Book Reviews


The purpose of this book of readings, according to its preface, is to help students expand their knowledge of international accounting, in particular, the current trend of international accounting standards. Such knowledge is considered important in view of the pressure exerted on Korea by the International Monetary Fund to adopt international accounting standards, especially after the financial crisis in the latter part of 1997. The book contains 14 papers of which nine are from three accounting journals (The International Journal of Accounting, two articles; Accounting Horizons, four; and Issues in Accounting Education, three, all from the Fall 1996 issue). The other five papers were among those presented at the Seventh International Conference on Accounting Education, held in October 1992.

The book covers a range of topics that can be identified in two broad categories: accounting standards and education. The standards category includes topics dealing with conceptual frameworks, harmonization issues, e.g., those related to the efforts by the International Accounting Standards Committee (IASC) and the European Union (EU), and standard-setting issues, e.g., the justification for standards and the experience of the Financial Accounting Standards Board (FASB), and specific standards (e.g., segmental reporting, intangibles and employee reports).

The education category covers topics that deal with global challenges, internationalizing accounting courses, training accountants in China, and accounting practices and education in Russia and other republics of the Commonwealth of Independent States (CIS).

The book contains several papers that would be most useful in a course of instruction in international accounting. It begins with a thought-provoking paper entitled “Global Challenges for Accounting Education,” by Gerhard G. Mueller. The paper identifies several issues that are important in ensuring that accounting education is relevant to the changing environment. The paper on “Accounting for the Global Economy: Is National Regulation Doomed to Disappear,” by John Hegarty, the secretary general of the Fédération des Experts Comptables Européens, provides an excellent account of the harmonization efforts undertaken by the EU at different stages, highlighting the challenges and opportunities for the profession. The experiences described in this paper would be useful in addressing similar issues in other contexts.

The paper on “How to Succeed as a Standard Setter by Trying Really Hard,” by Dennis R. Beresford, the FASB’s chairman, is a very interesting reading that contains
first-hand experience of a key individual who has been closely involved in the process of setting accounting standards in the US for more than a decade. This would be of immense value in understanding the standard-setting process, the problems associated with that process, and the options available in addressing such problems. The paper on “Survival Strategies of a Global Organization: The Case of the International Accounting Standards Committee,” by R.S. Olusegun Wallace, contains detailed information about the intentions of the IASC and its membership. Students who have an interest in the IASC’s harmonization efforts should find this paper most helpful. One of the questions raised in this paper, i.e., is the development of international standards necessary to achieve harmonization?, certainly makes the reader think critically about the wisdom of the current IASC approach.

The papers that deal with China and Russia (and other CIS countries) are interesting in the sense that they introduce different perspectives and dimensions to international accounting issues. In particular, the paper on China makes the important point that, although many economies are moving toward free markets, all are doing so differently, and those involved in training have to be aware of their individual characteristics so that support can be tailored to make a meaningful contribution.

This book has several weaknesses. First, there seems to be some confusion about the purpose of the book and the selection of papers. While the title is “Readings in International Accounting,” the stated purpose seems to be focused on current trends in international accounting standards. If the focus was to be on international accounting standards, the papers on education do not seem particularly relevant. If, on the other hand, the book was intended to be a collection of readings on international accounting, the coverage of the topics is inadequate. For example, the whole area of the classification of accounting systems has been omitted. Second, some of the papers are not suitable as readings for an international accounting course, because the information they contain is outdated or misleading, or both, e.g., the papers on “conceptual frameworks” and “international segment reporting standards.” The former, which was published in 1989, does not help students understand the current situation with regard to conceptual frameworks on a comparative basis, particularly in view of the fact that there have been major developments in this area in the 1990s, for example, in the UK and Australia. The latter, which was published in 1992, contains confusing and misleading information (e.g., Table 1 on p. 244). Third, the appropriateness of including conference papers (in this case, five papers from the same conference) in a book of readings is questionable. With the exception of major thought-provoking speeches made by distinguished scholars at conferences (e.g., the paper on global challenges, by Mueller), conference papers by definition are not final expressions of opinion. Partly developed ideas, gaps in logic and even factual errors are not uncommon in conference papers. Fourth, the level of a course of instruction at which this collection is aimed, i.e., postgraduate or undergraduate, is not clear. Finally, the order in which the 14 papers appear in the book follows no evident sequence, without classifying or organizing them in any useful way. This makes it difficult to understand their relevance and the rationale for selecting them.

Overall, the book has a number of excellent papers, but there are also several weaknesses, as identified above. By way of suggestions for improvement, it is important to (a) state clearly the purpose of the book, including whether the relevant course of instruction is at the postgraduate or undergraduate level, (b) select papers to suit the stated
purpose, (c) classify the papers under appropriate headings, and (d) use articles recently published in recognized journals.

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NOTE


Despite the 1998 economic crisis, the interest by foreign investors in Russia as a potential market has not been entirely eliminated. Under those circumstances, transparency and stability of the accounting and tax rules could be viewed as positive developments by potential investors. The complexity and uncertainty relating to the current Russian accounting and tax legislation are not encouraging factors for investors. It is well known that Russia is undergoing a period of intense change, but usually the information on the direction and nature of changes in the legislation is not sufficient.

Step by step, Russian accounting and auditing are approaching internationally accepted practices, principles and procedures. Russian accounting standards are being reviewed within the framework of the International Accounting Standards, and Russian auditing standards are, in fact, adaptations of International Auditing Standards. The reform of taxation is not that direct and simple, but a lot has been already done in this area as well.

This book is designed as an introduction to Russian accounting, auditing and taxation. Its principal section is a summary of main regulatory documents, with brief comments appended by the authors. The book represents a general overview and description of Russian accounting, auditing and tax legislation, rather than focusing on practical guidance in its application. It presents a general understanding of the existing accounting, auditing and tax legislation in the context of Russia’s history and current economic environment.

Unfortunately, due to rapid changes in the relevant legislation, the book does not reflect the latest developments in Russian accounting, auditing and taxation systems. Since the book was written, a number of accounting and auditing standards have been introduced, including, but not limited to, the new regulations on Accounting and Reporting, as well as the accounting standards on fixed assets, inventory, contingencies, and events occurring after the balance sheet date. Tax legislation has also been amended, e.g., the enforcement of Part I of the Tax Code.