



College of Management
MBA AF 615 (Section 1)
INTERNATIONAL ACCOUNTING

Spring 2021

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Course Hours: Thursdays 5:30pm - 8:15pm, Online (Zoom)

Office Hours: Mondays 4:00 pm – 5:15 pm, and Thursdays 3:30 pm – 5:15 pm, Online (Zoom).

We will have virtual classes and office hours through Zoom meetings. You can find the links to Zoom meetings at “Web Conferencing – Zoom” on Blackboard.

The Zoom meetings will be accessible to only authorized users with UMB Zoom accounts. Make sure to activate your Zoom license (free) with your UMB email address in advance following the instructions at https://www.umb.edu/it/avsct/zoom_video_conferencing/zoom_for_students.

If you cannot make it to the regularly scheduled office hours, I will be happy to set up a Zoom meeting at an alternate time slot. Please send me an email with a list of time slots that you are available.

In this course, all the class meetings through Zoom will be recorded. As a student in this class, your participation in live class discussions will be also recorded. These recordings will be made available to students enrolled in the class, to assist those who miss a live session or to serve as a resource for those who would like to review content that was presented. Students who prefer to participate via audio only due to privacy reasons will be allowed to disable their webcam, so only audio will be captured. Please consult this option with me in advance.

Exams and assessment measures in this course will be proctored using an online method or service. Proctoring will require students to be video recorded and to show their student ID at the start of the exam. Students should address any concerns they have regarding online proctoring with me prior to the course add/drop deadline.

Course Description

This course covers graduate-level financial accounting in the international context. We will discuss the institutional, cultural and environmental influences on accounting standards with an emphasis on financial reporting and disclosures. Many of the topics in the international accounting course have domestic counterparts. However, new factors play a role in the international arena, such as the diversity of laws, practices, customs, cultures and competitive circumstances, and the risk associated with fluctuating exchange rates, differential rates of inflation, and property rights. This course is designed to enhance your understanding of international accounting issues from the prospective of companies with

internationalized operations and/or finance. Throughout the course, we will discuss the similarities and differences between US GAAP and International Financial Reporting Standards (IFRS).

This course assumes your working knowledge of the materials from Intermediate Accounting (MBA AF 611) or equivalent courses, as many of the topics covered in Intermediate Accounting will be discussed in the international context. If you are concerned about your accounting knowledge, please talk with me immediately.

Course Objectives

Since this is an international accounting course, we will have to broaden our understanding of principally domestic corporations to cover accounting principles and practices 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, inflation accounting, and external reporting for multinational enterprises;
3. Financial statement analysis for foreign and multinational corporations;
4. Adoption and implementation of the IFRS.

Required Textbook and Other Resources

- **Required Textbook:**
International Accounting by Douppnik, Finn, Gotti, and Perera, 5th edition, McGraw-Hill.
- Supplementary References:
 - *Intermediate Accounting, IFRS edition* by Kieso, Weygandt, and Warfield, 4th edition, Wiley.
 - *Wiley Interpretation and Application of IFRS Standards* by PKF International Ltd, 2020 edition, Wiley.
 - *International Financial Statement Analysis* by Robinson, Henry, and Broihahn, 4th edition, CFA Institute, Wiley.
- Course website on the Blackboard learning system for announcements, handouts, solutions, etc.: umb.umassonline.net.

The following websites provide useful resources that help you learn current accounting standards and fundamental accounting procedures.

- IFRS website: www.ifrs.org
- **IFRS free download of PDF standards** (but not guidance or basis for conclusions) <https://www.ifrs.org/issued-standards/>: a free online registration is required.
- IFRS technical summaries: <http://goo.gl/o0wXao>
- IFRS at a glance: <https://goo.gl/3WTd0c>
- IFRS and US GAAP: similarities and differences: <https://goo.gl/AeR3Df>
- IFRS e-learning: <http://www.iasplus.com/en/tag-types/e-learning>
- FASB website: www.fasb.org
- FASB Accounting Standards Codification: www2.aaahq.org/ascLogin.cfm
→ The username and password will be posted to the course website.
- SEC website: www.sec.gov
- SEC EDGAR Company Filings: www.sec.gov/edgar/searchedgar/companysearch.html

E-Mail and Blackboard

You are entirely responsible to check all announcements made in classes, in emails, and on the Blackboard. It is assumed that you check the emails and course announcements/materials on Blackboard on a daily basis. If you do not regularly check your UMB email account, it is your responsibility to have emails forwarded to the email account that you do use. No petition for a change of grade due to missing class announcements for any reason will be accepted.

Email is the best way to contact me. I check emails on a regular basis and usually reply emails within 24 hours. I cannot check my office voicemail during this semester. I will be more than happy to address issues you deem necessary over e-mail.

To access the course website, go to <https://umb.umassonline.net/> and log in Blackboard with your UMB username and password. The course syllabus, powerpoint slides, team project instruction, and other course documents (except the textbook and textbook-related resources) will be posted on Blackboard. The online gradebook will be also available, so you can check your score for each assignment and exam. Please do NOT use Blackboard to send me any message.

Academic Advice and Suggestions

You should keep in mind that your goal is to understand the subject matter, not only to be able to solve the problems that are identical in structure and context to the examples used in the text. You should avoid the common pitfall of ignoring “why” as you concentrate on “how” or “what.”

You are expected to read the relevant chapter of the textbook and lecture notes (in powerpoint slides) and solve pre-class quiz questions before each class, attend lectures, and complete post-class assignments after attending the class. You are encouraged to ask questions to me whenever you do not feel comfortable with the course material. You should not let yourself fall behind in reading or assignment because most of material builds on what has preceded it. The lecture notes in powerpoint files and the solutions to in-class exercises will be posted on the Blackboard after each class.

I welcome your constructive comments and suggestions and hope that I can be helpful as you work with challenging materials. If you cannot make it to office hours, please feel free to make an appointment at another time slot or email me with your questions and concerns. I will be happy to work through textbook examples which may be challenging, or discuss anything else about your academic and professional careers which you might want to share.

Evaluation

Your MBA AF 615 grade is based on two exams, two team projects, individual assignments, and participation (including in-class exercises).

Item	Weight	Date	Coverage	Format
Mid-term exam	30%	3/11 (Thu)	Chapters 1-5	In-class exam
Final exam	30%	5/20 (Thu)*	Chapters 6-7, 11	In-class exam
Team Projects	20%		Two papers/presentations	See pages 10-12.
Assignments	10%		Pre- and post-class homework	See pages 4-5.

Participation	10%			Including in-class exercises
Total	100%			

Grading Scale

Grades will be assigned on a straight scale according to the following schedule:

A	93% of total points	D+	67-69.99% of total points
A-	90-92.99% of total points	D	63-66.99% of total points
B+	87-89.99% of total points	D-	60-62.99% of total points
B	83-86.99% of total points	F	<60% of total points
B-	80-82.99% of total points	Pass/Fail: need 60% or higher to pass.	
C+	77-79.99% of total points		
C	73-76.99% of total points		
C-	70-72.99% of total points		

Any student not fulfilling his/her academic obligations for this course will receive an F grade for the semester. Incompletes will only be granted under the most extreme circumstances and only if agreed upon by the instructor before the end of the last class. Any issues regarding such a situation will be referred to the Dean's office.

If you decide to drop a course for any reason, you should do it by the "deadline to drop the course." "W" (withdrawal) grade cannot be obtained after the official withdrawal deadline. I will not support any petition for a late withdrawal after the official withdrawal deadline.

If you stop attending this course after the Add/Drop period and fail to drop it by the official withdrawal deadline, you will be evaluated based on course requirements and receive a grade accordingly (even if this means an F grade).

Team Projects

There will be two team projects for this course. The first is the comparative analysis of a country's accounting standards and disclosures, and the second is the financial statement analysis of two companies (a non-US firm and a US firm) in an industry. Please refer to the project instructions on pages 10-12 of this syllabus for more details about projects.

You will be assigned to a team with 3-4 members per team. Team projects call for an equitable contribution from all members and every team member is expected to fully understand all parts of the project. You may, however, allocate specific tasks among team members.

The grading of the projects is based on the quality of the project papers, and does not depend on the number of students working on the projects. You will be asked to evaluate the contribution of teammates to the projects. Free-riders will receive penalty in the grades.

Individual Assignments

There will be two types of individual assignments: pre-class quiz and weekly summary writing. First, you should complete the pre-class quiz before each class through Blackboard. The pre-class

assignment includes multiple choice questions and is designed to check whether you have read the lecture notes in powerpoint slides and the relevant chapter of the textbook before each class.

Second, you should summarize what you have learned each class, and submit it through Blackboard before the start of the next class. The summary can include not only key concepts and accounting standards but also numerical examples. You can use diagrams and arrows or draw pictures and graphs. The summary can be hand-written and should not exceed one page for each class.

Late assignments will not be accepted. There is no make-up for missing assignments.

Practice problems (listed on page 9 of this syllabus) are supplementary. All the practice questions are available in the textbook. This part of your study is intended to be a learning experience rather than a grading device. The answers for practice problems will not be collected, but working them will help you master the material and prepare for the exams.

In-class Exercises

In-class exercise problems will be distributed and collected through Blackboard. You will be required to identify and resolve accounting issues in the international context. The exercise problems will also require your critical thinking and analytical skills. An example is to identify the potential problems arising from IFRS adoption and analyze the benefits and costs of the adoption.

You should turn in your answers through Blackboard by 9:30pm of each class day. If you miss a class, you will receive a zero point for the in-class exercise. Late submission will not be accepted. The in-class exercise will be considered as part of the Class Participation component of your grade. Students are encouraged to work together in solving the in-class problems. The solutions to in-class exercises will be posted on Blackboard.

Class Attendance

The university expects students to attend all regularly scheduled class meetings. Attendance and participation in class are fundamental parts of the learning process and key factors in academic success. Attendance is your responsibility, and you must accept the risks and penalties associated with missed classes. Missed classes can have a substantial negative impact on your grade.

To facilitate for emergencies (illness, personal emergency, job interview, etc.), I will allow no more than two absences for the semester without a deduction of your points. Once you use up two absences, I will deduct your points for additional absences. Before missing a class, make sure that the reason is substantial since two absences are the absolute limit for the semester. There will be no penalty for excused absences due to the following reasons: (1) religious observances, (2) university-sanctioned or approved activities (e.g., intercollegiate athletic games or competitions), (3) jury duty, military obligations or other governmental obligations, (4) health procedures, (5) illness or injury to the student, (6) death, injury or serious illness of an immediate family member, and (7) other emergency or catastrophic events. You must provide appropriate documentation for all the excused absences. When you have prior knowledge of an event that will require you to be absent from class, it is your responsibility to inform me in writing. This notice should be given to me as soon as possible, preferably at the beginning of the semester.

If you inevitably miss a class, you should (1) do the reading, (2) procure class notes and other pertinent information from the course website and other classmates, and (3) watch the video recording of the missed class. If, after doing all of these things, you have a specific question, please contact me.

You should schedule all outside activities, including employment and out-of-town trips, to allow for attendance in class, and especially at the exams. Excuses based on multiple exams at the same time, oversleeping, forgetting the exam date/time, car broken, traffic jams, job interviews, work/travel related issues, and poor internet connection will NOT be accepted as a reason for being absent from an exam.

You are also expected to attend classes on time. Once you come to class, you are expected to stay the full time of each class. If you need to leave early, please let me know in advance. Otherwise, leaving early will be treated as not attending at all.

Participation

Class participation grades are based on the contributions, both positive and negative, that you make to the class over the course of this semester. Excellent attendance is necessary, but not sufficient, to guarantee a high participation grade. Your questions, answers, comments, and suggestions over the course topics will contribute to this score. My expectation is that you will read the assigned material prior to the class. Thorough preparation will enable you to answer questions and join in-class discussions.

Negative contributions to the class will have an adverse effect on your participation grade. Any behaviors that disrupt the learning environment will be considered negative contributions. Examples of negative contributions include (but are not limited to): being late for class, poor attendance, leaving class early, moving around during class, not turning off your cell phone before class, sleeping in class, surfing the internet, talking to other students while someone else (either the professor or your fellow student) is speaking, and other unprofessional conduct. As such, up to 2% of total course points may be deducted for making negative contributions to the class.

Exams

There will be two exams, a mid-term and a final exam. Both exams will be held during class time. As exam dates are specified in the syllabus, students are expected to take all the exams at the SCHEDULED time. The date/time/location for the final exam will be officially announced later at Wisser. It is each student's responsibility to check the date/time/location of the exams and to make alternative arrangements in advance if they have a legitimate reason for not being able to take an exam. If a student fails to take an exam at the scheduled time without a prior arrangement, the student will receive a score of zero on that exam. Make-up exams will only be given under extreme circumstances and only if arranged with me in advance. All illnesses and emergencies must be documented. Multiple exams on the same time, oversleeping, forgetting the exam date/time, car broken, traffic jams, job interviews, work/travel related excuses, and poor internet connection for missing exams will NOT be accepted. If you know that you will not be able to take an exam at the time scheduled on this syllabus, please drop this course or switch to another course. Please note that tests may not be retaken for any reason - i.e., extra credit or to substitute/average a grade.

You will take the exams online through Respondus Lockdown Browser and Monitor. If your computer (e.g., chromebook or iPad) does not support Respondus Lockdown Browser and Monitor, I will arrange separate exams without Respondus Lockdown Browser. If you take separate exams, you will be proctored through Zoom.

The UMass Boston Student Code of Conduct will govern all the exams and assignments. It is assumed that if you continue in this course, you have read and understood the Code and intend to abide by it.

Online Discussion Board

Active participation in the online discussions helps create a learning community and gives you opportunities to work with and get to know other students. The discussion board on Blackboard will have 4 discussion forums: a forum for Q&A and 3 forums for specific discussion topics. You will be able to earn up to 2% of total course points as bonus points if you participate in 4 discussion posts or more (at least one for each forum) during the semester.

On the Q&A forum, you can post any questions about this course and answers to questions of other students. You will receive more points for posting an answer than posting a question. There is no minimum number of words for a post on this forum. If you have any urgent question, please send it to me directly by email.

On the discussion-topic forums, you can post either a new thread or a reply to an existing thread. A new thread should include your original view on the discussion topic, and a follow-up reply should include your opinion, such as a supporting or counter argument, about the original thread of another student. A new thread should have at least 150 words, and a reply should have at least 100 words. Make sure to check the due date for each discussion topic on Blackboard. You will receive more points for unique and insightful discussion.

Posts should be relevant to the topic being discussed, but should also attempt to *introduce a new point of view or piece of information* or otherwise further the discussion. *Discuss one key factor in depth in each post* rather than covering many factors shallowly. Posts should use correct grammar, punctuation, and vocabulary appropriate for a university-level course. Misuse or abuse of the discussion boards will not be tolerated.

Use of Electronic Equipment

Use of electronic equipment for any purposes other than the current topic of class discussion is extremely disruptive to your fellow students and to me. It also diverts your attention from class. There are only two permitted uses of electronic equipment in this course. First, laptop or tablet computers may be used to participate in online classes, to take notes, to read an e-textbook, to search for course-related data, and to do in-class exercises. They may not be used for any purpose unrelated to this course. Second, cellular phones and pagers may be left in silent mode if you inform me that it is imperative that you be reached during class. They may not be used to send text messages, to surf the internet, or to play games at any time. You will not be allowed to use a cell phone as a calculator during any exam. Any unpermitted uses of electronic equipment will be regarded as a negative contribution during lectures and an honor code violation during exams.

Religious Observances

All students who anticipate the necessity of being absent from class due to the observation of a major religious observance should provide a notice of the date(s) to me, in writing, by the second class of the semester.

Academic Honesty

It is expected that all students will uphold the UMass policy on academic integrity. All work submitted for this course should be completed only by the student being evaluated unless otherwise indicated in the assignment (e.g., team projects). Students caught cheating or plagiarizing will, at my discretion, fail either the assignment/exam in question or the course, and the incident will be reported to the Dean's office for University Sanctions.

Plagiarism includes copying someone else's words and claiming them as your own, paraphrasing someone else's words and/or ideas and claiming them as your own, or collaborating excessively with another person or persons and claiming the work as solely your own. Plagiarism on any assignment will, at minimum, result in an "F" for the assignment or the entire course. I reserve the right to pursue further disciplinary action if appropriate. I strongly recommend you maintain a record of the preparation of your assignments and include your UMB student number on all correspondence. For further information, refer to the Student Code of Conduct at https://www.umb.edu/life_on_campus/policies/community/code. If you are unclear about what constitutes plagiarism or cheating, please contact me for additional explanation as soon as possible.

Academic Support

The University of Massachusetts Boston is committed to providing reasonable academic accommodations for students with disabilities. This syllabus, for example, is available in alternate format upon request. Students with disabilities needing accommodations in this course must be registered with the Ross Center for Disability Services, UL 211, ross.center@umb.edu, (617) 287-7430 at the beginning of the semester. Once registered, students should contact me by the second week of the semester so that we have the time to work together to make any necessary arrangements. I will be pleased to meet with you confidentially outside of class to discuss your needs and make any necessary arrangements as prescribed by Ross Center so that all of your needs are met. It is your responsibility to make all arrangements with Ross Center necessary to meet your needs.

**MBA AF 615 (Section 1), Spring 2021
TENTATIVE COURSE SCHEDULE***

Class#	Date	Chapter	Topic	Practice Problems (will NOT be collected) Exercises and Problems (EP) or Cases in the textbook	Project Due
1	1/28	1	Introduction to International Accounting	EP 2; Case 1-1	
2	2/4	2	Worldwide Accounting Diversity	EP 1, 4, 5; Case 2-1 Part II & III	
3	2/11	3	International Convergence of Financial Reporting	EP 2, 6, 8, 9	
4	2/18	4	International Financial Reporting Standards: Part I	EP 15, 16, 21, 23	
5	2/25	4	International Financial Reporting Standards: Part I	EP 19, 22, 24, 25, 28	
6	3/4	5	International Financial Reporting Standards: Part II	EP 28, 29, 34, 35, 39	
7	3/11		Mid-term Exam: Chapters 1-5		
8	3/25		Analysis of Foreign Financial Statements: Conversion from Local GAAP to US GAAP		
9	4/1		Team Project #1 Presentations		Team project #1
10	4/8	6	Foreign Currency Transactions and Hedging Foreign Exchange Risk	EP 11, 13, 14, 15, 16	
11	4/15	7	Translation of Foreign Currency Financial Statements	EP 10, 11, 14, 16a	
12	4/22	11	Auditing and Corporate Governance	EP 3, 5, 7, 8	
13	4/29		Team Project #2 Presentations		Team project #2
14	5/6		TBA		
15	5/20		Final Exam: Chapters 6-7, 11		

* The course schedule including assignment and exam dates is subject to change with advanced notice. You are responsible for checking any changes announced in class or on course website.

MBA AF615 Term Projects

Project #1

The first project is the comparative analysis of a country's accounting standards and disclosures. Each team will pick a country and analyze accounting environments of the country.

The project paper should address the following questions. You should provide the numerical data to support your explanations.

- Describe the economic environments of the selected country. How did the economy of the country grow in the past decades? What are the primary industries of the country? How open is the country's product market and capital market to foreign companies and investors? How much are stock and bond markets developed? What is the main source of corporate financing, stock markets or banks? How do the economic environments affect the accounting standards and practices of the country?
- Discuss the legal environments of the country. Which legal origin does the country have, common law or code law? How effective are the laws in protecting investors and creditors? What laws govern business activities including stock issuances? Are there any laws governing accounting and financial reporting? How is the taxation related to accounting practices? Is a corruption prevalent in governments and businesses? How severe is the penalty against white-collar crimes such as accounting frauds? How do the legal environments affect the accounting standards and practices of the country?
- Describe the cultural background of the country. How is the country's culture classified by Hofstede's cultural dimensions and Gray's accounting values? Is there any impact of religion on accounting standards and practices? How is the level of business and accounting ethics? How do the cultural environments affect the accounting standards and practices of the country?
- Discuss the mechanisms in place for regulating accounting and financial reporting in the country. Which organizations establish accounting and auditing standards? Which organizations regulate the implementations of accounting and auditing standards? How effective are the regulations over accounting and auditing practices?
- Explain the nature of the accounting professions in the country. Which organization represent external auditors? How independent are auditors from the economic influence of clients? Are there any other organization of accounting professionals? How do they affect accounting and auditing standards and practices?
- Discuss the accounting standards of the country. Which accounting standards do public and private companies follow in the country, IFRS or local GAAP? Identify the unique accounting principles and practices used by public companies in the country and compare them with those in other countries using the IFRS. Present some examples of the unique features with financial statements of one representative company in the country. What additional information do firms in the country disclose beyond the requirement of accounting standards?

Project #2

The second project is to analyze the financial statements of a non-US firm and a US firm. You should select two companies competing with each other in one industry. The non-US firm should follow the IFRS and the US firm should follow the US GAAP.

The project paper should address the following questions. You should submit the annual reports of the two companies along with the paper.

- Describe the industry in which the two companies operate and assess the competitive environment. How are the two companies similar/different? Who are the main competitors of the two companies in the industry?
- Evaluate the effect of different accounting standards on the financial statements of the two companies. What makes it difficult to compare the financial statements of the two companies beyond the difference in accounting standards? Are there any unique items in either company's financial statements? Reconcile the difference in accounting standards and methods to improve the comparability of financial statements between the two companies, if possible, before you answer the following questions.
- How well do the current earnings of the two companies predict their future earnings? Are the earnings persistent? Are there any unusual or nonrecurring items that need to be considered for your analysis? Analyze the potential impact of such items to your analysis.
- Analyze common-sized income statements and balance sheets for each company for the most recent two years. To common size the income statement, divide each income statement item by net sales for the that year. To common size the balance sheet, divide each balance sheet item by total assets at the end of that year.
- Assess the profitability of the two companies for the most recent two years. Consider return on assets (ROA), return on equity (ROE), and components of ROA and ROE to evaluate the profitability.
- Assess the asset efficiency of the two companies for the most recent two years. Consider accounts receivables turnover (and average collection period), inventory turnover (and average inventory days), accounts payable turnover (and accounts payable days), cash conversion cycle (i.e., receivables days + inventory days – payable days), and fixed asset turnover.
- Assess the liquidity and solvency of the two companies for the most recent two years. Consider the current ratio, the quick ratio, operating cash flow to total debt ratio, the debt-to-assets ratio and the liabilities-to-equity ratio. Also evaluate interest costs using the times-interest-earned ratio.
- Assess the cash flows of the two companies for the most recent two years. Are cash flows from operations positive or negative? How are operations and investments being financed? Also evaluate the ratio of operating cash flows to net income.
- Assess the price multiples and yield ratios for the most recent two years. Consider price-to-earnings ratio, price-to-book ratio, earnings yield, dividend yield, and cash flow yield.

- Assess the long-term earnings growth rate embedded in the stock price at the end of the most recent year. Is the long-term earnings growth rate consistent with the average earnings growth rate for the past three years? Use three different discount rates, 8%, 10% and 12%, to see the effect of discount rates on the estimates of long-term earnings growth rates.
- As a potential investor, would you be interested in seeking additional information about the two companies? What kind of information would you gather? Would you recommend the investment in either company?

Format of Project Papers

- Format: 11 or 12-point font, double-spaced text with 1-inch margin on all sides.
- The first page should include the case title and a short summary of the paper (less than a page). The full paper including references, tables, and figures should not exceed 50 pages. The annual reports of the two companies in the second project will not be counted for the page limit.
- The report should include a full list of references at the end if you use any source of information (including the textbook and wikipedia.com).

Submissions

- Each team should inform me by email about (1) your team members, (2) a country for the first project by February 11 (Thursday), and (3) two companies for the second project by April 8 (Thursday).
- The submission due is Noon, April 1 (Thursday) for the first project and Noon, April 29 (Thursday) for the second project. Submit the papers to the assignment section on the course website in Blackboard. Delete your personal information before submitting the papers to the Blackboard and instead send me a separate email that explains the role of each member in each project.
- You will present the first project on April 1 (Thursday) and the second project on April 29 (Thursday). Each team should prepare the powerpoint slides for the presentation.
- Your project paper will be checked by anti-plagiarism software. Students caught plagiarizing (or any other academic dishonesty) will, at my discretion, fail either the assignment in question or the course, and the incident will be reported to the Dean's office for University Sanctions.