ACCOUNTING 401M
INTERNATIONAL FINANCIAL REPORTING AND ANALYSIS
Spring Quarter 2014, Monday/Wednesday
9:00 to 10:30 AM ONLINE, 2/10/2013 – 3/19/2013

Catalog Description
Prerequisites: Must be part of the Cohort of Intercontinental MBA students.

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. 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
1. Required text available at the Loyola Bookstore or online
   *International Accounting 3rd Ed.*, Doupnik/Perera, McGraw-Hill Irwin 2012 [DP]. Note that the Bookstore will carry a *customized 3-hole punch version* of this text (ISBN 9781121216389) at a significantly lower price than the hardcover.

2. Other class materials available on Sakai (exercises, PowerPoint slides, etc.)

Useful websites
- AICPA IFRS Resources: [http://www.IFRS.com](http://www.IFRS.com)
- Global Reporting Initiative: [https://www.globalreporting.org/Pages/default.aspx](https://www.globalreporting.org/Pages/default.aspx)
- [http://www.sasb.org/](http://www.sasb.org/)
Course Requirements and Grading Criteria

Homework assignments 10 points
Individual report 30 points
Individual presentation 10 points
Written group project 30 points group score adjusted for peer input
Group project presentation 10 points
Class participation 10 points

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

Course Grading Scale:

A  94-100  A−  91-93.99
B+  88-90.99  B  84-87.99  B−  81-83.99
C+  78-80.99  C  74-77.99  C−  71-73.99
D+  68-70.99  D  64-67.99
F  63.99 and below

Individual Report (Due March 10): Choosing from the list of topics below, you will write a short report (4 or more pages) that summarizes and explains the issues, demonstrates your understanding, and provides your own viewpoints on the issues. Topics must be approved in advance to avoid duplication. Use one-inch margins, single spacing, and 12-point Times New Roman font. Indent new paragraphs. Your paper will be evaluated for its content as well as its grammar and form. Provide attribution for your quotes and paraphrases using parenthetical references and a bibliography. Please post your report as a Word document on Sakai.

Individual Presentation: Each class member will make an individual presentation (7 – 10 minutes) on his/her topic. These presentations have been randomly scheduled during classes 7 through 9 as indicated on Sakai. A copy of the form that will be used to evaluate your presentation is available on Sakai.

Individual report topics (choose from the list but get approval in advance to avoid duplication)

a) Country accounting differences for one of the following: Canada, China, Mexico, South Korea, France, Brazil
b) IFRS in the U.S.—SEC position
c) IFRS and GAAP similarities and differences
d) IFRS convergence with U.S. GAAP
e) IFRS for SMEs
f) Sustainability accounting/reporting
g) Integrated reporting
h) International corporate governance
i) International taxation
j) Topic of your choice (requires pre-approval)
**Comparative Annual Report Group Project (Due Mar. 19)**

Previous students have said that this project is an extremely interesting, challenging, and worthwhile learning experience. Your team will assess the performance of two similar companies—a U.S. firm and a foreign firm—following the template provided on Sakai.

The project is team-based, with teams consisting of 2 or 3 members. Teams should be formed by February 19. 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 the clarity of writing, quality of analysis, and reasonability of the conclusions.

**Participation**

Your participation is essential to this class. Using the participation log that is provided on Sakai, you will report your questions and comments throughout the term. The number of participation points awarded will be based on the quality and quantity of your questions and comments.

**Quinlan School of Business Policies:**

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<th>Attendance</th>
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<td>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.</td>
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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.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:
Course Outline

Prior to the first class, please read Chapters 1 and 2 of the Doupnik & Perera text.

2/10, Class 1  International Accounting & Worldwide Accounting Diversity
For next class: Read: Chapter 3 [DP]

2/12, Class 2  International Convergence of Financial Reporting
For next class: Read: *PwC IFRS Pocket Guide* (Sakai)
Skim: Chapters 4 and 5 [DP]

2/17, Class 3  International Financial Reporting Standards
For next class: Read: Chapter 6 [DP]

2/19, Class 4  Comparative Accounting
For next class: Read: *Reporting Long-term Investments* (Sakai) and *Consolidated Financial Statements* (Sakai)

2/24, Class 5  Consolidated Financial Statements
In class discussion: *Consolidation Cases* (Sakai)
For next class: Complete the consolidation cases as directed in class.
Read: Chapter 7 [DP] and *International Operations* (Sakai)

2/26, Class 6  Translation of Foreign Currency Financial Statements
In class discussion: *International Operations Cases* (Sakai)
For next class: Complete *International Operations Case 2 and Case 3*
Read: Chapter 10 [DP]
Submit your individual report (Word document) to Sakai by March 10

3/3 – 3/7  Spring Break

3/10, Class 7  Analysis of Foreign Financial Statements
In class discussion: Individual presentations
For next class: Read: Chapter 11 [DP]

3/12, Class 8  International Taxation and Transfer Pricing
In class discussion: Individual presentations
For next class: Read: Chapter 15 [DP]

3/17, Class 9  International Corporate Social Reporting
In class discussion: Individual presentations
For next class: Read: Chapters 11 [DP]

3/19, Class 10  Group Presentations

**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.