

## Book Reviews

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*Editor's Note:* Books for review should be sent to Michael K. Shaub, Texas A&M University, Department of Accounting, 485H Wehner Building, 4353 TAMU, College Station, TX 77843-4353.

The policy of *Issues in Accounting Education* is to publish only those reviews solicited by the Book Reviews Editor. Unsolicited reviews will not be accepted.

W. STEVE ALBRECHT, EARL K. STICE, JAMES D. STICE, and MONTE R. SWAIN, *Accounting: Concepts and Applications*, Eleventh Edition (Mason, OH: South-Western, 2010, 1,344 pages).

This edition contains 24 chapters. The first 14 chapters focus on the foundations of Financial Accounting, while the last ten chapters focus on the foundations of Management Accounting. The financial accounting section covers many traditional topics of financial reporting, including the accounting cycle, operating activities, and investing and financing activities. The management accounting section covers budgeting, decision-making, and continuous improvement.

There are several improvements that strengthen the concepts covered in this new edition in comparison to the previous version. The 11th edition has a new learning objective framework. Each learning objective is summarized and reviewed at the end of every chapter. In addition, an extensive review problem is located at the end of each chapter. These review problems allow students to work through the chapter material and check their own work (solutions are provided in the text). The 11th edition includes the 2009 Walmart annual report, and offers questions that students can answer at the end of each chapter. This provides opportunities to expose students to “real world” financial statement presentation and analysis. In addition, a faculty member can encourage active learning by applying various concepts as each student progresses through chapter material with a company that most students would be familiar with.

The main weakness of this book is that it does cover too much material. There are many intermediate accounting topics that are woven throughout the book that are briefly covered and are not introductory in nature. For example, coverage of topics that might appear in an intermediate accounting course (such as accounting for leases or asset impairment) could easily be removed by the faculty member if time constraints exist.

In summary, this text does a good job in its presentation of financial and managerial accounting topics. When selecting a text for use in the Introductory Financial and Managerial Accounting courses, this book should be given serious consideration.

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WALTER T. HARRISON, JR., CHARLES T. HORNGREN, and C. WILLIAM (BILL) THOMAS, *Financial Accounting*, Eighth Edition (Upper Saddle River, NJ: Prentice Hall, 2010, pp. xxxiii, 901).

This 13-chapter financial accounting textbook begins with a broad overview of the accounting cycle by first examining basic financial statements. An 11-point transaction model then shows the impact of transactions on the accounting equation, and the third chapter concludes the accounting overview with a discussion of accrual accounting, basic adjusting entries, and financial statement preparation. The remaining chapters get more specific, with a balance sheet approach to coverage of financial accounting. Separate chapters are devoted to coverage of the income statement and statement of cash flows. As with earlier editions, the textbook's approach emphasizes that understanding *how* financial statements are put together is a helpful prerequisite to understanding *what* information in financial statements means.

To help students bridge the world of classroom accounting to real-world application, each chapter begins with a short company "spotlight" to introduce the financial accounting topic. Additionally, several chapters now include a short vignette illustrating accounting gone wrong (i.e., "Cooking the Books with Inventory: Crazy Eddie" in Chapter 6) to help students understand how to do accounting right; oftentimes, these fraud illustrations make for exciting classroom discussion. New to this edition, also, is the Global View feature to raise awareness of international financial reporting standards (IFRS) and the differences between IFRS and U.S. GAAP.

A ninth edition of this textbook is expected in January 2012. With this new edition comes a new chapter (Chapter 8) that focuses on measurement and reporting for long-term investments. Material from Chapter 10 of the eighth edition has been substantially updated and moved to this new chapter. The second half of the new chapter is devoted to a discussion of the time value of money, previously in the appendix of the eighth edition. The last chapter in the ninth edition, Chapter 13, has been revised to incorporate all the ratios discussed throughout the textbook. In fact, the ninth edition adds many new ratios to help students interpret relationships between financial statements. The second half of Chapter 13 replaces the hypothetical company, Palisades Furniture, used in the eighth edition with Apple, Inc., and compares it to a well-known competitor, Dell, Inc.

The readability, ease of understanding, and algorithmic problem material available through MyAccountingLab.com of this textbook make it a good match for general business majors, as well as for students who wish to pursue a career in the field of accounting. The additional features in the forthcoming ninth edition, including reorganization of the later chapters and new challenge problems focusing on higher-level critical thinking and problem-solving skills, strengthen the textbook's ability to teach students the meaning, not just the computations, behind financial accounting.

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J. DAVID SPICELAND, WAYNE THOMAS, and DON HERRMANN, *Financial Accounting*, Second Edition (New York, NY: McGraw-Hill/Irwin, 2011, pp. xxxv, 614).

Many textbooks share the title *Financial Accounting*, but each of them offers to the reader a unique perspective on introductory accounting. The benefits of this textbook reside in its readability, its focus on industry practices, and its supplemental online study materials.

The authors have produced a solid, well-organized textbook that includes, among other features, brief stories about businesses that are well known to students as an introduction to each chapter, and ample examples based on industry data throughout the chapters. Each chapter includes *Key Points* to highlight the important conceptual items in the chapter, as well as *Let's Review*

problems to reinforce student learning. An advantage of the text is the *Common Mistake* boxes, which convey to students the pitfalls and misunderstandings about the material. There are a full range of visual complements such as illustrations, transaction diagrams, and photographs. Short sections within the chapters highlight ethical challenges that students may encounter in their accounting career, as well as the diversity of careers available to students in the accounting profession. These items add a real-world element to the text while keeping it relevant to students.

Organizationally, the textbook starts with a discussion of the financial statements and then moves on to a discussion of the accounting cycle. From there, each chapter covers the basic transactions from a different section of the balance sheet, starting with cash and ending with stockholders' equity. Sales are covered in the receivables chapter, and cost of goods sold is included with the chapter on inventory. The text concludes with chapters on the statement of cash flows and financial statement analysis. The chapters are subdivided into sections appropriate for a beginning accounting student. Appendices include the 2009 annual reports for American Eagle Outfitters and The Buckle, as well as coverage of the time value of money, investments, and International Financial Reporting Standards.

End-of-chapter materials include: self-study multiple choice questions, open-ended review questions, increasingly difficult problem sets, a continuing problem about an adventure sports company, financial analysis questions using data from American Eagle and The Buckle, and questions on ethics, internet research, and written communications. The questions are well written and support different learning styles.

The second edition of the textbook makes adjustments to enhance the organization and clarity of the text. The most extensive modification pertains to the inventory chapter. The authors revised the material to focus the entries on the perpetual inventory method with periodic method entries handled in Appendix A of the chapter. Previously, there was a comparison of periodic and perpetual entries within the chapter, which was also moved to Appendix A. Several chapters reflect adjustments to promote actual practice based on the authors' research.

Supplemental materials include McGraw-Hill's Connect Plus Accounting online homework and study-aids system. Instructors can develop online homework assignments for students that are graded and analyzed to track student performance. Instructors can also record and post lectures for student viewing. These online tools are invaluable in teaching large classes. Most homework questions can be assigned algorithmically, so that each student gets a separate set of numbers. However, a major weakness of the online product is that students have to use "drop-down" menus to record journal entries and prepare financial statements when completing assignments. The online experience could be improved through the use of a "blank form" for journal entries and financial statements.

Overall, this is an excellent text with a full set of options available to provide introductory financial accounting students with a solid, common-sense approach to learning accounting concepts.

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JERRY J. WEYGANDT, PAUL D. KIMMEL, and DONALD E. KIESO, *Financial Accounting*, Seventh Edition (New York, NY: John Wiley and Sons, 2010, pp. xxxiv, 725).

*Financial Accounting* (Seventh Edition) is a comprehensive and well-written text, appropriate for the introductory undergraduate Financial Accounting course. The text has 14 chapters, covering the traditional topics in an order that should be familiar to most instructors. The authors provide a solid understanding of the basic topics without going into high levels of detail and complexity. For

example, in the chapter on Inventories, they illustrate the four inventory cost flow methods (Specific Identification, FIFO, LIFO, Average Cost) in a Periodic Inventory system. The more difficult approach of a Perpetual Inventory system is described in the chapter appendix. Similarly, the chapter on Statement of Cash Flows only presents the Indirect Method of preparation—the Direct method is explained in the chapter appendix.

The strength of this text is the way it illustrates each transaction with the appropriate journal entry, as well as the effect of the transaction on the accounting equation. It presents a Do It! assignment after each major concept. The Do It! assignments require students to analyze a problem and answer questions based on the problem. The solution, which immediately follows the problem, provides instant feedback to the student regarding his/her understanding of the concept. Also, a comprehensive Do It! assignment at the end of each chapter provides an overall review of the major concepts covered in the chapter, and may be used by students as a confidence builder before getting started with end-of-chapter assignments.

The text does a good job of explaining some of the more conceptually difficult topics. For example, in the chapter on Accounts Receivable, most students find it difficult to understand the effect of the write-off of a delinquent account on the financial statements. On page 362, the authors present the journal entry to record a write-off, and then follow it up with the effect on the t-accounts and, finally, illustrate the Cash realizable value of the Accounts Receivable before and after the write-off.

Another important strength of the text is the quality and quantity of the end-of-chapter assignments. Each chapter provides assignments of different levels of difficulty—questions (which are designed to test a general level of understanding of the topic), Brief Exercises, Exercises, and two sets of Problems. An additional Problem Set is made available at the book's website, available to all students. Also, all end-of-chapter assignments may be assigned to students through the publisher's online learning tool, WileyPLUS. This is an effective tool to monitor students' progress with homework where grading of individual homework may not be feasible.

Some instructors will find it challenging to cover all 14 chapters in a typical semester-long course, and may need to eliminate certain chapters or topics within chapters. For example, Chapter 10 ("Liabilities") is a relatively difficult chapter, and covers both current (such as notes payable, payroll, and payroll taxes payable) and long-term liabilities (such as bonds payable and mortgage notes payable). Similarly, Chapter 11 ("Corporations: Organization, Stock Transactions, Dividends, and Retained Earnings") covers a large number of topics, such as Treasury Stock transactions, issuance of cash and stock dividends, retained earnings restrictions, and prior period adjustments.

In the seventh edition, the authors provide a useful overview of International Financial Accounting Standards (IFRS) (including a summary table of the international accounting issues) at the beginning of the text, as well as an IFRS Appendix.

In summary, this text is appropriate for adoption by instructors who wish to design a moderately challenging financial accounting course at the introductory level.

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