

International Accounting for Business Majors

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Synopsis

An International Accounting course can meet the needs of both accounting and non-accounting business majors even if it is designed with only the first financial accounting course as a prerequisite. The course is concept-based rather than rule-based. The paper offers a suggested outline based on the International Accounting course at Weber State University. The course provides students with the opportunity to develop their understanding of international business topics through library and Internet research, writing assignments, oral presentations and group work. The intended outcome of the course is that all business students have an understanding of relevant international accounting issues, the nature of GAAP differences, and the limitations of financial statement comparisons across countries. Students compare domestic and foreign financial statements throughout the course. If a textbook is used, it must be adapted to fit the limited course prerequisite. A list of suggested Internet sites and a list of research topics are included as [appendixes](#).

Introduction

It is becoming increasingly commonplace for business courses to include international topics. The American Assembly of Collegiate Schools of Business has, in fact, added an “international context” accreditation standard to address globalization in the curricula. Many schools of business integrate international business topics throughout their course offerings. Recognizing the increasing importance of international business as a specialty area, other schools of business offer a degree or certificate in international business. At Weber State University, for example, a business major may receive a certificate of competency in international business and economics by successfully completing four international business courses, such as International Accounting, International Trade, International Finance and Monetary Systems, Global Issues in Information Technology, International Business, International Marketing, and so on.

Both approaches raise questions. Where international business topics are integrated throughout business coursework, do students acquire an adequate understanding of international topics? Do teachers have the proficiency to teach international topics with or without adequate textual materials? Where international business topics are covered in separate courses, are the courses required or elective? What mix of courses will guarantee adequate exposure of all business majors to essential international topics without unnecessary redundancy or inadequate brevity?

Although an international accounting course is an obvious choice of accounting majors, business majors who are not accounting majors are often reluctant to register for the course since there are several non-accounting international business courses offered. Non-accounting majors often consider International Accounting too technical, or they may simply want to avoid competition with accounting majors. Another problem is that

almost all international accounting textbooks that are suitable for a full quarter or semester course are written specifically for masters or upper-graduate accounting students.

If accounting is the language of business, then international accounting is the language of international business. Students who want to prepare themselves for international business should become knowledgeable of international accounting topics. The challenge is to determine which topics are relevant to business majors and in which courses these topics should be taught. The purpose of this paper is to describe one approach used at Weber State University and contains the following sections: (1) the call for change in accounting curricula, (2) international accounting textbooks, (3) course objectives, (4) international accounting topics, (4) group presentation, and (5) concluding remarks.

The Call for Change in Accounting Curricula

Proposals for change in accounting education have dealt principally with the needs of the accounting profession. Beginning in the 1980s, several organizations observed that accounting education had not kept pace with the demands on accounting professionals [AAA 1986; AECC 1990; AACSB 1991]. The American Accounting Association (AAA) formed the Accounting Education Change Committee (AECC) on the recommendation of the Bedford Committee report. The Johnson Foundation and the American Association of Higher Education (AAHE) cosponsored a committee at about the same time to develop principles for the improvement of undergraduate accounting education [Gamson 1991]. Essentially, proposals from both sources recommended a change from the traditional knowledge-acquisition paradigm to a broader-based liberal education paradigm that focused on the development of reasoning and critical thinking skills (Doney and Lephardt 1993). It was proposed that undergraduate education should equip accounting students to pursue a program of lifelong learning so that they can respond effectively to the ever-changing demands on accounting professionals in their strategic roles as members of decision-making teams. Also included in these recommendations was recognition of the importance of international topics in accounting education.

A caveat is worth mentioning here. The accounting profession is under increasing pressure to restore its credibility. No amount of innovative approaches to education can solve the problems created by standard setters and auditors who have lost sight of public interest considerations. As Simon Caulkin (2002 10) said,

One bulwark (of capitalism) looking particularly tottery is accountancy. It's as though the numbers have suddenly switched sides. Instead of being the objective measure of everything else, they now seem about as trustworthy as a rubber ruler. It's a shock to find not only the auditors but the accounting authorities themselves in hock to big business.

Perhaps education should not be the tail that the profession wags. Perhaps it is time for educators to be more proactive in identifying educational needs more independently of those imposed by the profession.

Changes in introductory accounting textbooks have incorporated, with mixed results, the proposals of the AECC and the AAHE. It is, for example, not uncommon to find international topics added to introductory accounting textbooks. There is, however, some question as whether the inclusion of international accounting topics is adequate when introduced at this level. Tondkar et al [1994 272] suggest that students in introductory accounting courses "have limited exposure to accounting and business in general, and

thus may lack sufficient knowledge to fully understand and appreciate accounting practices, concepts, and reporting requirements of other countries.” They propose that international accounting topics be (1) integrated into selected upper-level courses or (2) covered as a distinct component of a specific upper-level course, like advanced accounting. This, of course, begs the question of the adequacy of international accounting topics for non-accounting business majors who are only exposed to the first accounting course.

At Weber State University, we have designed an international accounting course to accommodate the needs of both accounting and non-accounting business majors. Although it is required of accounting majors and only one option available to satisfy the international course requirement for non-accounting business majors, the international accounting course is somewhat unique in that the only prerequisite is the first introductory accounting course.

International Accounting Textbooks

International accounting textbooks are written for senior and master-level accounting students. At this time, there is no international accounting textbook that targets accounting and non-accounting business majors who have completed only the first introductory accounting course. The challenge for instructors is reminiscent of the problem encountered by Bracken and Urbancic [1997] in their review of introductory accounting textbooks (which incidentally may still be a problem). They found that there are wide variations in international accounting topics covered in introductory accounting textbooks as well as the extent of coverage and relevant assignments included in end-of-chapter materials. Since international topic coverage is only one aspect considered in the adoption of an introductory accounting textbook—and probably not considered an essential one—the onus is on instructors to supplement when they deem necessary. The same approach is true of instructors of an introductory-level international accounting course: they must develop their own materials or adapt a current international accounting textbook to be suitable for such a course. Students at Weber State have generally preferred a textbook, but we supplement advanced topics like translation and hedging with handouts and outlines.

Course Objectives

In developing an international accounting course with only the first introductory accounting course as a prerequisite, we determined that the course at Weber State would be concept and research based with heavy emphasis on writing, public speaking and group dynamics. This is a significant departure from most accounting courses, and the change in emphasis seems to “level the playing field” for non-accounting majors.

To prepare them to do research, our business librarian reviews on-line databases, Internet sites, and hard copy research materials with the students during the first week of the semester. Each student receives an Internet Sites list (Table 1), which is updated each semester.

During the second week, students are divided into groups based on an assigned country. That country is their focus for several individual and group assignments throughout the semester.

Students are asked to obtain a U.S. and a non-U.S. GAAP financial statement at the beginning of the semester for two reasons: (1) we refer to them throughout the course and (2) the term project involves the analysis of a U.S. and a foreign financial statement. A sufficient number of foreign financial statements are on hand to satisfy most student demand. Financial statements are also readily available on the Internet. Perhaps the most common positive student comment about the course is the continual reference made to financial statements throughout the semester.

International Accounting Topics

Since other business courses may introduce international topics, an international accounting instructor is well advised to coordinate topic coverage with others. We have found, however, that it is as difficult for other instructors to integrate international topics into their coursework as it is for introductory accounting instructors.

As early as 1987, Foroughi and Reed developed a list of international accounting topics that practitioners and academics alike believed should be considered for all undergraduate business majors. Their list, reordered, will frame the following discussion of the evolution of our international accounting course at Weber State (see Conover et al. 1994 for a discussion of the Foroughi and Reed paper):

Environmental influences on accounting. The causes of differences in accounting across countries are a traditional starting point for an international accounting course. These differences make financial statement comparisons with domestic statements difficult or impossible (Kennedy 2001). The problem may be minimized, but not eliminated, by common reporting standards. Differences related to legal systems, the extent of tax-constraint imposed on financial reporting, the strength of enforcement of securities laws and regulations, sources of financing, and cultural differences are relevant here (see Thorne and Davig 1999 for a review of the reasons for differences in accounting standards). A relevant and intriguing area that is often omitted or only briefly summarized in textbooks is the historical development of accounting, especially national accounting systems.

Harmonization of international accounting systems. Accounting education at the college level should introduce students to current issues and organizations involved in current and contemplated change in accounting. Outside reading is essential since instructors cannot depend on textbooks to keep them current. An understanding of the dynamic environment of international accounting is essential for business managers and accountants to evaluate foreign or even domestic financial information and to be able to provide informed input into the changes contemplated by standard setters and regulators. It will be a difficult, but not an insurmountable task, to reconcile divergent views of accounting. U.S. GAAP, for example, has been criticized as being too rule-oriented whereas accounting rules outside the U.S. lean towards principles and a "true and fair" view that overrides specific rules (*Economist* 2002). Others view U.S. GAAP as the only world standard that should not be discarded in the absence of international standards of comparable quality (Garten 1999).

Comparative financial accounting practices around the world. Generally accepted accounting principles and auditing standards differ across countries, as do certification requirements of auditors and the strength of accounting professions. An introductory international accounting course is often the first substantial opportunity for many students to understand the qualitative differences in national reporting systems. A lengthy and detailed list of differences across countries is not necessary to make the point. Easily understood standards, like accounting for goodwill and other intangibles, research and

development expenditures, and inventory provide the instructor with the opportunity to discuss practice diversity. At the same time, in discussing reporting options, the instructor can also review the concepts of assets, liabilities, revenue recognition, the articulation of financial statements, etc., while avoiding the complexities of an Intermediate Accounting course. Organizations in many countries have sponsored studies that compare International Accounting Standards with their domestic standards (Waxman 2001). Their goal is the reduction of accounting differences across countries. These studies can be put on reserve in the library for reference.

Comparative disclosure requirements around the world. Compliance, regulation, enforcement and even the selection from among acceptable accounting options will vary from country to country even with a common GAAP standard. The course provides an opportunity for the instructor to discuss current issues. Peculiar to the United States, for example, the Securities and Exchange Committee (SEC) requires foreign registrants to reconcile their financials with U.S. generally accepted accounting principles (Heffes 2001). This requirement represents a significant barrier to new listings and the benefits that flow from more liberal listing requirements (McGregor 1999). Should International as well as national GAAP be acceptable? Dye and Sunder (2001) have an excellent debate on the issue. Should a country adopt principles-based standards with interpretation guidance or detailed rules-based standards? Is transparency the goal of financial reporting or should it be the minimization of the legal liability for misreporting? By discussing current issues, students are encouraged to think of accounting as one element of a political system. Setting high quality international standards is only a first step in a larger process. To ensure compliance, better supervision is needed of financial reporting. Since it is doubtful detailed supervision is possible throughout the world, the challenge is in creating incentives that promote compliance (*Economist* 1999). The instructor can adjust the sterile rule-oriented, rote-memorization that so dominates the accounting curricula to show accounting as much political process as anything else.

International standards and organizations. There is little doubt that national standards will converge into a high-quality set of international standards sometime in the future (McGregor 1999). Students are assigned a research paper to encourage them to supplement the information on international standards and organizations found in the textbook. They are encouraged to select both accounting organizations like the International Accounting Standards Board (IASB) and the International Federation of Accountants (IFA) as well as non-accounting organizations that have some impact on accounting like the International Organization of Securities Commissions (IOSCO), the Organization of Economic Cooperation and Development (OECD), the International Monetary Fund (IMF), the World Bank, the World Trade Organization (WTO); treaty and political organizations like the European Union, the United Nations' Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), the Association of Southeast Asian Nations (ASEAN), the Southern Common Market (MERCOSUR), and North American Free Trade Agreement (NAFTA); and other appropriate organizations like the Japan External Trade Organization (JETRO), Chambers of Commerce, and International Confederation of Free Trade Unions (ICFTU).

U.S. consolidation of foreign subsidiaries. Most financial statements reviewed by business people are consolidations, yet the consolidation topic is normally absent from beginning accounting and business courses. The fact that consolidation practices differ across countries is a necessary topic for the course. France and Germany are two examples of countries that currently allow either U.S. or International Standards in

preparing consolidated financial statements. In February 2001, the European Commission proposed that all listed EU companies prepare their consolidated financial statements using International Accounting Standards by 2005. Although the proposal has its detractors, the question is not *if* but *when* common consolidation standards will be required (*Accountancy* Oct/Nov). The teacher's challenge is to describe the diversity of practice in this area without detailing the incomprehensible. In connection with consolidation, standards for segmental disclosure are seldom discussed in other courses, but in my opinion are vital to understanding a consolidated statement. The fact that rules and compliance differ across countries is an important point to note here.

Comparative translation practices throughout the world. A domestic parent owns a subsidiary organized in a foreign country. How do you consolidate a domestic parent with its foreign subsidiaries? Most multinational company groups have foreign subsidiaries. A business major should understand the issues affecting differences in consolidation of foreign subsidiaries.

Inflation-adjusted foreign financial statements. Although inflation is not a current problem in the United States, it has been in the past. The topic can be directly related to foreign currency exchange gains and losses. Countries like Mexico require purchasing-power adjustments in their financial statements. This topic gives students an opportunity to understand types of disclosure that differ from the traditional historical cost model.

Foreign currency transactions (imports and exports). A company transacts business with a foreign company, settling the transactions with a foreign currency. What are the issues? How is gain or loss due to exchange rate fluctuation disclosed? Most textbooks require a thorough knowledge of debits and credits, but the accounting issues are very simply explained without them.

Accounting for forward exchange contracts. This is a topic where non-accounting business majors shine. Forward contracts, hedges, and other ways of protecting a company from the exchange risks are inherent in foreign transactions and operations. Although the subject may seem to be more appropriate to a finance course, disclosure issues are relevant to this course and can be discussed without debits and credits.

Issues in multinational transfer pricing. Company A owns Company B. Company A sells to or buys from Company B. In consolidation, the transaction is eliminated because it is, in essence, a transaction with oneself. If the transaction takes place between a domestic company and a related foreign company, however, the added foreign currency implications of transfer pricing are fascinating to both accounting majors and non-accounting majors. Transfer pricing strategies can be employed to transfer profits from high-tax to low-tax countries and thereby reduce the consolidated tax liability. A discussion of tax penalties and advance price agreements is appropriate here.

U.S. taxation of international operations. Tax issues are complex and must be adapted for an introductory international accounting course. At Weber State, we include the following tax issues, concentrating on a United States perspective: types of taxes, differences in national tax systems, tax havens, taxation of controlled foreign corporations, taxation of a foreign subsidiary vs. a foreign branch, and tax benefits of foreign sales corporations

Problems of performance evaluation of foreign operations. Performance evaluation of entities within a consolidated group is exacerbated by several factors; for example, the implementation of transfer pricing and tax strategies may increase consolidated net income but reduce the reliability of individual entity financial reporting. If the home

office determines which currency is used to settle an intercompany transaction between entities domiciled in different countries, one of the entities is exposed to foreign exchange risk. Performance issues may be discussed in connection with other topics or they may be introduced as a separate lecture topic.

Unique management accounting issues for multinationals. Several topics apply depending on time constraints and interest. Ethics is a topic that is often underemphasized. Transparency International maintains a Website that interests students. The OECD initiative on foreign corrupt practices is also relevant as well as the U.S. foreign corrupt practices act. Child labor, employee welfare and health, environmental issues can be researched through websites such as the ones maintained by the ICFTU, OECD and United Nations. Other management issues like budgeting, organizational structure, compensation, and culture can also be addressed.

Comparative auditing practices around the world. External auditing practices, especially requirements for auditor certification, differ markedly from country to country, reflecting both the strength of a country's accounting profession and cultural differences. Some attempt has been made at harmonization in this area, particularly by the IFA, but there is still much to do. Students are particularly interested in problems of globalization of the accountancy profession.

Accounting for property expropriation. The expropriation issue is relevant when it is integrated with the discussions of transfer pricing, foreign investment risk, and the cultural and political differences that identify countries. This topic may also be included in a discussion of the history of accounting.

International branch accounting. The tax and organizational aspects of branch accounting may be merged with other topics discussed in the course.

Analysis of foreign financial statements. The analysis of foreign and U.S. financial statements is pervasive throughout the course, culminating in a major term project that accounts for approximately twenty percent of a student's final grade (see [Appendix B](#)).

Group Presentation

We have no exam during finals week. We have found that if we require both a term paper and an exam at the end of the semester, students do poorly on both. We assess student proficiency of the last academic topics covered with short in-class quizzes. The last week or so of the semester, depending on the size of the class, is devoted entirely to group presentations. The benefits of cooperative learning are well known (see, for example, Bradford and Peck 1997 and Lindquist 1995), as are the benefits of emphasizing communication skills in accounting courses (Park 1994). All related research projects of the course, including the term project, are based on the country assigned to each student at the beginning of the semester. During the final weeks of the semester, each group, consisting of all students with the same country assignment, lectures on that country. If possible, each group presentation takes an entire class period. According to Sorcinelli (1991), informal contact between the instructor and students reinforces values, professional commitment and educational outcomes. Each group meets with the instructor at least one week prior to their presentation to discuss the details of their presentation. The instructor also reviews the reading and written homework assignment, which each group assigns to the rest of the students.

Concluding Remarks

An International Accounting course is relevant to both the accounting and non-accounting business major. If the prerequisite is only the first accounting course, adaptations must be made since traditional accounting textbooks do not meet the needs of such a course. An international accounting course at this level provides an excellent opportunity to incorporate financial statement analysis, research papers that involve both the library and the Internet, and group presentations. It also can serve as a forum for discussion of current events and other less traditional accounting topics such as political theory, national differences, foreign and domestic cultures, international ethics, globalization and other business topics.

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Appendix A

International Accounting Websites

Big Five

www.andersen.com
www.deloitte.com
www.ey.com
www.kpmg.com
www.pwcglobal.com

Government Organizations

www.usinfo.state.gov	U.S. Department of State International Information Programs
www.apecsec.org.sg	Asia-Pacific Economic Cooperation: countries of Americas and Asia+search engine
www.cia.gov	Central Intelligence Agency
www.cia.gov/cia/publications/factbook	Central Intelligence Agency: facts on many countries
www.imf.org	International Monetary Fund
www.ita.doc.gov	International Trade Administration under US Department of Commerce Commerce: information on big emerging markets, trade stats, market research, export data)
www.iosco.org	International Organization of Securities Commissions
www.loc.gov	Library of congress—lots of information and many links: excellent
www.odci.gov/cia/publications/factbook/indexgeo.html	World Fact Book (CIA)
www.oecd.org	Organization of Economic Cooperation and Development
www.unctad.org	United Nations Conference on Trade & Development (access International Standards of Accounting and Reporting [ISAR]).
www.unctad.org/en/subsites/dite/3_edev/3_isarac.htm	
www.worldbank.org	World Bank
www.wto.org	World Trade Organization

Professional Accounting Organizations

www.AAA-edu.com	American Accounting Association
www.iasc.org.uk	International Accounting Standards Board/Committee
www.icftu.org	International Confederation of Free Trade Unions (Labor Unions—info on organizations, AIDS, child labor, current events, worker issues, regional information)
www.ifac.org	International Federation of Accountants
www.ifad.net	International Forum on Accountancy Development (IASC/US GAAP, development of transparency in accounting by developing and emerging nations; members include IFA, IASC, IMF, World Bank, Big 5 etc.)

www.fee.be	The European Federation of Accountants
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Universities

www.Globoledge.msu.edu/ibrd/ibrd.asp	Michigan State University international business resources
	CIBER: Center for International Business Education & Research are centers funded by the government at various universities (BYU/UT also have one jointly); provide info re: international topics and links
www.anderson.ucla.edu	Anderson school of business-UCLA
	(www.anderson.ucla.edu/research/japan -- info on Japan business, for example)
www.bschool.ukans.edu/IntBusLib/trade.htm	Univ. of Kansas-- excellent info (country profiles, EU, company directories, statistics + links
www.bus.indiana.edu/ipweb/ciber.htm	The CIBERs (U.S. Department of Education funded Centers for International Business and Research) offer a wealth of information. A complete list of CIBER centers can be found at ciber.centers.purdue.edu .
www.csom.umn.edu	Carlson School of Management, University of Minnesota (for example, www.csom.umn.edu/WWWPages/COURSES/ACCT/5310/Italy.htm is a paper on Italy, including Italian GAAP; many university sites have excellent materials, but you have to search for them).
www.rutgers.edu/accounting	Research sources plus links; click “Accounting Resources”

United States

www.fasb.org	Financial Accounting Standards Board
www.aicpa.org	American Institute of CPAs
www.sec.gov	Securities and Exchange Commission (good site)
www.state.gov	U.S. Department of State (good site)

Europe

www.acca.org.uk	Association of Chartered Certified Accountants (London)
www.asb.org.uk	Accounting Standards Board (UK)
www.cima.org.uk	Chartered Institute of Management Accountants
www.drsc.de/eng/standards/index.html	German Accounting Standards Committee
www.ecb.int	European Central Bank (Euro, EU, stats etc.)
www.eca.eu.int	European Court of Auditors—one of five institutions of the EU:click EN to get English version
www.euro.fee.be	European auditors website—free but must register to use supported by European Commission
www.europa.eu.int	EU on line— excellent site
www.europe.org	Web sources for all countries of Europe.
www.eurunion.org	European Union in the U.S. (news magazine; links; research tools)
www.germany-info.org	German Embassy, Washington D.C.

www.icaew.co.uk	Institute of Chartered Accountants of England and Wales
www.netherlands-embassy.org	Netherlands Embassy, Washington D.C.
www.shaf.ac.uk/~baa/	British accounting association
www.sweden.com	Info on Sweden

Latin America

www.aaccla.org	Association of American Chambers of Commerce in Latin America: Mercosur, NAFTA, Latin America links
www.bnamericas.com	Latin America business news+company info database
www.brazil-today.com/accounting.htm	Brazilian accounting standards
www.lanic.utexas.edu/las.html	Latin American network info center: excellent

Pacific Rim/Asia

www.cpaonline.com.au/	Australia		
www.japanfinancials.com	Database for Japanese financial statements; accounting, like US/Japan GAAP differences		
www.japanlaw.com	good site for accounting info on Japanese GAAP, law		
www.jetro.go.jp	Japanese External Trade Organization-- excellent		
www.jicpa.or.jp	Japanese Institute of CPAs—click for English		
www.asean.or.id	Association of Southeast Asian Nations		
www.asianbusinesswatch.com	Asia		
www.business-china.com	China		
www.japancompanybrowser.com	Japan Companies Browser		
www.jwindow.net	Japan search engine		
www.jinjapan.org	Japan information network		
www.tptaiwan.org.tw	Taiwan		
www.indoexchange.com/econit	Indonesia		
bdav.net	Thailand Business Day (newspaper)		

Bribery/Corruption

www.business-ethics.org	International Business Ethics Institute
www.nobribes.org	Anti-corruption info for transition economies+good links
www.oecd.org//daf/nocorruption.index.htm	OECD site for anti-corruption information
www.transparency.org	Transparency International—monitoring and research organization

Hedging/Options

www.cboe.com	Chicago Board of Exchange (options information)
www.people.memphis.edu/~dspice/7120/hedging.html	Info on hedging, definitions

Tax

www.taxsites.com/	Tax and accounting sites --U.S. and international
www.taxsites.com/international.html	
www.taxworld.org	Links to tax information

Miscellaneous

www.abcnews.go.com	General site for news and information
www.accountancyage.com	Magazine: articles on foreign accounting practices
www.business.com	General business search engine
www.corporateinformation.com	Includes 350,000 company profiles and statistics
www.csu.edu.au/onet/	International Accounting Network (Excellent links)
www.economictimes.com	Business magazine (India)
www.economist.com	Economist magazine (London)—major international business magazine—articles can be accessed through library resources
www.electronicaccountant.com	News magazine
www.fiafii.org	Intro to futures and options markets
www.financenet.gov	Public financial management worldwide
www.geomarkets.com/homepage.asp	Global E-business: timely global market intelligence
www.heritage.org/library	Heritage foundation: country, regional information, taxes, policy issues
www.ibl.com	International Business and Law; listing for 60 countries
www.infoplease.com	General site for stats and facts
www.intltreasurer.com	Magazine
www.lectlaw.com	lectric law library (Foreign corrupt practices act)
www.oneworld.org	Info on countries, organizations, news, perspectives on international issues like child labor, human rights, World Bank etc.
www.themanager.com.au/start.php3	Resource for business students; magazine format; from Australia
www.tradeport.org	Huge site: some people like this site a lot; others don't; based in

California

www.uscib.org	United States Council for International Business: American affiliate of International Chamber of Commerce. Broad range of policy issues. Best to access by having a topic in mind. More services for members.
www.weforum.org	World Economic Forum
www.profiles.wisi.com	Wright Investor Service (info regarding companies)

Appendix B: Research Projects

An international accounting course provides an excellent opportunity to develop a student's research skills since it is more concept-based than other accounting courses. It is not unusual for this course to be a student's first introduction to the library and Internet resources. We require students to complete up to four short papers and a term project during the course. They must comply with most of the AAA manuscript guidelines. Depending on the semester, papers can account for up to fifty percent of their grade. The following are suggested topics for research assignments:

The Internet. We give the students a list of Internet sites (see Appendix A) and require them to access fifteen sites and write a summary of what they find. We require that four of their sites be international organizations. The objective is that they become familiar with sites they will be accessing throughout the course.

Country profile. Each student is assigned a country at the beginning of the semester. This research paper is based on at least four references, one of which must be from ABI/Inform or other on-line library database service (We don't allow textbooks as references and grade down for over-repetition of textbook material). The paper includes short sections on the accounting profession in the country selected, a description of the accounting standard setting process, two accounting principles that differ from those of the United States, and a brief section identifying national characteristics unique to the country that have an affect on accounting. The most popular hard-copy resources are on reserve.

International organizations. Students select three organizations for their research.

Student choice. Students select a topic from the following list: multinational consolidation, foreign currency translation, foreign currency transactions, hedges, insider trading, international ethics issues (i.e., corruption, bribery, kickbacks), political theory or transfer pricing. They can also select a topic not on the list with my approval. Occasionally, a student is interested in an international issue like child labor. Although not totally relevant to accounting, we allow topics that a student becomes particularly interested in from their other research assignments.

Term project: Analysis of a U.S. GAAP and non-U.S. GAAP financial statement. Term project: A comparison of a foreign and a U.S. GAAP financial statement. The following content suggestion is provided the students (some of the best papers have departed completely from these suggestions):

- a. Please divide your paper into logical sections.
 - Give a brief profile of the company (subsidiaries, locations, products, principal competition, major markets, corporate objectives, headquarters location, history).
 - Is there a corporate culture? What influences does the culture of their "home" country have on each company? What particular challenges does each company face that may be unique (different from each other, from non-multinationals)?
 - Bring me up to date--current problems, events, and strategies related to both companies that have a unique international element. Library and Internet research is especially important here. What do outsiders say about this company that either conform or contradict what management is saying in their financial statements?
 - Contrast and comment on differences in GAAP between the two statements. Lengthy elaboration on the actual mechanics of the principle is not necessary, but evidence that you understand the accounting principles and have researched them is required.
 - Identify the major international issues that management discusses in the annual reports that affect operations. Evaluate the usefulness of management's discussions of those issues between the two statements. Be sure to identify

where in the reports that management discusses these issues and if they are in the context of product lines or international operations in general.

- Discuss the impact of foreign exchange on the firm. That would include management's discussion of the impact of the changing value of the dollar (and the currency of the non-U.S. firm), the translation method used, the compliance of the firm with the disclosure requirements of FASB Statement 52, and any other issues that you feel might be relevant concerning foreign exchange. In the case of the non-U.S. firm, you would want to compare their translation method and disclosure with what is required in FAS 52.
- Discuss the line of business and geographic segment disclosures and how adequate they are in helping you understand what the firms are doing abroad.
- Discuss other types of disclosures discussed in class (or not discussed in class), such as value-added reports, special employee reports, consolidation practices. Also discuss the quality of reporting where U.S. and foreign GAAP differ. Why are they different? What differing objectives may account for these differences? How does culture, regulation and government influence these differences? Voluntary disclosures (not required by regulators) are especially relevant. What is their motivation?
- Identify whether or not the firms admit compliance with any international standards, such as those issued by the OECD, the IASC, or the EEC. Is it just talk or are they in compliance? If they do comply with international standards, what about their reports is still unique to the foreign country?
- Include a short section on the cultural dynamics of the country that relate to the foreign GAAP statements and how they affect the foreign company's reporting (openness, secretive, etc.) Is this what you expected from your prior research?
- Reference page.