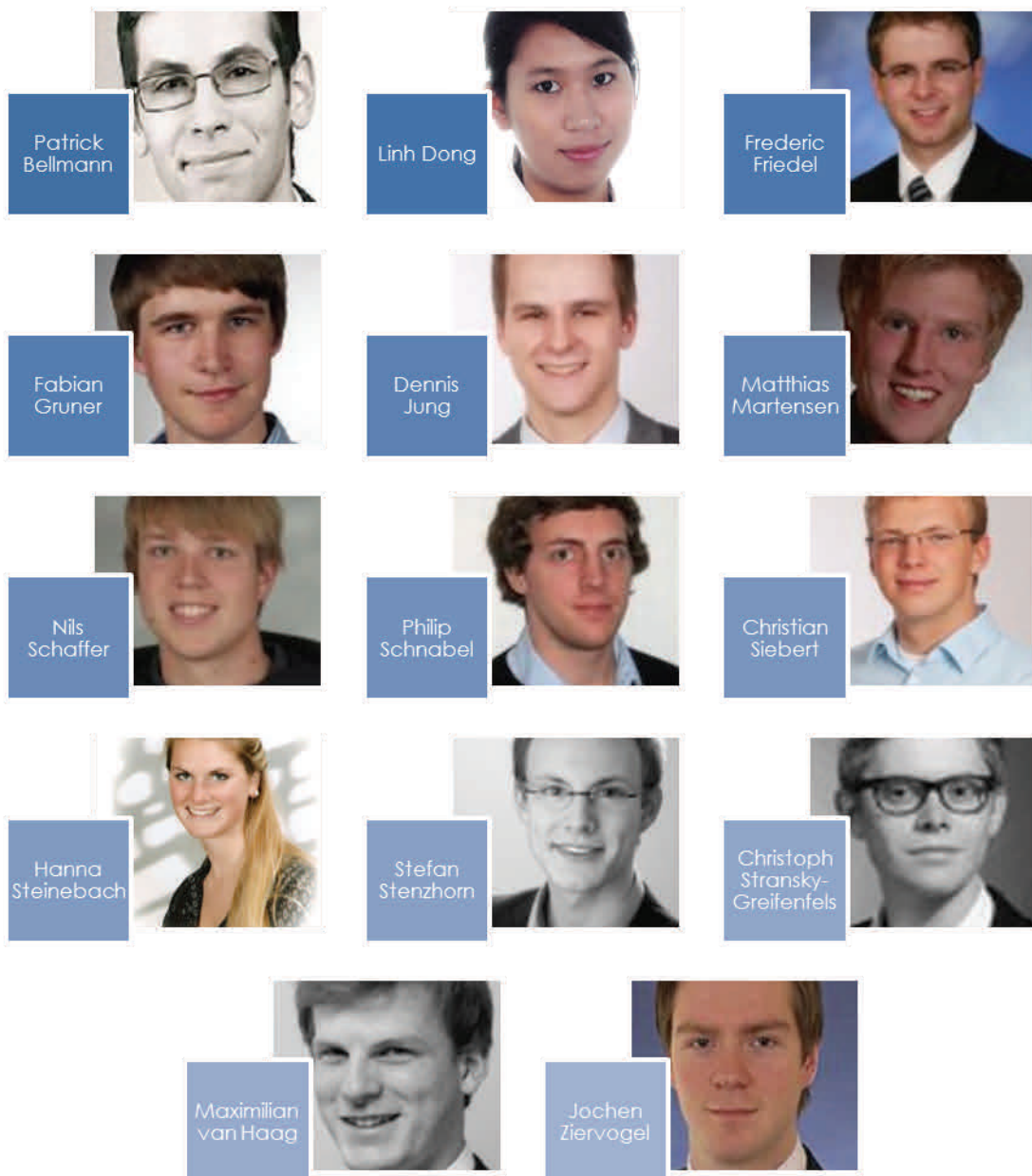
Dr. Ingo H. Müller LL.M.

Ingo H. Müller is a tax consultant and manager in the field of auditing at Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft in Frankfurt/Main.

Student Assistants

As in the reporting periods before, a team of highly motivated and competent students and pupils supported the research of the Chair as student assistants.

Many thanks to all of you for your valuable support!



Strategy / Teambuilding / Events

At the beginning of September 2011, there was a joint activity with the team of the Chair of Financial Accounting (Prof. Dr. Igor Goncharov): Bowling at PinUp Koblenz, followed by a dinner at a brewery in Koblenz old town.



In December 2011 all members of the Chairs of Accounting and Financial Accounting met for their traditional Christmas party in Koblenz; a strategy meeting was held in July 2012 next to the Rhine in Vallendar and the three completed dissertation projects were



The Chair is renamed „The Otto Beisheim Endowed Chair of Accounting“

In spring 2012 after approval by the WHU Senat the Chair of Accounting was officially renamed „Lehrstuhl für Externes Rechnungswesen / Otto Beisheim-Stiftungslehrstuhl— Chair of Accounting / The Otto Beisheim Endowed Chair of Accounting“.

Successful participation of a team of WHU students supervised by the Chair of Accounting in the KPMG's International Case Competition 2012

A WHU team, consisting of the students Frederic Friedel, Fred Przymusinski, Alexander Weckenbrock, and Melanie Gierhardt (Bachelor of Science, 5th semester) participated successfully in the local selection of [KPMG's Case Competition 2012](#) in Frankfurt on November 26. They won the 3rd price and 1000 € for the supervising Chair of Accounting for the preparation and presentation of an assigned business case.



Congratulations to our students on this success and thank you very much for the work done!

Teaching

Courses of the Chair of Accounting in the WHU academic programs (Overview)

		Fall Term 2011	Spring Term 2012
Bachelor of Science			
1. Sem.	Financial Statements (<i>Jahresabschluss</i>)	BSc2014	
3. Sem.	Literature Seminar in Financial Accounting (<i>Literaturseminar in Ext. Rechnungswesen</i>)	BSc2013	
4. Sem.	International Accounting		BSc2013
	Case Studies in International Accounting		BSc2013
5. Sem.	International Accounting	BSc2012	
	Case Studies in International Accounting	BSc2012	
6. Sem.	Seminar Financial Statement Analysis		BSc2012
Master of Science			
1. Sem.	Accounting for M & A Transactions	MSc2013	
2. Sem.	Accounting for Financial Instruments		MSc2013
WHU Full-time Master of Business Administration			
	Financial Accounting		MBA2013
	Fin. Statement Analysis & Equity Valuation	MBA2012	
WHU Part-time Master of Business Administration			
	Concentration Accounting & Finance		PT-MBA2012
European MBA Summer Institute			
	Financial Accounting		ESI I/ESI II
Kellogg-WHU Executive MBA Program			
	International Financial Reporting & Analysis	EMBA2013	
European Management Study Program (Pharma MBA)			
	Financial Reporting and Valuation - Implications of International Differences in Pharmaceutical Firms	Drexel University	

Lectures in the fall term 2011

Financial Statements

BSc 2014, 1. Semester, Lecturer: Prof. Dr. Thorsten Sellhorn (4 SWS)

DOBES-Evaluation: 2,10 (Group A), 1,93 (Group B)

Based on „Introduction to Financial Accounting“ this course imparts the fundamental principles and theories of financial reporting. Furthermore the course concentrates on the preparation and interpretation of financial statements such as balance sheet, income statement and cash flow statement. The notes to the financial statements and further reporting instruments as well as the disclosure and auditing requirements will be discussed. While the course is mainly based on the provisions of the German Commercial Code, it will also give a short introduction and discussion of the main differences to the International Financial Reporting Standards (IFRS). The course ends with an introduction to consolidated financial statements.

Guest lecture:

At the beginning of the course „Financial Statements“ on November 8, 2011 **WHU-Alumnus Benedikt Schoeps** (Deutsche Bank) gave a guest lecture. He explained to the students the importance of accounting figures in Investment Banking, particularly in M&A-Consulting. He provided interesting insights into the acquisition process.



Literature Seminar in Financial Accounting

BSc 2013, 3. Semester, Lecturer: Prof. Dr. Thorsten Sellhorn (2 SWS)

DOBES-Evaluation: 1,69

In this seminar, students autonomously prepare short theses on financial reporting and financial statement analysis topics. At the end of the seminar, the theses are presented to the class.

International Accounting

BSc 2012, 5. Semester, Lecturer: Prof. Dr. Thorsten Sellhorn (2 SWS)

DOBES-Evaluation: 1,42

The course builds on “Foundations of Financial Accounting” and “Financial Statement Analysis”. It introduces students to the system of International Financial Reporting Standards (IFRS). After briefly introducing the institutional and conceptual backgrounds of IFRS, answering the questions how IFRS are developed and why they are relevant in Germany and wider Europe, the course will cover issues of financial statement recognition, measurement, presentation and disclosure related to the most common business activities, transactions and events. These include accounting for income taxes, revenue recognition, impairment of assets, intangible assets, property, plant and equipment, investment property, inventories, provisions and contingencies.

Guest lectures:

Students were invited to two interesting guest lectures during the last class session of the BSc „International Accounting“ lecture:

- **“Accounting of the Future“** Presenter: WP StB Dr. Bernd Kliem, Partner Accounting Services, PricewaterhouseCoopers AG
- **“Enforcement in Germany“** Presenter: Prof. Dr. Edgar Ernst, President of the German Financial Reporting Enforcement Panel (DPR), former CFO of Deutsche Post WorldNet AG.



Both presentations addressed interesting aspects of current issues and innovations in IFRS accounting and students had the opportunity to ask questions during the presentations. Prof. Dr. Ernst provided the course participants with interesting insights into the current work of the German Financial Reporting Enforcement Panel (FREP). In the subsequent presentation of Dr. Kliem drafts for the new accounting standards on leases and revenue recognition as well as their advantages and future challenges induced by the new accounting standards were discussed.



Afterwards, Career Services organized a PwC-sponsored get together including food and drinks, intended to give interested students the opportunity to learn about job possibilities at PwC, and generally network.

Case Studies in International Accounting

BSc 2012, 5. Semester, Lecturer: Prof. Dr. Edgar Löw (2 SWS)

This course extends and expands upon the third quarter course "International Accounting". In addition to in-class lectures, teams of students will work on practice-oriented case studies that relate to selected international accounting topics.

Accounting for M & A Transactions

MSc 2013, 1. Semester, Lecturer: Thorsten Sellhorn (2 SWS)

DOBES-Evaluation: 1,57

This course looks at the accounting, financial statement analysis and valuation implications of M&A transactions and similar external growth strategies including the formation of joint ventures and the acquisition of strategic equity stakes in other companies. These implications are discussed on the basis of the relevant International Financial Reporting Standards (IFRS). Although the financial statement effects of M&A transactions are often material and can significantly influence the overall viability of deals, they are little understood by key decision makers who are not accounting experts. This course has the objective of making these effects transparent. Besides those interested in accounting per se, it is geared towards students aspiring to positions in the investment banking and private equity professions as well as other areas involved in planning and conducting M&A transactions.

Guest lectures:

In the context of the Master of Science Lecture „Accounting for M&A Transactions“ we were pleased to welcome Matthias A. Vogt, CFO, Merz Group for a guest lecture on the subject of „**Building a global Specialty Pharma Player**“.

Furthermore Dr. Jörg Nicklas, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft examined the subject „**Accounting for M&A Transactions**“ from an auditing company’s point of view.



Financial Statement Analysis & Equity Valuation

MBA 2012, Lecturer: Prof. Dr. Thorsten Sellhorn (2 SWS)

Evaluation: 4,09 (/5)

The course introduces students to financial statement analysis with the objective of valuing equity securities. Equity value is determined by the amount and timing of the firm's future cash flows to equityholders. In the course, financial statements will be used to understand the firm's past performance and to forecast the firm's future cash flows in a structured way. The course involves students actively engaging in the analysis and valuation of real firms in order to prepare an investment decision. It adopts a user perspective to the financial statements: Using financial accounting information as a basis for understanding a firm's past business activities and forecasting its future business activities. The course will be covering traditional financial ratio analysis as well as basic forecasting and equity valuation techniques, including discounted cash flow and residual income analysis.



Guest lecture:

On Tuesday, October 27, 2011 WHU alumnus Dr. Daniel Pindur, CVC Capital Partners (Deutschland) GmbH, gave a very interesting lecture on the subject of „**Financial Statement Analysis & Private Equity**“ which was part of our lecture series on „Financial Statement Analysis & Equity Valuation“ in the WHU MBA program.

„Best Teacher Award“

Professor Sellhorn received the „Best Teacher Award“ in the WHU full-time MBA program – for the second time in a row after 2010 – and was presented with a large cake and a certificate by the program office and Professor Jürgen Weigand, academic director of the WHU full-time MBA Program. The students of his course „Financial Accounting“ honored his unique teaching style, motivation and enthusiasm, as well as the practical approach and the liveliness of his lectures.



International Financial Reporting & Analysis

Kellogg-WHU Executive MBA Program, EMBA 2013, Dozent: Prof. Dr. Thorsten Sellhorn (2 SWS)

DOBES-Evaluation: 8,1 (/10)

As one component of Module 2—Fundamental Tools for Business Analysis in the Kellogg-WHU Executive MBA programme, the course “International Financial Reporting & Analysis” introduces students to accounting as the “language of businesses”, focusing on financial statements prepared under International Financial Reporting Standards (IFRS). To this end, it goes beyond basic accounting techniques and covers a broad range of topics, such as financial ratio analysis and structured forecasting. In addition, the course provides insights into selected IFRS topics of particular practical importance. Examples from real financial statements as well as business cases form an important element of the course to provide students the opportunity to get hands-on experience. Upon completion of the course, students understand why and how IFRS financial statements are prepared, what information they contain, and how financial statements can be analyzed to support decision-making needs.

Guest lecture:

On November 19, 2011 Dennis Jullens, European Head, UBS Valuation & Accounting Research gave an interesting lecture on the subject of “ Can You Trust The Numbers? - Lessons from Enron, WorldCom and Ahold“ within the “International Financial Reporting & Analysis” course.

Financial Reporting and Valuation—Implications of International Differences in Pharmaceutical Firms

European Management Study Program (Pharma MBA) with Drexel University, Vorlesung und Unternehmensbesuch Firma Merz Pharma

This course introduces students to the accounting of research and development in pharmaceutical companies under IFRS. As there are significant differences between U.S. GAAP and IFRS, we consider the accounting from an investor’s perspective and underscore the impact that these differences can have on a company's valuation. We examine these problems using examples from the annual reports of Merz Pharma, Bayer and Merck.

Lectures in the spring term 2012

International Accounting

BSc 2013, 4. Semester, Lecturer: Dr. Maximilian Müller (2 SWS)

DOBES-Evaluation: 1,40

The course builds on “Foundations of Financial Accounting” and “Financial Statement Analysis”. It introduces students to the system of International Financial Reporting Standards (IFRS). After briefly introducing the institutional and conceptual backgrounds of IFRS, answering the questions how IFRS develop and why they are relevant in Germany and wider Europe, the course will cover issues of financial statement recognition, measurement, presentation and disclosure related to the most common business activities, transactions and events. These include accounting for income taxes, revenue recognition, impairment of assets, intangible assets, property, plant and equipment, investment property, inventories, provisions and contingencies.

Guest lecture:

On January 30th, 2012 Dr. Christopher Sessar, Head of Corporate Revenue Recognition, SAP AG gave an interesting lecture on the subject of „Exposure Draft „Revenue from Customer Contracts“ and its Impact on SAP’s Revenue Recognition Accounting“.

Case Studies in International Accounting

BSc 2013, 4. Semester, Lecturer: Prof. Dr. Edgar Löw (2 SWS)

This course extends and expands upon the third quarter course International Accounting. In addition to in-class lectures, teams of students will work on practice-oriented case studies that relate to selected international accounting topics.

Seminar Financial Statement Analysis

BSc 2012, 6. Semester, Lecturer: Prof. Dr. Carl-Friedrich Leuschner und Dr. Ingo Müller (2 SWS)

This course introduces the process of financial statement analysis from the vantage point of the investor. The focus is on information collection, business analysis, accounting analysis, financial ratio analysis, and prospective analysis. Throughout the course, students will have the opportunity to apply their knowledge to real-world examples / case studies and to present their findings. The case studies include the IFRS Consolidated Financial Statements of German listed companies.

Accounting for Financial Instruments

MSc 2013, 2. Semester, Lecturer: Prof. Dr. Edgar Löw: (2 SWS)

After an introduction and overview on relevant IFRS the course covers the following subjects: Bank Accounting under IFRS, Recognition and Measurement of Financial Instruments, Objective, Scope and Definitions, Recognition, Classification and Measurement, Derecognition, Embedded Derivatives, Hedge Accounting and Financial Instruments Disclosure and Risk Report.

Financial Accounting

MBA 2013, Lecturer: Prof. Dr. Thorsten Sellhorn (2 SWS)

DOBES-Evaluation: 4,47 (/5)

This course introduces students to financial accounting by for-profit entities (including sole proprietor-ships, partnerships, and corporations) from a user perspective. A user perspective implies that the course is not limited to the techniques of financial accounting and the mechanics of preparing financial statements. Rather, it moves beyond them and looks at and the impact of a firm's business activities on the financial statements and the story that the financial statements tell. The class relies heavily on real-world examples from annual reports, the financial press, and research papers. The working knowledge provided here can be extended in further studies in management, finance and other business disciplines.

Guest lecture:

On May 3, 2012 WHU-Alumnus Dr. Daniel Pindur, CVC Capital Partners (Germany) GmbH, gave an interesting lecture on the subject of „Private Equity & Financial Accounting“ within the MBA course „Financial Accounting“.



Financial Statement Analysis & Equity Valuation (Concentration Accounting & Finance)

WHU Part-time Master of Business Administration, PT-MBA 2012, Lecturer: Prof. Dr. Thorsten Sellhorn (2 SWS)

DOBES-Evaluation: 4,5 (/5)

The course introduces students to financial statement analysis with the objective of valuing equity securities. Equity value is determined by the amount and timing of the firm's future cash flows to equityholders. In the course, financial statements will be used to understand the firm's past performance and to forecast the firm's future cash flows in a structured way. The course involves students actively engaging in the analysis and valuation of real firms in order to prepare an investment decision. It adopts a user perspective to the financial statements: Using financial accounting information as a basis for understanding a firm's past business activities and forecasting its future business activities. The course will be covering traditional financial ratio analysis as well as basic forecasting and equity valuation techniques.

Guest lecture:

On May 12, 2012 Dennis Jullens, European Head, UBS Valuation & Accounting Research, gave an interesting lecture entitled „Applying valuation multiples German car companies“.

Financial Accounting

European MBA Summer Institute I and II 2012, Lecturer: Prof. Dr. Thorsten Sellhorn

DOBES-Evaluation: 4,7 (/5) ESI I bzw. 4,75 (/5) ESI II

This course deals with financial accounting and some basic financial statement analysis tools from a manager perspective. Addressing the American background of most students, the course concentrates on the introduction of financial accounting under IFRS as the emerging global „language of business“. This objective was broadened by showing key differences between IFRS and US GAAP and by discussing important developments that will shape future financial reporting.

Theses

Dissertation theses:

- Maximilian Müller: Empirical Studies on the Economic Consequences of Financial Reporting Flexibility
Supervisors: Prof. Dr. Thorsten Sellhorn, Prof. Dr. Igor Goncharov
- Julia Lerchenmüller: Measurement, Determinants and Consequences of Forward-Looking Reporting Disclosure
Supervisors: Prof. Dr. Thorsten Sellhorn, Prof. Dr. Dr. h.c. Jürgen Weber
- Stefan Hahn: The impact of transitions from U.S. GAAP to IFRS on the decision usefulness of accounting information – an empirical analysis
Supervisors: Prof. Dr. Thorsten Sellhorn, Prof. Dr. Igor Goncharov

Master theses:

- Konstantin Storms: Market-Based Analysis of Earnings Management via R&D Cuts and Increases in the Capitalization Ratio under IAS 38
Supervisors: Thorsten Sellhorn, Maximilian Müller

Bachelor theses:

- Frederic Friedel: Capitalization of IPR&D in Business Combinations under US-GAAP—An Analysis of Pharmaceutical and Biotechnology Industries' Reaction to the Accounting Reform of 2008
Supervisors: Thorsten Sellhorn, Maximilian Müller
- Thomas Pfliegel: Effects of Lease Capitalization on Financial Ratios: Empirical Evidence from German Stock Index Companies
Supervisors: Thorsten Sellhorn, Christian Stier
- Alexander Weckenbrock: Introducing Fair Value Accounting for Investment Property in the US
Supervisors: Thorsten Sellhorn, Maximilian A. Müller
- Xiaotian Zheng: Chinese Accounting Fraud and its Impact on US IPO Valuations of Chinese Companies
Supervisors: Thorsten Sellhorn, Xiaomin Lin, M.Sc.

Research

Main subjects of research:

- International Financial Reporting Standards (IFRS)
- Earnings Quality and Earnings Management
- Empirical Accounting Research
- Fair Value Accounting
- Disclosure Accounting for Asset Write-Offs,
- Business Combinations,
- Intangible Assets, and Pensions
- Accounting Conservatism
- Philosophy of Science

Dissertation projects

Dipl.-Kfm. Christian Barthelme:

Determinants and consequences of pension plan funding strategies

In times of financial crises the funding of corporate pension plans is one of the most challenging tasks of a company.

The dissertation focuses on the different ways of funding pension obligations that are applied by companies and examines the determinants and consequences of these strategies.

Using a unique German setting the study sheds light on the rationale of pension funding and analyzes its capital market consequences. The study is complemented by an empirical examination of the causal relationship between pension funding and investment allocation by the company.

Katharina Hombach, M.Sc.:

The valuation of deferred taxes (working title)

The proposed study investigates the impact of accounting information on investors' reactions to changes in the statutory corporate tax rate. If investors fully impound the information on firms' deferred tax positions into stock prices, they will anticipate the revaluation effect of a tax rate change on a firm's individual tax position as the legislative process of a tax reform unfolds. In such case, no abnormal stock returns are expected relating to the disclosure of a deferred tax adjustment after the tax reform has been substantively enacted. In order to test if these expectations hold, the proposed study examines stock returns around news disclosures relating to several tax reforms conducted in an international sample of countries having adopted IFRS, and around the subsequent disclosure of deferred tax adjustments.

Xiaomin Lin, M.Sc.:

Country Spillover Effects (working title)

Xiaomin Lin's dissertation is the first paper to investigate country spillover effects of market reaction to accounting fraud (event study) and the underlying drives of the abnormal return (cross-sectional analysis). This research project will be carried out in two stages. The first stage intends to provide a fundamental firm-level analysis with a sample of US listed Chinese firms. In the second stage, the sample will be extended to all US listed foreign firms to embrace cross-country institutional variation into the model. This study might be supplemented with a comprehensive literature review on this topic.

Dipl.-Wiwi. Christian Stier:

The effect of co-determination on earnings management around wage negotiations (working title)

Firms have incentives to signal weak performance around and prior to wage negotiations to avoid high claims by trade unions. Looking at a sample of German firms which negotiate firm-level agreements with trade unions, the study aims to examine whether there is a difference in earnings management behavior between firms with a strong form of co-determination and firms with a weak form of co-determination.

Dipl.-Kfm. Stefan Reimig:

International Differences and Time Trends in Academic Accounting Research. Empirical Evidence from EAA Annual Congress Documentations

Stefan Reimig conducts an empirical meta-analysis of international differences and time trends in accounting research along several object-related as well as subject-related dimensions, e.g., research topic, methodology, objective, and the role of co-authorships. He is building a European Accounting Research Panel (EARP) containing data from all EAA Annual Congresses since 1978, yielding about 10,000 abstracts of research papers. The underlying methodology is the content analysis of the abstracts to collect the required information for the intended motivation and research questions.

By this, he contributes empirical evidence to inform ongoing debates on the philosophy and sociology of science in accounting research. Also, the research project is motivated by recurring debates about the status of accounting as an (applied or pure) science and the *raison d'être* of prescriptive-normative (as opposed to descriptive-positive) research.

He believes that the results of this exploratory analysis are likely to be relevant for other researchers, journal editors, practitioners (including standard setters and firms) and others interested in current research trends as well as the debates surrounding "mainstream" accounting research, the "multi-paradigmatic" nature of accounting research and the notion of "globalization" of accounting research.

3rd WHU Summer Program in Accounting Research (SPAR)

During the week of 9 July 2012, 35 European doctoral students from Austria, France, Germany, Italy, Finland, the Netherlands, Sweden, and Switzerland attended the 3rd WHU Doctoral Summer Program in Accounting Research (SPAR) at WHU. The SPAR was hosted by the Chairs of Accounting (Professor Thorsten Sellhorn) and Financial Accounting (Professor Igor Goncharov). The program, which is held once a year, introduces European PhD students in accounting to some central theoretical, methodological and practical issues involved in conducting high-quality research.

The 3rd SPAR, entitled “Current Issues in Empirical Financial Reporting Research”, was taught by

- Prof. Laurence van Lent, Department of Accountancy and CentER, Tilburg University, Tilburg, Editor, *The European Accounting Review*
- Prof. Daniel W. Collins, Tippie College of Business, University of Iowa, Iowa City, U.S.A.
- Prof. Igor Goncharov, Professor of Financial Accounting, and Prof. Thorsten Sellhorn, Professor of Accounting, both at WHU – Otto Beisheim School of Management, Vallendar.



The focus of the first two days was on reading, critiquing and discussing research papers, some of which were co-authored by SPAR faculty, in the following topical areas:

- IFRS adoption and earnings management (Prof. Collins);
- Side effects of IFRS adoption (Prof. Sellhorn);





On the third day, Prof. Collins discussed and demonstrated presenting research in a workshop setting; he and Prof. van Lent (editor at Europe's leading academic accounting journal, the *European Accounting Review*) then led the students through key aspects of the publication and review process. As a part of this format, Prof. Collins gave an actual research workshop presentation of his paper "The Effects of Firm Growth and Model Specification Choices on Tests of Earnings Management", co-authored with Raunaq S. Pungaliya (Sungkyunkwan University, Seoul Korea) and Anand M. Vijh (University of Iowa, Iowa City, USA).

The fourth day saw students becoming actively involved in the actual conduction of an empirical financial accounting study. Prof. Goncharov walked students step-by-step through the process of data collection using common capital-market and accounting data bases, research design choices, and selected statistical analyses and related issues including the treatment of panel datasets, as well as selectivity and endogeneity.



In addition to classroom activities, students were given the opportunity to discuss their doctoral research projects in face-to-face settings with the SPAR faculty.

The participants earned 3 ECTS from the WHU doctoral program for four assignments: One brief research paper presentation or discussion; one written review of a current working paper; preparation of a research outline for the individual feedback sessions with the SPAR faculty; and practice of Stata data management commands.

Socializing certainly was not neglected. During coffee breaks, lunches, and evening dinners, participants took advantage of the opportunities to network and have fun with their fellow students as well as the faculty members. This aspect of the program arguably peaked in the restaurant *Winner Weinstuben*.

At the end of the program, students were asked to complete a feedback questionnaire. Overall, the participants strongly indicated being very satisfied with the course.



The fourth SPAR will be held in July 2013.

For more information on the SPAR, please refer to:

<http://www.whu.edu/en/research/faculty/accounting-and-control-group/accounting/research/whu-doctoral-summer-program-in-accounting/>

Publications

Prof. Sellhorn and PhD students:

Refereed articles

Sellhorn, Thorsten: Fair Value and Audit Fees. Forthcoming in: *Review of Accounting Studies* (RAST) (With Igor Goncharov and Eddie Riedl.)

Sellhorn, Thorsten: Intended and unintended consequences of mandatory IFRS adoption: A review of extant evidence and suggestions for future research. Forthcoming in: *European Accounting Review* (EAR) (With Ulf Brüggemann and Jörg-Markus Hitz.)

Sellhorn, Thorsten: The Cross-Country Comparability of IFRS Earnings and Book Values: Evidence from France and Germany, in: *Journal of International Accounting Research* (JIAR), Vol. 11, No. 1 (2012), pp. 155-184 (with Qing Liao and Hollis Skaife)

Articles in professional journals and book chapters

Sellhorn, Thorsten: Zur Darstellung des Other Comprehensive Income nach IAS 1 (rev. 2011), in: *Die Wirtschaftsprüfung (WPg)*, 21/2011, pp. 1013-1016. [“Presentation of Other Comprehensive Income according to IAS 1 (rev. 2011)”] (with Stefan Hahn and Maximilian Müller.)

Honorary professor:

Löw, Edgar: Fair Value Measurement nach IFRS 13 unter besonderer Berücksichtigung von Finanzinstrumenten. In: *Recht der Finanzinstrumente*, 1. Jg., 2011, pp. 345-353

Löw, Edgar / Künzel, Rolf / Brixner, Joachim: Bilanzierung der Bankenabgabe. In: *Die Wirtschaftsprüfung*, 65. Jg., 2012, pp. 40-49

Weigel, Wolfgang / Löw, Edgar / Flintrop, Bernhard / Helke, Iris / Jessen, Ulf / Kopatschek, Martin / Vietze, Michael: Handelsrechtliche Bilanzierung von Bewertungseinheiten bei Kreditinstituten – Teil 1 und Teil 2. In: *Die Wirtschaftsprüfung*, 65. Jg., 2012, pp. 71-82 and pp. 123-128

Participation in the publication of:

Praxis der Aufstellung und Nutzung von Kapitalflussrechnungen deutscher Industrieunternehmen, Arbeitskreis „Finanzierungsrechnung“ der Schmalenbach-Gesellschaft für Betriebswirtschaft e.V., Sonderheft 66, hrsg. von Günther Gebhardt und Helmut Mansch, Düsseldorf/Frankfurt 2012

Heuser/Theile: IFRS Handbuch, Einzel- und Konzernabschluss, Kommentar, 5. neu bearbeitete Auflage, Köln 2012

Ernst & Young GmbH (Hrsg.): Bilanz Check-up 2012 – Neuerungen in der Bilanzierung nach HGB, EStG und IFRS, Freiburg 2012

Invited research presentations and discussions

Prof. Dr. Thorsten Sellhorn

- EIASM Workshop on Accounting and Economics, IE University, Segovia, Spain: "Recognition versus Disclosure of Fair Values" (June 2012)
- 35th Annual Congress of the European Accounting Association at Ljubljana, Slovenia: Discussed Lobo et al., "CEO Inside Debt, Risk Taking, Earnings Management, and Financial Trouble: Pre-crisis and Crisis Period Evidence from the Banking Industry" (May 2012)
- Accounting Research Workshop, Ludwig-Maximilians-Universität München: "Recognition versus Disclosure of Fair Values" (May 2012)
- American Accounting Association's International Accounting Section Midyear Meeting, Phoenix, AZ: "Recognition versus Disclosure of Fair Values" (February 2012)
- University of Arizona, Eller College of Management: Guest lectures entitled "A primer in IFRS" within the courses "Intermediate Financial Accounting", "Information Quality Assurance – A Management Perspective", and "Multijurisdictional Tax and Accounting Issues" (February 2012)
- American Accounting Association's International Accounting Section Midyear Meeting, Phoenix, AZ: "Transition from U.S. GAAP to IFRS – Effects on Earnings Informativeness" (February 2012)
- Wirtschaftswissenschaftliches Forum, ifu Institut für Unternehmensführung at Ruhr-Universität Bochum: "Empirische Forschung in der Rechnungslegung: Was bringen die IFRS?" (December 2011)
- Research workshop, Universität Mannheim: "Fair Value and Audit Fees" (October 2011)
- Research seminar, FU Berlin: "Recognition versus Disclosure of Fair Values" (October 2011)
- Bilanzanalytiker-Workshop der Hans-Böckler-Stiftung, Vortrag zum Thema "Musterbilanzanalyse", Dresden (September 2011)
- IASB Round Table Discussion, (September 2011)

Presentations in the WHU Research Seminar of the Accounting & Control Group

- „The Effects of Firm Growth and Model Specification Choices on Tests of Earnings Management“, Dan Collins, Tippie College of Business, University of Iowa, 11.7.2012
- „The usefulness of corporate governance ratings“, Jörg-Markus Hitz, Georg-August-Universität Göttingen, 15.5.2012
- „The Economic Consequences of Increasing the International Visibility of Financial Reports“, Hervé Stolowy, HEC Paris, 15.12.2011
- „Fair Value Accounting and the Business Model of Banks“, Jannis Bischof, Universität Mannheim, 30.11.2011

Presentations

Jun.-Prof. Dr. Maximilian Müller

- Inaugural lecture Assistant Professorship Financial Accounting at WHU: "Recognition versus Disclosure of Fair Values" (February 2012)
- Ljubljana EAA Annual Conference: "Recognition versus Disclosure of Fair Values" (May 2012)
- Washington AAA Annual Conference: "Recognition versus Disclosure of Fair Values", (August 2012)
- EUFin Conference Prag: "How does IFRS adoption by US GAAP firms affect the decision usefulness and comparability of financial reports?" (August 2012)

Presentations in the doctoral colloquium

- „Transition from US GAAP to IFRS—Effects on Accounting Comparability“, Stefan Hahn, 09.11.2011
- „Determinants and Consequences of Voluntary Pension Disclosure“, Christian Barthelme, 29.02.2012
- „The impact of fair value accounting in the European real estate industry on the accuracy of analysts' earnings forecasts“, Xiaomin Lin, 29.02.2012
- „Deferred taxes and earnings management“, Katharina Hombach, 07.03.2012
- „Determinants and Consequences of early adoption (Revenue recognition)“, Christian Stier, 07.03.2012
- „Pensions accounting choice – Defined contribution vs. defined benefit plans“, Christian Barthelme, 13.06.2012
- „Accounting fraud and Country spillover effects „, Xiaomin Lin, 03.07.2012
- Research Ideas on „The Effects of the Mandatory IFRS Adoption on Employees“ and „Earnings Management and Industry-level Wage Negotiations“, Christian Stier, 05.07.2012
- „Deferred taxes and tax reforms“, Katharina Hombach, 05.07.2012

Participation in doctoral colloquiums with other universities

- Ph.D. Seminar “Market-Based Research in International Accounting”, University of Zurich, October 2011
- Doctoral Colloquium, University of Augsburg, May 2012
- Doctoral Colloquium, University of Gießen, May 2012
- Doctoral Colloquium “Current Topics in Accounting Research”, University of Wuppertal, September 2011

Services for the WHU community

Supervision of doctoral projects (first supervisor)

- Dipl.-Kfm. Christian Barthelme
- Dipl.-Ök. Stefan Hahn
- Katharina Hombach, M.Sc.
- Dipl.-Kffr. Julia Lerchenmüller
- Xiaomin Lin, M.Sc.
- Dipl.-Kfm. Maximilian Müller
- Dipl.-WiWi Christian Stier
- Dipl.-Kfm. Stefan Reimig

Supervision of doctoral projects (second supervisor)

- Dipl.-Ök. Caspar David Peter

Other services for the WHU community

- Head of the WHU Code of Conduct Committee
- Member of the WHU working group „Assurance of Learning“ (AoL)
- Academic Director of the WHU General Studies Program
- Acquisition of a grant from the Volkswagen Foundation for Research at the Department
- Liaison professor of Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. at WHU
- Support of exchange students from WHU partner universities

Community outreach

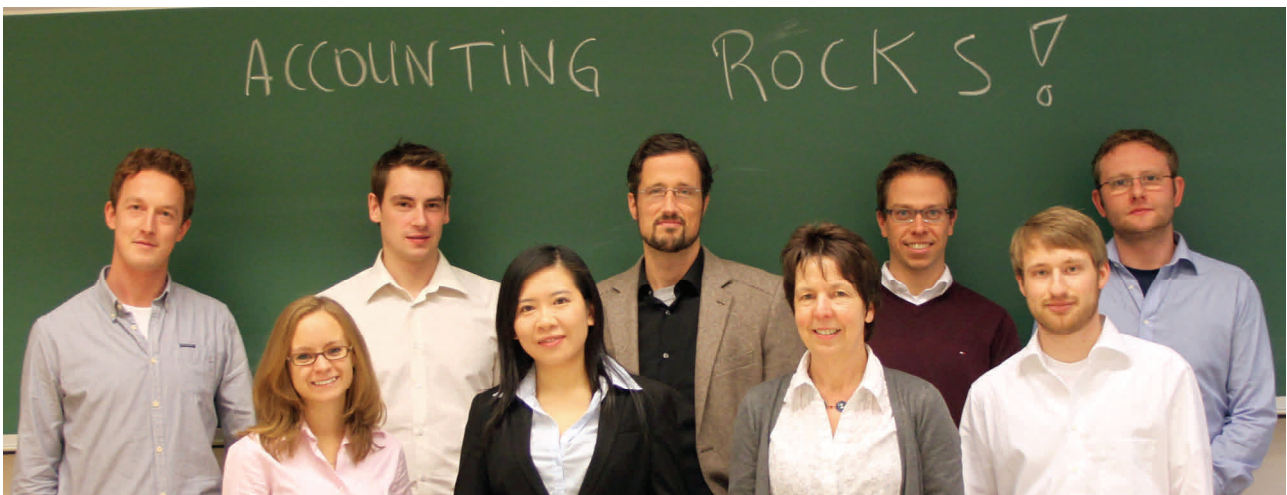
- Member of the editorial board:
 - Journal of International Accounting Research (JIAR)
 - International Journal of Managerial and Financial Accounting (IJMFA)
 - European Accounting Review (EAR)
 - Advances in Accounting (AIA)
- Ad-hoc-reviewer:
 - Abacus: A Journal of Accounting, Finance and Business Studies
 - Accounting and Finance
 - Accounting History
 - Accounting in Europe
 - American Accounting Association – International Accounting Section
 - British Accounting Review
 - Business Research (BuR)
 - Die Betriebswirtschaft (DBW)
 - Review of Accounting Studies (RASt)
 - Schmalenbach Business Review (sbr)
 - Schmalenbach's Zeitschrift für betriebswirtschaftliche Forschung (ZfbF)
 - Verband der Hochschullehrer für Betriebswirtschaft e.V. (VHB)
 - Zeitschrift für Betriebswirtschaft (ZfB)
- Member of the working groups „Financial Statement Presentation“ und „Lageberichterstattung“ of the German Accounting Standards Board (GASB)
- Member of the Advisory Board of the “Institut für Finanzen und Controlling” of Volkswagen Group
- Member of the Scientific Committee of the European Accounting Association's Annual Congress 2012
- National representative of the European Accounting Association
- Member of the following organizations:
 - Verband der Hochschullehrer für Betriebswirtschaft e.V. (VHB)
 - Deutscher Hochschulverband (DHV)
 - Schmalenbach-Gesellschaft für Betriebswirtschaft e.V.
 - European Accounting Association (EAA)
 - American Accounting Association (AAA)
 - International Accounting Section of the American Accounting Association (IAS)
 - Financial Executives International (FEI)
- Training and consulting services for companies, e.g. Volkswagen AG, Henkel AG, Hans-Böckler-Stiftung, Bundesfinanzakademie and European Television & Media Management Academy

Friends & Sponsors

 <p>ERNST & YOUNG Quality In Everything We Do</p>	<p>Prof. Dr. Edgar Löw of Ernst & Young GmbH is honorary professor at WHU and supports our work by teaching in the Bachelor and Master of Science programs.</p>
 <p>pwc</p>	<p>PriceWaterhouseCoopers grants financial support for the WHU Doctoral Summer Program in Accounting Research (SPAR) and gives the students insights into the practical relevance of accounting.</p>
 <p>Deloitte.</p>	<p>Deloitte & Touche GmbH supports the Chair by teaching the Seminar Financial Statement Analysis in the Bachelor of Science Program and by providing brochures for our students.</p>
 <p>Das Auto.</p>	<p>Volkswagen AG supports the Chair's research activities with donations and provides printed VW Annual Reports for use within the lectures.</p>
 <p>CVC Capital Partners</p>	<p>CVC Capital Partners give interesting guest lectures and provide insights into the practical relevance of accounting.</p>
	<p>WHU Alumni, now working with Deutsche Bank in the area of Corporate Finance Group / M&A geben provide insights into the practical relevance of accounting to our students.</p>
 <p>DPR - FREP</p>	<p>The Financial Reporting Enforcement Panel supports our work by presenting the panel's work in guest lectures and by providing books for our students.</p>
 <p>MERZ</p>	<p>Merz KGaA gives interesting guest lectures and invites students for company visits.</p>

Imprint

Thank you for your interest in our Activities!



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