

processes through its examples and planning points. The text goes beyond merely restating the Internal Revenue Code or other sources of tax law. Instead, it is written so that the students can see the common themes within areas of the taxation and thus, enable them to grasp the concepts easier. In addition, the book seems better written than other similar books that I have used. Not only do I recommend it for adaptation in basic principle courses, it is so well written that I switched from a competitor's book. Student's rating of the book used in the class has increased significantly since I adopted this book.

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SHAHROKH M. SAUDAGARAN, *International Accounting—A User Perspective* (Cincinnati, OH: South-Western College Publishing, 2001, pp. iii, 228).

The first edition of *International Accounting* deals primarily with the financial accounting and reporting issues that investors and managers making international business decisions face. By focusing on what users—rather than preparers—of international financial reports need to know, the book's audience is wider than just accounting students. The book first analyzes why companies operating in different countries provide different financial accounting information and explains some complications of using international financial reports. The author evaluates attempts to harmonize reporting standards and familiarizes the reader with the many organizations involved in standard setting. The book examines some key topics, such as foreign currency exchange rate changes and international financial

reporting disclosures, in addition to discussing factors that influence the development of international accounting.

The text's explanation of how to use cross-border financial information exemplifies how it takes a user's perspective. The author evaluates the range of efforts companies undertake to make users worldwide understand their annual reports and cites examples from actual annual reports to illustrate the variety of approaches. In discussing financial statement analysis, the author presents factors that users of transnational financial information must consider to compare companies from different countries, an issue often overlooked in financial accounting texts.

The book concludes its analysis of international financial reporting with a chapter on evaluating information from companies in emerging capital markets. It reviews the nature and importance of these markets and explains why companies in these countries must provide reliable and comparable financial information. Some key international financial-reporting issues, such as attempts to harmonize accounting standards, are addressed again, but in the context of emerging markets. Although its primary focus is international financial reporting, the book also analyzes relevant, international managerial accounting issues by presenting topics such as managing nonfinancial risk, transfer pricing, and performance evaluations.

The book contains excellent end-of-chapter cases and exercises. Many assignments require students to access companies' financial statements on the Internet and to retrieve information about international accounting organizations from their web sites. The exercises and cases help bring to life some of the complex issues addressed in each

chapter. This text differs from other international accounting books in that it contains an excellent analysis of current international accounting research that is woven throughout each chapter.

The book's first two chapters could be improved by including more examples from actual financial statements to break up the long narrative sections, as the author effectively does in a later chapter on selected financial accounting issues. The book should also present its analysis of international accounting research in a separately identified section in each chapter rather than interspersing it throughout each chapter. This material may be too complex or of little interest to undergraduate students.

The author has designed the text for upper-level undergraduate and graduate business students, as well as participants in corporate university courses. The book is very appropriate for an international accounting course or international business course in a graduate program. Instructors considering the book for an upper-level accounting elective or to supplement an advanced accounting text may want to delete the discussion of current international accounting research from the reading assignments. The material is an excellent primer, however, for doctoral students and instructors who are unfamiliar with this area of accounting research.

The author has written a concise yet thorough international accounting text. Corporate university accounting instructors should consider the text for their busy executive students who, with a modest time commitment, will grasp the accounting issues involved in making global business decisions.

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LYN M. FRASER and AILEEN ORMISTON,  
*Understanding Financial Statements*, Sixth Edition (Upper Saddle River, NJ: Prentice Hall, Inc., 2000, pp. xvii, 267).

The sixth edition of *Understanding Financial Statements* provides an excellent conceptual background and a wide range of practical examples to understand and interpret business financial standards. As in prior editions, the text's main positive features remain its readability and accessibility. The text contains five chapters. Chapter 1's overview to Financial Statements provides the background for the rest of the text. Chapters 2 to 4 describe in detail the Balance Sheet, Income Statement, Statement of Stockholders' Equity, and the Statement of Cash Flows. Finally, Chapter 5 focuses on the analysis of financial statements.

The main new trait to this edition is adding three new problem types: (1) Writing Skills, (2) Internet Problems, and (3) Problems based in a real company. Concurring with the authors' opinion, writing-skills activities adequately respond to employers' increasing emphasis on communication skills during the last decade. The exercises proposed respond to real-life situations to provide great use to students.

In order to solve Internet and company-based problems, the student will need Internet access, which provides a welcome indicator of electronic information's impact on the future of business education. On the other hand, the authors' innovations should be accompanied by adequate Internet support, e.g., updated web pages, easy access to electronic resources and minimize time needed to download information.

Some weak areas first include its too brief discussion of international accounting standards, especially given