

Mexico, and the United Kingdom. Together, Chapters 6 and 7 provide a high-quality, comprehensive, and understandable examination of accounting for foreign currency transactions, hedging of foreign exchange risk, and translation of foreign currency financial statements. The coverage of hedge accounting in Chapter 6 (and in the Appendix) is particularly well organized and extensive. Topics include foreign currency exposures to recognized assets and liabilities, firm commitments and forecasted transactions, alternative hedging instruments (e.g., forward and options), and risks hedged (fair value and cash flow). Depending on the time allotted to these topics, instructors have the ability to tailor this information to meet their specific goals. Students will be well informed with respect to existing IFRS and U.S. GAAP in these particularly important areas.

Chapter 8 addresses three additional accounting issues faced by multinational companies: changing prices, business combinations and consolidated financial statements, and segment reporting (IFRS 8). The authors have made every attempt to incorporate the latest changes in both IFRS and U.S. GAAP in these areas, thereby minimizing the need for supplementary material from other sources. Chapter 9 examines issues concerning the analysis of foreign financial statements and provides a comprehensive illustration of restating financial statements from local to U.S. GAAP.

In my opinion, a longstanding deficiency in international accounting textbooks has been the lack of comprehensive coverage of international taxation and transfer pricing. Echoing comments by the reviewer of the first edition of this text, Chapter 10 contains the most thorough coverage of the key principles of international taxation of all competing texts that I have seen. Coupled with the depth provided in the separate coverage of transfer pricing in Chapter 11, instructors should require minimal outside materials to ensure students are satisfactorily exposed to the intricate issues in these two important areas.

Chapter 12 introduces students to strategic and operational issues faced by multinational companies and methods used to evaluate the performance of foreign operations. Finally, Chapter 13 completes the text by examining the diversity in international auditing practices, efforts toward global harmonization in this area, and corporate governance issues. In the Appendix, the authors have provided examples of audit opinions from selected countries, thereby supplementing an already fine treatment of this topic.

Overall, the instructor resources are above average. Though the test bank provides a broad selection of multiple-choice questions, the lack of quantitative problems (noted in the review of the first edition) will likely require some creativity by instructors when preparing exams. This should be a consideration for future editions and would greatly assist instructors.

In conclusion, the second edition is a superb alternative to competing texts in this genre, most of which have a longer track record. The writing is fresh and is absent the “warmed-over” approach that tends to infiltrate texts after the nth edition. Hopefully, the authors will be mindful of this tendency in future editions as international accounting continues its broad evolution. The text is certainly appropriate for both senior-level undergraduate and graduate classes. Though adaptable to both, students with stronger foundations in intermediate and advanced accounting will likely receive the maximum rewards from this text. Instructors will benefit from its comprehensive approach and will likely need fewer outside supplements to strengthen their lectures. In this regard, the text is particularly well suited for newer instructors in international accounting who would be wise to consider this text in their adoption decisions.

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DAVID ALEXANDER, ANNE BRITTON, AND ANN JORISSEN, *International Financial Reporting and Analysis*, Fourth Edition (London, U.K.: Cengage Learning, 2009, xxii, 882 pp). Information available at:
<http://higher.cengage.com.au/title/140801792X/1758>.

This book contains a comprehensive coverage of International Financial Reporting Standards (IFRS). Although some earlier editions were written from a United Kingdom (U.K.) perspective, the current edition is not. This edition covers historical events, harmonization, theory, accounting standards, and more. It has ample examples and extensive end-of-chapter material. At 31 chapters and over 800 pages, it is very comprehensive. In general, this text includes topics that would be commonly seen in theory courses, intermediate financial accounting courses, and advanced financial accounting courses. Although comprehensive, it emphasizes a lot of the mechanics (journal entries) of which Americans tend to be fond.

Part 1 has 11 chapters and covers the basics of financial reporting, the financial reporting framework, theory, regulation, and the basics of financial statement interpretation. Harmonization is also addressed, but

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

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