
This is the fourth edition, revised annually, of this valuable handbook. The first of its 26 chapters provides background and perspective, although the authors’ discussion of the financial reporting climates in France and Germany require updating. It is odd that the authors assert that the US Securities and Exchange Commission (SEC) “has virtually never exercised” its statutory authority to establish GAAP for public companies. In fact, the SEC continually exercises its authority, via Financial Reporting Releases and Staff Accounting Bulletins, speeches and announcements by the chief accountant and his staff, and, in the end, by its oversight authority over the FASB. The cumulative impact of these activities should be described as more than “interpretive guidance” (p. 6).

The remaining 25 chapters are organized along subject-matter lines, and they are comprehensive and detailed. The definitions of technical terms and many illustrative examples are especially useful. Unhappily, there is little cross-referencing among the chapters.

It might have been better if IAS 1, Presentation of Financial Statements, had been accorded its own chapter, rather than apportioned over the two chapters on the balance sheet and the income statement. Apparently, in order to avoid duplication of coverage, the authors chose to discuss the IASC’s controversial “fairness exception” in the balance sheet chapter, while noting it only briefly in the income statement chapter, without apprising the reader of the much fuller discussion in the other chapter.

A lengthy disclosure checklist appears at the end of the book.

S.A.Z.


This position paper issued last November by CGA-Canada argues for the adoption of International Accounting Standards in Canada. “Many interested parties are today proposing that Canadian standards be harmonized with FASB standards, especially because of Canada’s close tied with the United States,” but, the article argues, “there are many compelling reasons why it would not be prudent for Canada to adopt FASB standards” (pp. 5–6). The FASB’s standards, it asserts, are “the result of a ‘closed process’ designed to accommodate U.S. interests,” and “they have been established primarily for the benefit of investors to the exclusion of other groups in society interested in corporate performance” (p. 6). Other objections to the influence in Canada of the FASB’s standards are that they are “rule-oriented and prescriptive” and that they respond to the “very litigious environment” in the U.S. The article seems to be favorably disposed toward the “fairness exception” in IAS 1.
CGA-Canada has long chafed at the domination of Canadian standard setting by the Canadian Institute of Chartered Accountants, and it has a go at the CICA: “Canada is the only nation in the industrialized world where a single, private accounting organization, which excludes about half the profession, has been delegated quasi-legislative authority to set standards” (p. 12).

The article makes many interesting points relevant to the current world struggle for standard-setting supremacy. Both English and French versions appear in the booklet. CGA-Canada’s website is: www.cga-canada.org.

S.A.Z.


For anyone interested in the compliance by companies and their auditors with International Accounting Standards (IASs), this is the book. But, as can seen above, it comes at a fairly high price.

Cairns reports on a survey of 125 companies and their auditors drawn from a population of companies whose financial statements published in 1998 or later refer to compliance with IASs. Two of the three heaviest country-users of IASs, Switzerland and Germany, are represented by 27 and 13 companies, respectively, but the third country, China, is not represented at all in the sample, apparently for reasons of language. The sample is heavily European, with non-European countries contributing only 30 companies.

Cairns graded the companies according to one of nine categories of compliance, and he found that fully 54 companies deserved a mark of “full compliance,” the highest grade. They included 47 of the 95 European companies (including 20 of the Swiss and 10 of the German) and seven of the 30 non-European companies (including only two of the five Canadian and the lone American in the sample). None of the 14 French or the 11 Italian companies received the highest grade.

Another finding is that the external auditors of as many as 44 of the 125 companies did not express an opinion on compliance with IASs, including the auditors of all five of the Canadian companies, the American company, and most of the Italian, Japanese, South African, and Swedish companies in the sample. Rightly, Cairns said this result was “worrying” (p. 182).

Cairns discusses his survey methods and the survey findings at considerable length. In addition, he provides useful sketches of the accounting requirements of 80 countries in all regions of the world, and, in one of his chapters, he elaborates upon the technical accounting issues in IAS financial statements. The book also contains much information about the background and work of the IASC.

This is an extraordinarily useful book for anyone who wishes to keep up-to-date with developments on IASs. Interested purchasers may contact Nick Tribe, Marketing Manager, Tel.: +44-171-896-2386 (nick.tribe@informa.com).

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