

International

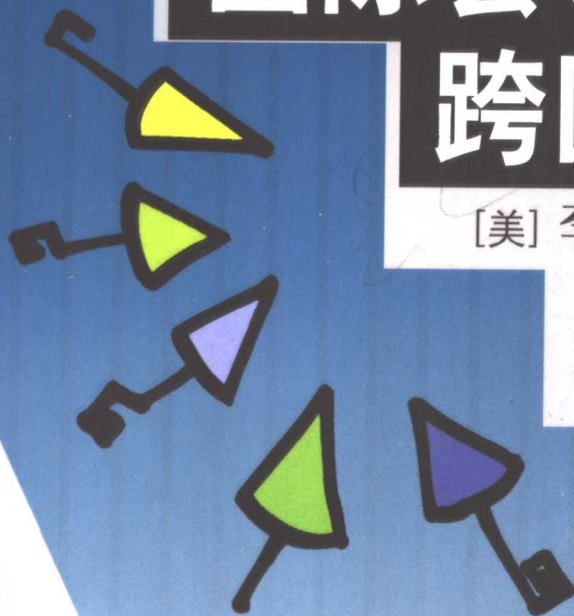
Accounting and Multinational Enterprises

国际会计与 跨国企业

第5版

[美] 李·H·拉德鲍
(Lee H. Radebaugh)

悉尼·J·格雷
(Sidney J. Gray) / 著



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序

随着世界经济一体化进程的加快，会计信息作为国际通用商业语言的功能越来越强化。在中国加入WTO之后，中国经济正以更快的速度融入世界经济大潮之中。与此相适应，中国的会计标准必将进一步向国际标准靠拢。举世公认，由于多方面的原因，在会计标准国际化的过程中，美国的公认会计准则（GAAP）是最具影响力的。因此，更多地了解美国的GAAP，对于推动我国会计改革的进一步深化，加速中国会计标准的国际化，具有很重要的意义。在此背景下，中信出版社引进美国著名出版社出版的有重大影响的英文原版会计教科书，是一件很有意义的事情。

这套英文教科书，内容全面，架构完备，既包括基本的会计学原理、财务会计和管理会计，也包括高层次的专题会计、财务报告和报表分析。其中，《会计学原理》、《财务会计》、《管理会计》和《中级会计》的作者均是美国久负盛名的会计学教授，无论杰利·J.韦安特博士、唐纳德·E.基索博士，还是保罗·D.金梅

尔博士、特里·D.沃菲尔德博士，在美国会计学界都具有重大影响和权威性。他们都是美国会计协会、美国注册会计师协会的成员，并曾服务于财务会计准则委员会（FASB）的重要部门，对于GAAP的修订及改革发展具有相当的影响。这些书是他们总结多年教学经验和专业研究经验精心编写而成，一经出版便备受瞩目和欢迎，并且已经成为美国高校会计教学中的必选书籍。尤其是《中级会计》一书，自1965年首次出版，至今已出版到第10版，每个版本都受到热烈欢迎，目前的第10版不仅增加了光盘，更增加了网上相关辅导和练习，使其成为更加完善的教学用书。

另外，《高级会计》、《会计信息系统》、《国际会计与跨国企业》和《财务会计理论与分析》等书的作者也是颇具盛名的专家权威，这些作者既有多年教学经验，又有长期实际从业经验，其编写的书籍既适合普通高校会计专业本科生学习，也适用于广大实际工作者，其中《财务会计》（*Financial Accounting*）一书特别适合非会计专业的读者了解美国会计。

我衷心祝愿这套英文教科书的出版，能给广大读者带来便利。

戴德明

2002年5月8日于中国人民大学宣园

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Lee Radebaugh is the author of *International Business: Environments and Operations* (Addison-Wesley, ninth edition) with John D. Daniels, *Global Accounting and Control* (John Wiley & Sons) with Sidney J. Gray and Stephen Salter, *Introduction to Business: International Dimensions* (South-Western Publishing Company) with John D. Daniels, and is the co-editor of books on Canada-U.S. trade and investment relations. He has also published several other monographs and articles on international business and international accounting in journals such as the *Journal of Accounting Research*, the *Journal of International Business Studies*, the *Journal of International Financial Management and Accounting*, and the *International Journal of Accounting*.

His primary teaching interests are international business and international accounting. He is an active member of the American Accounting Association, the European Accounting Association, and the Academy of International Business, having served on several committees, and as the President of the International Section of the AAA and the Secretary-Treasurer of the AIB. He is also active with the local business community as former President of the World Trade Association of Utah and member of the District Export Council. In 1998, he was named the "Outstanding International Accounting Educator" of the International Section of the American Accounting Association and "International Person of the Year" by the World Trade Association of Utah.

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He is active in many academic and professional organizations. He has served as President of the International Association for Accounting Education and Research (IAAER), Chairman of the British Accounting Association, and Secretary General of the European Accounting Association. He has served as a member of the Accounting Standards Committee for the U.K. and Ireland and as a member of the Consultative Group to the International Accounting Standards Committee. In 1994, he received from the American Accounting Association's International Section the award of "Outstanding International Accounting Educator." He is currently a Vice President of the Australia-New Zealand International Business Academy.

PREFACE

The global challenges of doing business in the twenty-first century require accountants and managers who are more aware of the international financial complexities involved and who have knowledge and understanding relevant to solving problems arising from the ever-increasing pace of international business, finance, and investment.

TARGET AUDIENCE

Our aim in writing this book is to contribute to the development of internationally competent people in accounting and business. The target audience at senior undergraduate level includes both accounting and business students, and at Master's level those students looking to broaden their horizons. In addition, this book should be helpful to practicing accountants, managers, and consultants who wish to become more involved in the international aspects of accounting.

A STRATEGIC APPROACH

This book presents international accounting within the context of managing multinational enterprises (MNEs). We focus on the business strategies of MNEs and how accounting applies to these strategies. This unique approach gives students the opportunity to learn about international accounting from a perspective similar to what they will experience in the business world. The book also discusses accounting issues in the context of different countries. We discuss the key factors that influence accounting standards and practices in different countries, and how those factors impact the harmonization of standards worldwide. In particular, we have tried to concentrate on culture and its unique contribution to accounting standards and practices. Our emphasis is on the needs of users of financial and accounting information across borders with the aim of enhancing their understanding of how to use information and therefore make more informed decisions in an increasingly complex and dynamic international business environment.

CONTENTS OF THE BOOK

This book emphasizes the international business context of international accounting and financial decision making. In this latest edition of the book we have restruc-

tured the text to provide a better flow of material and also to present it more succinctly. At the same time, an in-depth and balanced coverage is provided of key issues relevant to users at both the internal and external levels of international business activity:

- Chapter 1 examines international accounting issues in the context of international business.
- Chapter 2 reviews the development of accounting in the global economy.
- Chapter 3 provides a comparative international analysis of financial accounting especially from a cultural perspective.
- Chapter 4 focuses on the use of financial statements across borders by managers and investors alike and the problems of understanding the meaning of financial information in different national contexts.
- Chapter 5 examines issues associated with corporate transparency and disclosure in an international context and the pressures for both traditional as well as more market-oriented approaches to disclosure.
- Chapter 6 focuses on the participants and factors involved in the global harmonization of accounting and reporting including recent developments in International Accounting Standards.
- Chapter 7 analyzes the concepts, issues, and practices involved with the often controversial areas of international business combinations, goodwill, and intangibles.
- Chapter 8 provides an analysis and review of issues and developments relating to international segment reporting.
- Chapter 9 deals in some detail with the problems and impact of foreign currency transactions including hedging and the use of derivatives in an environment of changing exchange rates.
- Chapter 10 examines the issues involved with exchange rate changes and the foreign currency translation of financial statements.
- Chapter 11 analyzes the problems of accounting for price changes internationally and provides a comparative analysis of practices around the world.
- Chapter 12 provides an examination of auditing issues relevant to the multinational enterprise, a review of audit standards internationally, and an update on international harmonization efforts.
- Chapter 13 looks at the theory and practice of management organization and control across borders and explores the variety of national and cultural influences at work.
- Chapter 14 examines some of the special problems of budgeting and performance evaluation in the multinational enterprise with particular reference to the complexities of foreign exchange and transfer pricing.
- Chapter 15 concludes the book with a discussion of the challenges of coping with the complexities of taxation across borders and the need for effective tax planning.

CHAPTER MATERIALS

Each chapter provides objectives and concludes with a summary of the main points of the chapter. In addition, discussion questions, exercises, and cases are provided. Throughout the book, reference is made in the text to relevant research and items of special interest are highlighted either in tables or exhibits.

INSTRUCTORS' MANUAL

This book is accompanied by an instructors' manual that includes: (1) suggested course outlines; (2) solutions for the discussion questions, exercises, and cases; (3) a multiple-choice test bank. Also available, new to this edition, are Powerpoint Presentations for each chapter.

ACKNOWLEDGMENTS

We would like to thank our many colleagues from around the world for their contributions to the international business and accounting literature. Their research has been of great benefit to us and has helped to ensure the relevance and reliability of the subject matter. Many individuals have been helpful in the process of producing the book. We especially would like to thank Grace Setiawan at the University of New South Wales and Mark Bonadeo and his team at John Wiley & Sons for their assistance.

LEE H. RADEBAUGH

SIDNEY J. GRAY

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CHAPTER ONE

INTERNATIONAL ACCOUNTING AND INTERNATIONAL BUSINESS

Chapter Objectives

- Identify the key trends in the development of accounting through history
- Introduce some of the key national differences in accounting systems worldwide
- Highlight the evolution of business to modern times
- Discuss the important accounting dimensions of global business and the major topics that comprise the field of international accounting
- Introduce the chapters in the book

INTRODUCTION

What an exciting time to study international accounting as we enter the new millennium! We are closer than ever to having a uniform set of international accounting standards that firms can use as they list on stock exchanges all over the world. International business activity is increasing dramatically through traditional exporting and importing of goods and services as well as foreign direct investment. Capital markets are opening up and becoming more transparent and capital flows freely around the world at a quicker pace. Stock markets are linking up with each other just as firms are doing to increase their global competitiveness, and accounting will be one of the key areas that will help determine how successful cross-border stock market linkages become. Companies are finding that they need to move quickly outside of their home country capital market if they want to be a truly multinational corporation, and the U.S. stock market has risen quickly as the location for new

issues of foreign corporations. A new currency, the euro, was introduced in Europe in 1999, changing forever the notion of foreign exchange risk in Europe and changing the way European companies keep their accounts. And now the euro is even turning out to be a competitor for the U.S. dollar in global currency markets. To embark on our journey into the new millennium of international accounting, we will first trace the international development of accounting, highlight some of the critical factors that determine national differences in accounting systems, provide an initial perspective on these differences and their importance for accountants in the modern world, and outline the focus of the book. In addition, we will examine some of the key elements of international business and how they affect company strategy and the accounting function within that strategy.

THE INTERNATIONAL DEVELOPMENT OF THE ACCOUNTING DISCIPLINE

Many books have been written on the origin of accounting, but no one has been able to establish when it really began. Clearly, accounting is a function of the business environment in which it operates, and it originated in order to record business transactions. The origin of accounting and its subsequent changes are therefore best studied in the context of the history of commercial transactions. Although the recording of transactions is probably as old as the history of record keeping, we tend to think of the establishment of double-entry accounting, the basis for modern accounting, as the key event. In 1994, the seventeenth annual congress of the European Accounting Association (EAA) was held in Venice to celebrate the 500-year anniversary of the publication of the first printed book on double-entry accounting by Luca Pacioli. Why were the Italians so influential in the development of double-entry accounting, and could it have developed elsewhere?

Early Italian Influence

Record keeping, the foundation of accounting, has been traced back as far as 3600 B.C., and historians know that mathematical concepts were understood in various ancient civilizations from China, India, and Mesopotamia—often referred to as the “Cradle of Civilization”—to some of the ancient native cultures of Central and South America. Business transactions in different areas around the world, including the city-states of central and northern Europe, probably gave rise to the recording of business transactions.

However, double-entry accounting was probably developed in the Italian city-states between the thirteenth and fifteenth centuries. The most significant influences on accounting took place in Genoa, Florence, and Venice. There is no defining moment when double-entry accounting was born, but it seems to have evolved independently in different places, responding to the changing nature of business transactions and the need to record them properly. The Genoese system was probably a development of the ancient Roman system. Commercial activity had been flourishing in Genoa for a long time, and Genoa was at the height of her wealth and power during the fourteenth century. The Genoese system assumed the concept of a business entity. Because it recorded items in terms of money, it was the first to

imply that unlike items could be compared in terms of a common monetary unit. The system also implied some understanding of the distinction between capital and income in that it included both expenses and equity accounts. The oldest double-entry books were the Massari (treasury officials) ledgers of the Commune of Genoa, dating from 1340. Given that they were written in perfect double-entry form, it stands to reason that the concepts must have originated and evolved earlier than that. In fact, the government of the Commune of Genoa decreed in 1327 that government accounts had to be kept in the same way that the banks kept their accounts, so it would seem natural that double-entry accounting existed with Genoese banks prior to 1327, even though we have no records of Genoese banks prior to 1408.

Florentine commerce also flourished in the thirteenth and fourteenth centuries, giving rise to double-entry accounting there as well. In 1252, Florence coined the gold florin, soon accepted as the standard gold piece all over Europe. A major achievement in Florence was the development of large associations and *compagnie* (partnerships) that pooled capital, initially within family groups and then from outside the family groups. Given the nature of Florence as an artistic center, it is easier to find manuscripts relating to the development of bookkeeping. The account books of the fourteenth century reflect the partnership contracts of the *compagnie*, which identified the capital of the separate partners, made provisions for the division of profits and losses, clearly defined the duties of each partner, and provided for the dissolution of the *compagnie*. Records were often kept in great detail, almost in narrative form. Until the influence of the Venetians, Florentine accounts listed debits above credits rather than on separate pages. Separate columns for transactions were needed to record which monetary value was used.

However, the key influence on double-entry accounting, not so much for its development as its spread, came from Venice. Venice was the key commercial city of the Renaissance because of its commercial empire and advantages as a port. The Venetians may not have developed double-entry accounting before the Genoese and Florentines, but Venice “developed it, perfected it, and made it her own, and it was under the name of the Venetian method that it became known the world over” (Peragallo, 1938).

Luca Pacioli

Luca Pacioli, who was born in San Sepolcro in the Tuscany region of Italy in 1447, was not an accountant but was educated as a mathematician by Franciscans and actually became a Franciscan monk himself. In 1464, he became the tutor of the three sons of a Venetian merchant, then left Venice to study mathematics. After becoming a Franciscan monk, he accepted a teaching position at the University of Perugia, then traveled extensively and taught at the Universities of Florence, Rome, Naples, Padua, and Bologna. In 1494, in Venice, he published the first significant work on accounting up to that point, *Summa de Arithmetica, Geometria, Proportioni et Proportionalita*, more commonly known as *Summa de Arithmetica*. His discussion of accounting comprises one of the chapters in the *Summa de Arithmetica*. Given the extreme detail included in the book and the fact that Pacioli was not a merchant or bookkeeper, many historians believe he got his information from somewhere else. In fact, Pacioli did not claim that his ideas were original, just that he was the one who was trying to organize and publish them. His objective was to publish a popular book that could