

**Book Review*****Core Concepts of Financial Analysis: A User Approach*****Gary Giroux (2004)****John Wiley****320 pages****ISBN: 0-471-46712-X****Reviewed By:****Prof. Brendan O'Connell****James Cook University**

This text aims to teach external users how to conduct analysis of financial data provided by a company. As noted by the author, this book seeks to "... develop a framework for the comprehensive analysis of financial, equity market, and subjective measures of corporations to make specific financial recommendations and decisions" (p.XIV). This book focuses on investment and credit decision-making and is aimed primarily at those with a foundation understanding of accounting and finance principles.

Key economic and financial theories such as agency theory are used where necessary but the book is quite applied as demonstrated by the liberal use of case examples throughout such as Enron, GE and Amazon. Topics covered include financial ratio analysis, multi-period quantitative analysis, use of market information such as betas and stock prices in quantitative analysis, earnings management, business combinations, and the impact of capital structure on credit risk.

The reviewer found this book to be well-structured and especially relevant to those finance professionals employed to conduct financial analysis of their industry, clients or competitors. The case examples provided are highly topical and comprehensive. On the negative side, the book is heavily US focused with most examples being drawn from US listed companies and liberal reference to US accounting pronouncements. Consequently, the reader will need to

possess a reasonably high level of financial numeracy and familiarity with US GAAP to be able to fully appreciate the more complex examples provided in the later chapters of the book. Moreover, there is little emphasis on internal financial data so those primarily interested in management accounting issues would find it of limited relevance to them.

