Gino Zappa on one side and Fascism and Mussolini on the other. More precisely, the Italian accounting reform in 1942 and the development of Zappa school of thought, whose “manifesto” was his inaugural lecture for the academic year 1926–1927 at the University of Venice,² constitute moments quite independent of the prevailing political ideology of that time. Instead, Gino Zappa, upheld by great spirituality and by an ever-increasing love for society, was a profound innovator in his studies of accounting, who, with a scientific approach and rigorous method, unified areas at one time considered almost autonomous, conceiving the theory of Economia Aziendale. Great was the influence of Zappa’s work not only in the academic circles, but also in accounting regulation; for example, in 1974, law no. 216, “Miniriforma delle S.p.A.,” adopted the form and the structure of income statement as proposed by Zappa in his Income Theory. Furthermore, as far as I know, Carlo Masini, one of Zappa’s pupils, did not “concede that he had hoped in vain” about the developments of Zappa’s Economia Aziendale in professional circles, at least in the work cited on p. 163.

The purpose of the book, to present the early formative influences of the development of financial reporting regulations for limited liability companies in a number of Western European countries, is surely achieved, even if, for certain countries, such as Italy, it would be necessary to trace the accounting history for centuries before the Industrial Revolution. The insights provided might be used primarily for scientific, educational, and practical purposes, by scholars, students, and policy-makers, but they can also offer a potential basis for further research. The book shows that European accounting, because of its diversity, is a fascinating subject, enabling great research opportunities. The editor has done a remarkable job in terms of assuring a cohesiveness of the collection and of making the material in the chapters flow smoothly, no easy task when one is dealing with people from 11 countries who do not speak English as their native language.

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NOTES

1. Special mention should be made of Merete Christiansen, the author of the essay on Denmark, whose untimely death in June 1996 at the early age of 43 was a loss to the whole academic accounting community throughout Europe.


European Accounting Guide, edited by David Alexander of the University of Hull and Simon Archer of the University of Surrey, is a sum of 25 individual country guides to accounting theory and practice within countries of the European Union and a selection of
countries in the former Eastern bloc, and an insight into what is emerging from the former Soviet states.

First Impressions: Scope and Coverage

The first observation of this third edition is that it is, at 3 inches, thicker than its predecessor. The primary reason for the overall increase in size is an expansion in the coverage of Eastern Europe. Following the breakup of the USSR, there has been a proliferation in the number of countries claiming sovereignty and in the diversity of legal and accounting developments in each country. Coverage, therefore, includes the Czech Republic, Hungary, and Poland as countries knocking on the door of the European Union; the Baltic States, comprising Estonia, Latvia, and Lithuania, as former Soviet states that have moved closer to the European Union model; the Russian Federation, which is impossible to ignore; and Belarus, as a token example of a former Soviet state with much still to do.

First Impressions: The Authors and Editorial Style

Our own experience proves that it is impossible for authors based in one country to have a working knowledge of accounting rules and, of more relevance, the practice in others. We therefore endorse the approach taken in *European Accounting Guide*, by which authors based in individual countries write from current experience and a central editorial team attempts to bring uniformity to the style and coverage. For authorship, the editors have turned to contacts mainly in universities and similar institutions, with a minority coming from larger firms of accountants. Taken together with the editors’ own background, the inevitable consequence is that the style used tends toward words in continuous text rather than graphical ideas.

The “Country Highlights” at the beginning of each chapter are most useful. However, greater use of tables, charts, and graphical aids would make the book more attractive and accessible to practicing accountants and non-accountants. Although the book is described as a companion volume to the Miller *GAAP Guide* to US accounting requirements, its format has less variety; the US guide certainly provides a source of helpful presentational ideas that would benefit the European guide. A tabular comparison of key features against some common benchmark would also add considerable value, for example, valuation and measurement principles against International Accounting Standards (IASs). Such comparisons are available within larger firms of accountants, and they can be prepared as a comparison of codified requirements.

Each chapter concludes with a complete set of financial statements, with English translation where necessary, based on local requirements but without commentary. They represent, it is assumed, a typical set of accounts to assist users, rather than a model to be used by preparers. Again, the latter would be available within larger firms of accountants as model accounts and disclosure checklists but would represent, for each country, a separate publication, which is beyond the scope of a single volume.
Detailed Content: Overview

The overview, written by the editors, provides a review of the complex world of European accounting. It reminds readers of the variation in legal frameworks and the controlling power of national institutions, which both drive and limit change in a country’s theory and practice, and of the two current forces which are driving widespread change. The first of these is the European Union’s process of legal harmonization, with the twin objectives of providing a level playing field for enterprises competing within the single market, and the promotion of an efficient, integrated capital market for the Union. The second force for change is the drive toward a global accounting standard through the standards issued by the International Accounting Standards Committee (IASC). Cultural influences, including the importance of law, the flexibility within national frameworks, sources of finance, and the impact of tax law, are dealt with succinctly. The developing role of the IASC is discussed, but the informational content contained in tables seems not to go any further than 1995. Since that time, there have been significant changes in IASs that are not included, but the point to the discussion is not the current status of IASs. Rather, it is the uncertainty of future rule-setting within Europe, and this is achieved.

Detailed Content: Country Highlights

As already mentioned, one excellent feature is the Country Highlights page at the beginning of each chapter. The richly distilled information contained in these factual snapshots is surprisingly difficult for readers outside the country in question to pull together, as the information comes from a wide range of sources: hence, their value both for information and comparison purposes. Headings include common legal forms of companies, sources of financial reporting requirements, corporate tax rates, auditing requirements, and organization of the accounting and auditing profession. This form of presentation is to be encouraged.

Detailed Content: Countries

The detailed text on individual countries constitutes the vast majority of the book’s content. As indicated above, the information is largely continuous text, but this is reasonably well divided and structured to make possible its use as a reference work. As the individual chapters are written by national accounting experts, there is some variation both in the description within the sections covered and in the style of writing, but the editors have ensured that each chapter presents a standardized feel. Each covers, as a minimum, four standard sections:

- Background,
- The Form and Content of Published Financial Statements,
- Accounting Principles and Practices, and
- Expected Future Developments.
Background explores the issues reviewed in the editors’ overview chapter. This includes the role and development of company law and accounting standards, the accounting and auditing professions, sources and impact of company finance, the relationship and influence of tax law, and a discussion of some key drivers in shaping change.

The Form and Content of Published Financial Statements provides a description of the national requirements for the preparation of accounts. Some authors go further, for example, to explain the requirements for audit and publication of accounts, and some provide a useful cross reference to key features of the published accounts example at the end of the chapter. These examples provide the full text of financial statements and notes typically for a financial year of 1996 or 1997, and include English translation where necessary.

Accounting Principles and Practices presents the most substantial section in most chapters, providing a detailed discussion of specific accounting issues that affect valuation and measurement. For most countries, the discussion ranges over 20–30 pages and provides a fair insight into national practice and issues, dealing with major balance sheet headings and income and expense items. Some provide more detailed coverage (the UK with 51 pages), and some disappointingly less (the Baltic States with just two pages). A use of standard comparative tables in these sections would be useful.

As a generality, the final section in each chapter, covering future developments, is brief, and provides only a broad indication of the overall direction of development. There is no insight into specific accounting topics or current work programs.

A detailed review of the chapter that is closest to our own work, that is, the United Kingdom, reveals a number of irritating typographical errors; for example, page 1157 refers to section 277 of the Companies Act 1985 instead of section 227, and page 1159 refers to specimen financial statements for 1993 instead of 1997.

Final Thoughts

In our experience, the need for information on accounting theory and practice in other countries is increasing. Some years ago, as the European Single Market took shape, there were a number of books published that provided guidance, and the first edition of European Accounting Guide was one such book. However, European Accounting Guide stands out from the crowd in two key respects: in a single volume it provides comprehensive coverage of key European countries, and it has been kept up to date. It has few, if any, peers. Consequently, it is the book that sits on our desks (rather than tucked away in the library), and it is the book to which we refer inquirers who are in search of a high-level view of accounting in another European country. It will not provide in-depth answers as a substitute for advice from a local practitioner, but it will help formulate what questions need to be asked.

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impact on users than on companies. Nevertheless, the problems associated with accounting diversity have been largely solved in practice.

- Harmonization is viewed as desirable by both companies and analysts.
- The value relevance of Swedish accounting information increased as it harmonized toward the fair presentation model.
- Analysts stress different parts of Swedish annual reports, depending on the analyst’s nationality.
- Analysts express a desire for US GAAP/IAS reconciliations not so much because they actually use the reconciled amounts but because they do not trust Swedish accounting as much as US GAAP/IAS. The reconciliation is viewed as an “insurance policy” against the potential for poor quality in the Swedish accounting system. Still, analysts’ reports show that adjustments are made based on the reconciliation information.
- Accounting costs are only a small part of the overall costs of a foreign listing, and they play a minor role in deciding where to list. Potential legal costs of a US listing are seen as significantly more important than the accounting costs.

The results based on Marton’s three-pronged research approach mostly reinforce one another, thus supporting his overall conclusions. As a result, I view it as a strength of the study, even if he seems to strain to develop a unifying theory (in Chapter 3) to justify this approach. This strategy emphasizing breadth also sacrifices some depth. Only 15 financial analysts were interviewed and only five Swedish multinationals were represented in the interviews of company representatives. The small sample sizes in both cases limit generalizability. The findings described above should be read with this in mind. The same is true of the part of the study that focuses on reports. Here, only 10 analysts’ reports and annual reports of five companies were examined. Since I anticipate that Marton will carve up his dissertation for journal publications, these parts will need to be expanded. Only the value relevance portion of the study has a large enough sample size to qualify as a stand-alone piece of research. It uses the standard methodology of the literature and is generally well done. However, in discussing these results, Marton notes potential confounding events and raises other issues that complicate his interpretation. I would have liked to see these points tied down better.

The criticisms expressed in the previous paragraph are tempered by the realization that the three approaches were not meant to be individual studies, but complementary parts of a whole package. The study is well done overall. I recommend the book for accounting researchers (especially doctoral students) interested in international financial reporting and harmonization.

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