

**LOYOLA UNIVERSITY MARYLAND  
SELLINGER SCHOOL OF BUSINESS AND MANAGEMENT  
DEPARTMENT OF ACCOUNTING  
ADVANCED INTERNATIONAL ACCOUNTING  
AC 701 (FALL 2019)**

**Professor:** Sebahattin Demirkan, Ph.D.  
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**Office Hours:** By Appointment on Skype, Zoom or before the class time.

**Course Materials**

The primary textbook for the course is:

***International Accounting, Douppnik, Finn, Gotti, and Perera 5th<sup>rd</sup> edition. McGraw-Hill Education***

Other relevant material related to international accounting will be made available through Moodle.

**Course Description**

This course covers accounting principles as used internationally. We will discuss the environmental and cultural influences on accounting standards with an emphasis on reporting and disclosure. Many of the topics in an international accounting course have a domestic counterpart. However, new factors play a role in the international arena, such as the diversity of laws, practices, customs, cultures, and competitive circumstances; the risk that it is associated with fluctuating exchange rates, differential rate of inflation, and property rights; and the variation in taxes and tax rates. The course is designed to give you an understanding of international accounting issues from the prospective of companies with internationalized finance and/or operations. Throughout the course we will be discussing the International Financial Reporting Standards (IFRS).

**Course Objectives**

Since this is a course in international accounting, we will have to broaden our understanding of principally domestic corporations to include accounting principles from other nations. We will focus on four main areas:

1. The environmental, cultural and business issues that affect the development of accounting and auditing standards around the world.
2. Accounting issues including currency translations and external reporting for multinational enterprises.
3. Financial statement analysis for foreign and multinational corporations.
4. Adoption and implementation of the IFRS.

**Course Format**

Class will be a mixture of lectures, group discussions and review of homework assignments and active student participation is sought. An effort is made to engage all students, initially via questions, until participation becomes a routine matter. Exercises of increasing difficulty are done to understand the applications of concepts. The course emphasizes understanding the underlying concepts as opposed to memorization of endless rules.

All students are expected to attend class regularly. You will be responsible for any class notes, handouts and assignments distributed and/or covered in your absence. Completion of assignments and class participation will count toward your final grade.

I will expect that as we begin each new chapter you will have read the chapter before class and have written up assigned questions and completed cases and/or exercises. Class participation is vital to the success of this course. Class discussion is organized around the discussion questions at the end of each chapter and written assignments. I will call on you in class, so be sure you are adequately prepared. The quality of comments is more important than the quantity.

### **Course Expectations**

Each student is responsible for all assignments on the syllabus, made in class, and on Moodle. Homework is assigned for every class and you can expect to spend 3 to 4 hours per class of preparation outside of class time. You are expected to have read each assigned chapter before the class period for discussion and participation purposes.

### **Course Grading**

Your final course grade will be determined as follows:

Participation	10 %
Connect Online HWs	20 %
Midterm Exam	20 %
Final Exam (comprehensive)	30 %
Research Paper Project	<u>20 %</u>
Total	100%

### **Participation (10 %)**

Class participation will reflect quality participation in discussions of course topics and assignments, your overall preparation for class, and your ability to explain and demonstrate a solution, lead a group discussion, and answer questions regarding the case.

### **Mc-GrawHill Connect Online HW (20%)**

Please register online following the link <https://connect.mheducation.com/class/d-sebahattin-fall19> to access the Connect online HW platform. This platform comes with all resources you will need to prepare the class.

### **Exams (1 midterm 20%– 1 final 30%)**

One midterm exam and a comprehensive final exam. Exams are closed-book, closed-notes.

### **Research Paper Project (20 %)**

This is a team project involving 4/5 students. Each team will pick a country (other than the United States, Canada, and Israel – different rules are in place for these countries, and countries chosen in previous class).

The paper involves a report including a critique of the informativeness of a set of corporate annual reports from companies within the country of choice. You should evaluate the quality of the information provided by the companies from the prospective of a potential investor. You should discuss the strengths

and weaknesses of the annual report disclosures in terms of whether they provide relevant, reliable, useful information to international investors.

Some background of the companies, the reasons behind their strategy for raising international capital, and the GAAP of the home country should also be included in your paper. Moreover, you should present demographic information, factors affecting the development of accounting practices including cultural and professional factors discussed by Hofstede and Gray, and examples in your company's financial statements and related disclosures that illustrate the uniqueness of accounting practices for that country.

There is a 25 minute in-class presentation of each paper. Oral presentations are scheduled for last 2 weeks of class times depending on the coverage of the chapters. PowerPoint will be available for the presentations. All written papers are due after the thanks giving week class (December 5<sup>th</sup>, 2019) and will be submitted online through Moodle and Turnitin. The term paper and presentation are worth 20%.

Here are some rules, hints, suggestions for the term paper and presentation:

- (1) The paper should be typed and double-spaced. Follow the Accounting Review style format for citations and the reference list. The body of the paper should be 3,000 to 3,750 words (roughly 12 to 15 pages).
- (2) Your choice of country will be handled on a first-come, first-served basis, with a different country - as specified above - for each team.
- (3) Each teammate has primary responsibility for one annual report. Thus, for instance, a five-person team analyzes five annual reports.
- (4) The annual report should be the most recent one available.
- (5) Many annual reports are now available on the Internet.
- (6) Some companies now split the annual report into two or more separate reports: one containing financial statements, another containing a review, and sometimes a sustainability report. If your company does this, then your critique should encompass the entire set of reports.
- (7) The paper and the presentation must be a professional, integrated, coordinated team effort, not a collection of individual efforts.
- (8) All the members must speak in the in-class presentation.

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## Grade Distribution

The departmental general guideline for the grade distribution follows:

GRADE	PERCENTAGE
A	Above 93.0%
A-	93.0% to 90.0%
B+	89.9% to 87.0%
B	86.9% to 83.1%
B-	83.0% to 80.0%
C+	79.9% to 77.0%
C	76.9% to 73.1%
C-	73.0% to 70.0%
D+	69.9% to 67.0%
D	66.9% to 60.0%
F	Below 60.0%

**Classroom Etiquette:** Students are requested to not bring cell phones to class; if brought to class, they should be turned off and kept out of sight.. Also, students should make every effort to be present at the start of each class and remain seated throughout the entire class period unless you have a personal emergency. Quizzes, many times will be conducted at either the beginning or end of class. As explained below, if you miss a quiz you will not be allowed to make it up.

**International Financial Reporting Standards:** U.S. GAAP is no longer the only game in town. There is a movement towards International Financial Reporting Standards, IFRS, an integral part of the course. Currently there is a movement towards convergence of U.S.GAAP and IFRS. The Hoyle text highlights current similarities and differences between the two systems and future expected developments as we move towards one set of standards. Students should be aware of this discussion, and we will spend time in class discussing the issues.

**Academic Honesty:** Students assume a duty to conduct themselves in a manner appropriate to the University's mission as an institution of higher learning. The first obligation of a student is to pursue conscientiously the academic objectives which they have set. This means that students will do their own work and avoid any possibility of misrepresenting anyone else's work as their own. Nor will the University condone cheating. "Cheating" is using unauthorized assistance or material for the use of another in such a way that work or knowledge which is not the student's own is represented as being so. Avoiding cheating involves refusing to give or receive assistance from other students, books, notes (unless specifically permitted by the instructor) on course tests, quizzes, and codification research assignments.

Loyola University Maryland has adopted an Honor Code as has the Department of Accounting. Students are expected to uphold these Honor Codes. Students violating the Honor Codes will be appropriately reprimanded. See your Loyola Undergraduate Catalog for additional information regarding violations of the Honor Code.

**Students with Disabilities:**

To request academic accommodations due to a disability, please contact the Disability Support Services Office at (410)617-2062. If you have a letter from their office indicating that you have a disability which requires academic accommodations, please present the letter to me so we can discuss the accommodations that you might need in this class.

## Class Schedule Fall 2018

Week	Reading	Subject	Assignments ( <i>italic to be studied in</i> )
		Intro to the class. Syllabus.	
1	Ch. 1	Introduction	<i>IA#1 – 1-page resume</i>
2	Ch. 2	Worldwide Accounting Diversity Team Formation	IFRS I – IAS 2
3	Ch. 3	International Convergence In class case.	<i>IA#2 – Case 2-1</i> <i>IA#3 – completion certificate IAS2</i>
4	Ch. 4	IFRS part 1 In class case.	IFRS II – IAS 16 <i>IA#4 – completion certificate IAS16</i>
5	Ch. 5	IFRS part 2 In class case. Review of previous case.	IFRS III – IAS 38 <i>IA#5 – completion certificate IAS38</i>
6	Ch. 7	Foreign Currency Transactions In class case. Review of previous case.	<i>IA#6 – Prob. 1-8 Ch. 7</i>
7		<b>Midterm Exam</b>	
8	Ch. 8	Transl. of Foreign Currency Fin. Stat. In class case.	<i>IA#7 – Exercise 1-7 Ch. 8</i>
9	Ch. 14	Comparative Int. Auditing and Corp. Gov. Discussion and Exercises on Ch. 14	<i>IA#8 – Class case solution</i>
10	Ch. 15	International Corporate Social Reporting	
11	Ch. 9	Other Issues	<i>IA#9 – Problem 5, Ch. 10</i>
12	Ch. 10	Analysis of Foreign Fin. Statements In class case. Review of previous case.	Meetings with teams to review presentation and paper
13		<b>Final Presentations</b>	<i>Term Paper</i> <i>IA#10 – Solution case 14-2 Daimler AG</i>
14		<b>Final Exam (comprehensive)</b>	