### An IFRS Project for the Advanced Accounting Class

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<table>
<thead>
<tr>
<th><strong>Reason for this project</strong></th>
<th><strong>Mapping of AICPA Core Competencies to Project</strong></th>
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<td>1. The project reinforces prior IFRS learning while extending it to Advanced Accounting topics</td>
<td><strong>FUNCTIONAL CATEGORY</strong></td>
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<td>2. The project familiarizes students with the eIFRS database and reinforces use of the Accounting Standards Codification database to explore one major accounting difference in detail.</td>
<td><strong>SKILL USED IN IFRS PROJECT FOR ADVANCED ACCOUNTING</strong></td>
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<td>3. Students increase information literacy by using business references databases and reliable web sources to find a current article about IFRS issues facing their chosen company</td>
<td>Decision Modeling</td>
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<td>4. Students have a written project to add to their portfolio and to practice writing skills.</td>
<td>Leverage Technology</td>
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<td>5. As implemented, the project requires students to think about IFRS throughout the semester rather than in one chapter.</td>
<td>Research</td>
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#### Getting Started

1. I start this project at the beginning of the semester. It is adapted from two assignments in Hoyle, Schaefer and Doupnik’s Advanced Accounting 5th Edition text, Chapter 11, “Worldwide Accounting Diversity and International Accounting Standards.”
2. I also choose a big four accounting firm’s discussion of IFRS and US GAAP similarities and differences, which can be more timely than the text. I ask them to form groups of three (or help them to do so).
3. Students choose a foreign registrant listed on a U.S. stock exchange that files its financial statements in IFRS. In the computer lab, students explore the EY Mellon Depository Receipts website: http://www.bnymellon.com/rdm/directory.jsp?paramUserType=broker
   It is not required that the student uses a foreign registrant in the US, but extra credit is available if they choose one listed before 2006.
4. Students save a copy of form 20-F or foreign company annual report prepared using IFRS as issued by the IASB. Students are often surprised that some foreign registrants do not use IFRS. Students also get the 10-K for an industry competitor in the US using GAAP.

#### Question on IFRS Differences from the Income Statement

Find three major differences on the Income Statement between the competitor firms using IFRS and GAAP. Note if they are recognition, measurement or presentation differences as defined in Hoyle Chapter 11. At least one of these must be a recognition or measurement difference. 

- **Recognition differences:** Research and Development expenses between GlaxoSmithKline and Merck (Caffrey, Fahy and Singh Project).
- **Presentation differences:** Income Statement expenses listed by nature for BP and function for ExxonMobil (Campbell, Huffman and Kump Project).

#### Question on IFRS Differences from the Balance Sheet

Find three major differences on the Balance Sheet between the competitor firms using IFRS and GAAP. Note if they are recognition, measurement or presentation differences as defined in Hoyle Chapter 11. At least one of these must be a recognition or measurement difference.

- **Measurement differences:** Hershey values the majority of its inventory using the LIFO method. IFRS does not permit LIFO and Cadbury uses Average Cost. (DeLuca, Hoxhaj and Konorschenco Project).

#### Question on Disclosure Differences in the Footnotes

Describe at least two differences in disclosure provided in the footnotes of the competitors under IFRS and US GAAP.

- **Recently on IFRS Issues Affecting Foreign Company**
  Find a recent article from a reliable source on IFRS issues facing your foreign company. You may also look at these Financial Review (analogous to the MDA) for Critical Accounting Policies or in its accounting policy footnote to decide which issue(s) to research. Show it to me beforehand to make sure it is reasonably long and relevant. One way is to search the library’s online databases (such as ABIINFORM). Save a copy of the full text article to give to me, and summarize it in your own words.