

DESCRIPTION OF MODULE

The objective of the Business Tech Accounting T101 International Module is to expose the student to the fact that there are other accounting systems which differ from the U.S. model. Our GAAP and FASB standards are not the only accounting principles used internationally, and many countries reverse our debit and credit system. Many countries with high rates of inflation account for inflation in financial reports much more than we do. Also, for any company operating internationally there is the currency exchange translation problem when consolidating financial statements.

OBJECTIVES

Students should be able to:

(A) Discuss three major Worldwide Accounting Clusters (different International accounting systems).

- (1) British-American
- (2) Continental
- (3) South American

(B) Demonstrate basic skills in currency exchange translation.

The following currencies are available daily on our DTN Quote System in the library.

- (1) British Pound
- (2) Australian Dollar
- (3) German D-Mark
- (4) Japanese Yen
- (5) Swiss Franc

METHODOLOGY

Lectures/Discussions:

There will be lectures and discussions on selected different international accounting systems and on currency exchange translation:

(1) Accounting Systems (Nobes and Parker)

The following countries each demonstrate varying financial reporting systems.

- (a) North America
- (b) The United Kingdom and Australia
- (c) France
- (d) Germany
- (e) The Netherlands
- (f) Japan

- (2) Currency Exchange Translation (Nobes and Parker)
- (a) Diversity of translation practice
 - (b) The temporal method versus the closing rate method
 - (c) FASB #52 and requirements thereof
 - (d) British approach
 - (e) The IASC (International Accounting Standards Committee)
 - (f) Translation of gains and losses
 - (g) The impact of foreign currency inflation

A guest speaker, Ms. Holly Niklas, an accountant from Sterling Jewelry, will present two lab sessions on British accounting standards and currency exchange translation. Sterling Jewelry is based in Great Britain and Ms. Holly Niklas is in charge of preparing financial statements for the company.

There will be audio-visuals/handouts and readings which correspond to the topics of different financial reporting systems and currency exchange translations. The background information for these materials includes handouts from the KVCC International Conference, the text by Nobes and Parker, and the text by Mueller.

Audio-visual:

- (1) "Map of Countries Comprising the Three Major Accounting Models":
 - (a) British-American Model
 - (b) Continental Model
 - (c) South American Model
- (2) "Diagrams of Various Forms of MNC Organization".
- (3) "How Information Flows Through an Accounting Information System".
- (4) "Peugeot Income Statement".
- (5) "Volvo Limited Restatement (from Swedish to U.S. accounting principles) Net Income Statement and Shareholders' Equity".

Assignments:

- (1) One paper discussing differing international accounting practices. (10 points)
 - * Use one of the countries discussed in class under Methodology - Accounting Systems.

(2) One currency exchange problem. (10 points)

* Use one of the currencies discussed in class under Methodology - Currency Exchange Translation.

(3) Testing part on final exam. (20 points)

* General questions regarding how cultural background impacts on national accounting standards, progress towards international accounting standards, and difficulties in foreign currency translation.

Evaluation:

The Business Tech Accounting T101 course grade is based on 510 points as follows. (Note: Approximately eight percent is from the International Module.)

A & E 20 95.00 - 100.00 = A

Quizzes 60 90.00 - 94.99 = A-

HW 50 87.00 - 89.99 = B+

HW - Int'l. 20 83.00 - 86.99 = B

Prac Set 50 80.00 - 82.99 = B-

Test 1 100 77.00 - 79.99 = C+

Test 2 100 73.00 - 76.99 = C

Final 100 70.00 - 72.99 = C-

Final Int'l 20 65.00 - 69.99 = D+

---- 60.00 - 64.99 = D

Total Points 520 00.00 - 59.99 = E

Resources:

Alhashim, Dhia D. and Arpan, Jeffrey S. International Dimensions of Accounting. PWS-Kent Publishing, 1988.

Bloom, Robert and Collins, Marilyn. "Internationalizing Accounting Courses.1" Journal of Education For Business (April 1990), pp. 309-312.

Financial Accounting Standards Board (Vol.1, 1992/1993 Edition - FASB #52) Irwin Publications.

Fischer & Taylor, Advanced Accounting 5th Edition 1993.

International Accounting Standards. International Accounting Standards Committee, 1991/1992.

Mc Clure, Malcolm M. "International of the Introductory Accounting

Course." *Journal of Accounting Education* (Vol. 6, 1988), pp. 159-181.

Mueller, Gerhard G. et.al. *Accounting An International Perspective*. Second Edition. Homewood, IL.: Irwin, 1991.

Nobes, Christopher and Parker, Robert. *Comparative International Accounting*. Third Edition. New York: Prentice Hall, 1991.

Sheth, Jagdish and Eshghi, Abdolreza. *Global Accounting Perspectives*. South Western Publishing, 1989.