

from a mainly European perspective. Four chapters are directed toward economic valuation concepts, and coverage includes current entry value, current exit value and mixed values, and current purchasing power accounting. While this material would usually be covered in a theory course, use of fair value concepts across the globe brings the importance of this topic to the fore. The importance of corporate governance and its relationship to stakeholder groups is also addressed. Some of the terminology issues will be very helpful to U.S. readers while some may be confusing. For example, the different terms used across countries and for the International Accounting Standards Board (IASB), although all in English, are interesting and will be helpful to students studying more than their own domestic Generally Accepted Accounting Principles (GAAP). Identifying the IASB as a regulatory body may, on the other hand, be confusing to U.S. readers.

Part 2 concentrates on accounting standards from a topical standpoint. It is similar in coverage to an intermediate accounting textbook. The 13 chapter titles are highly descriptive: fixed (noncurrent) tangible assets, intangible assets, impairment and disposal of assets, leases, inventories and construction contracts, accounting for financial instruments, revenue, provisions, income taxes, employee benefits, changing prices and hyper-inflationary economies, statement of cash flows, and disclosure issues. The depth of coverage is significant, especially for technical topics such as pensions and leases. The use of figures, such as the numerous decision trees (for example, Figure 19.1), is helpful in understanding complex accounting for difficult topics. Interestingly, the chapter on inventories teaches the Last-In First-Out (LIFO) method, although it has been disallowed by IFRS. There are numerous examples throughout the chapters and extensive end-of-chapter material. This material would commonly be taught in an intermediate accounting series. While there are extensive mechanical calculations, few examples specifically use mechanics such as journal entries.

The five chapters in Part 3 concentrate on consolidated accounting and multinational enterprises. There are chapters that pertain to both an introduction to consolidations and IFRS preparation of consolidated financial statements. Foreign currency translation and accounting for special relationships are also covered. This section has been modified and extended from the previous editions.

Part 4 pertains to financial analysis, with chapters on interpretation of financial statements and techniques of financial analysis. Chapter 30 is a useful addition to the literature since it uses the airline industry to emphasize the importance of analyzing the business environment and factors pertinent to the industry. There is also an extensive discussion of accounting method choice and its effect on accounting results. This chapter uses extensive examples that are very helpful in evaluating the effect of accounting method choice on results, whether they represent economic reality or an accounting strategy not necessarily representative of economic reality. While most of the concentration in Chapter 31 is on ratio analysis, which is quite traditional, there also are valuable additions such as multivariate analysis, use of nonfinancial data, and analysis of the cash flow statement. While both chapters are valuable, they are quite long.

I like this very comprehensive text as an introduction to IFRS. It could be used as a text for an IFRS-based intermediate accounting series, but would work best if the students were already familiar with the topics. I cannot imagine trying to cover all of the chapters in a 15-week term, although two semesters might be appropriate.

The chapters contain copious activities that engage the reader. There is a good mixture of activities and concept questions. The activities are followed with immediate solutions. The end-of-chapter materials are stand-alone and do not have readily available answers. This is good in that it requires more active learning on the part of the students. I would have liked to have seen more cases in the end-of-chapter material.

I see only two omitted topics. The topics I would like to see added are the preliminary views document for financial statement presentation and the proposed conceptual framework document.

Overall, I have enjoyed reviewing this book and would use it in a class on IFRS.

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CLARE ROBERTS, PAULINE WEETMAN, AND PAUL GORDON, *International Corporate Reporting: A Comparative Approach*, Fourth Edition (Harlow, U.K.: FT Prentice Hall, 2008, xxi, 676 pp, ISBN 978-0-273-71473-6). Information available at: <http://www.pearsoned.co.uk/Bookshop/detail.asp?item=10000000259868>.

This textbook is a detailed examination of areas of harmonization and diversity in financial accounting, focusing on corporate annual reports. The authors intend the book to reflect the movement toward harmonization that growing acceptance of International Financial Reporting Standards (IFRS) implies. At the same

time, they are careful not to overstate the case for convergence, and they thoroughly discuss those areas where national diversity remains strong, particularly assurance of financial reporting quality and the information contained in disclosure notes.

The book is divided into four parts and 17 chapters. The authors say it is targeted toward final-year undergraduates who are accounting or business majors, though at least in the U.S.A., students in a master's of accountancy program might be a more appropriate audience. It is not a book that deals with "techniques of preparation of accounts." The focus is on theory, not calculation. The learning outcomes at the beginning of each chapter and the questions at the end of each chapter reflect this focus, as do the excellent projects that are available as an online supplement to the text. The authors mention two other groups that might find it useful: first, Master's of Business Administration (M.B.A.) students or other students researching comparative financial reporting, and second, professional readers—which I presume includes both financial analysts and academics. As I discuss below, some chapters of the book would seem to be much more useful to such professional readers than to undergraduates. Although the authors all are United Kingdom (U.K.) academics, the book's perspective does not reflect a focus on U.K.—or U.S., or even International Accounting Standards Board (IASB)—accounting. For example, case studies deal with such nations as Turkey, Kenya, and Poland, and entire chapters are devoted to accounting in China, Japan, and European Union (EU) member states.

In Part 1, "Globalization—Convergence and Diversity," the authors devote five chapters to an overview of key issues related to global accounting standards. The first chapter, "Global Accounting: What and Why?" provides an overview of the key issues the book will cover. Other chapters in this part cover "Investors and Listed Companies," "Confidence and Assurance," "Transparency and Disclosure," and "Choices in Global Accounting." In many ways, this is the strongest part of the book. When drawing conclusions, the authors focus on the most current academic research, thereby providing a reference book that is worthwhile for international accounting researchers. Indeed, the book provides something close to a literature review on many topics. There also are nuggets in these chapters that would be useful in other courses. For example, the ten pages on foreign currency translation are a clearer explanation of the mechanics than one finds in two chapters of most advanced accounting texts.

Part 2, "Contrasting Harmonization and Diversity across Corporate Reporting Systems," includes four chapters that the authors describe in their preface as "the well-regarded analytical focus of the book." Chapter 6, "Institutional and External Influences on Accounting Rules and Practices," and Chapter 7, "Cultural Influences on Accounting Rules and Practices," are a systematic examination of the influence of political, legal, taxation, and cultural factors, among others, on accounting. These two chapters are especially valuable for academics, though the information contained therein is for the most part necessary in an undergraduate course. The next two chapters, "The Classification of Accounting Systems," and "Measuring Harmonization and Diversity," are ones I believe to be far more useful to accounting researchers than to undergraduates. These chapters include discussions of such topics as the Herfindahl Index and Basu's model of conservatism—topics that many academics might find too complex to include in a first course on international accounting, even one aimed at advanced undergraduates. Instructors using this book in an undergraduate course may find that much of the information in Part 2 can be safely condensed, especially if one is looking to reduce the total number of chapters covered during a semester.

Part 3, which examines important influences on international accounting practice, is another critical section of the book. Chapter 10, "Developing the IASB's Accounting Standards," examines both the mechanics and the philosophy behind the most important source of global standards. The next two chapters deal with standards in the U.S. and the EU, and Chapter 13 summarizes the current status of "Some Debates on Global Standard Setting." As in Part 1, there are nuggets throughout this part that are useful for instructors teaching other courses, such as a discussion of the Generally Accepted Accounting Principles (GAAP) hierarchy in the U.S. and an analysis of the shortcomings of the rules-based approach taken by U.S. standard-setters.

Part 4, "From National to International Standards," includes four chapters that provide a detailed analysis of accounting in EU member states, the U.K., Japan, and China. Each chapter includes a discussion of such topics as institutional influences, external influences, and accounting regulations. These chapters can be used in stand-alone fashion and provide valuable insight into the movement toward IFRS in these countries.

The book's website includes a wealth of supplemental material. The material available to professors includes exam questions, PowerPoint slides, student projects, and lecture notes. The material for students includes a guide to essay writing and assignments, and a discussion of the book's exhibits.

This is a book that any academic interested in international accounting—whether as an instructor or a researcher—will find valuable to have, as it provides a foundation that is useful for someone in either role. As

a textbook, it has the minor limitation of too much detail on certain topics, but it is easy to deal with this limitation, as coverage of certain chapters can be omitted or condensed without compromising the quality of the book as a whole.

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CONSEIL NATIONAL DE LA COMPTABILITÉ (CNC [FRANCE]) AND EFRAG (THE EUROPEAN FINANCIAL REPORTING ADVISORY GROUP), *Elements of the Framework Debate, The Needs of Users of Financial Information, A User Survey*, (Paris, France: CNC [France] and EFRAG, 2009, iii, 36 pp). Monograph available at: <http://www.efrag.org/projects/detail.asp?id=59>.

This monograph reports the results of a survey of users of financial statements conducted by EFRAG (the European Financial Reporting Advisory Group) and the national French standard-setter Conseil National De La Comptabilite (CNC [FRANCE]). The survey is a pan-European Pro-Active Accounting Activities in Europe (PAAinE) initiative to ascertain:

- the usefulness of different forms of financial information to users in their decision-making processes;
- the improvements to financial information for users;
- the validity of the assumptions about the predictive ability of cash flow information; and
- the stewardship objective of financial reporting.

The monograph follows an earlier PAAinE initiative, a discussion paper on elements of the conceptual framework.<sup>1</sup> The earlier discussion paper elaborated the purpose of a financial reporting conceptual framework, examined which users to focus on for the purposes of financial reporting, and identified the elements and scope of financial reporting. It received considerable attention from both the European and non-European regulators and accounting firms.

The PAAinE initiative is being undertaken by EFRAG and European national standard-setters in order to pool resources to enable Europe to become further involved in the global standard-setting process.

The users targeted in this survey are professional investors, lenders, and related advisors. The survey was carried out on the assumption that useful information could be obtained from the user organizations identified by the 25 European national standard-setters on EFRAG's contact list as of June 2006. Those national standard-setters identified the most representative of the investors, lenders, and their advisors who could provide information to meet PAAinE's survey objectives. Eventually, 64 user organizations in ten countries were identified, and 32 of those organizations took part in the survey. The survey was conducted through an online questionnaire.

The users answered seven questions, some with more than one part, using a five-point Likert scale. While the countries covered in the survey represented 70 percent of the Gross Domestic Product (GDP) of the European Union (EU), the low response rate was seen to be a weakness of this study.

The highlights of the main findings of this survey are:

- users appreciate financial statement and management commentary information as compared to other sources of information;
- the income statement is preferred over the balance sheet;
- cash flow generating information is useful; and
- users like to see:
  - more stability in the reporting standards;
  - improved comparability of information provided;
  - simpler presentations that highlight key data and key disclosures;
  - better disclosure of risk management information;

<sup>1</sup> PAAinE (2006). *Elements of The Framework Debate—The Conceptual Framework*, Conseil National De La Comptabilité and The European Financial Reporting Advisory Group. Available at: <http://www.efrag.org/projects/detail.asp?id=59>.

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