

INTERNATIONAL ACCOUNTING

H. PETER HOLZER

AND

DEREK T. BAILEY

MAUREEN BERRY

JANE O. BURNS

ATHOL CARRINGTON

JOHN S. CHANDLER

J.C. ECKFORD

DAVID FORRESTER

TOSHIO IINO

RYOJI INOUE

MICHAEL H. JACOBI

F. P. KOLLARITSCH

KONRAD W. KUBIN

G. H. LAWSON

GEOFFREY ALAN LEE

WOLFGANG LÜCK

KENNETH S. MOST

JANE F. MUTCHLER

FELIX POMERANZ

HANNS-MARTIN W. SCHOENFELD

CHARLES H. SMITH

A. VAN SEVENTER

VERNON K. ZIMMERMAN

INTERNATIONAL ACCOUNTING

H. PETER HOLZER

University of Illinois at Urbana-Champaign
and
Others

1817



HARPER & ROW, PUBLISHERS, New York
Cambridge, Philadelphia, San Francisco,
London, Mexico City, São Paulo, Sydney

Sponsoring Editor: John Greenman
Project Editor: Dorothy H. Cappel
Designer: Michel Craig
Production Manager: Willie Lane
Compositor: ComCom Division of Haddon Craftsmen, Inc.
Printer and Binder: R. R. Donnelley & Sons Company
Art Studio: Fine Line Illustrations, Inc.

Material from Uniform CPA Examination Questions and Unofficial Answers, copyright © 1978 and 1981 by the American Institute of Certified Public Accountants, Inc., is reprinted with permission.

INTERNATIONAL ACCOUNTING

Copyright © 1984 by Harper & Row, Publishers, Inc.

All rights reserved. Printed in the United States of America. No part of this book may be used or reproduced in any manner whatsoever without written permission, except in the case of brief quotations embodied in critical articles and reviews. For information address Harper & Row, Publishers, Inc., 10 East 53d Street, New York, NY 10022.

Library of Congress Cataloging in Publication Data

Holzer, H. Peter.
International accounting.

Includes bibliographies and index.

1. International business enterprises—Accounting.

I. Title.

HF5686.I56H64 1984 657'.95 83-12962
ISBN 0-06-042882-1

CONTRIBUTORS

Derek T. Bailey
Maureen Berry
Jane O. Burns
Athol Carrington
John S. Chandler
J. C. Eckford
David Forrester
Toshio Iino
Ryoji Inouye
Michael H. Jacobi
F. P. Kollaritsch
Konrad W. Kubin
G. H. Lawson
Geoffrey Alan Lee
Wolfgang Lück
Kenneth S. Most
Jane F. Mutchler
Felix Pomeranz
Hanns-Martin W. Schoenfeld
Charles H. Smith
A. van Seventer
Vernon K. Zimmerman

INTERNATIONAL ACCOUNTING

ABOUT THE AUTHORS

DEREK T. BAILEY is professor of accountancy at the University of Birmingham, England. Before entering the teaching profession, he had extensive accounting experience in the food processing, industrial catering, civil engineering, and electronics industries. His research interest has been accounting history and enterprise accounting in the Soviet Union, conducted in conjunction with the Centre for Russian and East European Studies at the University of Birmingham. He also serves as editor of the abstracting quarterly *Soviet Accounting Bulletin*.

MAUREEN BERRY is associate professor of accountancy at the University of Illinois at Urbana-Champaign. She obtained her Ph.D. degree from the University of California at Los Angeles and is a certified public accountant and past president of the Eastern Chapter of the Illinois CPA Society. Her work experience includes eight years with the federal government as a contract costs auditor and supervisor. She has also served as a consultant to various government agencies and nonprofit organizations in the United States and Zaire and has carried out public sector research studies in Great Britain, West Germany, and Poland. Professor Berry has published a number of articles on public sector accounting and financial management in such journals as *Management Accounting*, *Management International Review*, and *International Journal of Accounting*.

JANE O. BURNS, an associate professor of accounting at Indiana University, received her Ph.D. degree from Pennsylvania State University. She is chairperson of the International Accounting Section of the American Accounting Association, a former vice-president of the American Taxation Association, and a certified public accountant. Dr. Burns's research in the field of international and U.S. taxation has been published in *Accounting Review*, *Journal of International Business Studies*, *International Tax Journal*, *International Journal of Accounting*, *Journal of Taxation*, and numerous other professional journals.

ATHOL CARRINGTON is a pro-vice-chancellor and professor of accountancy at the University of New South Wales, Australia, where he was formerly dean of the faculty of commerce and chairman of the Graduate School of Business. He had previously been foundation professor of accountancy at the University of Canterbury in New Zealand. He has been a visiting professor at the University of Illinois and has acted as adviser to several universities in the Asian-Pacific region. He has been a member of the Australian Accounting Research Committee and has actively participated in Australian and New Zealand professional accounting bodies.

JOHN S. CHANDLER is currently an assistant professor in the Department of Accountancy at the University of Illinois at Urbana-Champaign. He completed his graduate work in computer and information science at Ohio State University in 1977. Professor Chandler has been engaged in several research projects with government, military, and commercial organizations. His articles have appeared in journals such as *Management International Review*, *Management Accounting*, and *MIS Quarterly*. He is also a member of many professional organizations, including the International Section of the American Accounting Association.

J. C. ECKFORD, after qualifying as an accountant, gained professional experience, initially as personal assistant to a tax partner of an accounting firm in Liverpool. After obtaining his M.A., he spent a year in London specializing in corporate taxation. He entered academic life in 1971 and lectured in taxation and financial accountancy at Heriot-Watt University and Liverpool University before joining the University of Manchester.

Mr. Eckford's research interests are in the areas of financial accounting and taxation, and he is currently working on a research program that focuses on tax planning and the multinational bank. He has published numerous articles in *British Tax Review*, *Accountancy*, *The Accountant*, *Law Society Journal*, and *Bankers Magazine*. Currently he is writing a book for the Institute of Bankers entitled *Tax and the Lending Banker*.

DAVID FORRESTER's interest in Germany is long standing and inherited. A graduate in history of St. Andrews and Oxford universities, he lectured after World War II at the College of the Rhine Army. After spending some years as a management accountant in industry, he became a lecturer in history and comparative accounting systems at the University of Strathclyde in Glasgow. In 1978, his study of the evolution of business economics in Germany, "Schmalenbach and After," received the Hourglass Award of the Academy of Accounting Historians. His other studies of European accountancy are in progress.

H. PETER HOLZER, a certified public accountant, is the Deloitte Haskins & Sells professor of accountancy at the University of Illinois at Urbana-Champaign. He received his Ph.D. from the Graduate School of Business Administration in Vienna. Professor Holzer recently served two terms as visiting professor at the Technical University of West Berlin and has also lectured at several other European universities. Previously he served as project adviser and visiting professor at the National Institute for Development Administration in Bangkok, Thailand, and as Chief of Party and visiting professor at the Tunisian Business Education Project of the University of Tunis. He has repeatedly served as a consultant to the World Bank and has written extensively in professional journals, particularly in the areas of international and managerial accounting.

TOSHIO IINO is professor of accountancy and director of accounting research at Chuo University in Tokyo. He previously served as professor of accountancy at Hitotsubashi University in Tokyo. Professor Iino is a graduate of the Tokyo College of Commerce, where he also received his doctorate. He served as visiting professor at the University of Illinois at Urbana-Champaign during 1966-1967 and was a visiting scholar at the Center for International Education and Research in Accounting at the

same university during 1981–1982. He has held important positions in several Japanese accounting associations, served as a member of the Corporation Law Committee of the Japanese Judicial Department, and was recently appointed president of the Japan Auditing Association. Professor Iino has written extensively in the area of accounting theory.

RYOJI INOUE is a professor of accountancy at Chuo University. He is a graduate of Doshisha University in Kyoto and received his master's and doctoral degrees from Chuo University. His special interest area is financial accounting and the relationship between social systems and the evolution of accounting. During 1977–1978 he was a visiting scholar at the Center for International Education and Research in Accounting at the University of Illinois, Urbana–Champaign. Professor Inouye has published a book on accounting theory as well as many articles in Japanese professional and scholarly periodicals.

MICHAEL H. JACOBI holds his doctorate degree (*Dr. oec.*) from the St. Gallen Business School and is controller of the Brazilian subsidiary of a Swiss multinational chemical company.

F. P. KOLLARITSCH is a professor of accounting and former chairman of the accounting faculty at Ohio State University. His special interests are cost, managerial, and international accounting. Dr. Kollaritsch, who is a certified public accountant (Indiana), received his master's and doctor of business administration degrees at the Graduate School of Business and Economics in Vienna in 1948 and 1952, respectively. He has taught at Illinois Wesleyan University, Butler University, the University of Texas at Austin, and the University of Florida. He came to Ohio State in 1962.

Dr. Kollaritsch is the author of several books and numerous articles on accounting theory and procedures that have appeared in professional journals.

KONRAD W. KUBIN, a certified public accountant, is associate professor of accounting at Virginia Polytechnic Institute and State University. His degrees are from Erlangen–Nürnberg University, the University of Colorado, and the University of Washington. Dr. Kubin has delivered and published numerous papers on international accounting, including a section on comparative accounting systems in the *Handbook of International Business*. He worked for a West German public accounting firm and has served as a consultant in France, Belgium, West Germany, and the United States. A former visiting professor at the Politechnika Warszawska and the Oskar Lange Academy in Wrocław, Poland, Dr. Kubin currently serves on the International Technical Standards Subcommittee of the American Institute of Certified Public Accountants and has been elected chairperson of the International Accounting Section of the American Accounting Association for 1983–1984.

G. H. LAWSON is a professor of business finance, and in 1978–1980 was director of the doctoral program at the Manchester Business School, University of Manchester. He is a fellow of the Association of Certified Accountants in the United Kingdom, and has been a visiting professor at the University of Augsburg, Germany; at the Ruhr Universität, Bochum; and at the University of Texas, Dallas. Professor Lawson has served as a consultant to British and foreign government ministries and to many industrial firms.

GEOFFREY ALAN LEE, born in England in 1928, began his career as a chartered accountant, having obtained his degrees (London, 1955; Sheffield, 1968) by external study. He moved from professional work to education, and since 1966 he has lectured at Nottingham University, where he has been senior lecturer in accounting since 1974. His principal work is *Modern Financial Accounting* (1973, 1975, 1981). As secretary/treasurer of the Accounting History Society, he helped to organize the Third International Congress of Accounting Historians, which met in London in 1980. He has

published articles in *Abacus*, *Accountancy*, *The Accountant*, *Accounting Historian's Journal*, *Accounting Review*, *Business History Review*, and *Journal of Accounting Research*.

WOLFGANG LÜCK, a certified public accountant (*Wirtschaftsprüfer*), is professor of accountancy at the Technical University of Berlin, West Germany. He received his M.B.A. degree from the University of Cologne and his Ph.D. degree from the University of Giessen. After spending a total of 10 years with an international accounting firm and as a partner of a large German public accounting firm, he accepted a chair of accountancy at the Technical University of Berlin. Professor Lück has authored and coauthored several books and published numerous articles on international accounting and auditing.

KENNETH S. MOST is a professor of accounting at Florida International University in Miami. He holds an LL.B. degree (London), an M.A. degree (University of Florida), and a Ph.D. degree (University of Florida), and is both a chartered accountant (United Kingdom) and a certified public accountant (Texas). Author of *Accounting Theory* (2d edition, 1982), and coauthor of *Cost Accounting* (1982), Dr. Most has published nearly 20 books and monographs and over 200 articles on accounting topics, and has recently published a study of the conflict-of-accounting-standards problem. He has extensive practical and research experience in international accounting.

JANE F. MUTCHLER is an assistant professor at Ohio State University. She received her Ph.D. from the University of Illinois and her master of accountancy and undergraduate degree from the University of South Florida. Her dissertation was an American Institute of Certified Public Accountants fellowship award winner. Professor Mutchler is a member of the American Institute of Certified Public Accountants.

FELIX POMERANZ is internationally recognized as an authority on profitability improvement and cost containment and has been a leader in the development of innovative management services. He has also served the United Nations as a resource person for international accounting regulation.

Mr. Pomeranz created the concept of "preemptive auditing," designed to facilitate owner control over capital investments and to manage exposure to a variety of risks. A partner at Coopers & Lybrand, he has held many of his firm's top executive and administrative posts and has served major international clients. In addition, while in industry, he headed the internal consulting efforts of the Westvaco Corporation and the management auditing program of American-Standard.

The author of three books and numerous articles, he is associated on a pro bono basis with a number of not-for-profit entities, including four universities.

HANNS-MARTIN W. SCHOENFELD is professor of accountancy and business administration and director of the Office of Western European Studies at the University of Illinois at Urbana-Champaign. He received his doctoral degree (*Dr. rer. pol.*) from the University of Hamburg and his Ph.D. degree (*Dr. habil.*) from the University of Braunschweig. He taught and worked in public and industrial accounting and was a consultant in West Germany and in several other Western European countries before coming to the United States in 1962. He has also served as a visiting lecturer at many European universities and executive development centers.

Professor Schoenfeld has written several books, including *Kostenrechnung* (1972), *Rechnungswesen* (1969), and *Cost Terminology and Cost Theory: A Study of Its Development and Present State in Central Europe* (1974), and is the author of numerous articles that have appeared in American and German periodicals. He has served as chairman of the American Accounting Association's International Accounting Section and as president of the Academy of Accounting Historians.

CHARLES H. SMITH is the Peat Marwick Mitchell Professor of Accountancy and director of the accountancy Ph.D. program at the University of Illinois at Urbana-

Champaign. He has a B. Comm. degree from the University of Cape Town and M.S. and Ph.D. degrees from Pennsylvania State University. He has taught at Pennsylvania State University, the University of Washington at Seattle, the University of Texas at Austin, and Arizona State University. He is a chartered accountant (South Africa) and a certified public accountant (Texas).

A. VAN SEVENTER, a certified public accountant, is professor of accounting at San Francisco State University. He holds academic degrees from the University of Amsterdam, Stanford University, and the University of Michigan. He was formerly secretary of the Alaska Board of Accountancy.

VERNON K. ZIMMERMAN is dean of the College of Commerce and Business Administration at the University of Illinois at Urbana-Champaign. He holds a Certified Public Accountant Certificate from the state of Illinois and is a professor of accountancy and director of the Center for International Education and Research in Accounting on the Urbana-Champaign campus.

Dean Zimmerman has been a member of the Board of Directors of the American Assembly of Collegiate Schools of Business and served as chairman of the Standards Committee of that organization in 1977-1978. He was vice-president and then president of that organization from 1978 to 1980.

Dean Zimmerman has had a long interest in international accounting and business education. He taught at the Graduate School of Business in Vienna under a Fulbright Professorship. He also held a Guggenheim Fellowship for research in the area of accounting history in Europe. He has been a visiting professor at the University of Munich and at Indiana University.

PREFACE

This book, which is a compilation of original essays by well-known accounting scholars, is intended as a text for a one-semester graduate or advanced undergraduate course in international accounting. The idea for the book was conceived with American students in mind, but this text may be used with equal effectiveness in any country where English is the primary or secondary language of instruction. The text should also be useful as a primer for professionals in international accounting preparing for international assignments.

The growth of interest in the international aspects of accounting is a logical consequence of the ever-growing internationalization of business, as manifested by the proliferation of multinational companies and the increasing internationalization of capital markets. In response to this development, more universities are offering courses in international accounting at both the undergraduate and graduate levels.

This increasing attention to the international dimensions of accounting by both scholars and practitioners is also manifested in the burgeoning number of scholarly and professional articles on international accounting. At least two periodicals specialize in this area, and many articles on international accounting appear in a variety of English-language accounting and business periodicals, both here and abroad. In addition, many articles of interest are published in foreign-language journals; unfortunately, these articles are accessible to only a minority of students who possess the requisite foreign-language skills.

This book presents a systematic approach to what seems to be evolving as the basic core for studying the international dimension of accounting. In Part One, Vernon K. Zimmerman, one of the leading scholars in international accounting, introduces the reader to the international dimension of accounting. This is followed by a historical review of the evolution of accounting practices over several centuries in different countries, which provides the perspectives necessary to understand and evaluate the contemporary scene. The chapter on European accounting history provides a broad view of accounting's multinational origins.

Part Two discusses the accounting and reporting problems of the multinational corporation, which arise in conjunction with the translation of the accounts of foreign-based subsidiaries. The chapters in this part address differences in standards of financial accounting and reporting, the variety of international tax problems the multinational corporation faces, and a number of problems related to management accounting, the most important ones being transfer pricing and performance evaluation.

International accounting should also be studied on a country-by-country basis, as accounting practices and principles are strongly influenced by political, cultural, economic, and other environmental factors. It is therefore not surprising that accounting developed differently in different countries. For the student of international accounting, it is important to be familiar with the accounting standards and practices of at least some of the important industrialized countries. Therefore, the chapters in Part Three are concerned with accounting practices in the economically advanced countries of the world, the United States, the United Kingdom and commonwealth countries, France, West Germany, the Netherlands, and Japan. These countries have well-developed accounting systems and practices that differ in some important respects.

One reason for including chapters on these countries is that their accounting practices and theories exert a significant influence beyond their borders. American accounting thought and practices are presently very influential in many parts of the world, especially in developing countries. The accounting and reporting practices of the United Kingdom, the first country to develop modern accounting and auditing standards, have influenced many other countries, especially former colonies. The impact of British accounting can be seen clearly in the discussions of the third chapter in this part, which covers the industrialized commonwealth countries and South Africa. France's national standardization of accounting differs significantly from the Anglo-Saxon approach and has clearly influenced the accounting systems in the countries that emerged from its former colonial empire. French thinking on accounting also contributes importantly to the new accounting rules of the European Economic Community. West Germany is included because its accounting profession and practices have some unique aspects and because many of its accounting philosophies are reflected in the European Economic Community directives. The Netherlands is well known for its pioneering efforts in current cost accounting, and its contributions to modern accounting thought are certainly worthy of consideration. Modern Japanese accounting primarily reflects the postwar United States influences and some remnants of European influences that prevailed before World War II. Accounting-related directives of the European Economic Community represent the first regional effort at a consolidation of varied accounting philosophies, and are therefore covered in the concluding chapter in this section.

Part Four introduces the student to the accounting function of centrally planned (socialist) economies and the problems of accounting in Third World countries. The book concludes with a discussion of international accounting organizations. The most important of these are the International Accounting Standards Committee and the International Federation of Accountants, which try to develop worldwide standards for accounting and auditing.

The authors of these chapters are well-known scholars from several countries who have already made significant contributions to the area of international accounting. Each author's chapter deals with topics closely related to his or her area of specialization. The contributors are affiliated with universities in Australia, West Germany, the United Kingdom, Japan, and the United States; one contributor is a partner of an international accounting firm and another is affiliated with a large multinational company. The varied backgrounds of the contributors assure a comprehensive and up-to-date coverage of the topics.

Some chapters include case and problem material that enhance the pedagogical objectives of the book.

I am particularly grateful to Professor Vernon K. Zimmerman for writing the introduction and to Elizabeth Bauer for her help in reviewing and editing the manuscript.

H. PETER HOLZER

CONTENTS

About the Authors xi
Preface xvii

PART ONE INTRODUCTION 1

CHAPTER 1 INTRODUCING THE INTERNATIONAL DIMENSION OF ACCOUNTING 3

VERNON K. ZIMMERMAN

The Increasing Complexity and Volume of International Economic
Transactions 4 Continuing Stages in the International
Evolution of Accounting 6 Changing Organizational Structures
and Accounting 10 International Accounting Organizations 11
International Accounting Educational Development 12
Notes 15 Bibliography 16

CHAPTER 2 EUROPEAN ACCOUNTING HISTORY 17

DEREK T. BAILEY

The Urban Revolution 17 The Age of Record Keeping 18
The Emergence of Double-Entry Bookkeeping 26
The Industrial Revolution and Accounting 36
Questions 40 Notes 41

PART TWO THE MULTINATIONAL ENTERPRISE 45

**CHAPTER 3 FINANCIAL ACCOUNTING AND REPORTING FOR
INTERNATIONAL BUSINESS OPERATIONS 47**

KONRAD W. KUBIN

Foreign Currency Exchange Rates 47 Accounting for Foreign
Currency Transactions 50 Accounting for Foreign
Investments 64 Summary and Current Developments 83
Questions 85 Multiple-Choice Questions 87 Exercises 92
Appendixes 96 Notes 101 Bibliography 101

**CHAPTER 4 THE UNIT OF ACCOUNT IN CONSOLIDATED FINANCIAL
STATEMENTS OF MULTINATIONAL ENTERPRISES 105**

MICHAEL H. JACOBI

Introduction 105 Case 1 106 Case 2 108 Why Present
Statements in the "Domestic Currency"? 109 Are These
Arguments Valid? 110 Which Alternatives Exist? 112
A New Proposal: A Decision-Oriented Unit 113
Should MNEs Account in Terms of Special Drawing Rights? 116
The Results May Be Adequate, but Are They Understandable? 117
Questions 118 Appendix 119 Notes 120

**CHAPTER 5 THE MULTINATIONAL ENTERPRISE: U.S. TAXATION OF
FOREIGN SOURCE INCOME 123**

JANE O. BURNS

Introduction 123 Taxing Income from All Sources 124
Foreign Tax Deductions or Credits 125 Alternate Forms of
Organization 128 Tax Incentives to Exporting 129 Tax
Incentives for Foreign Operations 134 Allocations Affecting
Affiliated Companies 139 Conclusion 143 Cases 144
Notes 145

**CHAPTER 6 ASPECTS OF INTERNATIONAL CORPORATE
TAXATION 149**

J. C. ECKFORD

G. H. LAWSON

Introduction 149 Major Corporate Tax Systems 150
International Corporate Taxation 154 Constituents of Taxable
Profits 158 The Multinational and Taxable Profits 162
International Corporate Tax Neutrality 166 Questions 169
Notes 169 Bibliography 170

**CHAPTER 7 MANAGERIAL ACCOUNTING PROBLEMS OF
MULTINATIONAL CORPORATIONS 173**

F. P. KOLLARITSCH

Introduction 173 Factors Influencing the Managerial
Accounting Process 173 Planning and Decision Making in
the International Environment 181 Controls and Performance

Measurements in the International Environment: Concepts	188
Controls and Performance Measurements in the International Environment: Procedures	190
Conclusion	194
Cases	194
Bibliography	202

CHAPTER 8	AUDITING	205
	<i>FELIX POMERANZ</i>	
	Introduction	205
	The Kaleidoscope of Auditing Standards and Techniques	206
	A Capsule Discussion of a Transnational Audit Approach	208
	Internal Auditing in Transition	209
	The International Federation of Accountants	210
	The International Organization of Supreme Audit Institutions	211
	Auditing Continues in a Dynamic State	213
	Operational Auditing	214
	Program Effectiveness Auditing	215
	Preemptive Auditing	215
	Social Reporting	215
	Summary	216
	Questions	216
	Notes	217
	Bibliography	217
 PART THREE	 COMPARING ACCOUNTING PRINCIPLES FOR FINANCIAL REPORTING	 219
 CHAPTER 9	 THE DEVELOPMENT OF FINANCIAL ACCOUNTING STANDARDS IN THE UNITED STATES:	
	PAST AND PRESENT	221
	<i>JANE F. MUTCHLER</i>	
	<i>CHARLES H. SMITH</i>	
	Initial Governmental Impetus and the Stock Market Crash	222
	Cooperation between the Accounting Profession and the Stock Exchange	222
	The Securities and Exchange Commission	223
	Initial Publications and the Formation of the Committee on Accounting Procedure	223
	The Era of the Committee on Accounting Procedure: 1938–1959	224
	Report of the Special Committee on Research Program	227
	The Era of the Accounting Principles Board: 1959–1973	228
	The Report of the Wheat Study Group	235
	Evaluation of the Accounting Principles Board	236
	The Era of the Financial Accounting Standards Board: 1973 to the Present	238
	Questions	247
	Notes	249
	Bibliography	251
 CHAPTER 10	 ACCOUNTING IN THE UNITED KINGDOM	 253
	<i>GEOFFREY ALAN LEE</i>	
	Historical Review of the Legal Tradition	253
	Legal Structure and Requirements	255
	The Accounting Profession	261
	Statements on Standards	265
	Questions	269
	Notes	270
	Bibliography	271

CHAPTER 11	ACCOUNTING IN INDUSTRIALIZED COMMONWEALTH COUNTRIES: CANADA, AUSTRALIA, NEW ZEALAND, AND SOUTH AFRICA	273
	<i>ATHOL CARRINGTON</i>	
	Historical Review of Common Legal Tradition	273
	Professional Pronouncements: The English Precedent	275
	Australia	276
	Canada	280
	New Zealand	284
	South Africa	287
	Summary: Regulation and Professional Autonomy	290
	Questions	291
	Notes	292
	Bibliography	293
CHAPTER 12	ACCOUNTING IN FRANCE	295
	<i>KENNETH S. MOST</i>	
	The Country and Its Economy	295
	History of Accounting in France	296
	Price Level Accounting in France	297
	Origins of the <i>Plan Comptable Général</i>	299
	The Period 1947–1962	302
	Particular Features of Accounting in France	307
	French Laws Affecting Financial Reporting	308
	The Accounting Profession in France	310
	Influence of the <i>Commission des Opérations de Bourse</i>	311
	Relations with International Accounting Organizations	312
	Questions	313
	Notes	314
	Bibliography	314
CHAPTER 13	GERMAN FINANCIAL REPORTING	315
	<i>DAVID FORRESTER</i>	
	Introduction	315
	Forms of Business	317
	Accounting Procedures	318
	Financial Accounts: An Example	319
	Income Statements	323
	Consolidated Group Accounts	326
	Supplementary Information	327
	Audit	328
	Principles and Effectiveness of German Financial Reporting	329
	Summary	330
	Questions	331
	Bibliography (English)	331
	Bibliography (German)	332
CHAPTER 14	PUBLIC ACCOUNTING IN WEST GERMANY	333
	<i>WOLFGANG LÜCK</i>	
	Historical Development of Auditing and Public Accounting in Germany	333
	The <i>Wirtschaftsprüfer</i>	334
	Auditing Instruction and Research in West German Universities	340
	Recent Problems Faced by the West German Auditing Profession	341
	Bibliography	343
CHAPTER 15	ACCOUNTING IN THE NETHERLANDS	345
	<i>A. VAN SEVENTER</i>	
	The Early Years	345
	Education	347
	The Profession	348
	The Amsterdam School from World War I to World War II	349
	Some New Approaches and Accounting Innovations	353
	The Accounting Profession and Regulation of Practice	355