

# INTRODUCTION FOR INTERNATIONAL ACCOUNTING

Accounting is aptly called “the language of business”. It is through accounting that a business communicates to its stakeholders. Accounting acts as the basic source of information for business and economic decisions.

The important categories of information contained in accounting are operating information, financial accounting information and tax accounting information

# MEANING OF INTERNATIONAL ACCOUNTING


International accounting would involve accounting for international transactions. the operational aspects of international firms. comparison of accounting principles and practices found in foreign countries and the procedures by which they were established.

One country account to another contry accounting reviews it's called international accounting.

# DEFINITION OF INTERNATIONAL ACCOUNTING

Lawrence (1996) notes that this is very detailed all embracing definition, which includes much of the context of the study of international accounting. perhaps a simpler ,shorter definition could concentrate on two words “international” and “accounting”. The former can be defined as “concerning or involving two or more nations or nationalities and the latter “the process of recording, analyzing and reporting financial information so as to maximize the value of the information produced”. Thus international accounting is simply “the process of providing useful financial information viewed on a multinational basis

# Scope of International Accounting



Covers vast area

Deals with unique technical accounting problems

Covers comparative study of accounting principles and practices prevalent in different countries

Includes both financial and management accounting aspect

Covers important managerial accounting issues

Concentrates on harmonisation of accounting practices

Deals with new emerging international accounting issues

# SCOPE OF INTERNATIONAL ACCOUNTING

1. Financial accounting
2. Management accounting
3. Social and allied accounting activities

# Scope of International Accounting

| Financial Accounting  | Management Accounting  | Social and Allied Accounting Activities  |
|---|--|--|
| <ul style="list-style-type: none"><li>Recording of foreign transactions</li></ul>                                       | <ul style="list-style-type: none"><li>Analysis of foreign financial statements</li></ul>                     | <ul style="list-style-type: none"><li>Social accounting</li></ul>                                |
| <ul style="list-style-type: none"><li>Foreign currency translation</li></ul>  | <ul style="list-style-type: none"><li>Multinational transfer pricing</li></ul>                               | <ul style="list-style-type: none"><li>Accounting for newer financial instruments</li></ul>       |
| <ul style="list-style-type: none"><li>Accounting for foreign inflation</li></ul>  | <ul style="list-style-type: none"><li>Budgeting and performance evaluation of foreign subsidiaries</li></ul> | <ul style="list-style-type: none"><li>Accounting for mergers and acquisitions</li></ul>          |
| <ul style="list-style-type: none"><li>Consolidation of foreign financial statements, reporting and disclosure</li></ul> | <ul style="list-style-type: none"><li>Management of foreign exchange risk</li></ul>                          | <ul style="list-style-type: none"><li>Global Joint ventures</li></ul>                            |
| <ul style="list-style-type: none"><li>Segment and interim reporting</li></ul>   | <ul style="list-style-type: none"><li>International taxation</li></ul>                                       | <ul style="list-style-type: none"><li>Environmental and social disclosure</li></ul>              |
|   |  | <ul style="list-style-type: none"><li>Integration of ethics into accounting curriculum</li></ul> |



# FINANCIAL ACCOUNTING

# 1. FINANCIAL ACCOUNTING

- Foreign transactions
- Foreign currency translation
- Accounting for foreign inflation
- Consolidated financial reporting and disclosure
- Segment reporting



# MANAGEMENT ACCOUNTING



## 2 MANAGEMENT ACCOUNTING

- Multinational transfer pricing
- Budgeting and performance evaluation of foreign subsidiaries
- Exchange risk management
- Foreign financial statement analysis

# 3 SOCIAL AND ALLIED ACCOUNTING ACTIVITIES

- Accounting for new financial instruments
- Global joint ventures
- Environmental and social disclosure

# NEEDS FOR INTERNATIONAL ACCOUNTING

1. The need to account for transactions that be done by foreign currencies
2. Determine the tax effects resulted from international activities
3. The accounting principles and standards that have been used to prepare the published financial statements
4. Information to serve international capital markets.

# CONCLUSION

International accounting has both advantages and limitations. Its major advantages relate to achieving harmonization of accounting practices across nations, reaching out to global investors, making informed decisions, mobilizing global resources, establishing uniformity in global financial reporting and disclosure practices.