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Book Review

Applying International Accounting Standards, Alfredson K., Leo K., Picker R., Pacter P., and Radford J., John Wiley and Sons Australia, Ltd., ISBN 0 470 804947.

Reviewer : Dr. Victoria Wise, Research Associate, Centre for International Corporate Governance Research, Victoria University, Melbourne, Australia.

Academics in accounting will welcome this new textbook as it offers a timely, step-by-step introduction to the financial reporting procedures required under the new international financial reporting standards. A number of countries have chosen to adopt the international standards from 1 January 2005, yet few textbooks providing either practical guidance or a theoretical perspective on this matter have emerged. This constitutes a large gap in the available literature, no doubt a gap that will quickly be closed by authors and publishers worldwide.

The book is divided into twenty-four chapters written by a team of well-qualified Australian academics and professionals. The book comprises four sections dealing with the international accounting framework, the elements of accounting, the processes and concepts of disclosure, and the various organizational structures of financial reporting entities. In the first section, the harmonization and globalization of accounting standards is reviewed and the conceptual framework underpinning the international accounting standards is considered. The second section uses companies as the organisational structure so that equity may be analysed in relation to the component parts of share capital, retained earnings and reserves. Assets are analysed by key classes, while provisions and contingencies constitute the liability focus. An introduction to the considerations affecting disclosure practices is provided in section three. In particular, the process of selecting and changing accounting policies, the concept of materiality, and the prescriptive disclosure requirements of the international accounting standards are considered. The final section is focused on the various organisational structures where investments are held, the rationale for and process of consolidated financial accounting, and the matter of foreign currency translation.

The individual chapters contain numerous illustrations to assist the student in gaining a deep understanding of the recording and reporting requirements of the standards. Although the text-book has been written for intermediate and senior level financial accounting courses, it will have a broad appeal to an business people who are faced with the immediate need to understand the recording and disclosure implications of the move from national to international financial accounting standards.

Although it contains 1102 pages, a glance at the list of contents shows that not all existing international accounting standards have been dealt with in this book. More international standards have been released since the book was published. For instance, the accounting standard dealing with share-based payment transactions was released after this book was published. A new chapter dealing with share-based payment transactions matter is to be made available on the publishers web-site in the second half of 2005. It is possible that the appeal of the book may diminish as more competition enters the market-place and academics and students are provided with materials adopting alternative (perhaps theoretical, nation-specific or other) approaches to dealing with international financial accounting and reporting matters. However, currently this book offers the reader a very clear and concise solution to the problem of interpreting and applying the international accounting standards.