

**CIHAN UNIVERSITY**  
**COLLEGE OF ADMINISTRATIVE &**  
**FINANCE SCIENCES**  
**DEPARTMENT OF ACCOUNTING**  
**2023-2024**



**Subject: International Accounting**

**Code: ACC34104**

**Level: Fourth Year**

**Semester: First**

**Academic Year: 2023/2024**

**Credits:**

**Hour: 3 Hours**

**Hall: 2306 Hall**

**Lecture time: Sunday 9:00 – 10:15 , Sunday 10:45 – 12:00**

**Office Hours: Sunday 10:15 – 10:45 , Monday 9:00 – 10:00**

**Lecturer: Wshiar Omar Mustafa**

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## **GENERAL INFORMATION ABOUT THE COURSE**

### **❖ COURSE DESCRIPTION**

This course introduces students to the international dimensions of international accounting and accounting standards around the world, and leverages comparisons between US GAAP and IFRS (*the two most commonly applied sets of accounting standards in the world*).

It also illustrates various operations of the accounting standards, such as the role of IASB and IFSB, and their impact on the corporate enterprise.

This course also seeks to introduce students to International Financial Reporting standards in an international setting “(*IFRS*) a relatively new set of accounting standards gaining wide acceptance throughout the world and being considered for adoption within the US”.

In particular, the emphasis is on corporate financial decisions in a world harmonization uncertainty.

### **❖ COURSE OBJECTIVE**

The course will discuss different ways to identify and classify accounting systems internationally, also will examine the key dimensions of national culture and how they influence behavior in work situations, and to identify accounting values that influence comparative accounting practice.

In this course, the students will understand how national culture and legal cultural differences across countries affect the application of International Accounting Standards, and the importance of IFRS in financial reporting throughout the world.

In addition, this course will provide students with a means for understanding why and how differences arise between financial reports produced by the application of US GAAP and IFRS.

### **❖ COURSE LEARNING OUTCOMES**

**After completing this course, students should be able to:**

- Introduction to international accounting, and reporting diversity.
- International harmonization of accounting.
- Enforcement of financial reporting standards.
- To be able to explain key elements of IFRS.
- To relate how culture affects accounting and business activities.
- To relate how international operations affect accounting and business activities.
- Comparative accounting systems.
- To use Internet resources to solve international accounting problems.
- To develop effective presentations.
- To work effectively in a team.

## ❖ **COURSE TEACHING AND LEARNING STRATEGY**

**Contact hours: 3 theoretical weekly hours + application problems.**

Different teaching techniques will be used to reach the objectives of our first semester of this year (2023-2024):

First: There will be classroom discussions and the lecturer will give enough time to solve, analyze and evaluate problems sets throughout the semester.

Second: Worksheet will be designed to give students a chance for practicing on several aspects of the course in the classroom.

## ❖ **COURSE ASSESSMENT METHOD**

**The marks will be divided into:**

<b>Assessment Tools</b>	<b>%</b>
Presentation	<b>10 %</b>
Class Activities	
Quiz	
Homework	
Mid-Semester Exam	<b>30 %</b>
Final Exam	<b>60 %</b>

## ❖ **STUDENT'S OBLIGATION**

- All students must have a thorough understanding of the academic rules and policies of The University of Cihan and its academic departments.
- The student should have the responsibility to take an active role in their learning by recognizing their responsibility to their academic success.
- Students should make every effort to preserve attendance in their class. Bad Condition, Sickness and emergency situation may occur, so it may not be possible to show up every time.
- Each student should participate in the classroom. Deliberating relevant subjects at appropriate time can trigger new discussion and produce valuable debates.
- Every student must participate in the quizzes & tests.
- Students should complete assigned reading before class begins, so they can contribute their thoughts to new discussions.
- Preparing Seminar Topics and matters within groups to better understand topics related to the class themes.

# ACCOUNTING

Accounting is the process of recording, classifying, summarizing, analyzing, and reporting financial transactions of an organization. It provides a clear picture of the financial health and performance of the organization, which can work as a catalyst for resource management and strategic growth.

Accounting is like a powerful machine where you input raw data and get processed information (financial report or financial statements).

Accounting is the process of consolidating financial information to make it clear and understandable for all users.

The financial statements used in accounting are a concise summary of financial transactions over an accounting period, summarizing a company's operations, financial position, and cash flows.

## ❖ KEY TAKEAWAYS

- Accounting acts as the basic source of information for business and economic decisions.
- Regardless of the size of a business, accounting is a necessary function for decision-making, cost planning, and measurement of performance.
- A bookkeeper can handle basic accounting needs, but a Certified Accountant should be utilized for more advanced accounting tasks.
- Professional accountants follow a set of standards known as international accounting standards (IAS), International Financial Reporting Standards (IFRS), and Generally Accepted Accounting Principles (GAAP) when preparing financial statements.

- Three important types of accounting for businesses are financial accounting, managerial accounting, and Cost accounting. Financial accounting Provides financial information to Internal and External Users, Managerial accounting helps management teams make business decisions, while cost accounting helps business owners decide how much a product should cost. “***Audit & Tax accounting***”

## ❖ Accounting Cycle

Financial accountants typically operate in a cyclical environment with the same steps happening in order and repeating every reporting period. These steps are often referred to as the accounting cycle.

Accounting Cycle is the process of taking raw transaction information entering it into an accounting system, and running relevant and accurate financial reports.

## ❖ The steps of the accounting cycle are:

1. Collect transaction information (such as invoices, bank statements, receipts, payment requests, or other mediums that may contain business transactions).
2. Identify and analyze transactions.
3. Record transactions in a journal.
4. Post transactions to a general ledger.
5. Determine the unadjusted trial balance.
6. Make Adjust journal entries and fix any errors.
7. Prepare Adjusted trial balance.
8. Prepare financial statements.
9. Close the books.

## ❖ Purpose of accounting

1. *Maintain accounting records.*
2. *Verify profit or loss.*
3. *Representing financial position, income, and cash flow.*
4. *Providing useful information for decision-making.*

► **The basic purpose of accounting** is to provide information that is useful for making business and other economic decisions. For this reason, accounting is commonly referred to as the language of business.

- The important categories of information contained in accounting are:
- a) operating information.
  - b) financial accounting information.
  - c) management accounting information.
  - d) tax accounting information.

❖ Since countries have their own set of socioeconomic, political, legal, cultural, technological and linguistic environment, financial reporting diversities are quite eminent.

With diverse financial reports in hand, decision makers find it difficult to make effective decisions. To overcome this difficulty and to have a more uniform and harmonized financial reporting across the globe, the concept of **INTERNATIONAL ACCOUNTING** has gained momentum.



## INTERNATIONAL ACCOUNTING

Most accounting students are familiar with financial accounting, cost accounting and managerial accounting, but many basically have a unclear idea of what international accounting is.

International accounting includes international functional areas of financial accounting, managerial accounting, auditing, tax, and accounting information systems.

International accounting refers to the set of accounting standards and principles that are used globally to ensure consistency and comparability in financial reporting across the countries.

The primary goal of international accounting is to facilitate international investment by providing a common framework of financial reporting, that allows users for making informed decisions about businesses operating in different countries.

► ***International accounting*** is international aspects of accounting, including such matters as accounting principles and reporting practices in different countries and their classification patterns of accounting development:

- International and regional harmonization.
- Foreign currency translation.
- Foreign exchange risk.
- International comparisons of consolidation accounting.
- Accounting in developing countries.
- Performance evaluation of foreign subsidiaries.

- ▶ Accounting amounts may vary significantly according to the principles that govern them.
- ▶ Differences in (culture, business practices, political and regulatory structures, legal systems, currency values, local inflation rates, business risks, and tax) all affect how the Multinational Corporation (MNC) conducts its operations and financial reporting around the World.
- ▶ Financial statements and other disclosures are impossible to understand without an awareness of the underlying Accounting Principles and business culture.

### ❖ **Definition of International Accounting**

- International accounting analyses the different accounting principles and practices established around the world, deals with the specific technical problems challenged by individuals and MNCs in international operations, and as its vital goal, attempt to develop a universal system of accounting that would receive acceptance the world over.
- International accounting refers to a description or comparison of accounting in different countries and the accounting dimensions of international transactions.
- International accounting would involve accounting for international transactions, the operational aspects of international companies, comparison of accounting principles and practices found in foreign countries.



## ❖ Can be defined International Accounting at three different levels

- ▶ **Supranational accounting:** Indicates the standards, guidelines, and rules of accounting issued by supranational organizations (United Nations (UN), the Organization for Economic Cooperation and Development (OECD), and the International Federation of Accountants (IFAC)).
- ▶ **Corporate level:** include accounting standards and practices followed by the company in international business activities and foreign investments, and techniques for evaluating the performance of foreign operations.
- ▶ **International accounting:** Study current accounting, auditing, and tax standards, guidelines, and rules in each country as well as compare those elements across countries.

## ❖ Importance of International Accounting

1. Facilitates achieving a globally harmonized system of accounting practices.
2. Reaching out to global investors.
3. Making informed decisions.
4. Mobilizing global resources.
5. Establishing uniformity in global financial reporting and disclosure practices.
6. Helps in the professionalization of accounting education all over the world.
7. Helps in inculcating ethics and transparency into accounting practices.
8. Easy comparison of companies' performance and ratings.
9. Prudent management, with safer and stable long-term investments.
10. Better transparency of information and better communication.

## ❖ Development of International Accounting

**The factors that have contributed towards the development of international accounting are:**

1. Globalization of business (Expansion of world trade).
2. Cross-Border Investments.
3. Rise of multinational corporations (MNC).
4. Harmonization Efforts: Need for harmonization of accounting practices and financial reporting.
5. Technological Advancements.
6. Education and Professionalization of Accountants.
7. Global Capital Markets: Increase in international flow of capital.
8. Efforts to enhance transparency and comparability in financial reports.

## ❖ Diverse roles of accounting in countries:

1. Internal Management Accounting.
2. Financial Accounting for Internal & external Users.
3. Accounting Information for Decision-Making.
4. Accounting for Government Regulations.
5. Accounting for Planning.
6. Using Accounting Data for Budgeting.
7. Cost Accounting for Products.
8. What-If Strategies.