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Fundamentals of Cost Accounting (Book Review)

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Book Reviews

Marvin Bouillon, Editor

Editor's Note: Books for review should be sent to Marvin Bouillon, 2330 Gerdin Bldg./COBA (1), Department of Accounting, Iowa State University, Ames, IA 50011.

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.

MICHAEL W. MAHER, WILLIAM N. LANEN, AND MADHAV V. RAJAN, *Fundamentals of Cost Accounting*, First edition (New York, NY: McGraw-Hill Irwin, 2006, pp. xxvi, 580).

Fundamentals of Cost Accounting is a well-written book for an introductory cost accounting course. The book is organized in four sections of increasing difficulty. The flow of the chapters is logical. Each chapter has a summary, self-study questions, review questions, critical analysis and discussion questions, exercises, and problems. Again, these are organized in increasing levels of difficulty. Each problem or exercise is linked to specific learning objectives, which makes it easier for the instructor to recommend homework for the students.

Even though the supplemental material was not provided, it seems extensive. The Topic Tackler for more difficult concepts is a great idea. This includes video clips, audio-narrated PowerPoint® slides, practice quizzes, and self-study quizzes. The book clearly indicates the topics for which this material is available. The homework manager also enables students to practice repeatedly until they have mastered a type of problem.

The book is similar to other books available for this market. One difference between this and a typical book is that this one covers all types of industry in each chapter. Unlike most other books, it also tries to consider the ethical issues for most of the topics. The book also mentions when some topics are controversial and explains why.

Chapter 9 (Fundamentals of Cost Management), Chapter 16 (Special Topics in Variance Analysis), and Chapter 17 (Non-Financial and Multiple Measures of Performance) are major contributions for a book at this level. These topics are usually covered in a more advanced level book. Chapter 10 (Service Department and Joint Cost Allocation) is also particularly well done at a higher level of understanding than most other books.

Topics that are usually difficult to understand for a typical student are well explained and detailed examples are easy to follow. The chapter on Planning and Budgeting is particularly well written. The examples used throughout the book are realistic and varied, which makes it easier to understand and more dynamic. Students will get the feeling that this is based on the real world, not on a detached theoretical framework.

In general, the book covers all the recent issues in managerial accounting and uses examples that are easy to understand. The major weakness of the book is that, with the exception of Chapter 4, it does not make extensive use of Excel®. In Chapter 4, the explanation on how to use the regression tools is explained very well, but the rest of the book is silent on how to use Excel in various settings. Even though the supplemental material includes some Excel templates, it would have been better if Excel was incorporated throughout the book.

In summary, this book is worth serious adoption consideration. It covers all current topics and is very well written in a style easily understandable for a typical undergraduate student. It is also written in a concise manner, making it easier for students to use.

BENOIT N. BOYER

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FREDERICK D. S. CHOI AND GARY K. MEEK, *International Accounting*, Fifth edition (Upper Saddle River, NJ: Prentice Hall, 2005, pp. xvii, 503).

The fifth edition of this text solidifies its reputation as the gold standard of texts in the area of international accounting and reporting. The breadth and depth of the material covered in this text should satisfy the needs of an astute master's-level student and serve as a reference text for a manager of a global organization.

The first two chapters trace the growth and spread of international trade and factors influencing the development of accounting norms in various countries. The authors predict that the integration of global capital markets will have an enduring influence on the development of accounting standards in the future.

Chapters 3 and 4 set out to "closely" examine accounting in a select group of six developed and four emerging countries. However, the coverage in these chapters is more broad than deep and will force the reader to constantly refer to more authoritative sources for guidance and clarification. Chapter 5 focuses on the issue of inconsistent disclosure rules and practices across countries. The authors look at a set of seven disclosure issues and discuss the variability in disclosure rules for these issues in various countries.

Chapters 6 and 7 deal with the complex issues of foreign currency translation and international financial reporting in an inflationary environment. Chapter 11 deals with managing international financial risk. The authors do an admirable job of explaining these complex issues in a lucid and understandable manner. However, the chapter on financial risk management may leave the reader dissatisfied as some issues related to hedging with forward and option contracts are not fully discussed. The accompanying exercises to these chapters should serve to solidify the learning of these important subject areas in international accounting and reporting.

Chapter 8 traces the history of efforts to harmonize accounting standards with particular emphasis on the history and role of the International Accounting Standards Board. The chapter includes an up-to-date summary of all International Financial Reporting Standards and narrates the active role taken by the members of the European Union in adopting these standards. Chapter 9 provides a treasure trove of information and tools for international financial statement analysis that are essential for screening profitable investment opportunities in global capital markets.

Chapter 10 discusses internal managerial planning and control in global organizations. This area is generally overlooked in other texts in international accounting that often focus primarily on external reporting. In Chapter 12, the authors introduce the important variable of international taxation in the context of widely varying national tax systems, and arbitrage tax opportunities between national tax jurisdictions for global firms.

In sum, the text is written such that it addresses the informational needs of its intended readers. It merits strong consideration for a graduate-level course in accounting or business administration.

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