

## SCHOOL OF ACCOUNTING & COMMERCIAL LAW

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### ACCY 309 INTERNATIONAL ACCOUNTING

Trimester Two 2005

#### COURSE OUTLINE

##### Contact Details

Dr Bhagwan Khanna (course co-ordinator)      Room no. RH 712  
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Both lecturers will maintain their office hours “**by appointment only**” for this course.

##### Class Times and Room Numbers

Lectures will be held on:  
Tuesdays from 2.40 - 4.30pm in GB LT3 and  
Fridays from 11.30am - 1.30pm in RH LT 3

There are no tutorials for this course.

##### Course Objectives

With the growing globalisation of trade and commerce, many accounting issues, which till recently were being considered to be domestic, have assumed international dimensions. Both domestic and multinational corporations have increasingly been confronting and tackling these issues in varying degrees. The objective of this course is to examine how these changes are affecting the way accounting is practiced internationally. In short, we intend to prepare our students to be able to contribute professionally in a global economy.

We hope that when you exit the course, you would have acquired a familiarity with the:

- ✓ National accounting concepts and procedures.
- ✓ Presentation and analysis of financial statements.
- ✓ Major differences between countries in their approaches to financial reporting.
- ✓ Harmonization and standardization.
- ✓ Functional currencies.
- ✓ An understanding of the development of international financial accounting standards and the role of the International Accounting Standards Board.
- ✓ Accepted presentation of consolidated financial statements of multi-national enterprises (optional).
- ✓ The ability to analyze and compare U.S. and foreign financial statements (optional).
- ✓ Social, environmental and ethical issues that are involved in the internationalisation of business and the role of accounting within that
- ✓ Implications of professionalism and the “public interest” in the international business environment.

### **Course Content**

This course builds on knowledge gathered in other accounting courses and will cover topics such as the need for and importance of studying international accounting; the role of cultural and societal values in understanding differences in accounting and reporting practices in the USA, UK, Australia, France, and Japan; international harmonisation process and the role of the International Accounting Standards Committee (IASC).

The course will also examine the nature and growth of multinational corporations and financial reporting issues such as segment reporting, consolidation and financial statement analysis, foreign exchange and accounting for foreign currency transactions. In addition, international transfer pricing and taxation issues will be discussed. This course of International Accounting is geared to examine the international dimension of accounting, accounting history, financial reporting and analysis. It aims to provide students with an in-depth look at the multinational enterprise and the preparation and presentation of financial statements in different countries.

We intend to cover - the reasons for the study of international accounting, concepts involved, influence of stages of economic growth on accounting development etc, the transfer pricing, foreign currency translation, financial disclosure, auditing, international corporate taxation, international accounting harmonization, a comparison of global accounting methods and financial reporting, social and environmental issues, and ethics and the “public interest”. Some topics may be covered lightly, with a view to enable students to undertake in-depth study for their term assignment(s).

### **Readings**

The recommended text book is: Frederick D. S. Choi & Gary K. Meek (2005) **International Accounting** (5th ed.) ISBN: 0-13-148097-9.

In the second half of the course assigned readings will also be given out. You will be expected to have read the readings prior to class.

In addition, you are strongly encouraged to refer to any book on International Accounting. A few are mentioned as follows:

- Lee H. Radebaugh and Sidney J. Gray, *International Accounting and Multinational Enterprises* (2005 edition).
- Christopher Nobes and Robert Parker, *Comparative International Accounting*, (2004 edition).

### **Materials and Equipment**

Silent, non-programmable electronic calculators may be used in the end-trimester exam.

### **Assessment Requirements**

Lectures will be the primary method of teaching and students are required to actively participate in the class discussions. Students will be required to complete either the Assignments **or** a Research Essay as outlined below, (topic to be approved by at least one lecturer) dealing with current issue(s) of international accounting. Submission date for the research essay is Friday, 7<sup>th</sup> October, 2005. The mid trimester test will take place on Tuesday 30<sup>th</sup> August at the normal lecture time. An internally assessed examination will take place on Friday 7<sup>th</sup> October 2005 during the normal lecture time.

Assignments /or Research Essay	20%
Mid Trimester Test	30%
Final internal examination	50%

Every piece of work submitted for assessment is to be substantially your own, although you are encouraged to discuss your ideas and approaches as they develop with other students. Submitting another's work as your own would be unethical, whether you are detected or not, and is not consistent with the behaviour expected of prospective executives. There are substantial penalties (detailed in the University Calendar) for academic misconduct.

### **Assignments**

If you choose to do the assignments, students must complete to a satisfactory standard, four (4) of the six (6) assignments. Students must submit at least two assignments set by Pala Molisa and Dr Bhagwan Khanna. Assignments will only be graded “pass” or “fail”.

The due dates for the six assignments are:

<u>Number</u>	<u>Due date</u>
Assignment 1	Friday, 22 July
Assignment 2	Friday, 29 July
Assignment 3	Friday, 5 August
Assignment 4	Friday, 16 September
Assignment 5	Friday, 23 September
Assignment 6	Friday, 30 September

### **or**

Research Essay	Friday, 7 October
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### **Penalties**

Late submission will incur a penalty of 10% per day of the allocated marks for the assignment or research essay in question.

### **Mandatory Course Requirements**

To pass the course, you will be required to have attained an overall C grade or better.

### **Communication of Additional Information**

Information such as course notices will be posted on Blackboard.

### **General University Policies and Statutes**

Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures.

### **Student Conduct and Staff Conduct**

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor. This Statute is available in the Faculty Student Administration Office or on the website at: [www.vuw.ac.nz/policy/StudentConduct](http://www.vuw.ac.nz/policy/StudentConduct).

The policy on Staff Conduct can be found on the VUW website at: [www.vuw.ac.nz/policy/StaffConduct](http://www.vuw.ac.nz/policy/StaffConduct).

### **Academic Grievances**

If you have any academic problems with your course you should talk to the tutor or lecturer concerned or, if you are not satisfied with the result of that meeting, see the Head of School or the Associate Dean (Students) of your Faculty. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website:

[www.vuw.ac.nz/policy/AcademicGrievances](http://www.vuw.ac.nz/policy/AcademicGrievances).

### **Academic Integrity and Plagiarism**

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. Plagiarism is **prohibited** at Victoria.

The University defines plagiarism as follows:

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not.

*'Someone else's work' means anything that is not your own idea, even if it is presented in your own style. It includes material from books, journals or any other printed source, the work of other students or staff, information from the Internet, software programmes and other electronic material, designs and ideas. It also includes the organization or structuring of any such material.*

***Plagiarism is not worth the risk.***

Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct ([www.vuw.ac.nz/policy/studentconduct](http://www.vuw.ac.nz/policy/studentconduct)) and may be penalized severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- suspension from class or university
- cancellation of your mark for an assessment or a fail grade for the course.

*Find out more about plagiarism and how to avoid it, on the University's website at: [www.vuw.ac.nz/home/studying/plagiarism.html](http://www.vuw.ac.nz/home/studying/plagiarism.html).*

**Students with Disabilities**

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities an equal opportunity with all other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, then please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services to confidentially discuss your individual needs and the options and support that are available. Disability Support Services are located on Level 1, Robert Stout Building, or phoning 463-6070, email: [disability@vuw.ac.nz](mailto:disability@vuw.ac.nz). The name of your School's Disability Liaison Person can be obtained from the Administrative Assistant or the School Prospectus.

**Student Support**

Staff at Victoria want students' learning experiences at the University to be positive. If your academic progress is causing you concern, please contact the relevant Course Co-ordinator, or Associate Dean who will either help you directly or put you in contact with someone who can.

The Student Services Group is also available to provide a variety of support and services. Find out more at [www.vuw.ac.nz/st\\_services/](http://www.vuw.ac.nz/st_services/) or email [student-services@vuw.ac.nz](mailto:student-services@vuw.ac.nz).

VUWSA employs two Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and faculty delegates. The Education Office is located on the ground floor, Student Union Building, phone 463 6983 or 463 6984, email [education@vuwsa.org.nz](mailto:education@vuwsa.org.nz).

## Lecture Schedule

### Teaching & (Tentative) Topics:

#### Dr Bhagwan Khanna will lecture for the first six weeks

- \* **Development and spread of ideas of international accounting. Definition and theories of international accounting.**
  - Chapters 1 and 2; Choi, and Meek.
  - M. A Qureshi, “Pragmatic and Academic Bases of International Accounting,” *Management International Review*, February, 1979, pp. 61-67.
- \* **Major areas of differences in international financial reporting.**
  - Chapter 3 ; Choi, and Meek.
- \* **International classification and regulation of financial reporting in the UK, USA.**
  - Chapters 4 and 5; Choi, and Meek.
  - Bhagwan Khanna and Lorenzo Pozza,“ United Kingdom,” Chapter 1, in *The Process of Formulation and Issuance of Accounting Standards; France, Germany, Italy, United Kingdom* (in English) ed. A. Provasoli and A. Vigano, Italy: Giuridiche Economiche Aziendali Dell'Universita Bocconi E Giuffre Editori S.p.a. (EGEA), 1996, pp. 1-51.
- \* **Financial reporting in Australia, France, Japan and Developing countries.**
  - Chapters 3 and 4; Choi, and Meek.
- \* **Setting accounting standards and harmonisation of financial reporting. In-class debate amongst students on harmonisation. A New Challenging Agenda.**
  - Chapter 8; Choi, and Meek.
  - A. R. Rahman, M. H. B. Perera, and G. Tower, “Accounting Harmonisation Between Australia and New Zealand: Toward a Regulatory Union, ” *International Journal of Accounting: Education and Research*, ” vol. 29, pp. 326-33.
  - Richard K. Goeltz, “International Accounting Harmonisation: The Impossible (and Unnecessary?) Dream,” *Accounting Horizons*, March 1991, pp. 85-88.
  - Sidney J. Gray and Clare B. Roberts, “East-West Accounting Issues: A New Agenda,” *Accounting Horizons*, March 1991, pp. 42-50.

\* **International Auditing: context, problems, challenges and some likely paradigms.**

- A. Schilder, "Research Opportunities in Auditing in the European Union," *Accounting Horizons*, December, 1996, pp. 98-108.
- "SEC looks to the Future," *The Accountant*, February, 1998, p. 11.
- Karel van Hulle, "Ironing out difference in European Auditing Standards," *Accountancy International*, July 1998, p. 57.
- Wim de Bruijn, "GATS - What Next ?" *Accountancy International*, December, 1998, p. 68.

\* **International reporting**

- Chapter 5; Choi, and Meek.

\* **Foreign currency translation**

- Chapter 6; Choi, and Meek.

\* **International financial analysis**

- Chapter 9; Choi, and Meek.
- G.K. Meek, C.B. Roberts and S.J. Gray, "Factors Influencing Voluntary Annual Report Disclosures by U.S., U.K., and Continental European Multinational Corporations," *Journal of International Business Studies*, 3rd quarter, 1995, pp. 555-572.

**Pala Molisa will lecture for the last five weeks**

\* **Emerging issues in international accounting**

- Chapter 11 Choi and Meek

\* **Nature and growth of multinational corporations.**

- Chapter 4 Choi and Meek

\* **Planning and Control in MNC context.**

- Chapter 10; Choi, and Meek

\* **International product costing and transfer pricing.**

- Chapter 12; Choi, and Meek

\* ***Last Session – (week of 3rd October, 2005).***