

MACQUARIE  
UNIVERSITY



ACCG835  
International Accounting

Unit Outline  
Semester 1, 2010

## MACQUARIE UNIVERSITY UNIT OUTLINE

**Year and Semester: 2010, S1**

**Unit convenor: Associate Professor Lorne Cummings**

**Prerequisites / Corequisites: Please refer to the 2010 Postgraduate Handbook**

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

### UNIT DESCRIPTION

- This unit is concerned with issues in both financial and management accounting within an international context. With respect to financial accounting issues, the unit focuses on common cross-national differences in accounting methods and disclosure practices. 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, managing, planning, controlling and evaluating their global operations. Attention is also given to the concept of national culture, and how it provides insights into cross-national differences in approaches to both financial and management accounting issues.

### LEARNING OBJECTIVES

- 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.
- To gain an appreciation of how accounting and corporate disclosure is regulated in a range of different nations, and the role that the accounting profession, government and other bodies have in that regulation.
- 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.
- To gain an appreciation of the issues and problems facing international companies in organizing, managing, planning, controlling and evaluating, their global operations.
- To enable students to develop and strengthen their generic skills in the areas of report writing and topic discussion.

## TEACHING STAFF

Name	Role in unit	Phone	Email
Lorne Cummings	Unit Coordinator	9850 8531	Lorne.Cummings@mq.edu.au
Alan Kilgore	Lecturer	9850 8564	Alan.Kilgore@mq.edu.au

A consultation timetable will be provided at the beginning of the semester.

## CLASSES

- There are 3 hours of contact for learning per week consisting of 1 x 3 hour seminar (lecture and tutorial).
- There are three classes in Semester 1/2010.
  - Class\_01 Monday 6pm-9pm in E4B 316
  - Class\_02 Wednesday 2pm-5pm in E4B 316
  - Class\_03 Thursday 2pm-5pm in E5A 107
- In order to avoid confusion and issues with overcrowding, which can raise serious occupational health and safety issues, students must attend their registered class each week to be recorded as present. Students will not be allowed to attend or be recorded as attending other classes in the unit.

## REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

*ACCG835 International Accounting*, Pearson, 3<sup>rd</sup> edition 2008, ISBN 9781442507715.

This text is a composite book made of selected chapters from three different texts published by Pearson Education Australia. By using a composite text we can focus only on chapters that are suited to this unit, which is cost-effective to the student. This text is available from the Co-Op book shop at Macquarie University.

## UNIT WEB PAGE

The university's on-line learning site "BLACKBOARD" is used to provide announcements, forms, some course materials (including weekly lecture notes) and to submit e-copies of the assignment. Login at <http://learn.mq.edu.au/>

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.

## TEACHING AND LEARNING STRATEGY

- Students are expected to read all the materials for a particular session in advance of the class. All the 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 are 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.

## RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

The learning outcomes are assessed as follows:

- |                                      |     |
|--------------------------------------|-----|
| • In-class test (Week 7)             | 15% |
| • Group Research Report (Weeks 9-12) | 25% |
| • Final Examination                  | 60% |

**In order to receive a Pass grade or better in this unit, it is necessary to pass (obtain at least 50% in) the final exam as well as pass the overall assessment.**

The assessment components are explained in more detail below:

### **IN-CLASS TEST (15% of overall assessment)**

This test will be held in your regular class time during week 7. **You must sit for the test in your registered class.** The attendance roll will be marked just before the test and students not registered in that class will not be allowed to sit the test.

The test will consist of multiple choice questions and be of 40 minutes' duration. The test will be closed-book (no reading materials or course notes can be consulted during the test) and conducted under examination conditions. The test will cover all set reading material and material covered in class from weeks 1 to 6 inclusive and will also cover the reading material set for week 7.

If the test is missed due to illness or other valid reason there is no supplementary test. The marks awardable to the test will be re-distributed to the final exam.

### **GROUP RESEARCH REPORT (25% of overall assessment)**

#### **Submitted during Weeks 9-12**

Students will work in groups of four to five people for this assignment. Each groups presents a different topic (there are 12 topics). The topics are located in the class schedule for weeks 9-12. 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. Do not commence work until your topic is confirmed by the teacher via Blackboard.

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). The word length includes headings but does not include the reference list at the end or appendices. Please keep appendices to a minimum.

USE THE COVER SHEET PROVIDED ON BLACKBOARD.

2. Prepare a power point presentation or overhead projector slide summary of no more than ten slides of their findings in the Report. (A paper copy 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. An e-copy of the written assignment must be submitted via BLACKBOARD before the presentation. One paper copy must be provided to the lecturer in class 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 paper copy of the written report the following week and provide marks and feedback to the student group.
4. 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 20 minutes per group.

The group will be given a combined mark out of 25 for the presentation and the written 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.

### **FINAL EXAM (60% of overall assessment)**

Details on the final exam will be provided to students toward the end of semester. ACCG 835 students must be available to sit the exam during the exam period. Please do not make arrangements to leave Sydney before you know the exam date. Examinations cannot be given early to individual students.

### **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 communicated to you by e-student will include one of these grades plus a standardized numerical grade (SNG). Students are directed to consult pages 43 and 91 of the Undergraduate Handbook for University Policy on the determination of grades.

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. This will be the case for example if you fail the final exam, in which case it is likely that the SNG will be your exam mark. The reason for this is that it is

necessary to pass the exam to (a) pass the unit and to (b) receive an SNG that indicates Pass, i.e. is 50 or more marks.

Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university. The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.

## 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. While there is also some variation among units, our outcomes are reasonably typical of other GSO accounting courses. In Semester 2, 2009 the following grades were awarded for ACCG 835:

High distinction (SNG at least 85)	4
Distinction (SNG from 75 to 84)	13
Credit (SNG from 65 to 74)	68
Pass (SNG from 50 to 64)	72
Pass (Conceded) (SNG from 45 to 49)	10
Fail	<u>13</u>
	180 students

The above distribution of marks may also be seen as reasonably representative of the assignment marks that are awarded in this unit, although there are usually fewer passes and fails in the assignments.

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 Pass grade in this unit, it is necessary to pass (obtain at least 50% in) the exam as well as pass (obtain at least 50% in) the overall assessment. The expectations of the convener for students to achieve particular 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 a 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.

## SPECIAL CONSIDERATION AND SUPPLEMENTARY EXAMS

The only exception to not sitting an examination or in-class test at the designated time is because of documented illness or unavoidable disruption.

Students who do not sit for the final examination may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at <http://www.reg.mq.edu.au/Forms/APSCon.pdf>

The most common form of Special Consideration is a Supplementary Examination, because it is impossible to quantify the effect of illness on your performance. You will not be granted a Supplementary Examination if you do not meet the Faculty's requirements which include a requirement of satisfactory coursework. If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled as soon as the student is able to do the exam. Usually this means that the supplementary exam is held within a few days of the main exam. Students must be available to attend a supplementary exam when required by the unit convener.

1. If you are **genuinely** too unwell to attend the final exam then do not attend the exam but get a doctor's certificate and apply for a supplementary exam.
2. If you are unwell during the exam, and have not completed the exam, report this to the exam supervisor. You will be taken to the medical centre for an assessment by the doctor. Depending on the assessment you may qualify to apply for special consideration or a supplementary exam.
3. Special consideration/supplementary exams are not automatically granted:
  - a) They depend on the nature of any illness or other circumstances.
  - b) They may not be granted when coursework results are unsatisfactory.
4. If you:
  - a) Attend the final exam, and
  - b) You do not report unwell to the exam supervisor as required in (2) above,

then do **NOT** apply for a supplementary exam later. We will **NOT** grant an application for a supplementary exam when the student has already attended the main exam.

### What is satisfactory coursework?

To have satisfactory coursework in this unit you must you must have passed (obtained 50% or more) in the aggregate marks of your in-class test and the research report.

## 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 practices 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 may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

## REFERENCING

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. Even if there is no copied material that breaches the guidelines below, penalties apply if there are not sufficient references throughout the body of the assignment. If there are few or no references at all other than those in the list at the end of the assignment, a penalty of up to 30% may apply in addition to any plagiarism penalty.

Any passage of more than a few words that is directly reproduced needs QUOTE MARKS (“...”) plus a reference, example, the following is word-for-word copy from Brown:

“Mitsubishi Corporation approached the New York Stock Exchange during January 1996 and obtained a favorable outcome from the chairman on seventeen of their twenty-five demands” (Brown 2007, page 1).

You will also need to put full details of Brown in your alphabetic reference list at the END of the assignment. If an internet reference has no page number you can cite the URL.

Aardvaark, A., 2004, .....

Brown, B., 2007, title of article or chapter, name of publication underlined, edition number, page numbers.

Catfish, C. and Dogfish, D., 2001, “Great moments in Japanese history”, [www.catfishdogfish.org/japan/history/](http://www.catfishdogfish.org/japan/history/) Accessed 24 July, 2009.

In ACCG835 we do not mind if the style of the referencing varies a little as long as it is understandable and accurate.

If you are abstracting the idea from its source and re-writing in your own words you do not need the quotation marks, for example:

According to Brown (2007) Mitsubishi lobbied the NYSE in the 1990s.

If you need more information on how to reference properly then go to the Macquarie University Library website.

## **COPYING FROM INTERNET**

While the internet provides a useful material source we have had a number of problems in the past with the way students use the material in their assignments. Turnitin ® software is able to give teachers a precise indication of the amount of internet material used in the assignment (i.e. as a percentage of the assignment). (Note: Commonly used phrases, titles, etc identified in Turnitin are not regarded as plagiarism and the lecturer uses discretion on these.)

Some students copy and paste large slabs of material directly from the internet into their assignments without any change or attempt to rewrite the material in their own words. Small amounts of referenced quotations are acceptable but these should be reserved for making some significant point. What constitutes a “large amount” of copying might depend on the assignment question but when more than about 10% of the whole assignment consists of word-for word copied passage(s) then:

1. If you have not used appropriate references then you have **PLAGIARISED** from the internet and can expect to be penalized. In cases where the copying looks to stem from lack of familiarity with report writing the lecturer will impose partial penalties: assignments which have x% unacknowledged internet passages will receive a reduction of x% of the awardable marks. **HOWEVER:** if an assignment contains blatant, deliberate plagiarism the students involved may receive zero marks for the assignment and be reported to the university’s disciplinary committee.
2. Even if you do use appropriate references, the material is still not really your own, you didn’t write it, copying and pasting isn’t very difficult, you haven’t really demonstrated that you have done much work, and you can’t expect to get very many marks for such an assignment. Assignments that have more than about 10% of copied material will receive the same pro-rata reduction in awardable marks as above.

## **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>.

## **APPEALS AGAINST A FINAL GRADE**

If you honestly believe there is an error in your final grade or that it is unfair, please submit a Grade Review application to the Faculty (in person or by proxy) within five (5) days of the release of your grade to the Graduate Studies Office on Level 2 of Building E4A.

Prior to lodging any Grade Review application, it is strongly recommended that you view your final exam script (in person or by proxy). Public script viewing sessions can be arranged with the Student Administration Manager at the Graduate Studies Office on Level 2 of Building E4A.

**SUMMARY OF ACCG835 PROGRAM: SEMESTER 1 - 2010**

Week	Commencing	Topic
1	February 22	Introduction, distribution of material and organization of student work groups.
2	March 1	The concept of culture and its relevance to international accounting diversity. Enhancing cross-cultural international accounting research.
3	March 8	Cross-cultural influences on professional accounting
4	March 15	Management control: performance evaluation and transfer pricing.
5	March 22	Management control in an international context: performance evaluation Case study - Del Norte Paper Company (C).
6	March 29	Management control in an international context: transfer pricing Case study – Del Norte Paper Company (A).
		5 <sup>th</sup> April to 16 <sup>th</sup> April MID-SEMESTER BREAK (2 Weeks Break)
7	April 19	External reporting in an international context: similarities and differences. In-class test.
8	April 26	External reporting in an international context: preparing and adjusting financial statements for international accounting standards: Noresia Limited case study.
9	May 3	Corporate reporting regulation: understanding differences — USA.
10	May 10	Corporate reporting regulation: understanding differences — Japan and China.
11	May 17	Corporate reporting regulation: understanding differences — The Netherlands, France and Germany.
12	May 24	International harmonization and convergence of financial reporting: historical background, benefits and problems, global players, recent developments and controversies.
13	May 31	Conclusion.

Week 13 is a study period and consequently no classes are scheduled

## 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 discuss the **group assignment** and talk about the formation of student work groups for the purposes of the assignment and presentation (Weeks 9-12). Students will collaborate within each group to produce the assignment.

The **group assignment** (Weeks 9-12) is part of the method of continuous assessment used in this unit (worth 25% of overall assessment). For this assignment groups will have a **strict maximum of five students**. It is anticipated that most groups will have four or five members, though a group with three members is also acceptable. A group with less than three members will require special permission of the teacher and there would need to be a good reason. The allocation of topics for this assignment requires a formal notification of group membership and request for topic preferences, which will be done in week 7.

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.

Towards the end of class there will be an opportunity for students to meet each other and talk among themselves about possible group membership. The actual formation of the groups is done by students themselves.

In many cases group members will be from the same country but this will not always be the case. 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.

## WEEK 2

### The concept of culture and its relevance to international accounting diversity

#### Reading

Hofstede, G. and G. Hofstede, 2005, *Culture and Organizations: 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.

Patel, C, "Some Theoretical and Methodological Suggestions for Cross-Cultural Accounting Studies", *International Journal of Accounting, Auditing and Performance Evaluation*, Vol. 1, No. 1, 2004, pp.61.84.

#### 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.
- Summary of Patel's 2004 paper.

#### 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.

Prior to the class students are required to prepare answers to the following questions and be prepared to discuss their answers in class.

1. How does Hofstede define and describe culture? Is his concept of culture consistent with the way you think of culture?
2. Discuss at least two limitations of using Hofstede's five dimensional culture model in international accounting research.

## WEEK 3

### Cross-cultural Influences on Professional Accounting

#### Reading:

Patel, C., G. Harrison and J. McKinnon, "Cultural Influences on Judgments of Professional Accountants in Auditor-Client Conflict Resolution", *Journal of International Financial Management and Accounting* (New York University Salomon Centre and the International Association of Accounting Research), Vol. 13, No. 1, 2002, pp.1-31.

Patel, C., "Some Theoretical and Methodological Suggestions for Cross-Cultural Accounting Studies", *International Journal of Accounting, Auditing and Performance Evaluation*, Vol. 1, No. 1, 2004, pp. 61-84.

#### Lecture guide

The lecturer will present a discussion on cross-cultural influences on professional accounting.

#### Requirements for students

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.

Questions to guide your reading and for class discussion:

1. In terms of interpreting accounting and auditing standards, what is the meaning of the term, "substance-over form" approach?
2. Why is it important to understand cultural influences on judgments of professional accountants?
3. How are the findings of the study relevant to the various topics included in ACCG835 International Accounting?
4. Discuss using relevant examples at least two theoretical and methodological specifications that are likely to enhance cross-cultural accounting research.

## 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 and be prepared to discuss these in class.**

- Chapter 10 Exercise 10; and
- Chapter 12 Exercises 10.

## 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), **prepare answers to question 2 below and be prepared to discuss these in class.** We will interactively discuss the issues, and optimal solutions will be decided.

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. What 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 cyclicity of decisions (approvals or rejections) by San Francisco (see Rizzo's comment on page 7 about cyclicity 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?

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

## WEEK 6

### Management control in an international context: Transfer pricing Case study – DelNorte 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) and **prepare answers to questions 1 and 2 below and be prepared to discuss these in class.** We will interactively discuss the issues, and optimal solutions will be decided.

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.

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

## **Presentation of group Research Reports during Weeks 9 to 12**

**Students to allocate themselves into groups by submitting form next week (Week 7).**

**Finalise group formation with classmates now.**

Each student group must present a Research Report based on one of the topics that are scheduled, sometime during weeks 9 to 12. See the assignment instructions earlier in this outline. Students are asked to form themselves into groups of strict maximum **FIVE STUDENTS** by submitting a form to the lecturer during Week 7 (one form per group). The form should be downloaded from Blackboard. 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. The teacher will allocate the topics and students will be notified of the allocation the same week when they are posted on Blackboard. 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 complete discussion about formation of the groups this week. Have your forms ready for collection in Week 7 classes.

## 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

Other from the in-class test, there are no formal requirements this week other than to read the set material before coming to class. The lecturer encourages students to participate in discussion of any of the topics during the presentation.

#### IN CLASS TEST

**The in-class test will be held during class time this week. For details see the assessments section in this unit outline.**

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

Reminder that these forms will be collected this week. See notice at end of Week 6.

## 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 class. Note that a question similar to some of the Noresia material will appear in the exam.

## 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 Research Reports to present in the second part of the class. For the remaining students, there are no other tasks this week.

#### Research Report topics for presentation during Week 9 (USA):

##### Topic 1

The ‘roadmap’ for convergence between the IASB and the US Financial Accounting Standards Board (FASB) outlined in the “Memorandum of Understanding” may further politicise and complicate the process of standard setting at the international level. In this process of accounting convergence, do you think US accounting is becoming more like IFRS or is IFRS becoming more like US accounting? Try to explain your results in terms of the political situation involving US authorities and the IASB. Also comment on the statements made in the Berlau article back in 2003. To what extent have these fearful prophecies materialized by 2009?

##### Topic 2

Late in 2008, in response to demands from world business during the Global Financial Crisis, both the FASB and the IASB altered their requirements for mark-to-market accounting. By July 2009, some political leaders were claiming that the crisis is nearly over. Critically discuss this claim and evaluate the role of accounting changes in bringing about the supposed stabilization of financial markets.

##### Topic 3

In a recent Rolling Stone magazine article (“Inside the Great American Bubble Machine”, posted 2 July 2009) author Mat Taibbi claims that the investment banking firm Goldman Sachs had engineered every major stock market bubble and crash since the great depression of 1929. By researching sources further than the Rolling Stone article, state the extent to which you think this claim could be true, if it is true at all. Discuss the role of accounting regulations, their observance or abuse, in these supposed attempts to manipulate the stock market by Goldman Sachs and other investment bankers.

## 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 Research 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 Research Reports to present. For the remaining students, there are no other tasks this week.

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

##### Topic 4

Select a 50 year time period in Japanese history sometime between the year 1100 A.D. and 1940. During your selected period, show the extent to which financial information was disclosed to the public by Japanese commercial interests. Discuss the cultural factors prevailing at the time that influenced the disclosure or retention of financial information.

##### Topic 5

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

##### Topic 6

What difficulties are faced by Australian businesses in obtaining financial information about companies that are based in China or Japan? (choose one country only). Give examples of these difficulties by reference to Australian company activities during 2009.

## 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 Research 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 Research Reports to present. For the remaining students, there are no other tasks this week.

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

##### Topic 7

Select a 20 year time period in French accounting history sometime between 1750 and 1940. During the selected period report on events that show the influence of French traditional business culture upon the rules and practices governing accounting reports and financial information.

##### Topic 8

What has been the effect, if any, of International Financial Reporting Standards (IFRS) on German corporations that are in distress due to the world financial crisis of 2008-2009? Provide some examples that show the extent to which IFRS have helped or hindered these corporations.

##### Topic 9

Research the history of one of the giant transnational enterprises whose origins are in the Netherlands. Show how changes in the type and extent of financial information provided by this company over time is reflective (or otherwise) of changes in the economic and social outlook of this country. You may choose the time period and make the focus as you wish, but a minimum 20 year period is suggested.

## WEEK 12

### **International Harmonization and Convergence of Financial Reporting: Historical background, benefits and problems, global players, recent developments**

#### **Readings**

Textbook, Choi Chapter 8.

Doupnik, T. and Perera, H., 2009, "International Accounting" McGraw-Hill, 2<sup>nd</sup> edition, Chapter 3, pp. 69-113.

#### **Lecture guide**

We will consider the benefits, problems and issues associated with international accounting harmonization and convergence. 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) and Financial Reporting Standards (IFRS). A brief history will be given of the International Accounting Standards Committee (IASC) and the IASB since its establishment in the early 1970s. We will examine the politics associated with developing, implementing and evaluating IAS and IFRS. 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 the second half of the seminar we will use at least two accounting models to evaluate the usefulness of IFRS in specific country contexts. We will refer to historical, political, economic, cultural and legal influences to show the importance of contextual factors in international accounting. Finally, we critically challenge the assumption of superiority and universal applicability of IFRS

#### **Requirements for students**

All students should also do the required reading before class and be prepared to answer questions and participate in class discussions related to the topic being covered. Class discussion topics:

1. How does harmonization differ from convergence?
2. Some researchers have claimed that International Accounting Standards Board is more involved in politics associated with standard setting rather than focusing on developing relevant and reliable standards. Discuss whether you agree or disagree with this statement.

#### **Research Report topics for presentation during Week 12**

##### **Topic 10**

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

##### **Topic 11**

Discuss recent accounting convergence problems in an Asian country other than China or Japan.

##### **Topic 12**

"Historical, political, economic and cultural influences can easily be ignored in international convergence of financial reporting". Evaluate this statement using relevant examples.

## 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*, 5<sup>th</sup> ed., Englewood Cliffs, NJ: Prentice-Hall.

Radebaugh, L.H., & Gray, S.J., 2002, *International Accounting & Multinational Enterprises*, 5<sup>th</sup> 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., 2004, *Comparative International Accounting*, 8<sup>th</sup> 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 many websites that are related to 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 Organization of Securities Commissions (IOSCO)

<http://www2.iosco.org>

Organization 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 Organization

<http://www.wto.org>