

LSC Use Only
Number: _____
Action: _____
Date: _____

UWUCC Use Only
Number: 91-64
Action: _____
Date: _____

CURRICULUM PROPOSAL COVER SHEET
University-Wide Undergraduate Curriculum Committee

I. Title/Author of Change

Course/Program Title: AG 471 International Accounting
Suggested 20 Character Course Title: International Actg.
Department: Accounting
Contact Person: Thomas Pressly

II. If a course, is it being Proposed for:

Course Revision/Approval Only- New Course
 Course Revision/Approval and Liberal Studies Approval
 Liberal Studies Approval Only (course previously has been approved by the University Senate)

III. Approvals

T.R. Pressly
Department Curriculum Committee

D.D. Tiger Jean S. Lettman
Department Chairperson

S.W. Osborn
College Curriculum Committee

Robert Cary
College Dean *

Director of Liberal Studies
(where applicable)

Provost (where applicable)

*College Dean must consult with Provost before approving curriculum changes. Approval by College Dean indicates that the proposed change is consistent with long range planning documents, that all requests for resources made as part of the proposal can be met, and that the proposal has the support of the university administration.

IV. Timetable

Date Submitted
to LSC: _____
to UWUCC: _____

Semester to be
implemented: _____

Date to be
published
in Catalog: _____

PROPOSED COURSE SYLLABUS

I. Catalog Description

AG 471: International Accounting (3 credit hours)

A comparative study of the effects of differences in cultural and business philosophies on national and international accounting policies. Specific financial accounting controversies, such as accounting for transactions involving foreign currency transactions, will be discussed. International management accounting topics will include international transfer pricing policies and performance evaluations of multinational managers and divisions. International applications of financial planning, auditing, and taxation techniques will also be reviewed. Prerequisites: AG 311 for accounting majors or AG 300 for non-accounting majors.

II. Course Objectives

The primary objective of this course will be to familiarize the student with comparative accounting practices of foreign countries and accounting for transactions which are unique to multinational enterprises competing in a global economy.

Specific objectives are:

1. To provide the student with a general framework of financial and managerial accounting, auditing, and taxation practices of industrialized and developing countries.
2. To study the correspondence between cultural mores, business decisions, economic conditions, and the development of national accounting practices unique to a society.
3. To focus on attempts to create international accounting standards to be followed by all multinational firms regardless of geographic location.
4. To discuss accounting for specific multinational business transactions, such as foreign currency exchanges and adjusting for inflationary effects on international financial reporting disclosures.

5. To evaluate the effects of management accounting practices, such as transfer pricing policies and divisional performance evaluations, on multinational business activities.

6. To compare international auditing and taxation practices and their effects on financial reporting.

III. Suggested Course Outline

TOPIC	TEXT CHAPTERS	
	(assuming Evans text)	% OF COVERAGE
I. Introduction to International Accounting	1 (Evans)	2
A. Definition of International Accounting	1,2 (Mueller)	
B. Historical Background of International Accounting		
C. The Multinational Corporation		
II. Comparative Accounting and Reporting	2, 3 (Evans)	12
A. Industrialized Nations	2, 4 (Mueller)	
1. The United States		
2. The United Kingdom		
3. Canada		
4. France		
5. The Netherlands		
6. Germany		
7. Japan		
B. Developing Nations		
1. Egypt		
2. Nigeria		
3. Brazil		
4. Argentina		
5. Communist Concept		
III. Harmonization of Accounting Standards	4 (Evans)	10
A. International Barriers to Harmonization	3 (Mueller)	
B. The International Accounting Standards Committee		
C. European Economic Community		
D. The United Nations		

IV. Accounting for International Transactions and Forward Contracts	6 (Evans)	14
A. One-Transaction Approach		
B. Two-Transaction Approach		
C. Unites States Standards		
D. United Kingdom Standards		
E. Canadian Standards		
F. International Standards		
V. Comparative Recognition of Inflation	5 (Mueller)	10
A. Global Perspectives		
B. South America and Israel		
C. The Netherlands		
D. The United States and United Kingdom		
VI. Currency Translation Methodology	7 (Evans)	14
A. Currency Translation Models	6 (Mueller)	
B. United States Translation Methods		
C. Financial Accounting Standards Board Statement No. 52		
D. Foreign Exchange Gains and Losses		
E. Multinational Consolidation of Financial Statements (Mueller)		
VII. Foreign Exchange Risk Management (FERM)	8 (Evans)	7
A. Political and Currency Risks		
B. Objectives of FERM		
C. Measuring Current and Future Risk Exposure		
D. Determining Expected Currency Gains and Losses		
E. Reducing Foreign Exchange Risk		
F. FERM and Accounting Standards		
VIII. Investment Analysis in Multinational Enterprises	9 (Evans)	5
A. Direct Foreign Investment		
B. Multinational Capital Budgeting		
C. Political and Economic Risk Analysis		
D. Capital Budgeting Practices of Multinational Firms		

IX. Financial Planning and Control in Multinational Firms	10 (Evans)	12
A. Geographic and Environmental Factors	7, 8, 9, 10 (Mueller)	
B. Multinational Performance Evaluation		
1. Currency Translation Considerations		
C. Foreign Subsidiaries in High-Inflation Countries		
D. Multinational Transfer Pricing		
E. Multinational Accounting Information Systems (Mueller)		
X. International Auditing	11 (Evans)	7
A. General Auditing Standards		
B. International Auditing Practice and Firms		
C. Internal Control and Auditing		
D. Foreign Corrupt Practices Act (U.S.)		
XII. International Taxation	12, 13 (Evans)	7
A. Tax Planning Considerations	10 (Mueller)	
B. Tax Treaties		
C. U.S. Corporation Tax Forms for Foreign Corporations		
D. U.S. Taxation of Foreign Corporations		

IV. Evaluation Methods

Teaching methods will emphasize classroom discussions of assigned textbook materials, chapter questions and problems, and case studies associated with international accounting situations. A research paper will also be required. A mid-term/final exam schedule is anticipated, with a possible take-home format utilized to encourage additional library research. Mid-term and final exams (possibly take-home), written and oral class participation with case study emphasis, and a research paper on an international accounting topic mutually agreed to by each student and the instructor. The research paper should be tailored to reflect international accounting influences on theories and practices within the specific major of each student.

Suggested grading weights:

Mid-term exam	25-30%
Final exam	25-30%
Written cases	10-20%
Class discussion of assignments	10-15%
Research paper	<u>15-20%</u>
	100%

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V. Required Textbooks

Primary Textbook

Evans, Thomas G., Martin E. Taylor, and Oscar Holzmann. *International Accounting and Reporting*. Boston, Mass.: PWS-Kent, 1988.

OR

Choi, Frederick D. S., and Gerhard G. Mueller. *International Accounting*. Englewood Cliffs, N. J.: Prentice-Hall, 1984.

At the time of submitting this course proposal, I believe that the Evans textbook integrates other areas of international business, especially financial considerations, into the international accounting area better than the Choi text. In addition, questions and case studies at the end of each chapter are much more relevant, thorough, and thought-provoking in the Evans text than in the Choi text. The Evans book provides a more comprehensive explanation of accounting for foreign exchange transactions than Choi.

However, the Choi text should be used by an instructor who desires a straight-forward, international accounting textbook. Sales representatives for both the Choi and Evans textbooks have informed me that revised second editions of each book are expected during 1992. Because the Evans textbook was originally published in 1985 by MacMillan (the same publishing time period as the first edition of the currently available Choi text), my preference for the Evans textbook is tentative depending on whether either textbook is revised in time for use during the 1992-1993 academic year. If the revised Evans book is not available within the 1992-1993 time period, then my recommendation for the primary textbook would be the updated second edition of the Choi textbook, if available.

Additional Textbooks (Required)

Mueller, Gerhard G., Helen Gernon, and Gary Meek. *Accounting: An International Perspective*, 2nd edition, Homewood, Illinois: Richard D. Irwin, 1991. To be used as an international accounting update to supplement the primary Evans or Choi textbooks.

Sheth, Jagdish, and Abdolreza Eshghi. *Global Accounting Perspectives*, Cincinnati, Ohio: Southwestern Publishing, 1989. A collection of readings of previously published articles designed to introduce the student to international accounting topics and opinions beyond typical textbook readings. Articles pertain primarily to the establishment of international accounting standards, accounting for monetary exchange transactions and translations, and managerial accounting issues.

VI. Special Resource Requirements: None

VII. Bibliography

AlHashim, Dhia D., and Jeffery S. Arpan. *International Dimensions of Accounting*, 2nd edition. Boston, Mass.: PWS-Kent, 1988.

Arpan, Jeffery R., and Lee Radebaugh. *International Accounting and Multinational Enterprises*, 2nd edition. New York: John Wiley, 1985.

Choi, Frederick D. S., and Gerhard G. Mueller. *International Accounting*. Englewood Cliffs, N. J.: Prentice-Hall, 1984.

Evans, Thomas G., Martin E. Taylor, and Oscar Holzmann. *International Accounting and Reporting*. Boston, Mass.: PWS-Kent, 1988.

Handbook of International Accounting, Frederick D. S. Choi, editor, New York: John Wiley, 1991.

Mueller, Gerhard G., Helen Gernon, and Gary Meek. *Accounting: An International Perspective*, 2nd edition. Homewood, Illinois: Richard D. Irwin, 1991.

Sheth, Jagdish, and Abdolreza Eshghi. *Global Accounting Perspectives*. Cincinnati, Ohio: Southwestern Publishing, 1989.

COURSE ANALYSIS
AG 471: INTERNATIONAL ACCOUNTING

Section A: Details of the Course

1. What academic needs does this course fulfill? This course will assist the accounting department in course development leading to a five-year degree program required by the accounting profession for future CPA practice by the year 2000. In addition, this course conforms to American Assembly of Collegiate Schools of Business (AACSB) emphasis on international business course development. It is expected that this course will be composed of a mixture of accounting majors seeking a major elective course and non-accounting majors with an interest in international business.

2. Does this course require changes in content of existing courses? This course represents a unique comparative study of foreign accounting practices and is expected to complement, but not directly affect, other traditional domestic accounting course offerings existing within the department. This course is not expected to be included in the Liberal Studies course list.

3. Does this course follow traditional offerings in the department? This course will not only emphasize the qualitative aspects of international financial and management accounting standards and procedures of multinational enterprises, but will also discuss the effects of cultural traits on the development of national accounting standards, the concurrent difficulty in creating standardized international accounting techniques, and the effects of national accounting standards on national economies and business decisions. Therefore, additional emphasis may be placed upon student communication skills than required in a traditional, lecture-oriented accounting course because of inclusion of case study discussion and research paper grade requirements. However, this anticipated teaching approach is certainly not novel relative to many other courses offered in other disciplines.

4. Has this course ever been offered at IUP on a trial basis? This course will initially be offered as a special topics course during the 1992 Fall Semester. Special topics course requirements will parallel the guidelines presented in this course proposal.

5. Is the course a dual-level course? No.

6. Will this course be offered for variable credit? No.

7. Do other higher education institutions currently offer this course? Yes, as of 1984, "probably 100 such courses (international accounting) now exist in the United States in a mixture of undergraduate and graduate offerings" (Choi and Mueller, 1984, p. 15). Some of the universities offering these courses include: Clarion University of Pennsylvania, University of Pennsylvania, Wright State University, University of Notre Dame, University of Florida, and the University of Illinois.

8. Is this course recommended or required by a professional society or accrediting authority? Yes, the AACSB "changed its business curriculum accreditation standards in 1974 to require a reflection of "world-wide" as well as domestic aspects of business" (Choi and Mueller, 1984, p. 15).

Section B: Interdisciplinary Implications

1. Will the course be offered by one instructor or will there be team teaching? Single instructor.

2. Are additional or corollary courses needed? Yes, prerequisite courses for admittance to this course will include successful completion of either Managerial Accounting (AG 300) for non-accounting majors or Cost Accounting (AG 311) for accounting majors.

3. What is the relationship of the content of this course to the content of courses offered by other departments? This course is designed to complement the desires of the College of Business (COB) and its advisory committee to promote greater student awareness of international business practices throughout the COB curriculum. A course in international marketing has already been established within the COB. An international accounting course will strengthen that initial effort by stressing the effects of differences in cultural and business philosophies on international accounting policies. This course will study the effects of financial risk management and capital budgeting techniques studied in the finance area on international financial accounting. The course can also be useful for management majors in learning the effects of international management practices, such as just-in-time inventory control systems, on financial reporting standards.

4. Will seats in this course be made available to students in the School of Continuing Education? No.

Section C: Implementation

1. What resources will be needed to teach this course and how adequate are the current resources?

a) Faculty - It is anticipated that this course will be initially offered at most once a semester. Therefore, no additional faculty complement is expected to be needed to teach this course.

b) Space - Existing accounting classrooms are expected to be adequate for the activities of this course.

c) Equipment - None.

d) Laboratory Supplies - None.

e) Library Materials - Additional library resources in the international accounting field will be necessary for student research. Available references should include such professional journals as: Abacus (Australia), Accountancy (United Kingdom), Accounting and Business Research (United Kingdom), CA

Magazine (Canada), International Journal of Accounting, and International Management Review (Germany). Book references should include: International Dimensions of Accounting, 2nd. ed., by AlHashim and Arpan (PWS-Kent, 1988), International Accounting and Multinational Enterprises, 2nd ed., by Arpan and Radebaugh (Wiley, 1985), International Accounting, by Holzer (Harper and Row, 1984), and the Handbook of International Accounting, edited by Choi, (Prentice-Hall, 1991).

f) Travel Funds - Some conference travel may be possible in order to remain current with new international accounting education and financial reporting developments.

2. Are any of the resources for this course supported by a grant? No.
3. How frequently do you expect this course to be offered? Per semester or year, as needed.
4. How many sections of this course do you anticipate to offering in any single semester? Initially, a single offering per semester is anticipated.
5. How many students do you plan to accommodate in a section of this course? Because of the intended case study discussion and research format of this class, class size should be limited to a maximum of 25 students per section.
6. Does any professional society recommend enrollment limits or parameters for a course of this nature? No.
7. Will the course be a curriculum requirement? No, the course will permit students to partially fulfill their major elective requirement within the accounting curriculum. Presently, there are only two other elective courses (AG 422 and 441) which are regularly being offered to accounting majors to satisfy their six-hour major elective requirement for graduation.

Section D: Miscellaneous

1. Justification for this course proposal. The increasing globalization of international trade and financial markets, recent political developments in Eastern Europe and the Commonwealth of Independent States (CIS), and the emergence of the European Economic Community in 1992 are creating demands for relevant and reliable financial information across international boundaries. Future managers and accountants should be aware of differing accounting practices between countries, international accounting standards, and unique accounting procedures for trade and securities transactions in order to prepare to compete within this expanding global economy.

2. A copy of an international accounting course syllabus used at Monmouth College in New Jersey is provided for comparative review of course content and requirements documented in this proposal (see Appendix A).

3. A copy of signatures of students who have expressed an interest in an international accounting course offering at IUP is provided in Appendix B. These signatures were obtained from students enrolled in just three intermediate accounting course during the 1991 Fall Semester. It is believed that there is additional significant student interest among other accounting majors at IUP.

91-66

CATALOG DESCRIPTION

AG 471 International Accounting

3 credits
3 lecture hours
0 lab hours
(3c-01-3sh)

Prerequisites: AG 311 for accounting majors or AG 300 for non-accounting majors

A comparative study of the effects of differences in cultural and business philosophies on national and international accounting policies. Specific financial accounting controversies, such as accounting for transactions involving foreign currency exchanges, will be discussed. International management accounting topics will include international transfer pricing policies, performance evaluations of multinational managers and divisions, and management information systems. International aspects of financial planning, auditing, and taxation practices will also be reviewed.