

Book Reviews**Management Accounting: A Business Planning Approach**

By
Noah P. Barsky
Anthony H. Catanach

Houghton Mifflin (2005)
390 pages
ISBN 0 618 21375 9

Reviewed By:
Greg Van Mourik
Monash University

The authors intend for this text to be an introductory accounting text and its primary goal to help both undergraduate and graduate students gain an appreciation for the value of managerial accounting information.

The reviewer regards this text as perhaps exceptional in terms of how interesting, perhaps even motivating, students are likely to find it. The text owes this character to its workplace context; not only via its reference to real world examples and case studies, but more so because the management accounting topics are linked to the various strategic planning, resource management and performance management activities commonly performed by business managers. This appears to benefit students by demonstrating the practical value of management accounting techniques and by assisting them to visualise themselves using the skills in the workplace.

Specifically, the management accounting topics treated by the text are in respect to business strategy,

modern business processes, financial performance evaluation, risk, planning, forecasting, budgeting, decision making, and cost analysis at the customer and process levels. Further reinforcing the business planning context, an appendix provides a thorough treatment of the preparation, presentation and review of a business plan. This increases the appeal of this text to courses which seek to maintain a strong cross-disciplinary character.

As an introductory management accounting text, and in response to calls for an 'overhaul' of education focus from what accountants "used to do", (The Institute of Management Accountants' 1999 Practice Analysis of Management Accounting, the Albrecht and Sack Report on Accounting Education) this text has de-emphasised topics relating to cost accumulation. In fact, topics relating to cost types, the flow of costs in a manufacturing firm, traditional methods of overhead allocation, activity-based costing, and job and process costing systems are all dealt with in a single chapter. This may limit the applicability of this text for current courses.

Perhaps predictably, the reviewer's main reservation with this text is its American context. Notwithstanding that however, the text is an admirable and valuable resource to those wishing to study management accounting topics within a strong business context.

Accounting: What the Numbers Mean

By

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McGraw-Hill Australia (2005)

605 pages

ISBN 0 07 471350 7.

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This text is intended for a one-semester introductory accounting unit covering both financial and management accounting topics at either undergraduate or postgraduate levels. It is an adaptation from a US textbook, now in its sixth edition.

Apart from incorporating the changes expected following Australia's adoption of International Accounting Standards, a distinctive feature of this text is that accounting principles are introduced through the accounting equation meaning that the technical aspects of accounting procedures, debits and credits are not given prominence. This means that the focus of the book is teaching users what the "numbers mean" rather than "how to do it" and this is very appropriate given the text's objective of serving students of a one semester introductory unit. For the more curious student, coverage of the technical aspects of debits and credits and journal entries is provided in an Appendix.

The financial accounting topics include financial statements, concepts and

principles; interpreting statements; the accounting process; current assets; non-current assets; accounting for liabilities and owners' equity; the income statement and statement of cash flows; and governance.

The management accounting topics include cost types and CVP relationships, cost accounting and reporting systems; cost analysis for planning and control; and cost analysis for decision making. Consistent with the previously discussed emphasis on what the "numbers mean", generally the text provides relatively high level descriptions of accounting techniques and the quantitative examples and exercises tend to be simple. As such, the text is equipping the student with the ability to understand concepts, use appropriate language and ask the right questions of an accountant who is skilled in the in depth use of these techniques.

Given the technical aspects of accounting is not given prominence, the text is suitable for use in general business courses as well as an introductory unit for students wishing to progress to more advanced accounting studies.