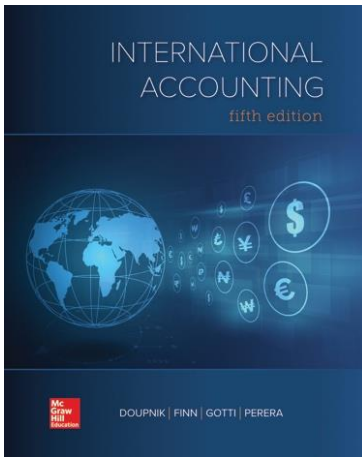




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### **New Online Assignments in the 5th edition:**

*NEW* for the 5th edition, *International Accounting* is accompanied by Connect, McGraw-Hill's teaching and learning platform. Connect helps students learn more efficiently by providing feedback and practice material when they need it, where they need it. Connect grades homework automatically and gives immediate feedback on any questions students may have missed. End-of-chapter material has been incorporated in Connect.

Connect also incorporates SmartBook, an adaptive reading experience that actively tailors the content of the eBook to the needs of the individual student. Smart-book's adaptive technology provides precise, personalized instruction on what the student should do next, guiding the student to master and remember key concepts, targeting gaps in knowledge, and driving the student toward comprehension and retention.

## **Chapter-by-Chapter Changes**

### **Chapter 1**

- Updated statistics in the section titled "The Global Economy."
- Updated end-of-chapter assignments based on annual reports and replaced other dated material with the most current information available.

## Chapter 2

- Updated examples of accounting diversity drawn from corporate annual reports and added several new companies to provide examples of accounting diversity.
- Moved the discussion of national culture as an influence on accounting to the section titled “Reasons for Accounting Diversity” and added a subsection describing a modification to Gray’s cultural accounting framework.
- Deleted the paragraphs related to religion and accounting in the section titled “Reasons for Accounting Diversity.”
- Retitled the section “Accounting Clusters” as “Classification of Accounting Systems.”
- Streamlined the previous section “Empirical Test of the Judgmental Classification,” making it a subsection within “Classification of Accounting Systems.”
- Added several new questions and one new exercise to the end-of-chapter assignments.

## Chapter 3

- Updated annual reports excerpts from various companies.
- Discussed FASB and IASB joint project for developing common conceptual framework and its current status and future prospects.
- Added new questions and new exercises and problems to the end-of-chapter material.

## Chapter 4

- Updated the section on inventories to reflect the convergence of U.S. GAAP to the lower of cost or net realizable value rule.
- Substantially expanded the discussion of investment property.
- Added a section on biological assets.
- Expanded the discussion of intangible assets to provide an extensive discussion of the capitalization of development costs in the auto industry.
- Moved material on business combinations and consolidation from Chapter 9 (in the fourth edition) to this chapter.
- Added and/or modified problems to reflect the above changes.

## Chapter 5

- Moved the section on disclosure and presentation standards from Chapter 4 (in the fourth edition) to this chapter.
- Moved the section on leases from Chapter 4 (in the fourth edition) to this chapter and updated the section to reflect the introduction of IFRS 16, Leases, in 2019.
- Revised the Revenue Recognition section to reflect the introduction of IFRS 15, Revenue from Contracts with Customers.
- Revised the Financial Instruments section to reflect the introduction of IFRS 9, Financial Instruments.
- Added and/or modified problems to reflect the above changes.

## Chapter 6

- Updated annual report excerpts and the related discussions.
- Updated Exhibits 6.1 and 6.2 and related discussions to provide recent exchange rates.
- Added information on IFRS 9, *Financial Instruments*.

- Updated Case 6-2 to be based on more recent exchange rates.
- Added new Case 6-3, Jaguar Land Rover.
- Introduced Brexit example and discussed the consequences for UK firms related to sudden devaluation of the British pound without proper hedging.

## **Chapter 7**

- Updated annual report excerpts and related discussions.
- Deleted discussion of the current/noncurrent and monetary/nonmonetary methods of translation.
- Added an appendix that covers the translation of foreign currency financial statements in hyperinflationary economies.
- Added new questions and exercises and problems related to the new appendix.
- Replaced several exercises and problems with new ones covering similar learning objectives.

## **Chapter 8**

- Rearranged several sections in the chapter: “Tax Treaties” now precedes “Controlled Foreign Corporations,” which now precedes “Foreign Tax Credits.”
- Updated information regarding income, withholding, and treaty tax rates in several exhibits and updated Case 8-1 to reflect changes in these rates.
- Added information on the use of tax havens, especially by U.S. companies, to lower worldwide taxes.
- Added information on “participation exemption” systems within the section titled “Tax Jurisdiction.”
- Added a subsection on “Relief from Double Taxation” within the section titled “Tax Jurisdiction.”
- Added a section titled “OECD Base Erosion and Profit Shifting Action Plan.”
- Updated the section “U.S. Tax Treatment of Foreign Operation Income” based on the new U.S. tax law effective in 2018 (Tax Cuts and Jobs Act of 2017).
- Added a section titled “U.S. Tax Reform 2017: Other International Tax Provisions.”
- Deleted the section titled “Tax Incentives.”
- Deleted an end-of-chapter question related to tax incentives and added questions related to the OECD action plan and the foreign housing costs exclusion.
- Updated end-of-chapter assignments for the change in U.S. corporate income tax rates brought about by the new U.S. tax law.
- Added questions and exercises and problems related to the international tax provisions in the new U.S. tax law.

## **Chapter 9**

- Updated statistics related to the extent of international intercompany transfers, the use of various transfer pricing methods, and the use of advance pricing agreements.
- Deleted the subsection “Survey Results” within the section titled “Objectives of International Transfer Pricing.”
- Added the subsection “OECD Country-by-Country Reporting” in the “Government

Reactions” section and added the subsection “Country-by-Country Reporting” in the “U.S. Transfer Pricing Rules” section.

- Added a subsection related to use of the comparable profits method for licenses of intangible property within the “U.S. Transfer Pricing Rules” section.
- Updated information on the “Enforcement of Transfer Pricing Regulations” by the United States.

## **Chapter 10**

- Removed much of the content related to corporate strategy to focus more specifically on management accounting issues.
- Retitled the chapter, “Management Accounting Issues in Multinational Corporations.”
- Reorganized content into the following sections: “Capital Budgeting,” “Management Control Systems,” “Performance Evaluation,” “Operational Budgeting,” and “Culture and Management Control.”
- Streamlined the discussion of various capital budgeting techniques to focus on net present value.
- Deleted the subsection related to the balanced scorecard.
- Deleted end-of-chapter material related to corporate strategy and other content removed from the chapter.
- Added several questions and exercises and problems covering the management accounting issues emphasized in the chapter.

## **Chapter 11**

- Added new Introduction focused on corporate governance.
- Changed the title of the chapter to “Auditing and Corporate Governance: An International Perspective” and rearranged the sections with a focus on the new title.
- Updated most exhibits throughout the chapter and in Cases 11-1 and 11-2.

## **Chapter 12**

- Changed the title of the chapter to “International Sustainability Reporting.”
- Added a discussion of investors’ increasing demands for sustainability information.
- Updated the discussion of the Global Reporting Initiative to reflect the introduction of GRI standards in June 2018.
- Added a discussion of nonfinancial materiality.
- Added a discussion of the mission of the Sustainability Accounting Standards Board to the section titled “Toward Mandatory Sustainability Reporting.”
- Added a discussion of the climate change disclosures required by the U.S. SEC in the Form 10-K to the section “Toward Mandatory Sustainability Reporting.”
- Revised the discussion of climate change to focus specifically on the Greenhouse Gas Protocol’s system of measuring carbon dioxide equivalent emissions.
- Updated examples of sustainability reporting practices at MNCs, replacing prior examples with selections from the sustainability reports of Mazda, Baxter International, IKEA, and ExxonMobil.