

赤诚图文信息有限公司 策划
ITP 国际出版公司 授权

英文版

财务与会计系列

国际比较会计

INTERNATIONAL ACCOUNTING

STEVE LAWRENCE



世界财经与管理教材大系



东北财经大学出版社

图书在版编目 (CIP) 数据

国际比较会计: 英文/(英) 劳伦斯 (Lawrence, S.) 著 .—大连: 东北财经大学出版社, 1998.3

(世界财经与管理教材大系·财务与会计系列)

ISBN 7 - 81044 - 377 - 1

I . 国… II . 劳… III . 国际会计 - 英文 IV . F811.2

中国版本图书馆 CIP 数据核字 (98) 第 05798 号

辽宁省版权局著作权合同登记号: 图字 06 - 1998 - 61号

Steve Lawrence: International Accounting

Copyright © 1996 Steve Lawrence, Published by International Thomson Business Press,
an ITP Company

All Rights Reserved. Authorized edition for sale in P.R. China only.

本书英文影印版由 ITP 国际出版公司授权东北财经大学出版社在中国大陆境内独家出版发行, 未经出版者书面许可, 不得以任何方式抄袭、复制或节录本书的任何部分。

版权所有, 侵权必究。

东北财经大学出版社出版

(大连市黑石礁尖山街 217 号 邮政编码 116025)

东北财经大学出版社发行

北京万国电脑图文有限公司制版 朝阳新华印刷厂印刷

开本: 787×1092 毫米 1/16 字数: 661 千字 印张: 26.5 插页: 2

1998 年 4 月第 1 版

1998 年 4 月第 1 次印刷

策划编辑: 方红星

封面设计: 韩 波

定价: 42.00 元

ISBN 7 - 81044 - 377 - 1/F·1062

出版者的话

但凡成事，均缘于势。得势则事成，失势则事不顺。顺势而行，如顺水行舟；借势而动，如假梯登高；造势而为，如太空揽月。治学、从政、经商、置业，均不可一日失势。势者，长处、趋势也。

今日中国，是开放的中国；当今世界，是开放的世界。改革开放，大势所趋，势不可挡。经济开放、文化开放、政治开放，世界需要一个开放的中国，中国更要融入开放的世界。借鉴国际惯例，学习他人之长，已经到了不可不为之时。

借鉴国际惯例，学习他人之长，已属老生常谈，但学什么、如何学、以何为蓝本为众多志士仁人所关注。可喜的是，由赤诚图文信息有限公司精心策划，ITP、McGraw-Hill及Simon & Schuster等国际出版公司特别授权，东北财经大学出版社荣誉出版的“世界财经与管理教材大系”现已隆重面世！她以“紧扣三个面向，精选五大系列，奉献百部名著，造就亿万英才”的博大胸襟和恢弘气势，囊括经济学、管理学、财务与会计学、市场营销学、商务与法律等财经、管理类主干学科，并根据大学教育、研究生教育、工商管理硕士（MBA）和经理人员培训项目（ETP）等不同层次的需要，相应遴选了具有针对性的教材，可谓体系完整，蔚为大观。所选图书多为哈佛、斯坦福、麻省理工、伦敦商学院、埃维商学院等世界一流名校的顶尖教授、权威学者的经典之作，在西方发达国家备受推崇，被广为采用，经久不衰，大有“洛阳纸贵”之势。

借鉴国际惯例，毕竟只是因势而动；推出国粹精品，才是造势而为。在借鉴与学习的同时，更重要的是弘扬民族精神，创建民族文化。“民族的，才是国际的”。我们提倡学他人之长，但更希望立自己之势。

势缘何物，势乃人为。识人、用人、育人、成人，乃人本之真谛。育人才、成能人，则可造大势。育人、成人之根本在教育，教育之要件在教材，教材之基础在出版。换言之，人本之基础在书本。

凡事均需讲效益，所谓成事，亦即有效。高效可造宏基，无效难以为继，此乃事物发展之规律。基于此，我们崇尚出好书、出人才、出效益！

东北财经大学出版社

1998年4月

International Accounting





Preface

The internationalization of business activities means that all aspects of commercial functions must be viewed on an international, rather than a national, scale. This includes the accounting function.

An understanding of the accounting principles and practices of a single country is not sufficient for an understanding of the accounting environment in which most organizations have to operate. Accounting can affect many aspects of a business, and information on the various regulatory frameworks that exist in the world is essential to an appreciation of those effects in the global market.

This book is designed to give the reader an appreciation of the various accounting principles and practices that exist in different countries, initially to ensure that the reader appreciates that the accounting regulatory framework that shapes the financial reporting in their own country is not the only form of national framework that has developed, and subsequently to give the reader details of the various principles and practices that are currently operating in many countries of the world.

The book not only contains the details of accounting system in many different countries but also includes a discussion of the basic factors that can shape those systems, details of the technical accounting issues that confront the accountants of this world, and an assessment of the problems of analysing and interpreting foreign financial statements.

Special attention is given to the problems of the developing countries and the reforming countries of eastern Europe because in many ways the accounting developments in these countries are the most interesting in the international accounting field.

The book is primarily written for undergraduate and post-graduate students looking at accounting at the international level for the first time. It may also prove useful to readers wanting to put the accounting systems of their home country into an international perspective.

The discussion questions are deliberately left until the end of the book because many of them require knowledge that is gained by studying the content of more than one chapter. Readers are encouraged to consider the international aspects of the problems.

There is a lecturer's guide, giving indicative solutions to these questions.

International accounting is a growing topic area and there is a continuous expansion of accounting courses covering the international dimensions of the subject; hopefully this book will make a contribution to the further development of this, the most interesting aspect of accounting.

I acknowledge the help provided by all the companies who furnished me with English language versions of their accounts – where references are made to these accounts full disclosure is made of the source.

Thanks go to Alan Nelson at Chapman & Hall for his assistance in getting this book off the ground and completed on schedule.

Thanks also to my wife Pauline, and children, Mark, Craig and Kerry, who provided me with the support needed to complete the task – I dedicate this book to them.

Steve Lawrence

Contents

Preface	ix
1 Introduction to international accounting	1
Environmental factors	5
Classification	12
Summary	13
References	14
2 Europe I	15
Introduction to Europe	15
Accounting in Germany	16
Introduction to the German business environment	17
Legislative regulations	18
Influence of the tax system	23
The accounting profession	24
Accounting principles and practices	25
Summary – Germany	28
Accounting in France	28
Introduction to the French business environment	29
Legislative regulations	30
Influence of the tax system	34
The accounting profession	35
Accounting principles and practices	35
Summary – France	40
The Netherlands	40
Introduction to the Dutch business environment	41
Legislative regulations	42
The accounting profession	45
Accounting and reporting guidelines	46
Accounting principles and practices	47
Summary – The Netherlands	51

Summary – Europe I	52
References	52
Appendix: German, French and Dutch pro-forma financial statements	53
3 Europe II	62
Accounting in Scandinavian countries	62
Accounting in Denmark	62
Legislative regulations	63
The accounting profession	65
Accounting principles and practices	66
Summary – Denmark	69
Accounting in Finland	69
Accounting theory	70
Legislative regulations	71
The accounting profession	72
Accounting principles and practices	73
Summary – Finland	75
Accounting in Sweden	75
Legislative regulations	76
The accounting profession	77
Accounting principles and practices	77
Summary – Sweden	80
Accounting in Norway	81
Legislative regulations	81
The accounting profession	82
Accounting principles and practices	82
Summary – Norway	85
References	85
Appendix: typical Nordic financial statement formats	86
4 Europe III	88
Accounting in Belgium	88
Accounting in Italy	91
Accounting in Greece	93
Accounting in Spain	95
Accounting in Portugal	97
Accounting in Switzerland	99
Accounting in Austria	102
Summary	103
References	104
5 Accounting in the United States of America	105
Introduction to the USA	105
Introduction to the American business environment	106
Legislative regulations	108
The FASB Conceptual Framework	112
Standard-setting and the AICPA	115
Other accounting bodies	117
Accounting practices	118
Audit requirements	125

Published financial statements	126
Summary	129
References	130
6 Accounting in Japan	132
Introduction to Japan	132
Introduction to the Japanese business environment	133
Legislative regulations	135
Influence of the tax system	139
Accounting profession	141
Culture	143
Accounting principles and practices	145
Published financial statements	150
Reporting under the Securities and Exchange Law	152
Summary	158
References	159
7 Accounting in the United Kingdom	160
Introduction to the UK	160
The UK business environment	161
Legislative regulations	162
Accounting standards	168
Accounting practices	176
Cashflow statements	185
Summary	186
References	187
Appendix: illustrative examples	188
8 Accounting problems of developing countries	195
Introduction	195
What is a developing country?	196
What constitutes development?	198
Accounting needs of developing countries	199
Influence of colonialism	205
Links with developed countries	206
International and regional organizations	211
Accounting in developing countries	213
Summary	220
References	221
Appendix: United Nations country classification	222
9 Accounting problems of Eastern Europe	223
Introduction	223
Accounting in centrally planned economies	224
Accounting developments	229
Role of the developed countries	236
Accounting in reforming countries	238
Summary	245
References	246
Appendix 1: the expanding European Community	248
Appendix 2: Eastern Europe today	249

10 International accounting harmonization	250
Introduction	250
Arguments supporting harmonization	251
Obstacles and deterrents to harmonization	255
Public-sector organizations	258
Private-sector organizations	263
Summary	271
References	272
11 Technical Issues I	273
Introduction	273
Group accounts	274
Foreign currency translation	289
Segmental reporting	294
Summary	311
References	311
12 Technical Issues II	312
Introduction	312
Deferred tax	312
Leasing	320
Stocks (inventories) and long-term contracts	325
Research and development	328
Post-retirement benefits	331
Other technical issues	341
Summary	347
References	347
13 Analysis and interpretation of foreign financial statements	348
Introduction	348
Problems for preparers	349
Problems for users	350
Culture	384
Summary	386
References	387
Discussion questions	389
Questions related to Chapter 1	389
Questions related to Chapters 2–7	389
Questions related to Chapters 8–10	390
Questions related to Chapters 11–13	392
Index	393

Introduction to international accounting

This book is designed to introduce the reader to 'accounting in the world', but it is not designed to be an introduction to the 'world of accounting'. The discussions assume a background knowledge of accounting principles and accounting practices, and financial reporting requirements of the reader's home country, and attempt to take that knowledge, gained on the national stage, into the international arena.

The first problem one has to consider is the need for a suitable definition for 'International Accounting'. Choi and Mueller (see References), having considered several alternatives, decided on the following definition:

International Accounting extends general-purpose, nationally orientated accounting in its broadest sense to : (1) international comparative analysis, (2) accounting measurement and reporting issues unique to multinational business transactions and the business form of the multinational enterprise, (3) accounting needs of international financial markets, and (4) harmonization of worldwide accounting and financial reporting diversity via political, organizational, professional and standard-setting activities.

This is a very detailed, all-embracing definition which includes much of the content of the study of international accounting. Perhaps a simpler, shorter definition could concentrate on the two words 'international' and 'accounting'. The former can be defined as 'concerning or involving two or more nations or nationalities' and the latter 'the process of recording, analysing and reporting financial information so as to maximize the value of the information produced'. Thus international accounting is simply 'the process of providing useful financial information viewed on a multinational basis'.

The study of international accounting should therefore include:

- consideration of accounting principles and practices of several nations, rather than the usual one-nation emphasis of more traditional accounting;
- a comparison of those principles and practices;
- a review of technical accounting problems that affect all nations in general; and
- a specific review of some of the problems, both technical and reporting, that arise because of differences between nations, e.g. existence of different national currencies.

This final aspect of international accounting includes problems created for international business and the efforts to reduce the differences through a harmonization process. All of these aspects of international accounting are covered in this book, with special consideration being given to economically developing nations and the reforming nations of Eastern Europe. These countries give a particularly interesting viewpoint of accounting.

The manner in which accounting practices and financial reporting requirements are developed and shaped as the country is developed and shaped illustrates quite clearly the strong link between accounting and its environment. This is something that is not always apparent when studying accounting at the national level, and for some readers it may help them further their understanding of the accounting regulatory framework that exists in their own country.

Note that the term 'regulatory framework' in some countries, e.g. the UK, is used to describe the set of accounting regulations developed by the accounting profession – however in an international context such a description is not suitable because in some countries no significant regulations are set by the accounting profession. (In some countries there is no established accounting profession!) The term 'regulatory framework' is therefore used to describe the **totality of all** of the regulations, from whatever source, that provides the framework in which a nation's accounting and financial reporting activities function.

Accounting can be subdivided into financial and management accounting; the former relating mainly to financial reporting to interested parties outside the reporting enterprise, while management accounting, as the name implies, concentrates on the provision of financial information to the internal management of the enterprise. In this book, and to a large extent international accounting in general, the focus is on the financial accounting and external financial reporting aspects; this is because they tend to be nation-specific, while management accounting practices tend to be enterprise specific.

At this level we want to concentrate on national accounting regimes rather than those of specific enterprises and we therefore choose to concentrate on financial accounting. The two divisions of accounting are obviously connected and where the connection is particularly important to an understanding of a nation's accounting, or the development of accounting in a particular country or class of country, reference will be made to the management accounting aspect.

The study of international accounting can help in developing an understanding of several very important problems.

Why do we produce financial statements?

The generally accepted objective of financial statements is to provide useful information to users. The users include present and potential investors, long-term loan creditors, suppliers, customers,

employees, governments and their tax authorities (both at home and, for multinational enterprises, overseas), and the public. The list of users may be similar for all countries, but the order of priority given to each user differs.

This will lead to different accounting reporting practices because these users have a variety of needs and the higher up the list a user is, the more likely it is that their particular needs will be an influence in the development of a nation's regulatory framework. The need to provide relevant and reliable information are accepted as important characteristics in financial reporting but on an international scale the problem is trying to decide who the accounts are meant to be relevant to and the level of reliability required, given this need to be relevant. This aspect of international accounting is discussed in detail in Chapter 13.

Why are particular accounting principles adopted?

Consideration of differing users and their needs will lead to the adoption of differing basic principles. The fundamental principles used in financial accounting and reporting around the world tend to be very similar but there are important differences. For example, in the extent to which the 'substance over form' concept is applied. In countries such as Germany and Japan the legal form is dominant while in the UK it is essential under an accounting standard (Financial Reporting Standard 5: Reporting the Substance of Transactions) to attempt to show the economic substance of a transaction rather than its legal form.

The study of the underlying reasons for the difference in accounting principles adopted in countries can give an insight into the importance of the environment to financial reporting.

Why are certain accounting practices permitted?

The influence of the environment, and the differing accounting principles that result from that influence, can further be appreciated through the study of accounting practices adopted in different countries. The more complex the environment, the more complex accounting practices are likely to be.

For example, in smaller, less developed countries the concepts and practices behind merger accounting (pooling of interests) are unlikely to be of relevance, while in other countries where multinational conglomerates dominate the business environment such techniques can be very important and therefore require detailed accounting regulations and procedures. Chapter 11 concentrates on technical issues that are relevant to international trade and the chapter details some of the more important accounting practices that have to be developed in complex business environments.

Another area of particular importance to the choice of accounting practices is the influence of government regulations, particularly those relating to the tax position of the reporting entity. This is discussed in more detail later in this chapter but it must be remembered that such regulations only apply in certain countries and are an important source of national differences.

The chapters reviewing the accounting frameworks in particular countries give details of the variety of accounting practices that are adopted around the world and show that knowledge and understanding of the accounting practices within one particular country is not enough in a world where business is moving from the 'national' to the 'international'.

Why are particular forms of financial statement produced?

This is clearly linked to the needs of the users given the highest priority in a particular country. Where it is important that the investor is given priority, details of profits attributable to them, the level of dividends need to be clearly disclosed, details concerning the directors who work on their behalf (hopefully) must be available and figures should show clearly the movement in shareholders' funds. Where the government is more important then the standardized nature of the statements becomes more important and reporting in line with statutory regulations becomes the norm; this may reduce the usefulness of the statements to other user groups including investors for decision-making purposes.

Studying the different types of financial statements produced with different users in mind helps in the appreciation of the need to produce relevant financial reports for a particular user, or group of users. This is especially important to the developing countries and is discussed in detail in Chapter 8.

This is also an area which illustrates the developments in Europe. Within the European Community (Union) many developments have taken place on a regional, rather than national, scale. This is reflected in the company law directives produced for adoption by community member nations. Such directives include detailed provisions relating to the format of the profit and loss account and balance sheet.

These are discussed in the reviews of the countries affected by the Directives and they clearly illustrate the need to consider developments that are on an international (but not necessarily global) scale and provide an example of an influence which is not typical of the environment found in a country. For instance, the use of standardized formats was not typical in the UK at the time the relevant 4th Directive was first adopted (1981) and one wonders if the route to such detailed formats would have been taken had the UK been left to develop its own reporting formats.

Why are financial statements made accessible?

The need for access to financial statements will depend upon the user and their need for information. In some countries the access to comprehensible financial information has not always been appreciated but with the globalization of capital markets and the need for enterprises to source information outside of their own country the situation is changing. Studying international accounting will give an insight into the problems faced by preparers in some countries in making financial information concerning themselves available, and the problems faced by users trying to gain access to financial information that they can interpret.

Having introduced 'international accounting' and discussed the type of questions that the study of the subject can help answer it is necessary to consider the environmental factors that shape national accounting frameworks. It is the different degrees of influence that these environmental factors have that basically leads to the variety of accounting that exists in the world today.

Environmental factors

The environmental factors that can have influenced, and continue to influence, the development of the national accounting framework that exists in the world are:

- cultural;
- political;
- legal;
- economic.

Each of these factors will be studied in turn but it must be remembered that it is the combination of the factors that have shaped national accounting frameworks – different combinations of factors will lead to different national financial reporting environments.

Cultural

Culture is taken to mean 'the whole set of social norms and responses that condition a population's behaviour'. It is culture that makes one social environment different from another and one could therefore consider that culture is the dominant influential factor and that the other influences are part of it.

It is not possible in a book of this type to introduce all the cultural elements that affect international accounting but it is important that the influence of culture on a country's accounting framework is appreciated. Financial reporting must take account of the assumptions and attitudes of the people in a culture. If they feel that they can influence the future they will require relevant, reliable data to help in the process of shaping that future; alternatively they may

consider 'fate' to be the primary consideration and therefore detailed financial statements aimed at, for example, providing information for assessing future cashflows would be considered to be inappropriate.

In addition some societies tend to concentrate on the short term and there is therefore great emphasis put on periodic profit measurement while other societies tend to think more long term and therefore put more emphasis on the balance sheet and trends of profit over several accounting periods.

The personal beliefs, aspirations and motivations of people will influence their demand for financial information and shape the accounting practices adopted in their formulation. In some countries, e.g. Japan, the motivation is towards activities that benefit the country rather than the person, while in some Western countries personal gain is considered to be more important.

Accounting will develop to put emphasis on the profit or loss to the party which is considered to be more important. Thus income-smoothing practices which are considered unacceptable in some societies are considered the norm in others where such a practice aids stability within an economy as a whole. These cultural and behavioural factors are also of special interest to the design of management accounting systems which may in turn have a knock-on effect on external financial reporting.

The cultural norms relating to interpersonal relations can effect the level of influence considered by society to be acceptable from an independent accounting profession or, in contrast, the amount of government regulation that is considered to be acceptable. For example, the level of government control in France and Germany would be considered to be unacceptable to many in the UK, where great efforts are made to keep a majority of the regulatory framework outside of direct government control. (The EC Directives which are more in line with the German and French methods have imposed greater statutory control in the UK and The Netherlands than would otherwise have naturally been the case.)

Finally social structure can play an influence. In societies, such as that which prevails in the United States of America, where all are considered to be equal(!), widespread ownership of enterprise shares is an accepted norm. This is something which is very important in those countries where privatization of government enterprises is an accepted business practice. Accounting and widespread financial reporting in such situations is very important.

Another relevant aspect of social structure relates to the status assigned by society to the accounting profession. This is particularly important in many reforming Eastern European countries where the centrally planned economies put little emphasis on accounting skills and accountants were therefore treated as unskilled clerks. With the developments in those countries, their society's attitude to accountants must change if they are to make the most of the opportunities that are now available to them. It is essential that accountants are seen to be important members of the business community and that they are trained to provide financial information that is relevant to the resource-allocation decision-making process.

In countries where widespread ownership is not so well established, often where family-owned businesses dominate or small enterprises are the norm, accounting and auditing practices aimed at the investor will not be so essential.

Political

The way a country is, and has been, governed can have a considerable influence on the development of financial reporting. The most obvious example was the developments that took place in the centrally planned economies of the communist states that existed in Eastern Europe compared with the developments that have occurred in Western Europe.

In a centrally planned economy all accounting was reduced to the level of basic statistics designed to show whether or not the production plan had been achieved, while in Western Europe, in general, accounting developed in a more constructive manner. The differences have perhaps become even more apparent as the Eastern European countries have dropped their communist form of politics and moved towards a form of government that is more in line with a free market economy.

Dramatic changes are taking place in all aspects of social and business life, including accounting. It is still not clear in what direction those accounting changes will proceed in each of the reforming countries but the direction and speed of change will certainly be linked to the form and extent of government control.

The level of government control is also an influential factor in the so-called free market mixed-economies of the 'West'. The greater the government control, the stronger the influence of the legal system and the weaker the influence of the accounting profession in the standard-setting process. For example the profession is at its weakest in Japan where state control is strongest.

The relevance of the political environment can also be seen in countries that are effectively run by dictators. In such countries accounting development is likely to be closely controlled with little or no influence being exerted from outside the country. This does not help the international accounting harmonization process.

In some countries the political regimes of other countries, perhaps with similar regimes to their own, have been influential. This aspect of the political influence illustrates the importance of historical considerations in any assessment of a country's accounting framework. This historical perspective can be clearly seen in some of the accounting regulations that exist in Japan.

Links with Germany, before the Second World War, and links with the US after the Second World War, has resulted in the country having a very complex accounting framework, with the Japanese cultural influence on these external influences making the framework a very difficult one to understand. Japan is for this reason (and the fact that it is a very important economic nation) given a chapter all of its own (Chapter 6).