

## **International Accounting and Financial Reporting**

**Spring 2005**

**Mr. Paul D. Neuwirth**

**Text:**

International Accounting by Choi, Frost and Meek, 4<sup>th</sup> ed., Prentice Hall, Upper Saddle River, NJ, 2002

**Class hours:**

3:00 PM to 4:30 PM  
Tuesday and Thursday  
Room F-92  
Jon M. Huntsman Hall

**Text:**

International Accounting by Frederick D.S. Choi and Gary K. Meek, Fifth Edition, 2005, Pearson Prentice Hall, Upper Saddle River, NJ 07458.

**Office hours:**

By appointment.  
On campus  
or  
2001 Market Street, 31<sup>st</sup> floor.

**Telephone:**

215 656-3043

**e-mail:**

PhillyCPA@aol.com

## **International Accounting and Financial Reporting Spring 2005**

### **GENERAL INFORMATION FOR STUDENTS**

Generally accepted accounting principles and reporting practices vary significantly throughout the world, even though much attention is being paid to reducing the differences.

The objectives of this course include:

- Broadening your knowledge of how these principles and practices vary; how they impact financial reporting and business decisions; how movement toward harmonization is occurring.
- Enhancing your understanding of other, more technical matters such as foreign currency translation and transactions, how managements of related entities (like parent and subsidiary) deal with issues arising from the use of differing currencies in local reporting and in consolidation, and in management control through budgeting and incentives.
- Review of important technical areas of differences among accounting systems such as treatment of marketable equity securities, consolidations, pension costs, stock option plans and similar issues.

We will use case studies and reports of foreign companies as appropriate throughout the course.

In addition to the required text, we will use “teaching notes” that will be distributed to you throughout the semester.

Some of our work will be done in teams. How the teams are made up and the benefit of teamwork will be discussed in class.

The course material will be presented with emphasis on qualitative issues particularly those that affect management decision making of executives of multi-national companies and those who lend to or invest in them.

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**GRADES**

There will be two examinations; a mid-term exam at session #14 and a final during Finals Week. The examinations are not “open-book” tests. Your scores on these two examinations will be averaged and the average will determine 80% of your grade.

The remaining 20% of your grade will be based on a written presentation during the 2<sup>nd</sup> half of the semester of a case concerning analysis of foreign financial statements, and your participation in classroom discussions throughout the semester.

**CONSULTATIONS**

You may ask questions beyond classroom hours.

Contact Mr. Neuwirth by e-mail at:  
PhillyCPA@aol.com

If you have a more extended question, you may reach Paul Neuwirth by telephone at 215 656 3043. If a conference is appropriate, it can be scheduled at your convenience on campus at Mr. Neuwirth’s Accounting Department office in Steinberg/Dietrich Halls or at his Center City office at 20<sup>th</sup> and Market Streets.

**International Accounting and Financial Reporting  
Syllabus  
Spring 2005**

<u>Class No.</u>	<u>Subject</u>
1	Course overview.
2	Comparative practices; Development of accounting principles; The International Accounting Standards Board.
3	International Accounting Standards Board the EU, the SEC; Foreign currency translation.
4	Foreign currency translation
5	Foreign currency translation-continued.
6	Consolidated financial statements.
7	Consolidated financial statements; Marketable equity securities.
8	Technical issues: Pensions; termination benefits; leases.
9	Technical issues: Pensions; termination benefits; leases - continued.
10	Technical issues: income taxes.
11.	Transfer pricing.
12	Inflation.
13	Inflation.
14	Mid-term examination.
15	Foreign Corrupt Practices Act - Other ethical issues.
16	Foreign Corrupt Practices Act - Other ethical issues. - continued.
17	Hedging of foreign exchange risks.
18	Hedging of foreign exchange risks.

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Class No.	Subject
19	Management issues.
20	Management issues - continued.
21	Analyzing foreign financial statements.
22	Analyzing foreign financial statements - continued.
23	Analyzing foreign financial statements - continued.
24	Analyzing foreign financial statements - continued.
25	Analyzing foreign financial statements - continued.
26	Open for review.

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**Reading and Other Assignments**

By Class No.

- 2      “Your” country:  
          1. country name.  
          2. How are GAAP set in your country?  
          3. Which professional bodies in your country set or influence  
              GAAP?  
          4. According to GAAP in your country, how is inventory to be  
              accounted for in financial statements?
- 2      Teaching note: Comparative Practices
- 2      Choi: Chapters 1 and 2  
       Choi: page 64 Case 2-1  
           pages 65-67 Case 2-2
- 3      Choi: page 43 #1  
          page 45 #11, 12
- 3      Mini case note Reisling, AG
- 4      Teaching note: Translation Gains and Losses; Proof of the Change in the  
       Special Equity Account.
- 5      Choi: Chapter 6
- 5      Case: Thai Traders (Team Solution required. Will be graded.)
- 7      7 mini cases in functional currency.  
       Choi: pages 207-241
- 8      Case: Feeney Corporation (Team Solution required. Will be graded.)
- 9      Research and report on the deferred taxation method, if any, used in  
“your” country.
- 10     Read monograph on Income Taxes.  
       Read article on “Values in Tension: Ethics Away from Home.”

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**Reading and Other Assignments**

By Class No.

- 11 Choi text: Chapter 7  
Team Report on accounting for Pensions in “your” country.
- 12 .Choi page 272: Case 7-1: Kashmire Enterprises
- 13 Choi: Chapter 12 with emphasis on Transfer Pricing, pp 484-5.
- 14 Mid-term examination.
- 16 Case: Royal Apparel Company. Answer questions 1,2 and 3.
- 18 Choi: Chapter 11.  
Choi: pp. 452-3, #6, 7, 8.
- 19 Choi: Chapter 10  
Choi: pp. 411-12; answer questions 1, 2,and 3.  
See also ICI pp 398-401.
- 20 Case: Ampex Corporation.  
Answer questions 1 and 2.
- 22 Case: Tanaguchi Corporation.  
Answer questions 1 and 2.  
Explain differences in profitability and risk ratios reported in Col. 2 of Exhibit 2 vs. those in Col. 3 for US machine tool companies.
- 23 Case: Don Foster’s Dive Cayman, Ltd.  
Answer questions 1, through 9.
- 24 Case: Foreign company financial statements will be distributed for your analysis and reporting.
- 25 Foreign company financial statements case continued.
- 25 Foreign company financial statements case continued.
- 27 Open for review