



Chandaria
School of
Business

ACT 4050: INTERNATIONAL ACCOUNTING

CREDIT: 3 UNITS

1.0 COURSE DESCRIPTION

The course involves the study of international dimensions of accounting and use of accounting information for decision making in a multinational environment. It also includes managerial accounting in the context of multinational corporations; involving cross border transactions such as currency translation, transfer pricing, international taxation and financial analysis and interpretation. Emerging issues and developments will also be explored.

2.0 COURSE OBJECTIVES

- The course will introduce students to the measurements and reporting problems involving international and cross border transactions. In addition the students will be introduced to techniques and challenges in analyzing and interpreting international financial statements. Throughout the course reference will be made to International Financial Reporting Standards (IFRS).
- The students will specifically be introduced to measurements, valuations and reporting of international accounting transactions such as foreign currency, price level changes; managerial accounting issues in the context of strategic planning, transfer pricing, and international taxation. Emerging issues in international accounting and auditing will also be addressed.
- The students will be expected to have gained knowledge and skills that would enable them make some basic but intelligent decisions on the accounting policies used on recording and reporting on international transactions. Students will also be expected to be able to evaluate the financial position, performance and changes in financial position of an organization with multiple and cross border operations.

- **Prerequisite: ACT 2010**

3.0 USIU MISSION STATEMENT

The mission of United States International University (USIU) is to promote the discovery and application of knowledge, acquisition of skills, and the development of intellect and character

in a manner that prepares the students to contribute effectively and ethically as citizens of a changing and increasingly technological world.

4.0 LINK TO UNIVERSITY MISSION OUTCOMES AND PROGRAM OUTCOMES

This course will equip students with a broad range of knowledge, technical skills and abilities to enable them make intelligent decisions on the accounting policies used on recording and reporting on international transactions. Students will also acquire skills that will enable them evaluate the financial position, performance and changes in financial position of an organization with multiple and cross border operations in a manner that is consistent with reporting guidelines in a dynamic and constantly changing environment

5.0 CHANDARIA SCHOOL OF BUSINESS MISSION STATEMENT

In line with the university mission, the mission of Chandaria School of Business is to provide a range of knowledge, skills, attitudes and problem-solving abilities to enable students to respond to the need for successful management and leadership of profit and not for profit organizations in a dynamic environment

5.1 SCHOOL OF BUSINESS LEARNING OUTCOMES

At the end of the program the students should be able to:

- Demonstrate awareness, knowledge and appreciation of global business operations and practices.
- Demonstrate knowledge about the different functions of business and show an appreciation and integration of functional business areas.
- Make use of adaptive and innovative skills.
- Develop practical working experience through participation and contribution to community and societal causes.
- Initiate Problem Solving Abilities by collecting and analyzing data to provide business solutions.
- Demonstrate understanding of diversity and work harmoniously with individuals and groups in organizations
- Communicate effectively by developing competencies in oral and written communication skills and use of technology.
- Develop mastery of knowledge, skills and values relevant to careers in their selected disciplines.
- Demonstrate effective, efficient and ethical leadership.

6.0 COURSE LEARNING OUTCOMES

At the end of this course the students should be able to;

- Demonstrate and appreciate clear understanding of the conceptual Framework that guides accounting as a profession with specific emphasis on international operations
- Produce analyze and interpret accounting transactions involving international operations including an appreciation of international managerial accounting concepts and techniques
- Relate classwork with financial and managerial accounting as practiced in the international market
- Use appropriate academic tools including appropriate language, critique and citation
- Participate through comments and critiques, in discussions on emerging issues affecting the accounting profession such as contained in the exposure drafts.
- Exhibit conduct of a professional meet deadlines, punctuality, completeness and reasoning within the context of professional accountant.

COURSE CONTENT

WEEK 1-2

7.0 Introduction to International Accounting

Topic learning outcomes

At the end of the topic, students should be able to;

Understand the purpose of the conceptual frame work
 The contents of the conceptual frame work
 Understand the nature of international accounting
 Understand and explain reasons and challenges of going international
 Explains the types of international involvements
 Understand International Accounting Standards IASC/FASB

Discussion sub topics

Review of financial statements
 Review of the conceptual framework
 The nature of International Accounting
 Reasons for going International
 Methods of going International
 Internationalization of Accounting Standards;

Assignment/ activity

Class /group assignment

Course Text

Iqbal, M & Elmallah. International Accounting, A global perspective, 2nd edition (South Western College publishing. 2002)
 International Accounting Standards/ International Financial Reporting standards (IAS/IFRS)

WEEK 3-4

8.0 International Financial Reporting

Topic learning outcomes

At the end of the topic, students should be able to;

- To appreciate the limitations of historical cost
- Understand the alternative of historical cost accounting HCA
- Understand approaches to accounting for price level changes
- Practice financial reporting in hyperinflationary economics

Discussion subtopics

- Exchange rates regimes, and forward contracts
- Approaches to foreign currency translations
- Net investments vs. temporal method
- Foreign exchange risk management and hedging
- Disclosure in financial statements

Assignment/Activity

Class work

Course Text

- Iqbal, M & Elmallah. International Accounting, A global perspective, 2nd edition (South Western College publishing. 2002) ch.2
- Choi F, & Meek G, International Accounting, 7th edition (Pearson 2011) ch. 6

WEEK 5

9.0 International financial statement analysis and interpretation

Topic learning outcomes

At the end of the topic students should be able to;

- Identify reasons for international financial analysis
- Outline the challenges of information availability and accounting principle differences.
- To interpret and use financial statements in an international context
- Describe objectives of financial statement analysis, trends and ratio analysis; International context.
- Understand the limitations of financial ratio analysis

Discussion sub topics

- Reasons for Financial statement analysis
- Problems of availability of information
- Trends in financial reporting
- Differences in accounting principles business practices
- Financial statement analysis

Assignment/ Activity

Class assignment

Course Text

Iqbal, M & Elmallah. International Accounting, A global perspective, 2nd edition (South Western College publishing. 2002) ch,7 pp 241-263

Choi F, & Meek G, International Accounting, 7th edition (Pearson 2011) ch. 9

WEEK 6

10.0 Accounting for price level changes

Topic learning outcomes

At the end of the topic students should be able to;

- Distinguish between general and specific price indexes
- Describe the potential impact of a tight monetary policy
- Restate historical cost basis financial statements in a constant monetary unit
- Evaluate general price level accounting
- Compare current value accounting with constant monetary unit accounting
- Explain the nature and impact of gearing adjustments

Discussion sub topics

- General price Index
- Specific price Index
- Containing the problem
- Monetary items and non- monetary items
- Methods of accounting for price level changes

Assignments/ Activity

Practice Exercises

Course Text

Iqbal, M & Elmallah. International Accounting, A global perspective, 2nd edition (South Western College publishing. 2002) ch,3

Choi F, & Meek G, International Accounting, 7th edition (Pearson 2011)

MID-QUARTER EXAMINATION

WEEK 8-9

11.0 Transfer Pricing & International Taxation

Topic learning outcomes

At the end of the topic the students should be able to;

Understand the meaning, objectives, and methods of transfer pricing

Explain general guidelines for transfer pricing

Know Transfer Pricing Strategy

Identify major differences in national tax system

Apply international taxation-tax system, foreign tax credit and tax treaties, tax incentives, value added tax, exchange taxation of foreign gains and losses

Discussion sub topics

Objectives of International Transfer Pricing

Approaches to transfer Pricing

Guidelines to transfer Pricing

Transfer Pricing Strategies

International taxation

Foreign tax credits and Tax treaties

Value Added Tax

Assignment/ Activity

Class exercises

Course Text

Iqbal, M & Elmallah. International Accounting, A global perspective, 2nd edition (South Western College publishing. 2002) ch,10 pp 378-405

Choi F, & Meek G, International Accounting, 7th edition (Pearson 2011) ch. 12

WEEK 10-11

12.0 Specific Reporting Issues

Topic learning outcome

At the end of the topic students should be able to;

Understand the concepts of group and the objectives of consolidated financial statements

Understand the different methods used to prepare group accounts

Explain and apply the definition of subsidiary companies

Prepare a consolidated balance sheet for a group

Discussion sub topics

Business combinations and consolidations

Types of business- pooling of interest and purchase methods.

Consolidated financial statements- procedures in selected countries

Consolidated Income Statements (Introduction)

Consolidated Financial Position/ Balance Sheet (Introduction)

Intangible assets – Goodwill, Research and development

Assignment/Activity
Assignment/Group work

Course Text
Intermediate Accounting

WEEK 12-13

13.0 Emerging Issue In International Accounting

Topic learning outcomes

At the end of the topic students should be able to;

- Discuss importance of internal auditing in global operations
- Explain the implications of international operations on internal auditing
- Describe the impact of foreign corrupt practices
- Define and describe external auditing
- Understand the global efforts towards harmonizing auditing standards

Discussion subtopics

- Internal auditing- definition
- Internal auditing in the International environment
- Foreign corrupt practices
- External auditing
- Global harmonization of auditing standards

Assignment/ Activity

Class exercise

Course Text

Iqbal, M & Elmallah. International Accounting, A global perspective, 2nd edition (South Western College publishing. 2002) ch,11

Choi F, & Meek G, International Accounting, 7th edition (Pearson 2011) ch. 8

WEEK 14

FINAL SEMESTER EXAMINATIONS

13.0 TEACHING METHODOLOGY

The course will be conducted mainly by way of lectures, Class discussions, assignments, tests and examinations.

14.0 COURSE TEXT

- Choi, Fredrick, D.S. *International Accounting*, 7th Ed. (2011).
- Iqbal, M. Zafar. *International accounting*,(A Global Perspective 2nd Edition,(2002).

15.0 RECOMMENDED READINGS

- Larsen, John. *Modern Advanced Acct.* 6th Edition (New York: McGraw-Hill,1994)
- International Accounting and Reporting Issues : Latest review (UN publication).
- International Accounting Standards 14, 15, 21 & 29.
- Websites – FASB and IAS,

16.0 COURSE EVALUATION

The students will be evaluated on the basis of the following:

Class Attendance and Participation	10%
Coursework/Assignments	20%
Group work/Term paper	20%
Mid- Semester Examination	20%
Final Examination	<u>30%</u>
TOTAL	<u>100%</u>

17.0 CLASS ATTENDANCE

Class Attendance is compulsory. Classes also begin the first day. Failure to attend seven classes will result in an automatic grade of failure (F) being awarded irrespective of performance. Any explanations of absence such as sickness and attending burials of relatives must be supported by credible documentary evidence (Please read students' handbook)

18.0 CLASS ASSIGNMENTS AND DUE DATES

All class assignments must be typed/ or be neatly done on the normal A4 Size paper. Assignments are due one week following the completion of the topic. Any assignment not conforming will be returned unmarked and a score of zero awarded. No excuses will be entertained

18.1 GRADING

%Score	Letter Grade
90 – 100	A
87 - 89	A –
84 – 86	B+
80 – 83	B
77 – 79	B –
74 – 76	C+
70 – 73	C
67 - 69	C –
64 – 66	D+
62 – 63	D
60 – 61	D -
59 & BELOW	F