



International Accounting

A Global Perspective

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Preface

International Accounting: A Global Perspective focuses on the issues in international accounting in today's global business world. The text offers a unique approach: It has a global perspective, is free from Western cultural bias, and has a multinational orientation. This enhances objective discussion of international accounting issues.

Some of the evidence showing breadth of coverage includes: Three separate chapters (Chapters 8, 9, and 10) devoted to international managerial accounting issues, one chapter on developing countries (Chapter 13), one chapter on Eastern Europe (Chapter 14), a special section containing a complete set of Imperial Chemical Industries reports, and a comprehensive glossary of terms. The same 11 countries are used throughout the book for discussion of comparative practices. Care was taken in selecting the 11 countries to ensure representation of diversified practices in different areas of the world.

International Accounting: A Global Perspective is a current and comprehensive text, suitable for an upper-division undergraduate course or a graduate level course. With its global orientation, it is suitable for adoption worldwide.

Features of the Text

The textbook contents are current and include a description of emerging trends in international accounting. Students and faculty should find the text lucid, succinct, and accurate. Some of the special features are outlined below.

Global perspective. The book has a truly global perspective. The authors feel that an international accounting textbook should be free from any country, regional, or cultural bias.

Currency of contents. The material is up to date and includes the most recent developments in international accounting. Some examples are:

- Agreement between the International Accounting Standards Committee and the International Organization of Securities to develop standards for listing of securities worldwide
- International Monetary Fund's guidelines for voluntary disclosures
- Singapore's newly acquired status as a developed economy
- North American Free Trade Agreement
- European Union
- Asia Pacific Economic Cooperation
- Technology alliances
- Modern approaches to cost controls in global operations
- Expanded discussion of Asia and the Pacific Rim.

By the year 2000 the economies of East Asia are expected to equal that of the U.S., and total about four-fifths of the European Union. This important, and often overlooked, region is discussed in depth in Chapters 1 and 13.

Clear writing style. Discussion is substantive yet succinct. Presentations are organized to lead the student from basic to advanced levels step by step. Key points are emphasized after the discussion.

Real-life applications of concepts. Actual events are brought into discussion to reinforce students' understanding of the concepts. Numerous examples and financial statements from actual companies are incorporated in each of the chapters.

Focus on developing countries and Eastern Europe. Chapters 13 and 14 discuss the unique problems and challenges of developing countries and Eastern European countries respectively.

Comparative practices in selected countries. Throughout the book, the same 11 countries, from different regions of the world, are used for comparison of practices. This provides the students an opportunity to learn the important accounting practices in the 11 countries.

Impact of advances in technology. Among the unique features of this book is a discussion of how advancements in information technology affect environmental factors and accounting practices globally.

End-of-chapter materials. These include:

- **Note to Students.** This innovative and unique feature will help the student keep current on the chapter topics by using listed sources of information. Other information contained in many of the notes should make the student aware of the career opportunities in emerging accounting areas.
- **Chapter Summary.**
- **Questions for Discussion.**
- **Exercises/Problems.**
- **Cases.** Each chapter has at least one end-of-chapter case and several have more than one.
- **Footnotes and References.** This text includes extensive footnotes and chapter bibliographies. This should be helpful for several reasons:
 - ✓ Many undergraduate students are only vaguely aware of international accounting literature. Simply scanning these listings should increase their awareness of the context of international accounting and international business.
 - ✓ The text is intended for use in graduate as well as undergraduate courses. The references will help in pursuing the topics in greater depth, especially in graduate courses.
 - ✓ Some instructors may not have significant international experience but are interested in teaching the international accounting course. Additional readings will help them feel comfortable in the classroom, and also help them broaden their own knowledge base.

The references include classic materials such as Sweeney's dissertation on general price-level-adjusted accounting, statements by standard-setting bodies such as the International Accounting Standards Committee and the Financial Accounting Standards Board, and

current developments from sources such as *Business Week*, *The Wall Street Journal*, and the *Economist*.

Chapter Descriptions

Chapter 1: Introduction to International Accounting. Chapter 1 lays the foundation of the text by discussing the importance of the global economy. The chapter develops a model of environmental influences on accounting and a definition of international accounting.

Chapter 2: Internationalization of Accounting Standards. Chapter 2 contains a discussion of the differences between standardization and harmonization. It reviews the harmonization efforts being undertaken at various levels in the world.

Chapter 3: Financial Reporting Disclosures. Chapter 3 examines the existing disclosure practices and the issues related to measurement and disclosure. The chapter includes discussion of reserves disclosures, segment disclosures, and social impact disclosures. Examples of value-added statements from actual companies are provided in the chapter.

Chapter 4: Setting Accounting Standards in Selected Countries. Chapter 4 describes and compares the standard setting process in the selected 11 countries and current standards for certain important areas.

Chapter 5: Accounting for Changing Prices. Chapter 5 deals with issues from both accounting and economic standpoints. The chapter contains a discussion and examples of constant monetary unit restatement and current value accounting. Gearing adjustments are explained within the context of current value accounting. The chapter includes a comparison of current practices in the featured 11 countries.

Chapter 6: Foreign Currency. Chapter 6 discusses foreign currency transactions, forward exchange contracts, and common methods for foreign currency translation. The four common translation methods are analyzed and compared. It also describes the current practices in the featured 11 countries.

Chapter 7: Specific Reporting Issues. Chapter 7 focuses on business combinations and consolidations, intangible assets, research and development, leases, and pension and post-retirement benefits. The chapter compares existing practices in the selected 11 countries in each of these areas.

Chapter 8: Managerial Accounting Issues: Strategic Planning and Control. Chapter 8 is the first of the three chapters on managerial accounting topics. The chapter covers strategic planning with special attention to cultural considerations. Control systems are discussed with emphasis given to the selection of performance criteria for international subsidiaries. The last section ties in information systems, technological advances, and compatibility with international accounting standards.

Chapter 9: Budgeting, Product Costing, and Foreign Exchange Risk Management. Chapter 9 includes a step by step development of a master budget and a discussion of capital budgeting. Product costing and cost control approaches are described. Cost control approaches dis-

cussed include restructuring, activity-based costing, activity-based management, total quality management, just-in-time, kaizen, target costing, and worldwide manufacturing locations. Foreign exchange risk management is discussed within the context of foreign currency risk exposure, transaction risk exposure, translation risk exposure, and economic exposure.

Chapter 10: Transfer Pricing and International Taxation. Chapter 10 discusses various approaches for transfer pricing and also examines international taxation issues.

Chapter 11: International Financial Statement Analysis. Chapter 11 contains a section dealing with problems in the availability of financial information such as reliability of data, timeliness, language and terminology, different currencies, and different formats of financial statements. Financial statement analysis is divided into international financial ratio analysis and trend analysis. Limitations of analysis are also discussed. A special appendix contains a complete set of annual reports for Imperial Chemical Industries.

Chapter 12: Auditing Issues for Global Operations. Chapter 12 deals with auditing in its two dimensions: internal and external. Six models of an internal audit organization structure are presented. The chapter also includes a discussion of the Foreign Corrupt Practices Act. External auditing in the international environment is discussed within the framework of various countries and regions. “True and fair view” is contrasted with “present fairly.” The chapter includes a description of the existing independent audit environments in the featured 11 countries.

Chapter 13: Developing Countries: The Emerging World Economic Order. Chapter 13 describes both the challenges and the opportunities in developing countries. Special emphasis is placed on the importance of the role of accounting in developing countries, especially due to large expenditures on infrastructure projects.

Chapter 14: Eastern European Countries. Chapter 14 includes a discussion of socialist accounting. This chapter focuses on financial statement practices and trends in four of the Eastern European countries, namely Hungary, Poland, the Czech Republic, and Russia.

Supplements

The comprehensive package includes three supplements: *Solutions Manual* and a combination *Test Bank* and *Instructor's Manual*, all written by the textbook authors. The instructor's manual should be especially helpful to instructors with little or no teaching or practical international experience. It contains many helpful hints and side comments, as well as chapter outlines and teaching transparency masters.

It is vital that supplements receive as much attention as the text itself. For example, a solutions manual full of errors can greatly reduce the usefulness of a first-rate textbook. Since the authors of the textbook have written the supplements, the accuracy and cohesiveness of the package is ensured. The authors would like to thank Cheryl Fulkerson, University of Texas—San Antonio, for verifying the accuracy of the solutions manual and test bank.

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