ACCU 401 Advanced Accounting
Assignments

Team Project – US and Foreign Company FASB-IASB Convergence Paper
Assigned Week 3 – Due Midnight on Sunday Week 6
150 Points – Five to six-page paper

In this paper, students will review the most recent annual reports of a **non-U.S. company** and a **U.S. company**. **Select two companies that operate in the same industry.**

Required
1. Identify at least three different financial statement disclosures on each annual report that are included in the FASB-IASB convergence project. This is a total of six different topic disclosures.
2. Explain and cite the disclosures made by the companies and include the annual report page numbers.
3. Research the FASB and IFRS accounting pronouncements and find the specific ones that support each of the disclosures in the company financial reports.
4. For each of the six FASB and IFRS disclosure, summarize the complementary position taken by FASB or IASB and discuss how the accounting standards differ in the accounting treatment for that disclosure topic. Stick to the key points. Please include the pronouncement number.

Additional Information
1. It is recommended that students review chapter 11 Exhibit 11.6 "Use of IFRS in Preparing Consolidated Financial Statements June 2012" on page 528, which lists countries in which IFRS is required or permitted; and Exhibit 11.8: "Some Key Differences Between IFRS and U.S. GAAP" on page 537.
2. The university has provided students with access to the FASB ASC "Professional View" website service. Please see the link provided in Course Information.
3. The FASB and IASB website addresses are include in the Course Syllabus Bibliography.

Please ensure that your paper includes original exposition and interpretation of your research and is not just a series of citations that were "cut and pasted" from your research sources.

Please ensure that your paper conforms to APA standards and includes citations for all sources used. Your paper will have a cover page and references page. The body of your paper will include an introduction paragraph, several analyses paragraphs, a conclusion paragraph, and a references page.

You must upload your file to Blackboard under Week6 Assignments. Go to the Assignment, scroll down to "Attach Local File" and click Browse to select YOUR file, then hit SUBMIT. Please also attach the Form 10K you used to write your paper.

Evaluation Criteria for: Papers				
Team Project – US and Foreign Company FASB-IASB Convergence Paper - 150 Points	**EXEMPLARY**	**PROFICIENT**	**DEVELOPING**	**EMERGING**
	150 Points	**135 Points**	**120 Points**	**105 Points**
Introduction (10%)	Provides an interesting introduction to the work. Clearly states the purpose of the work and previews major points of analysis.	Provides a mostly clear introduction to the work but does not preview major points of analysis.	Provides a general introduction to the work but does not preview major points of analysis.	Provides no clear direction or purpose for the work.
Analysis (50%)	Clearly and fully states the questions or issues and responds directly and clearly using research findings. Connects to concepts presented in the textbook.	Generally, states the questions or issues and responds with answers that are mostly correct but that lack specificity. Some responses are connected to concepts presented in the textbook.	Generally, states the questions or issues and responds with answers that are partially correct or incomplete. Some responses are connected to concepts presented in the textbook.	Does not respond substantively to the questions or does not respond to the assignment requirements. No connection is made to concepts presented in the textbook.
Conclusion (20%)	Connects to the introduction in an interesting way. Is short and encompasses all of the main points in the paper.	Somewhat connects with the introduction and the analysis sections of the paper.	The conclusion recaps the paper's main theme but omits major points.	Does not connect with the introduction and analysis sections of the paper.
Grammar, Speech Patterns, Punctuation, and APA (20%)	Clearly uses proper grammar, APA for in text citations and for all references. The paper is interesting and easy to read.	Has no more than two errors in APA, grammar and or punctuation.	Has no more than three errors in APA, grammar and or punctuation.	Has four or more errors in APA, grammar and or punctuation.

EXHIBIT 11.8
Some Key Differences between IFRS and U.S. GAAP

Accounting Item	IFRS	U.S. GAAP
Inventory		
Cost-flow assumption	LIFO not allowed	LIFO allowed
"Market" in lower-of-cost-or-market rule	Net realizable value	Replacement cost (with ceiling and floor)
Reversal of inventory write-down	Required if certain criteria are met	Not allowed
Property, plant, and equipment		
Measurement subsequent to acquisition	Based on historical cost or a revalued amount	Based on historical cost
Major inspection or overhaul costs	Generally capitalized	Either capitalized or expensed
Asset impairment		
Indication of impairment	Asset's carrying value exceeds the higher of its (1) value in use (discounted expected future cash flows) or (2) fair value less costs to sell	Asset's carrying value exceeds the undiscounted expected future cash flows from the asset
Subsequent reversal of an impairment loss	Required if certain criteria are met	Not allowed
Construction contracts		
Method used when percentage of completion not appropriate	Cost recovery method	Completed contract method
Research and development costs		
Development costs	Capitalized if certain criteria are met	Expensed immediately (except computer software development)
Leases		
Recognition of gain on sale and lease back on an operating lease	Recognized immediately	Amortized over the lease term
Pensions		
Recognition of past (prior) service costs related to benefits that have vested*	Recognized immediately	Amortized over the remaining service period or life expectancy
Income taxes		
Recognition of deferred tax assets	Recognized only if realization of tax benefit is probable	Always recognized but a valuation allowance is provided
Classification of deferred taxes	Always noncurrent	Split between current and noncurrent
Consolidated financial statements		
Different accounting policies of parent and subsidiaries	Must conform policies	No requirement to conform policies
Presentation of "extraordinary" items	Not allowed	Required when certain criteria are met
Definition of a "discontinued operation"	A reportable business or geographic segment	A reportable segment, operating segment, reporting unit, subsidiary, or asset group
Interim reporting	Interim period treated as discrete accounting period	Interim period treated as integral part of full year
Statement of cash flows		
Classification of:		
• Interest paid	Operating or financing	Operating
• Interest received	Operating or investing	Operating

*IFRS uses the term *past* service costs, whereas U.S. GAAP calls these *prior* service costs.

EXHIBIT 11.6
Use of IFRS in Preparing Consolidated Financial Statements June 2012

IFRS Required for all Domestic Listed Companies

Anguilla	Egypt	Kuwait	Panama
Antigua and Barbuda	Estonia*	Kyrgyzstan	Papua New Guinea
Argentina	Fiji	Latvia*	Peru
Armenia	Finland	Lebanon	Poland*
Australia#	France*	Libya	Portugal*
Austria*	Georgia	Liechtenstein	Qatar
Bahamas	Germany*	Lithuania*	Romania*
Bahrain	Ghana	Luxembourg*	Serbia
Barbados	Greece*	Macedonia	Sierra Leone
Belgium*	Grenada	Malawi	Slovak Republic*
Bosnia & Herzegovina	Guatemala	Malta*	Slovenia*
Botswana	Guyana	Mauritius	South Africa
Brazil	Honduras	Mexico	South Korea
Bulgaria*	Hong Kong†	Mongolia	Spain*
Canada	Hungary*	Montenegro	St. Kitts and Nevis
Chile	Iceland	Namibia	Sweden*
Costa Rica	Iraq	Nepal	Tajikistan
Croatia	Ireland*	Netherlands*	Tanzania
Cyprus*	Italy*	New Zealand#	Trinidad & Tobago
Czech Republic*	Jamaica	Nicaragua	United Arab Emirates
Denmark*	Jordan	Nigeria	United Kingdom*
Dominican Republic	Kazakhstan	Norway	West Bank Gaza
Ecuador	Kenya	Oman	Zambia

IFRS Required for Some Domestic Listed Companies

Azerbaijan	Israel	Morocco	Saudi Arabia
Belarus			

IFRS Permitted for Domestic Listed Companies

Aruba	Haiti	Myanmar	Turkey
Bermuda	India	Netherlands Antilles	Uganda
Bolivia	Japan	Paraguay	Virgin Is. (British)
Cayman Islands	Laos	Sri Lanka	Zimbabwe
Dominica	Lesotho	Suriname	
El Salvador	Maldives	Swaziland	
Gibraltar	Mozambique	Switzerland§	

IFRS Not Permitted for Domestic Listed Companies

Bangladesh	Indonesia	Russia	Turkmenistan
Benin	Iran	Senegal	Ukraine
Bhutan	Malaysia	Singapore‡	United States
Burkina Faso	Mali	Syria	Uruguay
China	Moldova	Taiwan	Uzbekistan
Cote d'Ivoire	Niger	Thailand	Venezuela
Colombia	Pakistan	Togo	Vietnam
Cuba	Philippines	Tunisia	

Australia and New Zealand have national standards described as IFRS equivalents.
*Denotes EU membership. The EU has not adopted portions of *IAS 39*.
† Hong Kong has adopted standards that are identical to IFRS.
‡ Singapore has adopted many IFRSs word for word but has changed several IFRSs when adopting them as national standards.
§ Switzerland requires Swiss-based multinational companies to use either IFRS or U.S. GAAP.
Source: Deloitte Touche Tohmatsu, *IFRSs in Your Pocket 2012*, www.iasplus.com (accessed January 1, 2013).

companies began using IFRS in 2007. In most cases, EU companies continue to use domestic GAAP to prepare parent company financial statements, which often serve as the basis for taxation. With the EU's adoption of IFRS, the IASB gained a substantial amount of legitimacy as the global accounting standard setter.

Most countries of economic importance require or permit domestic listed companies to use IFRS in preparing their consolidated financial statements. The most important