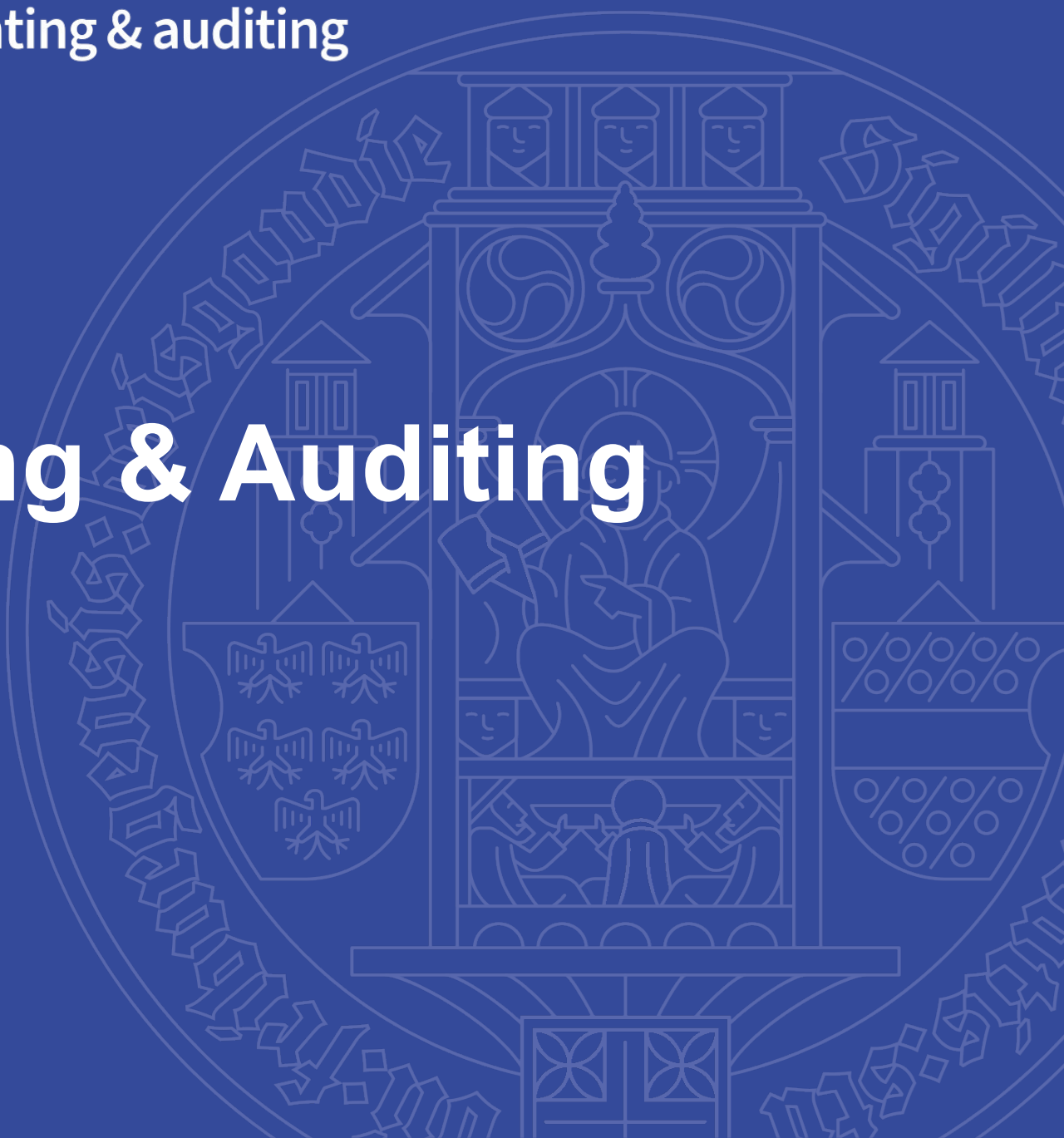


# Master Seminar Financial Accounting & Auditing

Summer Term 2023



# Agenda

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# Introduction

## What this seminar is about and whom it addresses

The seminar **Financial Accounting & Auditing** covers current topics from **financial and non-financial reporting (e.g., sustainability, digital transformation)** as well as **auditing and adjacent areas (e.g., corporate governance)**. Students benefit from the seminar in at least two ways. First, they deeply engage with open (research) questions and current developments in the aforementioned areas. Engaging in discussions about financial accounting and auditing requires a thorough understanding of the institutional setting (e.g., legal and regulatory requirements) as well as their synthesis with the relevant academic literature and empirical observations. Second, answering these questions oftentimes relies on the empirical analysis of relevant data. Students will be guided through the entire process of preparing an academic paper, i.e., formulating a reasonable research question, localizing the relevant literature, identifying the necessary data and adequate (empirical) approach.

Primary audience of the seminar are students from the German- and English-language Master's programs at the University of Freiburg. Students from other areas or departments, who are interested in topics related to financial accounting and auditing, are welcome as well! The seminar There are no formal prerequisites for application and/or participation. Students earn 6 credit points for the successful completion of the course. Basic knowledge of international accounting standards and empirical methods are recommended, but not required.

As an exception, students can earn 4 CP as well. Please indicate this in your application e-mail. In that case, the length of the seminar paper is reduced to  $\frac{2}{3}$  of length required for 6 CP. All other examination requirements remain unchanged.

# Topics

Introduction to the topics and starting points in the literature

# What matters for auditors in uncertain times? An empirical analysis of key audit matters (Topic 1)

Since 2017, auditors have been required to disclose so-called key audit matters (KAM) in the audit opinion for public interest entities. These describe content that is particularly important for the audit and are intended to increase the transparency of reporting and, hence, increase public trust in the audit. In this seminar, it is to be analysed whether and how these key audit matters have changed in times of increased (economic) uncertainty (e.g., during the COVID pandemic or the war in the Ukraine). Just one example: the audit of the going concern premise could have become more important. For this purpose, annual reports of German companies (stock indices of the German stock exchanges) or European companies (e.g. EuroStoxx) can be used, for example. Time-series analysis, cross-country or -industry analysis are possible and highly recommended. Additionally, other indicators (e.g., [Economic Policy Uncertainty](#)) could be included as well.

- Pinto, I., & Morais, A. I. (2019). What matters in disclosures of key audit matters: Evidence from Europe. *Journal of International Financial Management & Accounting* 30(2), 145–162. doi: [10.1111/jifm.12095](https://doi.org/10.1111/jifm.12095)
- Velte, P., & Issa, J. (2019). The Impact of Key Audit Matter (KAM) disclosure in Audit Reports on Stakeholder's Reactions: A Literature Review. *Problems and Perspectives in Management* 17(3), 323–341. doi: [10.21511/ppm.17\(3\).2019.26](https://doi.org/10.21511/ppm.17(3).2019.26)

# VUCA, VUCA, HEY! Are companies prone to hype?

## Topic 2

Volatility, Uncertainty, Complexity, Ambiguity - this is what the abbreviation VUCA stands for. It describes the general situation that companies have been facing in recent years. Examples include the election of Donald Trump as U.S. president, Brexit, the COVID-19 pandemic, the war in the Ukraine, etc. But how do they deal with these issues in their reporting? On the one hand, companies could use the increased uncertainty as an excuse to gloss over or explain away fundamental problems. On the other hand, multinational companies cannot ignore the macroeconomic environment since stakeholders demand explanations. This seminar paper should, therefore, examine how companies react to general macroeconomic developments in their reporting. For this purpose, the annual reports of listed companies in Germany, Europe or the U.S. should be examined with methods of textual analysis (e.g., keyword search).

- Elmarzouky et al. (2021). COVID-19 Disclosure: A Novel Measurement and Annual Report Uncertainty. *Journal of Risk and Financial Management* 14(12), 616. doi: [10.3390/jrfm14120616](https://doi.org/10.3390/jrfm14120616)
- Jiang, L., Pittman, Jeffrey, A., & Saffar, W. (2022). Policy Uncertainty and Textual Disclosure. *Accounting Horizons* 36(4), 113–131. doi: [10.2308/HORIZONS-2019-515](https://doi.org/10.2308/HORIZONS-2019-515)

# (Ain't) Talking 'bout War – Disclosures on the war in the Ukraine

## Topic 3

The war in Ukraine has massive direct and indirect effects on companies. In addition, it overlaps with other macroeconomic events (e.g., COVID-19-Pandemie, Brexit). These events, their interactions as well as the expected (mostly negative but for certain industries even positive) effects must be considered in financial reporting and the respective disclosures. In this seminar paper, the reporting behaviour of listed companies in Germany or Europe on the Ukraine war should be examined. The empirical analysis can be based on quarterly or annual reports for 2022 and 2023. Potential avenues for analysis are general reporting trends (What is reported? Where is it report? Did the reporting change over the course of the war?) and on specific topics (e.g., change/adjustment of forecasts and risk assessment, possible impairments of goodwill or foreign assets).

- Accountancy Europe (2022). *War in Ukraine – Responses from the Accounting Profession*. URL: <https://www.accountancyeurope.eu/about-us/war-in-ukraine/>
- DeWinter-Schmitt, R., Jones, S., & Stazinski, R. (2022). Missing in Action? Investor Responses to the War in the Ukraine. *Business and Human Rights Journal* 7(3), 487–493. doi: [10.1017/bhj.2022.26](https://doi.org/10.1017/bhj.2022.26)

# Chief Sustainability Officers – Who's in charge of sustainability?

## Topic 4

An essential question of corporate governance is the allocation of responsibilities within a company. Assignment and responsibilities of board members are one possible avenue to understand firms' priorities. Against this background, the question arises as to whether the topic of sustainability (sustainability, corporate social responsibility, environmental / social / governance) is already being given appropriate consideration at the highest corporate level due to its increasing social, economic, political and also legal significance. This seminar paper should therefore examine which listed companies in Europe and/or Germany (e.g., EuroStoxx, DAX, MDAX, SDAX, HDAX) have appointed a "Chief Sustainability Officer" or at which hierarchical level sustainability is located within the organization. Alternatively, it is also possible to analyse the sustainability experience of the members of the board of directors (or the executive and supervisory board).

- Miller, K., & Serafeim, G. (2016). Chief Sustainability Officers: Who are they and what do they do?. In: Henderson, R., Gulati, R., & Tushman, M., *Leading Sustainable Change*, Oxford University Press, 196–224. URL: <https://ssrn.com/abstract=2411976>
- Velte, P., & Stawinoga, M. (2020). Do chief sustainability officers and CSR committees influence CSR-related outcomes? A structured literature review based on empirical-quantitative research findings. *Journal of Management Control* 31, 333–377, doi: [10.1007/s00187-020-00308-x](https://doi.org/10.1007/s00187-020-00308-x)



# Corporate Culture in Annual Reports: An Empirical Assessment

## Topic 5

In the light of the current debate about the “purpose” of firms, corporate culture has become an intensely debated topic once again. However, it is difficult to judge corporate culture from the outside and even surveys offer only limited insights. A recent stream of literature uses the wording in annual reports as a source to analyse and categorize corporate culture. Such text-based approaches are easy to implement and offer relevant insights. However, the literature currently primarily focuses on US firms. In this seminar paper, the culture of European companies should be assessed. The focus can either be on one country (e.g., German DAX firms) or a cross-European sample (e.g., EuroStoxx firms). Additional analysis can, for example, focus on the relation to financial performance or corporate social responsibility or other cultural dimensions.

- Bhandar, A., et al. (2022). Corporate Culture and Financial Reporting Quality. *Accounting Horizons* 36(1), 1–24. doi: [10.2308/HORIZONS-19-003](https://doi.org/10.2308/HORIZONS-19-003)
- Li, K., et al. (2021). Measuring Corporate Culture Using Machine Learning. *The Review of Financial Studies* 34(7), 3265–3315. doi: [10.1093/rfs/hhaa079](https://doi.org/10.1093/rfs/hhaa079)

# Schedule

Timeline and examination requirements



# Timeline

Date	Place	Agenda
14.04.2023, 23:59 Uhr	online	Application Deadline
17.04.2023, 18:00 Uhr	t.b.a.	Assignment of paper topics Organizational details
24.04.2023, 18:00 Uhr	t.b.a.	A primer of Academic Writing
18.06.2023, 23:59 Uhr	online	Paper Deadline Via e-mail. Please send your seminar paper as <b>one</b> pdf document. In case you have relevant files (data, analysis, etc.), please hand these in using a file sharing service (e.g., Dropbox).
03.07.2023, 18:00 Uhr	t.b.a.	Presentations

# Support and Feedback

There are no fixed dates or appointments for questions or feedback on your structure, etc. Feel free to contact your supervisor if there is anything you require his/her feedback. It is, however, advisable to get right into the literature (review) and outline a draft road map (structure, methodological approach and execution, agenda, etc.) that is foundation for a first talk with the supervisor.

Reasonable questions and discussions will not rebound to your disadvantage. Especially for empirical work, early and detailed consultations may help to avoid (common) pitfalls.

If one topic is assigned to multiple students, feel free to get in touch with each other! Use the advantage of having at least one other party to talk to about your shared topic, theoretical and methodological aspects, literature, etc.

You can receive informal feedback on your paper in the period between the paper deadline and the presentations. Additionally, you can receive feedback on your performance after the presentations. In both cases, just send an informal [e-mail](#).

# Formalities

Notes on the paper, presentation and peer feedback

# Seminar paper

Length	5.000 words excl. tables, figures, lists, appendences, etc.
Parts	<ol style="list-style-type: none"><li>1. Cover page</li><li>2. Table of contents</li><li>3. Lists of tables, figures, abbreviations, etc.</li><li>4. Main text</li><li>5. References</li><li>6. Legal references</li><li>7. Appendences</li></ol>
Pages	<ul style="list-style-type: none"><li>➔ Format DIN A4</li><li>➔ Margins (top / right / bottom / left): 2,0 cm / 3,5 cm / 2,0 cm / 2,5 cm</li><li>➔ All pages must be numbered. For the beginning of the paper (tables, lists) Roman numbers are used. The main text and all consecutive pages are numbered using Arabic numbers.</li></ul>

Font	➔ Times New Roman; 12 pt.; line-spacing: 1,5 (does not apply to headlines, captions, footnotes, table contents, etc.)
Citation	➔ Choose the style you prefer (e.g., APA, Harvard, short citation in footnotes)
Structure	<ul style="list-style-type: none"><li>➔ 1 Headline Level 1</li><li>➔ 1.1 Headline Level 2</li><li>➔ 1.1.1 Headline Level 3</li></ul>
Language	➔ English
Cover page	<ul style="list-style-type: none"><li>➔ Title / Topic</li><li>➔ Semester</li><li>➔ Name / student identification number / program name / term of study</li></ul>

# Presentation and Peer Feedback

## Presentation

Time	<ul style="list-style-type: none"><li>➔ 1 person: 15 minutes</li><li>➔ 2 persons: 25 minutes</li><li>➔ plus 15 minutes in-group discussion</li></ul>
Contents	➔ Main contents of the seminar paper
Structure	<ol style="list-style-type: none"><li>1. Motivation (approx. 15 % of the time)</li><li>2. Background / Foundation (approx. 30 %)</li><li>3. Research Design, Sample and Results (approx. 40 %)</li><li>4. Concluding remarks / outlook / open questions (approx. 15 %)</li></ol>
Presentation	<ul style="list-style-type: none"><li>➔ Minimalistic layout (e.g., <a href="#">Uni-Design</a>)</li><li>➔ Clear-cut structure</li><li>➔ Readable and non-jammed slides</li></ul>

## Peer Feedback

Timer	➔ 5 to 10 minutes
Contents	<ul style="list-style-type: none"><li>➔ Critical but informed feedback on the structure, research design and argumentation of the assigned paper (presentation). Peer feedback requires a fundamental understanding of the assigned paper. You are not required to be an expert but you should have (literature-based) arguments for your critique.</li><li>➔ Start with a short summary of the assigned paper from your perspective. Discuss positive and material critical aspects in more detail afterwards.</li></ul>
Presentation	➔ 1 to 5 slides with your main points

# Application & Contact

If you want to participate in the seminar, please fill the [application form](#) (both pages) and send it via [e-mail](#). The application is binding. You can withdraw from the seminar within seven calendar days after the paper assignment.

The number of participants is restricted and places in the seminar will be assigned by the „first come, first served“ principle.

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