



MACQUARIE UNIVERSITY

GRADUATE ACCOUNTING AND COMMERCE CENTRE

ACCG835 INTERNATIONAL ACCOUNTING

SEMESTER 1 - 2007

UNIT OUTLINE

LECTURERS

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UNIT DESCRIPTION:

This unit is concerned with issues in both financial and management accounting in international contexts. With respect to financial accounting issues, the unit focuses on common differences in accounting methods and disclosure practices cross-nationally. It compares and contrasts approaches to regulation and accounting and disclosure practices in a number of selected nations. Current issues in accounting standard-setting in an international context, including the debate on international harmonization, are also examined. With respect to management accounting, the unit examines issues and problems facing international companies in organizing and managing, particularly planning, controlling and evaluating their global operations. Attention is also given to the concept of national culture, and to how an understanding of cultural differences provides insights into cross-national differences in approaches to both financial and management accounting issues.

LEARNING OBJECTIVES:

1. To gain an understanding of some of the differences in accounting methods and disclosure practices we might find when we compare the reports of companies from different countries.
2. To gain an appreciation of how accounting and corporate disclosure is regulated in a range of different nations, and the roles the accounting profession, government and other influences play in that regulation.
3. To gain an understanding of the cultural, economic, political and historical factors that help explain differences and similarities in patterns of accounting and regulation across nations, and how these factors may influence the move towards international harmonization.
4. To gain an appreciation of the issues and problems facing international companies in organizing and managing, particularly planning, controlling and evaluating, their global operations.
5. To enable students to practice and strengthen generic skills, including report writing and discussion skills.

TEACHING AND LEARNING STRATEGY

Students are expected to read all material for a particular week in advance of the class. All material that does not come from the textbook (to which all students should have their own access) will be provided by the lecturer. It is advisable that students make notes summarizing the reading material. These notes do not need to be submitted for assessment, however they will allow discussion of the questions and material in class. Specific tasks are given for some topics and the solutions provided in class. An extensive use is made of group assignment preparation and a special feature is the presentation of reports to the class by groups during weeks nine to twelve.

ASSESSMENT:

	per cent
Group Presentation (Week 3)	5
Group Formal Report (Weeks 9-12)	25
Examination (3 hours and 10 minutes)	<u>70</u>
	100

In order to receive a passing grade in this unit, it is necessary to perform satisfactorily in the exam as well as in the overall assessment.

TEXT

ACCG835 International Accounting, Pearson, 2nd edition 2006, ISBN 0733988660.

This text is a composite book made of selected chapters from three different texts published by Pearson. By using a composite text we can focus only on chapters that are suited to this unit, which also provides students with better value for money. This text is available from the Co-Op book shop at Macquarie.

E-RESERVE

Reading material for this unit is all available on the Library's e-Reserve. Access to the e-Reserve is made using the student number and password supplied to you by the Library.

SEMESTER PRESENTATIONS/PAPERS

Group Presentation during Week 3. The formation of student work groups is explained in the outline presented below for Week 1. Instructions for the assignment are given in the outline for Week 3. All groups do the same topic.

Group Formal Report presented during Weeks 9-12. Students will form into different work groups for this assignment. Each groups presents a different topic (there are 12 topics). Group formation requirements are explained after the outline for Week 4. Students will form themselves into groups between weeks 4 and 5 and submit an allocation form in class during Week 5. Preferences for topics are also made on that form. The instructions for how to complete the assignment appear just before the outline for Week 9.

PLAGIARISM

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practice and procedures on plagiarism. These can be found in the *Handbook of Postgraduate Studies* or on the web at:

<http://www.student.mq.edu.au/plagiarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://www.student.mq.edu.au>.

UNIVERSITY POLICY ON GRADING

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardized numerical grade (SNG).

On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university.

PERFORMANCE EXPECTATIONS

At Macquarie University our courses are competitive and students need to work very hard to be rewarded with the highest grades. There is no normalised, pre-set or "quota" grading system in this unit, but the distribution of student performances does tend to follow a typical pattern, with some minor variation from one semester to another. In 2004 semester 1, for example, the following grades were awarded for ACCG 835:

High distinction	3
Distinction	18
Credit	47
Pass	51
Pass (conceded)	8
Fail	<u>10</u>
	137

While there is also some variation among units, the above distribution is reasonably typical of other GAAC accounting courses. The students who obtained the highest grades produced results that were clearly better than those of other students.

The above distribution of marks may also be seen as reasonably representative of the assignment marks that are awarded in this unit, though again there is variation between semesters.

Assignments with assessment marks are an excellent way of getting students involved in the material and to learn on their own initiative. In a large class, however, a more reliable and objective measure of performance is the exam. For this reason, as an accountability safeguard, it is also required that in order to receive a passing grade in this unit, it is necessary to perform satisfactorily in the exam as well as in the overall assessment. Expectations of the lecturer of students to achieve grades are as follows:

Pass grade: students must be adequately familiar with the lecture material and required reading. Typically, pass grade performances show better results with the more general exam questions and less good results with the more specific or analytic questions. Answers tend to be more descriptive than analytic.

High Distinction grade: students will be strongly familiar with all materials and be able to answer very specific questions. They will be able to answer assignment and exam questions in a highly analytic fashion, drawing together different threads of argument and evidence to make an impressive case. Credit and Distinction grades are located in between the above two poles of the performance spectrum.

Fail grades: unfortunately, there are usually a few students who fail. In some of these cases, the student fails the overall assessment. More typically though, failure is a result of unsatisfactory exam performance. Apart from the usual causes such as mismanagement of study time, in this unit we sometimes see in a few students a deliberate policy of selective study, e.g. they only study half the topics or study the more general topics. This is a dangerous policy that can result in failure.

Conceded Pass. This grade applies to students who have not performed satisfactorily but whose results are relatively closer to the pass requirement. In the cases of conceded pass last semester, the unsatisfactory performance was on the exam.

Information on the exam can be found after the weekly class schedule section of this outline.

ACCG835 INTERNATIONAL ACCOUNTING
SEMESTER 1 – 2007 SCHEDULE

Week	Commencing	Topic
1	February 26	Introduction, distribution of material and organisation of student work groups.
2	March 5	The concept of culture and its relevance to international accounting diversity.
3	March 12	Culture and behaviour in individual countries: group presentations.
4	March 19	Management control: performance evaluation and transfer pricing.
5	March 26	Management control in an international context: performance evaluation Case study - Del Norte Paper Company (C)
6	April 2	Management control in an international context: transfer pricing Case study – Del Norte Paper Company (A)
	April 9 & 16	MID-SEMESTER BREAK
7	April 23	External reporting in an international context: similarities and differences.
8	April 30	External reporting in an international context: preparing and adjusting financial statements for international accounting standards: Noresia Limited case study
9	May 7	Corporate reporting regulation: understanding differences — USA
10	May 14	Corporate reporting regulation: understanding differences — Japan and China.
11	May 21	Corporate reporting regulation: understanding differences — The Netherlands, France and Germany.
12	May 28	International harmonization of accounting: historical background, benefits and problems, global players, recent developments.

The week of June 4 to 8 is a study period and no classes are scheduled.

Examination, same time for all students: Tuesday June 12, 2pm to 5.10pm, in E7B Mason Theatre.

ACCG835 INTERNATIONAL ACCOUNTING

WEEKLY CLASS SCHEDULE

WEEK 1

Introduction, distribution of unit material and group formation

The lecturers will introduce the course, distribute material and hold a discussion about the unit outline and the assessment. The main remaining activity will be to form the class into country groups (with ideally four students in each group) for the purposes of the presentation assignment in Week 3. Students will collaborate within each group to produce the assignment.

In many cases group members will be from the same country but this will not always be possible. In the past, we have usually had a number of Chinese groups, and some others that have had several countries represented in the same group, for example, Sweden, Norway, Germany. Organising the groups by countries will help the class to more efficiently explore the numerous cultural issues that are found in international accounting.

There will also be an opportunity to discuss the other **group assignment** (Weeks 9-12) which is also part of the method of continuous assessment used in this unit. These groups will have a **strict maximum of four students** in each for this assignment. Students will collaborate within each group to produce the assignment. It is anticipated that most groups will have four members, though a smaller number of members is also acceptable.

For the Formal Reports to be presented in Weeks 9 to 12 (worth 25% of overall assessment), students will form into new groups (or they may keep the same four members). However the allocation of topics for the second assignment requires a formal notification of group membership and request for topic preferences which will be done in week 5.

The advantages of group assignments are many. Group work gives the student an opportunity to meet others in both a study and social context, it allows for diversification of ideas and division of labour, it allows for problems to be discussed and resolved, and it provides students with a safety net of their own colleagues.

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WEEK 2

The concept of culture and its relevance to international accounting diversity

Reading

Hofstede, G. and G. Hofstede, 2005, *Culture and Organisations: Software of the Mind*, McGraw Hill, Chapter 1, pp. 1-36.

Hofstede, G., 1983, "The cultural relativity of organizational practices and theories", *Journal of International Business Studies*, Fall, pp. 75-89.

Textbook, Roberts chapter 5.

Lecture guide:

The lecturer will present a discussion that includes the following major topics:

- Introduction to the works of Geert Hofstede, social theorist.
- National culture differences.
- Hofstede's dimensions: individualism-collectivism, power distance, uncertainty avoidance, masculinity-femininity, and long-term/short-term orientation.
- Independent and interdependent construal of self
- Relevance of cultural theories for international accounting studies.
- Culture and accounting values

Requirements for students

Students are required to read the set material as outlined above before coming to class and be prepared to answer questions and participate in class discussions related to the topic being covered. The lecturer encourages students to participate in discussion of any of the topics during the presentation.

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WEEK 3

Culture and Behaviour in Individual Countries: Group presentations

Reading

Lawrence, P., "Management across borders" in Woods, M., 1995, *International Business*, London, Chapman & Hall, pp. 50- 75.

Textbook, Roberts chapter 5.

Class time this week will be entirely used for student Group Presentations.

Requirements for students

All student groups will make presentations of this same assignment during Week 3. Each group is required to present to the class a discussion on this week's topics, which are:

- (i) how do you get people to do things in your country?; and
- (ii) how do you impress people in your country?

Some groups may be represented by more than one country. These groups can choose one country for focus.

Each group must:

1. Prepare a power point presentation or overhead projector slide summary of no more than four slides of their findings in the assignment. (If power point, overhead slides should also be brought as a back-up). The slide summary will be used to present the assignment to the class.

No other written report is required for this assignment.

2. Nominate a member to make the presentation, on behalf of the group, to the rest of the class. More than one presenter per group is also allowed.
3. Make the presentation to the class. After this, the topic will be opened for further discussion, with the class being invited to ask questions of the group. Presentations are restricted to 10 minutes per group.
4. After each presentation, immediately give to the lecturer a copy of the slides.

Each group will later be given a mark out of 5 for the Presentation and the PowerPoint Slide presentation. This mark is part of the formal evaluation in the unit. Each group member will receive the same mark. It is the students' responsibility to make sure that workloads are distributed properly.

To guide you in preparing this assignment, first read the set materials (supplied) and consider the following: Lawrence (in Woods, pp. 66-75) lists what he sees as key features, key values, strengths, weaknesses, meeting behaviour, how to get people to do things, and how to impress people in the USA, Germany, the UK, France and Japan. (if your group is from one of these countries, try to think of some extra points!)

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WEEK 4

Management control: performance evaluation and transfer pricing

Reading

Textbook, Choi chapters 10 and 12.

Lecture guide

The lecturer will present a discussion on performance evaluation topics and transfer pricing.

Requirements for students

Students are required to read the set material as outlined above before coming to class and be prepared to answer questions and participate in class discussions related to the topic being covered. The lecturer encourages students to participate in discussion of any of the topics during the presentation.

Students are required to prepare answers to the following end of chapter exercises:

- Chapter 10, Exercise 10 (pages 74-75), and
- Chapter 12, Exercises 8 & 9 (page 114).

Students are also required to be prepared to discuss their answers in class.

Presentation of group Formal Reports during weeks 9 to 12

Students to allocate themselves into groups by submitting form next week (Week 5).

Discuss group formation with classmates now.

Each student group must present a Formal Report based on one of the topics that are scheduled, sometime during weeks 9 to 12. Students are asked to form themselves into groups of FOUR STUDENTS by submitting a form to the lecturer during Week 5 (one form per group). These can be the same or different group memberships as for assignment 1 (subject to maximum four students). The form will be distributed in Week 4. Students are encouraged to form a group from diverse countries so that they can learn in a cross-cultural way and have new experiences.

The form will also record the preferences of the group for one of the Report topics. Each topic can only have a Report made by one group. Stephen Haswell will allocate the topics and students will be notified of the results of the allocation in Week 6 (the allocation will also be posted on the internet). It is envisaged (though can not be guaranteed) that each group will receive one of their four preferences. Not all groups will receive their first preference. Once allocated, change of topics is not permitted. A group must present the report on the scheduled day or forfeit the marks. Students are advised not to commence work on the Report until they are certain of their topic allocation.

Students should begin discussion about formation of the new groups among themselves at the end of this week. Have your forms ready for collection in Week 5 classes.

Instructions for the Formal Reports and presentations are on the page before Week 9.

ACCG835 INTERNATIONAL ACCOUNTING

WEEK 5

Management control in an international context: Performance Evaluation Case study – Del Norte Paper Company (C).

Reading

Textbook, Choi chapter 10, pp. 364-372 and pp. 381-402.

Case Study: Del Norte Paper Company (C).

Requirements for students

The case study will occupy the whole class time. Students should read the Del Norte case study (C) (supplied to you) and make an attempt to answer the questions below. In class, we will interactively discuss the issues, and optimal solutions will be decided. Note that a question similar to some of the Del Norte material will appear in the exam.

Questions for Del Norte case study (C):

1. In general terms, how does the capital budgeting system work? What are its component parts and events? When do the events take place and how are they linked?
2. The Italian and German managers refer to several problems or concerns with the capital budgeting system with respect to how it affects their performance and performance evaluation. How legitimate are their concerns about the following:
 - (i) the time lag in the system (generally expressed by all managers);
 - (ii) the measurement of labour savings (see Rizzo's and Corleone's separate statements on page 6);
 - (iii) the apparent arbitrariness and cyclical nature of decisions (approvals or rejections) by San Francisco (see Rizzo's comment on page 7 about cyclical nature and Lowenstein's comment at bottom of page 8);
 - (iv) the self-financed nature of the subsidiaries;
 - (v) exchange rate movements (see Buskey's comment on page 9); and
 - (vi) the spending authority limits?
3. What strengths does the current system possess?
4. What recommendations for change to the capital budgeting system and/or to the performance evaluation system would you make to management?

Collection of forms for allocation of new groups and topics for Formal Report presentations during weeks 9 to 12.

Reminder that these forms will be collected this week. See notice at end of Week 4.

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WEEK 6

Management control in an international context: Transfer pricing Case study – Del Norte Paper Company (A).

Reading

Textbook, Choi chapter 12, pp. 468-486.

Case Study: Del Norte Paper Company (A).

Requirements for students

The case study will occupy the whole class time. Students should read the Del Norte case study (A) (supplied to you) and make an attempt to answer the questions below. In class, we will interactively discuss the issues, and optimal solutions will be decided. Note that a question similar to some of the Del Norte material will appear in the exam.

Questions for Del Norte case study (A):

1. Calculate the contribution per ton of boxes that DNP-Italia earned on the African box sale. How much contribution would DNP-Deutschland have earned had they been awarded the bid at \$1,200 per ton and purchased their linerboard requirements from the U.S.? How much contribution would DNP Consolidated (the total company) have earned if DNP-Deutschland had been awarded the bid at \$1,200 per ton?
 2. Based on a comparison of the contributions in the first question, what is the nature of the problem faced by Del Norte management in the U.S. headquarters?
 3. How does Del Norte solve this problem in the domestic (U.S.) market? Evaluate the pros and cons of this solution.
 4. Is a similar solution feasible at the international level? If not, why not? What characteristics does the problem possess at the international level that distinguish it from the domestic level? What are the solution options open to Del Norte in dealing with the problem at the international level and what are the potential consequences of each option?
- **Source:** Barrett, M.E. & W.J. Bruns, Jr., *Case Problems in Management Accounting* (Homewood, Ill., Richard D. Irwin, Inc., 1982), pp. 223 - 226.

ACCG835 INTERNATIONAL ACCOUNTING

WEEK 7

External Reporting in an International Context: Differences and similarities

Reading

Textbook, Roberts chapter 5 and Choi chapter 2.

Lecture guide

In this week we will briefly consider why we observe so many similarities in accounting practices. We will then turn our attention to the differences. We will look at some examples of how different accounting methods can be used to record the same underlying economic transaction. We will also observe the impact these different accounting methods have on the profit and loss statement and balance sheet, and describe their impact in terms of the Gray accounting values discussed in the textbook.

Requirements for students

There are no formal requirements this week other than to read the set material (supplied to you) before coming to class. The lecturer encourages students to participate in discussion of any of the topics during the presentation..

ACCG835 INTERNATIONAL ACCOUNTING

WEEK 8

External reporting in an international context: Preparing and adjusting financial statements for international accounting standards: Noresia Limited case study

Reading

Noresia Ltd Case Study.

Textbook, Nobes chapter 6.

Requirements for students

The case study will occupy the whole class time. This week's tasks involve analysis of accounting standards, computation with numerical data, double entry bookkeeping and preparation of accounts including profit and loss and balance sheet. These tasks have several purposes:

1. Students can re-familiarize themselves with accounting principles and the mechanics of financial statements. This is a vital prerequisite to the understanding of comparative international financial accounting.
2. Noresia is an introduction to the nature of International Accounting Standards, which are becoming increasingly important in world accounting.

Complete Part A of the case study prior to class. We will discuss Part A in the first section of the class, and then Part B will be completed interactively in the remainder of the week. Note that a question similar to some of the Noresia material will appear in the exam.

Presentation of Formal Reports during weeks 9 to 12

The Report topics are designed to extend the themes and subjects of the lecture material, by means of additional information and examples discovered by the students. This represents an interactive method of learning that draws on lecturer leadership, student research and class discussion. Each group must:

1. Prior to a presentation, prepare a written Report of no more than 2500 words in length. PLEASE DO NOT EXCEED THE WORD LIMIT. A PENALTY MAY APPLY IF THE WORD LIMIT IS EXCEEDED (this requirement is to help establish fair assessments). USE THE COVER SHEET PROVIDED ON THE LAST PAGE OF THIS OUTLINE.
2. Prepare a power point presentation or overhead projector slide summary of no more than ten slides of their findings in the Report. (If power point, overhead slides should also be brought as a back-up). The slide summary will be used to present the Report to the class. PLEASE DO NOT EXCEED THE SLIDE LIMIT. A PENALTY MAY APPLY IF THE SLIDE LIMIT IS EXCEEDED.
3. Nominate one or more members to make the presentation, on behalf of the group, to the rest of the class. After this, the topic will be opened for further discussion, with the class being invited to ask questions of the group. Presentations are restricted to 25 minutes per group.
4. One paper copy of the written report AND one E-COPY ON A CD must be provided to the lecturer immediately before the presentation. An INSTANT TEN MARK PENALTY applies unless both copies are supplied on time. Note: Emailed copies are not acceptable. The lecturer may scan the e-copy with the university's anti-plagiarism software. The lecturer will return the written report the following week and provide marks and feedback to the student group.

The group will be given a combined mark out of 25 for the presentation and the Report. Marks will be distributed as follows: Presentation component, maximum 10 marks, Written component, maximum 15 marks. When awarding marks the lecturer will assess the professional nature of both components. For the presentation component, the group's ability to stimulate interest and class discussion will form part of the assessment. The marks are part of the formal evaluation in the unit. Each group member will receive the same mark unless the group indicates otherwise. It is the students' responsibility to make sure that workloads are distributed properly.

To conduct your research, you may find it helpful to consult the internet, regulators' sites in particular, also newspapers, business magazines and professional or academic journals. Write your reports in a professional manner with sub-headings and clearly defined sections. Be succinct and clear. Don't waste any words. Don't copy lengthy quotes. Reports must be neatly presented, double spaced, typed on ONE side of the page only. Please keep a copy of your assignment.

Please note especially the following underlined section. In the past, lack of attention to this requirement has led to marking penalties: You should acknowledge all sources of material in an accepted academic manner. Each statement, quote, piece of information that is not your own must be identified throughout the Report and a reference given which shows full details of author, publication, date, page number. IT IS NOT SUFFICIENT JUST TO HAVE A LIST OF REFERENCES AT THE END. Please be aware of university policy on plagiarism.

ACCG835 INTERNATIONAL ACCOUNTING

WEEK 9

Corporate reporting regulation: Understanding differences — USA.

Reading

Textbook, Choi chapter 3.

Berlau, J., 2003, "EU wants US to play by its rules", *Insight on the News*, April 1, pp. 1-3.

Lecture guide

The purpose of weeks 9, 10 and 11 is to consider the main features of corporate reporting regulation, and accounting and disclosure practices, in a number of different countries. The lecturer will begin the class with a demonstration of how the Gray model can predict what kind of accounting we would expect to find in the USA, based on that country's cultural indices developed by Hofstede. Following this, will be a discussion on the reality of US economy, business history, institutions, politics and accounting. How well is reality predicted by the model? We will use the same approach for the other country studies.

Requirements for students

All students should do the required reading before class. Some groups will have Formal Reports to present in the second part of the class. For the remaining students, there are no other tasks this week.

Formal Report topics for presentation during Week 9 (USA):

Topic 1

Obtain information about some recent corporate collapses in the US (other than Enron and Worldcom). To what extent is it suggested that these collapses were the result of defective accounting practices? What were the other causes?

Topic 2

Describe and give examples of powerful interest groups who influence the SEC and the FASB. (Concentrate on the interest groups more than the SEC/FASB.) Which interest group has the most influence do you think? What effect does this influence have on the outcome of standard-setting? Give examples.

Topic 3

Obtain information on the US philosopher and novelist Ayn Rand. There are many web sites dedicated to this person and you could also read her novel [The Fountainhead](#), or view on video the film made by King Vidor in 1949. Do the following:

- Outline the components of Rand's vision of US entrepreneurship. To what extent is this vision undermined by the recent activities of companies like Enron and those companies' relations with the Wall St. securities industry?
- Read the article by Berlau (2003). T.J. Rodgers, a major US business leader, bases his personal philosophy of living on the ideas of Ayn Rand. Why is Rodgers so afraid of European accounting? Is he justified?

ACCG835 INTERNATIONAL ACCOUNTING

WEEK 10

Corporate reporting regulation: Understanding differences — Japan and China

Reading

Textbook, Choi chapters 3 and 4.

Opper, S., (2003), "Enforcement of China's accounting standards: reflections on systemic problems", *Business and Politics*, V.5, 2, pp. 151-173.

Lecture guide

The lecturer will begin the class with a discussion on Japanese accounting, using the same theory v reality method introduced for the USA class. The lecturer will then outline the main features of Chinese corporate governance. The lecturer is hoping that, given the large number of students from that country, the Formal Reports will provide some thorough analyses of the prevailing situation there!

Requirements for students

All students should do the required reading before class. Some groups will have Formal Reports to present. For the remaining students, there are no other tasks this week.

Formal Report topics for presentation during Week 10 (Japan and China)

Topic 4

Examine recent projects of official authorities (eg Japan Accounting Standards Board etc) involving Japanese convergence with IFRS? To what extent has there been real progress on convergence? Give reasons for the progress or otherwise.

Topic 5

Read the set paper by Opper. How well, if at all, have these enforcement problems been resolved since Opper wrote in 2003 and what new enforcement issues have arisen?

Topic 6

How closely do the new Chinese accounting standards resemble IFRS? What problems or issues experienced by the Chinese authorities have given rise to differences between Chinese GAAP and IFRS?

ACCG835 INTERNATIONAL ACCOUNTING

WEEK 11

Corporate reporting regulation: Understanding differences — France, Germany, Netherlands

Reading

Textbook, Choi Chapter 3.

Lecture guide

The lecturer will begin the class with a discussion on France, Germany, Netherlands. The Formal Report presentations will occupy the second part of the class.

Requirements for students

All students should do the required reading before class. Some groups will have Formal Reports to present. For the remaining students, there are no other tasks this week.

Formal Report topics for presentation during Week 11 (France, Germany, Netherlands)

Topic 7

Trace the influence of French accounting to a French colonial (or former colonial) country. To what extent has that country moved away from French accounting and why?

Topic 8

Discuss recent corporate collapses in Germany. What were the apparent causes? To what extent do these collapses resemble recent US collapses like Enron and Worldcom?

Topic 9

Discuss recent problems and issues facing European financial reporting requirements since 1 January 2006. Concentrate on Europe generally but not specifically on France or Germany.

ACCG835 INTERNATIONAL ACCOUNTING

WEEK 12

International Harmonization of Accounting: Historical background, benefits and problems, global players, recent developments.

Reading

Textbook, Choi Chapter 8.

Flower, J., 1997, "The future shape of harmonization: The EU versus the IASC versus the SEC", *The European Accounting Review*, Vol. 16, No. 2, pp. 281-303.

Haswell, S. and McKinnon, J. "IASB Standards for Australia by 2005: Catapult or Trojan Horse?", *Australian Accounting Review*, March 2003. (selected passages).

Lecture guide

We will consider the benefits, problems and issues associated with international accounting harmonization. Our discussion will be focused around the International Accounting Standards Board IASB and the many different groups that have an interest in its International Accounting Standards (IAS). A brief history will be given of the IASB since its establishment in the early 1970s. We will consider the role of global accounting power players, including the SEC, US business and the New York Stock Exchange, Britain, the European Union and the world wide accounting profession. The objective here will be to gain an understanding of the pressures and events that have led to the contemporary role and status of the IASB. In this week we will also examine the recent moves by US power brokers and the European Union to influence the development and content of international accounting standards. The backdrop for this will be the collapse of Enron corporation in 2001 and recent changes to the structure of the IASB.

Requirements for students

All students should do the required reading before class. Some groups will have Formal Reports to present. For the remaining students, there are no other tasks this week.

Formal Report topics for presentation during Week 12

Topic 10

What recent issues and problems have arisen for Australia since the introduction of IAS/IFRS on 1 January 2005.

Topic 11

To what extent do you think the US/IASB harmonization programme is really a continuation of US attempts to have IFRS re-created in the likeness of US GAAP? Supply evidence that focuses on events as recently as possible.

Topic 12

Discuss recent harmonization problems in an Asian country (not China or Japan).

ACCG 835 International Accounting

Semester 1, 2007

INFORMATION ABOUT FINAL EXAM

Exam to be held Tuesday June 12, 2pm to 5.10pm, in E7B Mason Theatre.

Text books, readings material and notes are not permitted to be used in the exam room.

Calculators (silent type) are permitted. Programmable devices are not allowed.

The whole course is examinable. Students can expect a question or part of a question from each major topic.

All material delivered in lectures is examinable. All textbook required readings and supplied reprinted readings are examinable. All case studies, i.e. Del Norte (A) and (C) and Noresia , are examinable.

There will be seven questions of ten marks each. These questions will all ask for short answers. Questions may be divided into several parts. Answer all parts to all questions. There will be 30 multiple choice questions worth one mark each. Examples of questions are given below.

A number of questions may require numerical calculations.

All answers should be written in the question booklets. For the short answer questions space will be provided for students to write answers underneath each question. Two A4 pages of lined answer space will be provided for each of the seven short answer questions.

Sufficient detail must be provided to answer each question properly. Students should aim to write as much as possible of relevant information in the time available, preferably at least one page for each answer, but this will vary slightly according to size of handwriting.

Students should make sure that their answers get to the point and that they answer the questions directly. Marks are not awarded for material that “fills up the page” but is not relevant to the question.

Bullet-point form may be used if appropriate to the subject matter of a question, but bullet-point form should not result in a shortened or too-condensed answer.

A common enquiry of students is to ask “what level of detail is required to be learned?” There is no formulaised way to answer this except to say that the level of detail demanded by a question will be reasonable.

The questions will represent a spectrum of difficulty from “less difficult” (tends to be more general type of question) to “more difficult” (tends to be more specific).

Students will not be supplied in advance with any of the questions that will appear in the present semester’s exam, however sample questions are supplied below in order to convey the way that questions are structured.

Accounting 835, format of exam, semester 1, 2007:

PART A

30 multiple choice questions. 1 mark each for correct answer. Zero marks for each incorrect answer (no additional penalty).

PART B (10 marks maximum for each answer)

Question 1

This question is concerned with Hofstede and culture and/or the material from week 3.

Question 2

This question is about management control and performance evaluation.

Question 3

This question will be similar to some of the material in the Del Norte case study and will require analysis, numerical calculations and brief discussion of a management problem.

Question 4

This question is based on material similar to a part of the Noresia case study and asks for numerical calculations and double-entry bookkeeping. Extracts from accounting standards will be supplied.

Question 5

This question is based on a country study from weeks 9, 10 or 11.

Question 6

This question is based on a country study from weeks 9, 10 or 11.

Question 7

This question is based on week 12 material.

Examples of questions

The sample questions below will not be the same as the questions that will appear in the Semester 1, 2007 exam.

Sample question 1

“What are the reasons that cause international accounting practice diversity? Which one do you consider most important? Why?”

Note that this question will not appear in the Semester 1, 2007 exam, but another question on international accounting practice is possible.

This question was in the Semester 1 2003 exam and was answered reasonably well by most students. The question is reasonably general and straightforward.

To adequately answer this question students would have needed to elaborate on the reasons why there is accounting practice diversity internationally. Students who performed to a high standard in this question not only outlined the reasons but also indicated which they considered are most important and provided explanations why, i.e, they answered all parts of the question.

Sample question 2

“Explain the role of the Keiretsu and Keidandren in influencing Japanese accounting.”

Note that this question will not appear in the Semester 1, 2007 exam, but another question on Japanese accounting is possible.

The above question was also in the Semester 1 2003 exam, was poorly answered by many students and very well answered by a few. This is a more specific question. The Keiretsu and Keidandren were described in the distributed lecture notes and reading material and were discussed in class. Students whose performance is rather basic tend not to pay attention to this level of detail and they would not have made many in-class notes to support the distributed material. Study of the distributed material should have enabled at least a pass mark. Diligent students were rewarded with higher marks. This kind of question also tests students’ abilities to think critically and laterally. Be prepared to answer a number of questions that will have quite specific subject matter.

Sample multiple choice question

Note that this question will not appear in the Semester 1, 2007 exam.

Which of the following statements is correct?

- (a) for the profit center to work effectively, subsidiary managers must have the authority to make all decisions that affect their profits
- (b) most major companies use the profit center concept for international operations, delegating authority and responsibility for decision-making
- (c) delegating responsibility, without delegating the authority to make major decisions that affect profitability, enhances goal congruence
- (d) all of the above
- (e) none of the above.

RESOURCES

BOOKS: The list below provides details regarding a number of good books on international accounting that have been published recently.

Choi, D.S.F., & Meek, G.K., 2005, *International Accounting*, 5rd ed., Englewood Cliffs, NJ: Prentice-Hall

Radebaugh, L.H., & Gray, S.J., 2002, *International Accounting & Multinational Enterprises*, 5th ed., New York, NY: John Wiley & Sons

Saudagaran, S.M., 2001, *International Accounting: A User Perspective*, Cincinnati, Ohio: South-Western College Publishing

Iqbal, Zafar M., 2002, *International Accounting: A Global Perspective*, Cincinnati, Ohio: South-Western College Publishing

Nobes, C., & Parker, R., *Comparative International Accounting*, 8th ed., London, England: Prentice-Hall

JOURNALS:

Journals which are primarily concerned with international accounting and associated issues include:

Advances in International Accounting

International Accounting

International Journal of Accounting

International Journal of Auditing

Journal of International Accounting, Auditing and Taxation

Journal of International Financial Management and Accounting

Journal of International Business Studies

WEBSITES:

There are a great many websites concerned in some way with international accounting. A list of the more popular sites are provided below.

General sites:

IAS Plus: <http://www.iasplus.com>

IAS Plus/links (provides links to nearly 200 other websites relating to international accounting): <http://www.iasplus.com/links/links.htm>

Specific sites:

Australian Accounting Standards Board

<http://www.aasb.com.au>

European Union

<http://www.europa.eu.int>

Federation of European Accountants

<http://www.euro.fee.be>

Federation of European Stock Exchanges

<http://www.fese.be>

Financial Accounting Standards Board

<http://www.fasb.org>

Forum of European Securities Commissions

<http://www.europefesco.org>

International Accounting Standards Board

<http://www.iasb.org.uk>

International Federation of Accountants

<http://www.ifac.org>

International Federation of Stock Exchanges

<http://www.fibv.com/>

International Forum on Accountancy Development (IFAD)

<http://www.ifad.net>

International Monetary Fund

<http://www.imf.org>

International Organisation of Securities Commissions (IOSCO)

<http://www2.iosco.org>

Organisation for Economic Co-operation and Development (OECD)

<http://www.oecd.org>

U.K. Accounting Standards Board

<http://www.asb.org.uk>

U.S. Securities and Exchange Commission (SEC)

<http://www.sec.gov>

World Bank

<http://www.worldbank.org>

World Trade Organisation

<http://www.wto.org>

MACQUARIE UNIVERSITY
ACCG835 INTERNATIONAL ACCOUNTING SEMESTER 1 - 2007
GROUP ASSIGNMENT COVER SHEET

Day (Mon, Tues etc)_____ Time_____

REPORT TOPIC No_____ TOPIC TITLE_____

EMAIL CONTACT FOR GROUP_____

STUDENTS:

NAME	ID NUMBER	SIGNATURE	% contribution
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____
4. _____	_____	_____	_____

Students who sign this cover page acknowledge that the work presented is their own and that they are aware of the university's policy on plagiarism. It is expected that the % contribution of each student will be equal, however if this is not the case please indicate above.

LECTURER COMMENTS:

PRESENTATION Overall %

WRITTEN REPORT Overall %