ACCOUNTING 401
INTERNATIONAL FINANCIAL REPORTING AND ANALYSIS
Fall Quarter 2014, Monday 6:00 to 9:00PM, Corboy 322

Catalog Description
ACCT 400 is a pre-requisite. This course is not open to MSA students who have taken ACCT 425.

This course is an introduction to the international financial reporting standards and the country specific practices and history that underlie the application of these standards. The focus is on understanding the financial information provided by multinational and foreign companies to facilitate better decisions.

Students will be able to describe, explain, and illustrate how the regulation and enforcement of financial reporting in various countries have impacted financial reporting and disclosure in these countries and how these systems have affected technical and ethical accounting issues. Students will also acquire the skills to recognize and evaluate these differences in the analysis of company performance and business decisions.

Course Overview
This course is for students who want to learn about the issues confronting companies engaged in international business. Differences between the U.S. and international accounting standards as well as country-specific differences will be explored. The course culminates with a financial analysis project comparing a U.S. and international firm.
Course Objectives and Learning Outcomes
1. Obtain and demonstrate an understanding of the accounting issues facing companies involved in international trade.
2. Obtain and demonstrate an understanding of the major GAAP/IFRS definitional differences, recognition differences, measurement differences, presentation differences, disclosure differences, and allowable alternatives.
3. Obtain and demonstrate an understanding of the comparative accounting differences in the local GAAP of several major countries.
4. Obtain and demonstrate an understanding of the acceptable foreign currency translation methods and an awareness of the financial statement impact of using each method.
5. Obtain and demonstrate the ability to analyze the annual reports of a U.S. and an international firm in the key areas of business performance, financial condition, return on investment, and management efficiency.
6. Communicate in writing and orally the results of the financial analysis in a clear and logical manner.
7. Support the financial analysis in writing and orally in a manner that reflects an understanding of the issues and their implications.
8. Respond to questions about the financial analysis in a manner that reflects active listening, open-mindedness, and professionalism.

Required Materials
2. Other class materials available on Sakai

Course Requirements and Grading Criteria
Homework assignments 48 points
Written group project 40 points group score adjusted for peer input
Project presentation 12 points individual score

Your final course grade will be sum of the points earned.

Grading Cutoffs:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>94.00</td>
</tr>
<tr>
<td>A−</td>
<td>90.00</td>
</tr>
<tr>
<td>A</td>
<td>94.00</td>
</tr>
<tr>
<td>B+</td>
<td>87.00</td>
</tr>
<tr>
<td>B</td>
<td>83.00</td>
</tr>
<tr>
<td>B−</td>
<td>80.00</td>
</tr>
<tr>
<td>C+</td>
<td>77.00</td>
</tr>
<tr>
<td>C</td>
<td>73.00</td>
</tr>
<tr>
<td>C−</td>
<td>70.00</td>
</tr>
<tr>
<td>D+</td>
<td>67.00</td>
</tr>
<tr>
<td>D</td>
<td>60.00</td>
</tr>
</tbody>
</table>
**Homework Assignments**

Assignments should be uploaded to Sakai prior to the class meeting when they are due. Late submissions are unacceptable since the homework will be reviewed in class. Assignments will be graded for completeness, organization, clarity, and content. Show all your work, not just the answer. Please list the problems in sequential order and clearly label each problem.

**Group Project and Presentation**

You will analyze and assess the performance of two similar companies—a U.S. firm and a foreign firm—following the template provided on Sakai. Your analysis will identify, evaluate, and adjust for accounting difference, financial presentation differences, and disclosure differences caused by GAAP and IFRS (or foreign country local standards).

The project is team-based, with teams consisting of 3 to 4 members. Teams should be formed by Week 3. Normally, team members each receive the same project grade; however, individual grades may be adjusted based upon the input from team members. Grading criteria for the project include complexity of the annual report, clarity of writing, quality of analysis, and reasonability of the conclusions.

Although each team will present their results as a group, each team member’s presentation will be graded individually. Each member will present one portion of the team’s presentation and members will present the segments in consecutive order. Presentations will be evaluated using the rubric that is posted on Sakai. All team members should be able to answer questions from the class about any aspect of the project.

**Reading to be completed prior to the first class**

- Chapters 1 and 2 of the Doupnik & Perera text
Quinlan School of Business Policies:

Attendance

Class attendance and participation are fundamental components of learning, so punctual attendance at all classes, for the full class meeting period, is expected of Quinlan students. Faculty may set participation policies unique to their courses and use class participation as a component of the final grade. The student is responsible for any assignments or requirements missed during an absence.

I will do my best to make each class interesting and relevant to understanding the financial statements. Your presence, your questions, and your comments are essential to our learning process. I look forward to your observations, questions, and participation. If you must miss class, please notify me in advance.

Make-Up Examinations

Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. **Make-up examinations are discouraged.** Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician’s note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

If a make-up examination must be given, it is the responsibility of the faculty member to prepare, schedule, and proctor the exam. The only regular exception is for a student athlete, who may use the testing services of the Athletics Department to complete a make-up examination. For a student with a documented special testing need, please consult University policy concerning use of the testing center in Sullivan Center at Lake Shore Campus.
Academic Integrity

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood…Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of “F” for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

Course Outline

8/25, Class 1  
International Accounting, Accounting Diversity, Review of Financial Statements

Read in advance: Chapters 1 and 2 [DP]
For next class: Assignment 1: Chapter 2 [DP], p. 58-59, Exercise and Problems 1 and 2
Read: Chapter 3 [DP]

9/1, No class  
Labor Day Holiday

9/8, Class 2  
International Convergence of Financial Reporting, Review of Equity Method and Consolidated Statements

In class discussion: Consolidation Cases (Sakai)
For next class: Assignment 2: complete Consolidation Cases (specific cases will be assigned in class)
Read: Chapter 4 [DP]

9/15, Class 3  

For next class: Assignment 3: Chapter 4 [DP], p. 161-162, Questions 1 to 10, and 18 to 21.
Read: Chapter 5 [DP]

9/22, Class 4  

For next class: Assignment 4: Chapter 5 [DP], Questions 1 to 4 and 13 to 16, Exercises and Problems 27, 28, and 39.
Read: Chapter 6 [DP]

9/29, Class 5  
Comparative Accounting
Assignment 5: Chapter 6 [DP], Exercises and Problems 1 to 5, and 12 to 15
Read: Chapter 8 [DP]
10/6, Class 6  Foreign Currency Transactions and Translation of Foreign Currency Financial Statements
In class discussion: *International Operations Cases* (Sakai)
For next class: Assignment 6: Chapter 8 [DP], Questions 1 to 10; and Exercises and Problems 15—part a only (current rate method); complete *International Operations Case 3* (Sakai)
Read: Chapter 10 [DP]

10/13, Class 7  Analysis of Foreign Financial Statements
For next class: Work on your group project
Read: Chapter 11 [DP]

10/13, Class 8  International Taxation and Transfer Pricing
For next class: Work on your group project
Read: Chapter 14 [DP]

10/20, Class 9  Comparative International Auditing and Corporate Governance and *International Corporate Social Reporting*
For next class: Submit project (Word document) and presentation (PowerPoint) to Sakai prior to class

11/3, Class 10  Project Presentations; submit project (Word document) and presentation (PowerPoint) to Sakai prior to class

Please note: This class may occasionally deviate from the course outline above. The instructor reserves the right to make changes as needed to the course syllabus.