

Credit Hours: 3

Contact Hours: This is a 3-credit course, offered in accelerated format. This means that 16 weeks of material is covered in 8 weeks. The exact number of hours per week that you can expect to spend on each course will vary based upon the weekly coursework, as well as your study style and preferences. You should plan to spend 14-20 hours per week in each course reading material, interacting on the discussion boards, writing papers, completing projects, and doing research.

Faculty Information: Faculty contact information and office hours can be found on the faculty profile page.

COURSE DESCRIPTION AND OUTCOMES

Course Description:

This course provides a thorough survey of international accounting practices and principles. Students learn the differences in accounting thoughts, practices, and principles among accounting standards such as the International Financial Reporting Standards (IFRS) and the U.S. Generally Accepted Accounting Principles (US GAAP). Other topics in the course include foreign currency translation, national and international financial statements, international transfer pricing, international taxation issues, ethical implications associated with accounting standards and reporting systems, and strategic accounting problems and issues for multinational corporations.

Course Overview:

This course provides you with an understanding of several international accounting-related topics which are important for today's accounting professionals. The course begins with an overview of the evolution and the status of convergence between the United States Generally Accepted Accounting Principles (US GAAP) and the International Financial Reporting Standards (IFRS). It then investigates the differences between the US GAAP and IFRS related to financial statements preparation and other financial reporting related issues. Next, the course covers the translation of foreign currency financial statements and foreign currency transactions including related foreign currency hedges and financial instruments. The course concludes with modules examining contemporary international taxation issues, the ethical implications of the IFRS, as well as various strategic problems and issues facing multinational corporations.

Course Learning Outcomes

1. Summarize the history of convergence and adoption and the status of the two standards setting bodies – International Accounting Standards Board and Financial Accounting Standards Board.
2. Compare and contrast financial reporting policies and financial statements prepared under domestic and international reporting standards.

3. Evaluate the problems that arise between financial statutory reporting based on the use of local accounting standards and the International Financial Reporting Standards or U.S. Generally Accepted Accounting Principles.
4. Analyze the impact of the global marketplace such as international customs, laws, and taxation policies on accounting for multinational organizations.
5. Prepare foreign currency translation adjustments using translation methods.

PARTICIPATION & ATTENDANCE

Prompt and consistent attendance in your online courses is essential for your success at CSU-Global Campus. Failure to verify your attendance within the first 7 days of this course may result in your withdrawal. If for some reason you would like to drop a course, please contact your advisor.

Online classes have deadlines, assignments, and participation requirements just like on-campus classes. Budget your time carefully and keep an open line of communication with your instructor. If you are having technical problems, problems with your assignments, or other problems that are impeding your progress, let your instructor know as soon as possible.

COURSE MATERIALS

Required:

Christensen, T., Cottrell, D., & Budd, C. (2019). *Advanced financial accounting* (12th ed.). New York, NY: McGraw-Hill. ISBN- 9781259916977

FASB Codification: You will need access to the FASB Codification (Accounting Standards Codification or ASC) in order to perform the research required for some course assignments. Your instructor will post an announcement containing the sign-in ID and password – reach out to your instructor if this announcement has not been posted.

NOTE: *All non-textbook required readings and materials necessary to complete assignments, discussions, and/or supplemental or required exercises are provided within the course itself. Please read through each course module carefully.*

COURSE SCHEDULE

Due Dates

The Academic Week at CSU-Global begins on Monday and ends the following Sunday.

- **Discussion Boards:** The original post must be completed by Thursday at 11:59 p.m. MT and peer responses posted by Sunday at 11:59 p.m. MT. Late posts may not be awarded points.
- **Critical Thinking:** Assignments are due Sunday at 11:59 p.m. MT.
- **Live Classroom:** Although participation is not required, Live Classroom sessions are held during Weeks 2 and 7. There are two total sessions.

WEEKLY READING AND ASSIGNMENT DETAILS

Module 1

Readings

- Chapter 12 in *Advanced Financial Accounting* (p. 621 to the middle of p. 624)
- Guillaume, O., & Pierre, D. (2016). The convergence of U.S. GAAP with IFRS: A comparative analysis of principles-based and rules-based accounting standards. *Scholedge International Journal of Business Policy & Governance*, 3(05), 63-72.
- McEnroe, J., & Sullivan, M. (2014). The rise and stall the U.S. GAAP and IFRS convergence movement. *The CPA Journal*, 84(1), 14-19.
- Pacter, P. (2013). What have IASB and FASB convergence efforts achieved? (International Accounting Standards Board). *Journal of Accountancy*, 215(2), 50-54, 56, 58-59.
- IASB-FASB convergence. (2019). *Deloitte*. Retrieved from <https://www.iasplus.com/en-us/projects/convergence/iasb-fasb-convergence>
- Key differences between the US GAAP and IFRSs. (2019). *Deloitte*. Retrieved from <https://www.iasplus.com/en-us/standards/ifrs-usgaap>
- Comparability in international accounting standards-a brief history. (n.d.). Financial Accounting Standards Board. Retrieved from <https://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156304264>

Discussion (25 points)

Critical Thinking (75 points)

Choose one of the following two assignments to complete this week. Do *not* complete both assignments. Identify your assignment choice in the title and on the Title Page and the file name of your submission. Note that while there are two options for the Critical Thinking Assignment, there is only one rubric. Review the rubric to confirm you are meeting the assignment requirements. Please review the APA Sample Research Paper provided in the assignment for the course expectations of what your assignment submission should look like from a format point of view, not only for this Module, but also for any Research Paper or Writing Assignment throughout this course.

Option #1: Revenue Recognition

The FASB and the IASB reached convergence on revenue recognition, an important accounting subject, in recent years. You should do some research on how the convergence process evolved on this accounting subject before both standard-setters eventually issued their respective standards addressing this subject. An online search will yield quite a bit of history and debate which occurred on this accounting subject between both the standard-setters and feedback from the public, including publicly listed firms. You may be able to find, also, at the respective FASB and the IASB websites, information related to the convergence process on this accounting subject.

Answer the following questions specifically in your Word document submission by copying and pasting each question in bold type with your answers below each question:

1. Summarize in a few paragraphs the convergence process on this subject: How long did it take; was it contentious; what were the areas of disagreement as the convergence process developed; and once the standard-setters converged, which side went further than the other, in your opinion, to make the converged standard a reality?

2. In your opinion, did the FASB and the IASB reach convergence on this accounting subject in the issuance of their respective new accounting standards?
3. If no convergence was reached, what are the major differences that still exist on this accounting subject between the FASB and the IASB? Be specific in identifying any major differences that still exist, including but not limited to the potential impact on reported revenues and net income.
4. In your opinion, how did the differences between rules-based and principle-based standards influence the debate and ultimately the final standard issued by both standard-setters?
5. Once the new accounting standard is implemented by companies around the world in the future, will we really be able to compare Company A in Industry Z reporting under IFRS to Company B in Industry Z under the US GAAP? Explain in detail why or why not, justifying your opinion with specific details. You can even pick a specific company in a specific industry, if you wish, in preparing your answer to this question.
6. Is either standard-setter still working on the implementation of the converged standard? If so, what are 1 or 2 of the key implementation matters which are still being developed with regards to the new standard?
7. After doing your research for this Assignment Option, how has your opinion of convergence — the process, the goals, and the results to date — changed? Explain in detail.

Requirements:

- Write a paper of 4-6 pages in length, not counting the title and reference pages, which you must include.
- Copy and paste each one of the Questions into your paper in bold type to ensure you have answered each of the Assignment Requirements.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least 3 credible, academic or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing and APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.

Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Option #2: Lease Accounting

The FASB and the IASB reached convergence on lease accounting, an important accounting subject, in recent years. You should do some research on how the convergence process evolved on this accounting subject before both standard-setters eventually issued their respective standards addressing this subject. An online search will turn up quite a bit of history and debate which occurred on this accounting subject between both standard-setters and feedback from the public, including publicly listed firms. You also may be able to find at the respective FASB and the IASB websites information related to the convergence process on this accounting subject.

Answer the following questions specifically in your Word document submission by copying and pasting each question in bold type with your answers below each question:

1. Summarize in a few paragraphs the convergence process on this subject: How long did it take; was it contentious; what were the areas of disagreement as the convergence process developed; and once the standard-setters converged, which side went further than the other, in your opinion, to make the converged standard a reality?

2. In your opinion, did the FASB and the IASB reach convergence on this accounting subject in the issuance of their respective new accounting standards?
3. If no convergence was reached, what are the major differences that still exist on this accounting subject between the FASB and the IASB? Be specific in identifying any major differences that still exist, including but not limited to the potential impact on reported revenues and net income.
4. In your opinion, how did the differences between rules-based and principle-based standards influence the debate and ultimately the final standard issued by both standard-setters?
5. Once the new accounting standard is implemented by companies around the world in the future, will we really be able to compare Company A in Industry Z reporting under IFRS to Company B in Industry Z under the US GAAP? Explain in detail why or why not, justifying your opinion with specific details. You can even pick a specific company in a specific industry, if you wish, in preparing your answer to this question.
6. Is either standard-setter still working on the implementation of the converged standard? If so, what are 1 or 2 of the key implementation matters which are still being developed with regards to the new standard?
7. After doing your research for this Assignment Option, how has your opinion of convergence — the process, the goals, and the results to date — changed? Explain in detail.

Requirements:

- Write a paper of 4-6 pages in length, not counting the title and reference pages, which you must include.
- Copy and paste each one of the Questions into your paper in bold type to ensure you have answered each of the Assignment Requirements.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least 3 credible, academic or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing and APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.

Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Module 2

Readings

- PwC. (2019). IFRS and US GAAP: Similarities and differences. Retrieved from <https://www.pwc.com/us/en/cfodirect/assets/pdf/accounting-guides/pwc-ifs-us-gaap-similarities-and-differences.pdf>
- Chapter 2: Section 2-1 to 2-4: First Time IFRS Adoption
- Chapter 14: Section 15.1 to 15.28-Other Accounting and Reporting Topics (including differences between the IFRS and US GAAP related to the basic financial statements and other financial statement reporting issues)
- Key Differences Between U.S GAAP and IFRS. (2018). Retrieved from <https://www.iasplus.com/en-us/standards/ifrs-usgaap>

- Harris, P. (2013). U.S. GAAP conversion to IFRS: A comprehensive case study. (United States Generally Accepted Accounting Principles and International Financial Reporting Standards) (Case study). *Internal Auditing*, 28(3), 31-41.
- Ernst & Young Foundation. (2015). Financial statements - lecture notes.

Discussion (25 points)

Live Classroom (0 points)

Critical Thinking (75 points)

Choose one of the following two assignments to complete this week. Do not complete both assignments. Identify your assignment choice in the title of your submission. Note that while there are two options for the Critical Thinking Assignment, there is only one rubric. Review the rubric to confirm you are meeting the assignment requirements.

Option #1: Mercedes Benz

Access Mercedes Benz (MB)'s 2017 Annual Report prepared under IFRS in the assignment prompt. Then pick any two of the financial statements: the consolidated balance sheet (statement of financial position), the consolidated income statement (statement of income or statement of comprehensive income), or the statement of cash flows for MB. Recast the two selected financial statements and present the statements following/in accordance with the US GAAP, presentation-wise, as accurately as you can (you do not need to restate any of the results for MB in this process — just work with the results as presented). The recasted financial statements should be an Exhibit or Appendix to your paper. Describe in an appropriate level of detail the differences that resulted when you recasted your chosen financial statements from the IFRS to US GAAP, supported with references from the readings in this module or outside references, where appropriate.

Requirements:

- Write a paper of 3-4 pages in length, not counting the title and reference pages, which you must include.
- The recasted financial statements should be an Exhibit or Appendix to your paper.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least 3 credible, academic or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing and APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.

Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Option #2: Ford Motor Company

Access the Ford 2017 Annual Report prepared under the US GAAP in the assignment prompt. Then pick any two of the financial statements: the consolidated balance sheet (statement of financial position), the consolidated income statement (statement of income or statement of comprehensive income), or the statement of cash flows for Ford. Recast the two selected financial statements and present the statements following/in accordance with the IFRS, presentation-wise, as accurately as you can (you do not need to restate any of the results for Ford in this process — just work with the results as presented). Describe in an appropriate level of detail the differences that resulted when you recasted your chosen

financial statements from the US GAAP to the IFRS, supported with references from the readings in this module or outside references, where appropriate.

Requirements:

- Write a paper of 3-4 pages in length, not counting the title and reference pages, which you must include.
- The recasted financial statements should be an Exhibit or Appendix to your paper.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least 3 credible, academic or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing and APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.

Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Portfolio Milestone (20 points)

Topic Selection and Rationale

Submit your Portfolio Topic to your instructor for preliminary approval. Provide detailed reasons for your Portfolio Project Option choice. Your submission should contain no more than 1 page of content, double-spaced, framed by a cover page and a reference page, if required. This assignment is required and is worth 20 points. Your submission must be made by Sunday night at the end of this Module to potentially earn these 20 points. Late submissions earn zero points.

Module 3

Readings

- Chapter 11 in *Advanced Financial Accounting* (pp. 548-556, which covers Multinational Accounting including the Accounting Issues related to Foreign Currency Exchange Rates)
- Chapter 12 in *Advanced Financial Accounting* (pp. 621-650, Multinational Accounting Issues in Financial Reporting and Translation of Foreign Entity Financial Statements; and pp. 653-656, Disclosure Requirements Under ASC830)
- Ernst & Young Foundation. (2017). Foreign currency - lecture notes.
- Ernst & Young Foundation. (2017). Foreign current - PowerPoint presentation.

Discussion (25 points)

Critical Thinking (75 points)

Choose one of the following two assignments to complete this week. Do not complete both assignments. Identify your assignment choice in the title of your submission. Note that while there are two options for the Critical Thinking Assignment, there is only one rubric. Review the rubric to confirm you are meeting the assignment requirements.

Option #1: Schedule Preparation (British Pounds)

On January 1, 20X8, Pace Company acquired all of the outstanding stock of Spin PLC, a British company, for \$350,000. Spin's net assets on the date of acquisition were 250,000 pounds (£). On January 1, 20X8, the book and fair values of the Spin's identifiable assets and liabilities approximated their fair values except for property, plant, and equipment and trademarks. The fair value of Spin's property, plant, and equipment exceeded its book value by \$25,000. The remaining useful life of Spin's equipment at January

1, 20X8, was 10 years. The remainder of the differential was attributable to a trademark having an estimated useful life of 5 years. Spin's trial balance on December 31, 20X8, in pounds, follows:

| | Debits | Credits |
|--------------------------------|-----------|-----------|
| Cash | £ 70,000 | |
| Accounts Receivable (net) | 100,000 | |
| Inventory | 120,000 | |
| Property, Plant, and Equipment | 330,000 | |
| Accumulated Depreciation | | £ 120,000 |
| Accounts Payable | | 110,000 |
| Notes Payable | | 90,000 |
| Common Stock | | 100,000 |
| Retained Earnings | | 150,000 |
| Sales | | 420,000 |
| Cost of Goods Sold | 270,000 | |
| Operating Expenses | 60,000 | |
| Depreciation Expense | 30,000 | |
| Dividends Paid | 10,000 | |
| Total | £ 990,000 | £ 990,000 |

Additional Information:

- Spin uses the FIFO method for its inventory. The beginning inventory was acquired on December 31, 20X7, and ending inventory was acquired on December 26, 20X8. Purchases of £300,000 were made evenly throughout 20X8.
- Spin acquired all of its property, plant, and equipment on March 1, 20X6, and uses straight-line depreciation.
- Spin's sales were made evenly throughout 20X8, and its operating expenses were incurred evenly throughout 20X8.
- The dividends were declared and paid on November 1, 20X8.
- Pace's income from its own operations was \$150,000 for 20X8, and its total stockholders' equity on January 1, 20X8, was \$1,000,000. Pace declared \$50,000 of dividends during 20X8.
- Exchange rates were as follows:

| | |
|-------------------|--------------|
| March 1, 20X6 | 1£ = \$ 1.20 |
| December 31, 20X7 | 1£ = \$ 1.25 |
| January 1, 20X8 | 1£ = \$ 1.25 |

| | |
|-------------------|--------------|
| November 1, 20X8 | 1£ = \$ 1.26 |
| December 26, 20X8 | 1£ = \$ 1.31 |
| December 31, 20X8 | 1£ = \$ 1.35 |
| Average for 20X8 | 1£ = \$ 1.30 |

Required:

1. Prepare a schedule translating the trial balance from British pounds into U.S. dollars. Assume the pound is the functional currency.
2. Assume that Pace uses the fully adjusted equity method. Record all journal entries that relate to its investment in the British subsidiary during 20X8. Provide the necessary documentation and support for the amounts in the journal entries, including a schedule of the translation adjustment related to the differential.
3. Prepare a schedule that determines Pace's consolidated comprehensive income for 20X8.

Prepare and submit only one Excel spreadsheet answering all of the requirements.

Use Excel formulas to make or evidence each of your calculations of each/any dollar amounts. Do not enter any dollar amounts, directly, for the answers to the requirements unless it is unavoidable for obvious reasons. Use the tab function at the bottom of the Excel file where required to answer each of the requirements.

Name your Excel file when you submit it: MyNameModuleXOption1or2.

Requirements:

- Show calculations for all questions.
- Support writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.

Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Option #2: Schedule Preparation (Norwegian Kroner)

On January 1, 20X5, P Company acquired all of the outstanding stock of S PLC, a Norwegian company, for \$151,200. S's net assets on the date of acquisition were 700,000 kroner (Nkr). On January 1, 20X5, the book and fair values of S's identifiable assets and liabilities approximated their fair values except for property, plant, and equipment and trademarks. The fair value of S's property, plant, and equipment exceeded its book value by \$18,000. The remaining useful life of S's equipment at January 1, 20X5, was 10 years. The remainder of the differential was attributable to a trademark having an estimated useful life of 5 years. Spin's trial balance on December 31, 20X5, in kroner, follows:

| | Debits | Credits |
|--------------------------------|---------|---------|
| Cash | 150,000 | |
| Accounts Receivable (net) | 200,000 | |
| Inventory | 270,000 | |
| Property, Plant, and Equipment | 600,000 | |
| Accumulated Depreciation | | 150,000 |

| | | |
|----------------------|-----------|-----------|
| Accounts Payable | | 90,000 |
| Notes Payable | | 190,000 |
| Common Stock | | 450,000 |
| Retained Earnings | | 250,000 |
| Sales | | 690,000 |
| Cost of Goods Sold | 410,000 | |
| Operating Expenses | 100,000 | |
| Depreciation Expense | 50,000 | |
| Dividends Paid | 40,000 | |
| Total | 1,820,000 | 1,820,000 |

Additional Information:

1. S uses the FIFO method for its inventory. The beginning inventory was acquired on December 31, 20X4, and ending inventory was acquired on December 15, 20X5. Purchases of Nkr420,000 were made evenly throughout 20X5.
2. S acquired all of its property, plant, and equipment on July 1, 20X3, and uses straight-line depreciation.
3. S's sales were made evenly throughout 20X5, and its operating expenses were incurred evenly throughout 20X5.
4. The dividends were declared and paid on July 1, 20X5.
5. P's income from its own operations was \$275,000 for 20X5, and its total stockholders' equity on January 1, 20X5, was \$3,500,000. P declared \$100,000 of dividends during 20X5.
6. Exchange rates were as follows (Nkr 1 = \$):

July 1, 20X3 = 0.15

December 30, 20X4 = 0.18

January 1, 20X5 = 0.18

July 1, 20X5 = 0.19

December 15, 20X5 = 0.205

December 31, 20X5 = 0.21

Average for 20X5 = 0.20

Required:

1. Prepare a schedule translating the trial balance from Norwegian kroner into U.S. dollars. Assume the kroner is the functional currency.
2. Assume that P uses the fully adjusted equity method. Record all journal entries that relate to its investment in the Norwegian subsidiary during 20X5. Provide the necessary documentation and support for the amounts in the journal entries, including a schedule of the translation adjustment related to the differential.
3. Prepare a schedule that determines P's consolidated comprehensive income for 20X5.

Prepare and submit only one Excel spreadsheet answering all of the requirements.

Use Excel formulas to make or evidence each of your calculations of each/any dollar amounts. Do not enter any dollar amounts, directly, for the answers to the requirements unless it is unavoidable for obvious reasons. Use the tab function at the bottom of the Excel file where required to answer each of the requirements.

Name your Excel file when you submit it: MyNameModuleXOption1or2.

Requirements:

- Show calculations for all questions.
- Support writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.

Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Module 4

Readings

- Chapter 11 in *Advanced Financial Accounting* (pp. 548-573)
- Chapter 11 PowerPoint Lecture
- Deloitte Global Services Limited. (2018). Key differences between the US GAAP and IFRS. Retrieved from <https://www.iasplus.com/en-us/standards/ifrs-usgaap>
- Financial Accounting Standards Board. (2017). Derivatives and hedging (Topic 815). Retrieved from http://www.fasb.org/jsp/FASB/Document_C/DocumentPage?cid=1176169282347&acceptedDisclaimer=true.
- Read pp. 1-8, which summarize the 405-page document issued by the FASB.
- PwC. (2018). IFRS and US GAAP: Similarities and differences. Retrieved from <https://www.pwc.com/us/en/cfodirect/assets/pdf/accounting-guides/pwc-ifrs-us-gaap-similarities-and-differences.pdf> (Read the following in Chapter 11: Section 11.1 through 11-3.)

Discussion (25 points)

Critical Thinking (75 points)

Choose one of the following two assignments to complete this week. Do not complete both assignments. Identify your assignment choice in the title of your submission. Note that while there are two options for the Critical Thinking Assignment, there is only one rubric. Review the rubric to confirm you are meeting the assignment requirements.

Option #1: Journal Entries (Fair Value Hedge)

On December 1, 20X8, Denizen Corporation entered into a 120-day forward contract to purchase 200,000 Canadian dollars (C\$). Denizen's fiscal year ends on December 31. The forward contract was to hedge a firm commitment agreement made on December 1, 20X8, to purchase electronic goods on

January 30, with payment due on March 31, 20X9. The derivative is designated as a fair value hedge. The direct exchange rates follow:

| | Spot Rate | Forward Rate for March 1, 20X9 |
|-------------------|-----------|-----------------------------------|
| December 1, 20X8 | 0.940 | 0.944 |
| December 31, 20X8 | 0.945 | 0.947 |
| January 30, 20X9 | 0.942 | 0.943 |
| March 31, 20X9 | 0.941 | |

Required:

Prepare all journal entries for Denizen Corporation.

Requirements:

- Write a paper of 3-4 pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least 3 credible, academic or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing and APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.

Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Option #2: Journal Entries (Cash Flow Hedge)

On December 1, 20X8, Denizen Corporation entered into a 120-day forward contract to purchase 200,000 Canadian dollars (C\$). Denizen's fiscal year ends on December 31. The forward contract was to hedge an anticipated purchase of electronic goods on January 30, 20X9. The purchase took place on January 30, with payment due on March 31, 20X9. The derivative is designated as a cash flow hedge. The company uses the forward exchange rate to measure hedge effectiveness. The direct exchange rates follow:

| | Spot Rate | Forward Rate for March 1, 20X9 |
|-------------------|-----------|-----------------------------------|
| December 1, 20X8 | 0.940 | 0.944 |
| December 31, 20X8 | 0.945 | 0.947 |
| January 30, 20X9 | 0.942 | 0.943 |
| March 31, 20X9 | 0.941 | |

Required:

Prepare all journal entries for Denizen Corporation.

Requirements:

- Write a paper of 3-4 pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least 3 credible, academic or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing and APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.

Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Portfolio Milestone (30 points)**Outline and Questions**

Your submission must be made by Sunday night at the end of this Module to potentially earn these 30 points. Late submissions earn zero points.

Submit an outline and questions for your Portfolio Project. Prepare and submit in a Word document with a separate Cover Page and a Reference Page the following:

- State your Portfolio Project Option choice.
- Provide an outline of your paper.
 - Your outline should include headers (the major topics), major resources, and the intended flow of the information in the project for the written portion of the Requirements of your option choice.
 - Under each header, write a few sentences on what you think you might cover in that section.
- Provide three articles that you might consider using as References for your final Portfolio Project. These sources cannot include the textbook or other course materials you have been provided in the Interactive Module readings.
- Give a short reason why you feel each source would be pertinent to your project. This is not expected to be a final list. The goal here is to motivate you to begin examining research that might help you in your final Portfolio Project to answer the written portion of your Option choice.
- Provide your Instructor with a list of questions you have at this point regarding your Option choice. You MUST have at least one question; you should potentially have multiple questions by this point in time after thinking about how you are going to go about meeting the requirements of your Portfolio Project Option choice.

Module 5**Readings**

- Chapter 11 in *Advanced Financial Accounting* (pp. 573-599)
- Ernst & Young Foundation. (2017). Derivatives including Hedging - lecture notes.
- Ernst & Young Foundation. (2017). Derivatives including Hedging - PowerPoint.
- Ernst & Young Foundation. (2017). Derivatives including Hedging - questions.
- Ernst & Young Foundation. (2017). Derivatives including Hedging - solutions.

- Rambo, R. G., Main, D., & Beaubien, L. (2011). Reducing reporting risk: Designating foreign currency forward contracts as cash flow hedges. *Journal of Accounting Education*, 29(4), 284-294.

Discussion (25 points)

Critical Thinking (75 points)

Choose one of the following two assignments to complete this week. Do not complete both assignments. Identify your assignment choice in the title of your submission. Note that while there are two options for the Critical Thinking Assignment, there is only one rubric. Review the rubric to confirm you are meeting the assignment requirements.

Option #1: Journal Entries (Ricky and Potatoes)

Assumes that Ricky Corporation (Ricky) normally sells goods in France and therefore has a stream of income which is denominated in Euros. Ricky enters into a master agreement with a bank to convert this future stream of Euros into US dollars. Determine whether this agreement is considered a derivative under both the US GAAP and under the IFRS. Support your decision with reference(s) to the appropriate literature issued by both standard setters.

The Potato Company (Potato) produces frozen French fries and therefore uses potatoes as the major raw material in its manufacturing process. Potato enters a forward exchange contract to purchase 20 bushels of potatoes in 30 days for \$1,200. The contract has a net settlement provision.

Part 1: Assume that the potatoes are worth \$1,250 at the end of 30 days. Explain in detail how the forward exchange contract might or would be settled in 30 days? What are Potato's options with respect to the forward exchange contract?

Part 2: Assume that potatoes are not easily convertible into cash and that Potato has a history of taking delivery of the potatoes under these types of contracts (gross settlement). Potato has decided NOT to document the instrument as a normal purchase and sales contract. Prepare the journal entries required under both the US GAAP and IFRS separately, with detailed explanations of the basis for each dollar journal entry amount, and a detailed journal entry explanation with appropriate reference(s) to the accounting literature for both standard-setters for each respective journal entry.

Requirements:

- Write a paper of 3-4 pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least 3 credible, academic or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing and APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.

Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Option #2: Journal Entries (Phone and TGC)

The Phone Company (Phone) issues call options for a premium of \$100 on December 1, Year 1. The call options give the holder the right to buy 20 shares of Phone for \$2,200 on December 31, Year 1. The contract may be settled, net (in cash or in shares) at the option of Phone. On December 31, Year 1, the

shares are worth \$2,500 and the options are exercised. Phone decides to settle gross and receives \$2,200, delivering the 20 shares of Phone.

Part 1

How would the above series of transactions be accounted for under the US GAAP and IFRS? Prepare the required journal entries for December 1 and December 31, Year 1, with detailed explanations of the basis for each dollar journal entry amount, and a detailed journal entry explanation with appropriate reference(s) to the accounting literature for both standard-setters for each respective journal entry.

The Gas Company (TGC) recently issued a 10-year long-term note of \$100 million, the proceeds of which are to be used for new gas exploration equipment. One of the borrowing requirements was that the interest rate on the note had to be variable at 4% over the London Interbank Borrowing Rate (LIBOR). Because TGC is subject to stringent rate-setting requirements by the Public Service Commission, TGC wants to fix their borrowing costs to a fixed rate of interest. Accordingly, TGC enters into an interest rate swap with a bank whereby TGC will pay a fixed-interest rate of 7% and receive a variable rate of interest which will be 4% over the LIBOR rate. The terms of the interest rate swap call for a notional payment of \$100 million and the length of the swap, the settlement and the reset provisions on the interest payments and rates match those under the long-term note borrowing. There are no prepayment or option features.

Part 2

Determine how TGC would determine whether the interest-rate swap meets the criteria for hedge accounting, and specifically whether it qualifies under the short-cut method in assessing hedge ineffectiveness under the US GAAP and under IFRS. Be very specific and detailed in your response, including reference to any respective literature or pronouncements of both standard-setters. Is your answer with regards to the US GAAP affected at all by the recent FASB update in ASU2017-12? If not, explain why not; if yes, explain, specifically, how your answer differs from your original answer, including the effective date under the US GAAP for the change.

Requirements:

- Write a paper of 3-4 pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least 3 credible, academic or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing and APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.

Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Module 6

Readings

- Cecchini, M., Leitch, R., & Strobel, C. (2015). Transfer pricing: Factors to consider. *Journal of Corporate Accounting & Finance*, 26(6), 5-11.
- Ernst & Young Foundation. (2017). Accounting for income taxes — differences between the US GAAP and IFRS (PowerPoint presentation).

- Slemmer, D. (2018, November 1). Avoiding a transfer pricing audit: 3 best practices for multinationals. *Tax Insider*. Retrieved from https://www.thetaxadviser.com/newsletters/2018/nov/avoiding-transfer-pricing-audit.html?utm_source=mn:cpald&utm_medium=email&utm_campaign=05Nov2018
- Graham, J. (2017, October 11). \$100 billion question: Will Trump let Alphabet, Pfizer keep tax havens? *Investor's Business Daily*.
- Hendriksen, J. (2016). The role of offshore tax havens in the international tax system. *Análise Europeia - Revista Da Associação Portuguesa De Estudos Europeus*, 1(2), 42-59.

Discussion (25 points)

Critical Thinking (75 points)

Choose one of the following two assignments to complete this week. Do not complete both assignments. Identify your assignment choice in the title of your submission. Note that while there are two options for the Critical Thinking Assignment, there is only one rubric. Review the rubric to confirm you are meeting the assignment requirements.

Option #1: Global Multinational Corporation

In certain countries, the tax rate applied to a company's tax return reporting income depends upon whether the profits for the period are distributed or undistributed. Amounts are initially taxed at the higher rate, but a tax credit is received when the profits are distributed. Therefore, companies need to determine what rate (distributed versus the undistributed tax rate).

Global Multinational Corporation (Global) is a U.S. company that owns and operates 100% of a consolidated subsidiary in a foreign jurisdiction where income taxes are payable at a higher rate on undistributed profits than on distributed earnings. For the year ending December 31, Year 1, Global's foreign subsidiaries taxable income is \$150,000. Global's foreign subsidiary also has net taxable temporary differences amounting to \$50,000 for the year, thus creating the need for a deferred tax liability on the balance sheet. The tax rate on distributed profits is 40%, and the tax rate on undistributed profits is 50%; the difference results in a credit if profits are distributed in the future. At the date of the balance sheet, no distributions have been proposed or declared. On March 31, Year 2, Global's foreign consolidated subsidiary distributes dividends of \$75,000.

Required:

1. Obtain and review the accounting and measurement guidance related to anticipated tax credits in IAS12, Income Taxes, and in Sections 25 and 30 of ASC740-10, Income Taxes-Overall. Document the relevant portions of the IFRS and US GAAP related to the accounting Global must follow for the above series of transactions.
2. Provide the required journal entries for both Year 1 and Year 2 under both the US GAAP and IFRS for each respective date where you are provided information in the above scenario. In your explanation for each journal entry, make sure you document the basis for each journal entry amount. In other words, how did you obtain the figures? In addition, provide a detailed explanation for each respective journal entry with the appropriate Reference(s) to IAS12 and ASC 740-10, respectively.

Requirements:

- Write a paper of 3-4 pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings, including professional business language.

- Cite at least 3 credible, academic or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing and APA.
- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.

Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Option #2: Rioja Company

The Rioja Company (Rioja), a Spanish-based manufacturer of pleasure sailing boats, purchased a fiberglass molding machine on January 1, Year 1 for Euro 100,000. The use life of the molding machine for book purposes is 10 years on a straight-line basis with no salvage value. The Spanish tax authorities allow for depreciation for this type of machine over 5 years on a straight-line basis. The corporate tax rate in Spain is 35%. The book basis, the tax basis, and the balance in the deferred tax liability account for this machine for the first 5 years were as follows, respectively:

Book cost: Euro 100,000 each year

Book Accumulated Depreciation: Euro 10,000 at the end of Year 1, increasing by Euro 10,000 each year for Years 2-5

Book basis: Book cost less book accumulated depreciation, respectively, for each year using the above information for Years 1-5

Tax Cost: Euro 100,000 each year

Tax Accumulated Depreciation: Euro 20,000 at the end of Year 1, increasing by Euro 20,000 each year for Years 2-5

Tax basis: Tax cost less tax accumulated depreciation

Deferred tax liability: Euro 3,500 at end of Year 1; increasing by Euro 3,500 each year from Years 2-5

Required:

On December 31, Year 3, after recording its year-end journal entries, Rioja receives an offer to sell the molding machine to an Italian-based sailboat company, Vino, for Euro 120,000. Rioja has a very short window to consider what its options are for this machine, as Vino would like to complete the transaction on January 1, Year 4.

You should include any required supporting schedules and each required journal entry to help explain the income tax ramifications for Rioja's options under both the US GAAP and IFRS. Each journal entry should be accompanied by an explanation of how you calculated the dollar amount of the respective journal entry and be supported by reference(s) to the respective IFRS and FASB literature.

Once your analysis is complete, what will be your recommendation to management of Rioja —should it accept Vino's offer or not, and why or why not? Ensure your recommendation is specific.

Requirements:

- Write a paper of 3-4 pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Cite at least 3 credible, academic or professional sources for this assignment, outside of the textbook. The CSU-Global Library is a great place to find resources.
- Format your paper according to CSU-Global Guide to Writing and APA.

- Start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage if you need assistance with writing style.

Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Module 7

Readings

- O'Farrell, G., & Liu, C. (2015). Impact of differences between international financial reporting standards and US generally accepted accounting principles on perceived company performance. *International Journal of Business, Accounting, & Finance*, 9(2), 103-111.
- Youssef, A., & Rachid, O. M. (2015). Ethical basis of the international financial reporting standards (IFRS). *Malaysian Accounting Review*, 14(1), 1-24.

Discussion (25 points)

Live Classroom (0 points)

Module 8

Readings

- Chen, C., Young, D., & Zhuang, Z. (2013). Externalities of mandatory IFRS adoption: Evidence from cross-border spillover effects of financial information on investment efficiency. *Accounting Review*, 88(3), 881-914.
- Kleinman, G., Lin, B., & Palmon, D. (2014). Audit quality: A cross-national comparison of audit regulatory regimes. *Journal of Accounting, Auditing & Finance*, 29(1), 61-87.
- Sharif, R., Ji, S., Beekmann, K., & Steinberg, H. (2017). Accounting and cultural differences in Mexico, Sweden, South Korea, & the USA. *Allied Academies International Conference: Proceedings of the Academy of Accounting & Financial Studies (AAFS)*, 22(1), 38-42.

Discussion (25 points)

Portfolio Project (300 points)

Choose one of the following two portfolio projects to complete. Do not complete both assignments. Identify your assignment choice in the title of your submission and in the wording of your file(s). Review the grading rubric to understand how you will be graded on your project.

Option #1: Foreign Purchases, Sales Transactions, and Foreign Currency Hedging

Part I:

M Company has the following export and import transactions during 20X5:

1. On March 1, M sold goods to a Canadian Company for C\$30,000, receivable on May 31. The spot rates for the C\$ were C\$1 = \$0.65 on March 1 and C\$1 = \$0.68 on May 31.
2. On July 1, M signed a contract to purchase equipment from a Japanese Company for ¥500,000. The equipment was manufactured in Japan during August and was delivered to M on August 31 with payment due on October 29. The spot rates for the yen were: ¥1 = \$0.102 on July 1; ¥1 = \$0.104 on August 31; and ¥1 = \$0.106 on October 29. The 60-day forward exchange rate on August 31, 20X5 was ¥1 = \$0.1055.
3. On November 16, M purchased inventory from a London-based company for £10,000, payable on January 15, 20X6. The spot rates for the pound were £1 = \$1.65 on November 16; £1 = \$1.63 on December 31; and £1 = \$1.64 on January 15, 20X6. The forward rate on December 31, 20X5 for a January 15, 20X6 exchange was £1 = \$1.645.

Required:

- a. Prepare journal entries to record M's import and export transactions during 20X5 and 20X6.
- b. What amount of foreign currency transaction gain or loss would M report on its income statement for 20X5?

Part II:

Assume that M used forward currency contracts to manage the foreign currency risks of all of its export and import transactions during 20X5.

1. On March 1, 20X5, M, anticipating a weaker C\$ on the May 31, 20X5 settlement date, entered into a 90-day forward contract to sell C\$30,000 at a forward exchange rate of C\$1 = \$0.64. The forward contract was not designed as a hedge.
2. On July 1, 20X5, M, anticipating a strengthening of the yen on the October 29, 20X5 settlement date entered into a 120-day forward contract to purchase ¥500,000 at a forward exchange rate of ¥1 = \$0.105. The forward contract was designated as a fair value hedge of a firm commitment.
3. On November 16, 20X5, M, anticipating a strengthening of the pound on the January 15, 20X6 settlement date entered into a 60-day undesignated forward exchange contract to purchase £10,000 at a forward exchange rate of £1 = \$1.67.

Required:

- a. Prepare the journal entries required to record M's foreign currency activities during 20X5 and 20X6.
- b. What amount of foreign currency transaction gain or loss would M report on its income statement for 20X5 if Parts I and II of this problem were combined?
- c. What amount of foreign currency transaction gain or loss would M report on its income statement for 20X6 if Parts I and II of this problem were combined?

Prepare and submit one Excel spreadsheet for this assignment. Use the following naming convention for your file: MyNamePortfolioProjectOption1. Use Excel formulas to make or evidence each of your calculations of all dollar amounts. Do not enter any dollar amounts directly in Excel, unless it is unavoidable for obvious reasons. Use the tab function at the bottom of the Excel file to complete the assignment and to show your answers to each Requirement in each Part, separately.

You must include a minimum of six credible academic or professional references as part of your Excel document submission. Some of the references for your journal entries should include References from the FASB ASC (Accounting Standards Codification), which we have provided the Student sign in ID and password to you in one of the classroom announcements.

This project submission is not a writing assignment, therefore, showing your References in APA format may be impossible. You should associate your References, directly, with the respective journal entry generated which relates to the respective Reference

Review the Portfolio Project grading rubric for more information on expectations *and how you will be graded*.

Do not hesitate to ask your instructor if you have any questions about this assignment.

Option #2: Caribbean Brewers

Read the case study provided in the course assignment: Caribbean Brewers: Transfer Pricing, Ethics, and Governance.

Then answer the following questions:

1. How can the majority shareholder shift wealth through accounting cost allocations and transfer pricing?
2. Who is harmed by the wealth-shifting discussed in Question 1?
3. As adviser to the CFO of Caribbean Brewers, to whom are you responsible?
4. JJ is adamant that the production facility is operating as efficiently as before the expansion, if not more efficiently. Is he right? Back up your answer with evidence from the case study, one way or the other.
5. The board wants a report on the rising costs of production. To what extent, if any, are the cost of production rising? Back up your answer with evidence and calculations.
6. JJ desperately wants to be able to prove that Gera International's allegations of poor quality are groundless. How can proof of this claim be gathered from the information you have in the case study?
7. Given the wording in Figure 5 with respect to the taxation of related parties, to what extent is Caribbean Brewers vulnerable to tax reassessment?
8. What are the implications of the composition of the Board members to the reporting of the CFO? Be specific.

Your Word document should be 8-10 pages in length (excluding cover page and references page) and formatted according to the CSU-Global Guide to Writing and APA. Submissions in excess of 10 pages are permitted. You may submit an Excel file as a separate file supporting your submission if you wish or include Exhibits as part of your Word document supporting any quantitative calculations included as part of your submission. Be sure to discuss and reference concepts taken from the assigned required and recommended readings throughout the course and also your own relevant research.

You must include a minimum of six credible academic or professional references beyond the course text, required and recommended readings or other course materials as part of your Word document submission. Review the grading rubric to see how you will be graded for this assignment.

COURSE POLICIES

| Grading Scale | |
|---------------|---------------|
| A | 95.0 – 100 |
| A- | 90.0 – 94.9 |
| B+ | 86.7 – 89.9 |
| B | 83.3 – 86.6 |
| B- | 80.0 – 83.2 |
| C+ | 75.0 – 79.9 |
| C | 70.0 – 74.9 |
| D | 60.0 – 69.9 |
| F | 59.9 or below |

Course Grading

20% Discussion Participation
45% Critical Thinking Assignments
35% Final Portfolio Project
0% Live Classroom

IN-CLASSROOM POLICIES

For information on late work and incomplete grade policies, please refer to our [In-Classroom Student Policies and Guidelines](#) or the Academic Catalog for comprehensive documentation of CSU-Global institutional policies.

Academic Integrity

Students must assume responsibility for maintaining honesty in all work submitted for credit and in any other work designated by the instructor of the course. Academic dishonesty includes cheating, fabrication, facilitating academic dishonesty, plagiarism, reusing /repurposing your own work (see CSU-Global Guide to Writing & APA for percentage of repurposed work that can be used in an assignment), unauthorized possession of academic materials, and unauthorized collaboration. The CSU-Global Library provides information on how students can avoid plagiarism by understanding what it is and how to use the Library and internet resources.

Citing Sources with APA Style

All students are expected to follow the CSU-Global Guide to Writing & APA when citing in APA (based on the most recent APA style manual) for all assignments. A link to this guide should also be provided within most assignment descriptions in your course.

Disability Services Statement

CSU-Global is committed to providing reasonable accommodations for all persons with disabilities. Any student with a documented disability requesting academic accommodations should contact the Disability Resource Coordinator at 720-279-0650 and/or email ada@CSUGlobal.edu for additional information to coordinate reasonable accommodations for students with documented disabilities.

Netiquette

Respect the diversity of opinions among the instructor and classmates and engage with them in a courteous, respectful, and professional manner. All posts and classroom communication must be conducted in accordance with the student code of conduct. Think before you push the Send button. Did you say just what you meant? How will the person on the other end read the words?

Maintain an environment free of harassment, stalking, threats, abuse, insults, or humiliation toward the instructor and classmates. This includes, but is not limited to, demeaning written or oral comments of an ethnic, religious, age, disability, sexist (or sexual orientation), or racist nature; and the unwanted sexual advances or intimidations by email, or on discussion boards and other postings within or connected to the online classroom. If you have concerns about something that has been said, please let your instructor know.