

READING LIST

CHAPTER 1 – The role of accounting and finance in business

Further reading

Here is a brief selection of readings on the history of accounting and the financial markets:

Edwards, J.R. (1989) *A History of Financial Accounting*, London and New York: Routledge. This book is rather difficult to obtain now but well worth the effort of contacting your local library. It gives a comprehensive overview of accounting history from the ancient world to modern times.

Hennessy, E. (2001) *Coffee House to Cyber Market: 200 Years of the London Stock Exchange*, London: Ebury Press. This is a 'coffee-table book', full of pictures and anecdotes about the London Exchange.

Micklethwaite, J. and Woolridge, A. (2003) *The Company: A Short History of a Revolutionary Idea*, New York: Random House. This splendid little book traces the history of the company from 3000 BC to the present day.

CHAPTER 2 – Introduction to financial accounting

Further reading

Arnold, J., Hope, A., Southworth, A. and Kirkham, L. (1994) *Financial Accounting*, London: Prentice Hall. This is an excellent book with which to develop your understanding of the theory of accounting using an early version of the extended trial balance approach.

Atrill, P. and McLaney, E. (2002) *Financial Accounting for Non-specialists*, 3rd edn, Harlow: Financial Times, Prentice Hall. A very straightforward text which does not use the extended trial balance approach but focuses on adjustments to the face of the accounts. A useful secondary source to the present book.

Elliot, B. and Elliot, J. (2001) *Financial Accounting and Reporting*, Harlow: Financial Times, Prentice Hall. This is one of the best books on financial reporting and you will find that Chapters 1 and 2 give a good introduction to cash-based and accrual-based accounting. Note, however, that the conceptual approach to the subject is not as shown in this book.

Francis, J. and Schipper, K. (1999) Have financial statements lost their relevance?, *Journal of Accounting Research* 37(2):319. A serious article in one of the top research journals to get you thinking.

Higson, A. (2002) *Corporate Financial Reporting: Theory and Practice*, London: Sage. An excellent text to develop your skills and general knowledge of the problems of financial reporting. Try the first three chapters.

John, B. and Heales, S. (2000) Financial Reporting Standard for smaller entities – a fundamental or cosmetic change, ACCA Occasional Research Paper No 30, Certified Accountants Educational Trust, London 2000. An interesting article if you are interested in the problems of accounting for small businesses with an excellent review of the relevant literature.

READING LIST

CHAPTER 3 – Building the accounts

Further reading

- Arnold, J., Hope, A., Southworth, A. and Kirkham, L. (1994) *Financial Accounting*, London: Prentice Hall.
This is an excellent book with which to develop your understanding of the theory of accounting using an early version of the balance sheet equation.
- Atrill, P. and McLaney, E. (2002) *Financial Accounting for Non-specialists*, 3rd edn, Harlow: Financial Times, Prentice Hall. A very straightforward text which does not use the balance sheet equation but focuses on adjustments to the face of the accounts. A useful secondary source to the present book.
- Elliot, B. and Elliot, J. (2001) *Financial Accounting and Reporting*, Harlow: Financial Times, Prentice Hall.
This is one of the best books on financial reporting and you will find that Chapters 1 and 2 give a good introduction to cash-based and accrual-based accounting. Note, however, that the conceptual approach to the subject is not as shown in this book.
- Francis, J. and Schipper, K. (1999) Have financial statements lost their relevance?, *Journal of Accounting Research* 37(2):319. A serious article in one of the top research journals to get you thinking.
- Higson, A. (2002) *Corporate Financial Reporting: Theory and Practice*, London: Sage. An excellent text to develop your skills and general knowledge of the problems of financial reporting. Try the first three chapters.
- John, B. and Heales, S. (2000) Financial Reporting Standard for smaller entities – a fundamental or cosmetic change, ACCA Occasional Research Paper No 30, Certified Accountants Educational Trust, London 2000. An interesting article if you are interested in the problems of accounting for small businesses with an excellent review of the relevant literature.

CHAPTER 4 – Cash flow statements

Further reading

- There are few books specifically focused on cash flow reporting and analysis. These however may extend your understanding of the topic and how it can be used:
- Fox, L. (2003) *Enron – the Rise and Fall*, Hoboken, NJ: John Wiley & Sons.
- Mulford, C.W. and Comiskey, E.E. (2005) *Creative Cash Flow Reporting*, Hoboken, NJ: John Wiley and Sons.
- Reider, R., and Heyler, R.B. (2003) *Managing Cash Flow: An Operational Focus*, Hoboken, NJ: John Wiley and Sons.

CHAPTER 5 – Principles of financial accounting

Further reading

- Accounting Standards Board (1999) Statement of Principles for Financial Reporting, ASB Publications. A summary of this important document can be obtained from www.frc.org.uk.
- Baxter, W. (1978) *Depreciation*, London: Sweet and Maxwell. A difficult book to track down but well worth the effort.
- Davies, M., Paterson, R. and Wilson, A. (2001) *Ernst and Young's UK and International GAAP*, 7th edn, London: Butterworths Tolley. This is a blockbuster as well as being one of the heaviest books on accounting on the market. The opening chapters are good on the development of the framework of financial accounting.
- Elliot, B. and Elliot, J. (2003) *Financial Accounting and Reporting*, Harlow: Financial Times, Prentice Hall. Chapters 2, 3 and 5 provide useful further reading for this chapter.

READING LIST

CHAPTER 6 – Accounting for companies

Further reading

- Alexander, D. and Britton, A. (1996) *Financial Reporting*, London: International Thomson Business Press. A good authoritative book covering a wide range of policy and regulatory issues.
- Elliot, B. and Elliot, J. (2002) *Financial Accounting and Reporting*, Harlow: Financial Times, Prentice Hall. Chapters 7 and 8 start a more in-depth treatment of the topics covered in this chapter.
- Fusaro, P.C. and Miller, R.M. (2002) *What went wrong at Enron*, New Jersey: John Wiley and Co. An excellent account of the accounting fiasco that was Enron.
- KPMG (1998) *The Companies Act 1985 and 1989*, London: Accounting Books. This is a useful reference for anything to do with the Companies Acts. Heavy-going but invaluable when you need it.
- Underdown, B. and Taylor, P. (1985) *Accounting Theory and Policy Making*, Oxford: Butterworth-Heinemann. This is a superb, clearly written book that, whilst nearly twenty years old, is still relevant and worth reading.

CHAPTER 7 – The analysis of accounting information

Further reading

- Parker, R.H. (1999) *Understanding Company Financial Statements*, London: Penguin. This book is an absolute classic and continues to inform many years after its first publication. Very good on the interpretation of accounting information.
- Penman, S. (2000) *Financial Statement Analysis and Security Valuation*, Singapore: McGraw-Hill. This is the book the academic community is talking about. Impenetrable in places but some excellent material on the estimation of earnings quality and similar matters.
- Rice, A. (2002) *Accounts Demystified: How to Understand Financial Accounting and Analysis*, London: Prentice Hall. A useful supplement to this book if you want to get an alternative perspective to help you come to terms with the subject.
- Schilt, H. (2002) *Financial Shenanigans: How to Detect Accounting Gimmicks and Fraud in Financial Reports*, New York: McGraw-Hill Education. This US book made a best-seller out of the obvious strategies for manipulating accounting information discussed in this chapter. Light reading but many useful pointers to follow up.
- Smith, T. (1996) *Accounting for Growth: Stripping the Camouflage from Company Accounts*, London: Random House Business Books. This book, with its famous 'blob index' of corporate misdeeds, became a best-seller, telling the rest of the world what accountants already knew. Easy to read.
- Walsh, C. (1996) *Key Management Ratios*, London: Financial Times, Prentice Hall. A very good book exploring a wide range of ratios with easy to follow diagrams and text. The analysis of accounts is not so good, but this is a useful source book for many of the ratios explored in this chapter.

READING LIST

CHAPTER 8 – The principles of cost and revenue management

Further reading

- Arnold, J. (1973) *Pricing and Output Decisions*, London: Haymarket. This is possibly the best exposition of the mechanics of relevant costing available. A classic of the genre.
- Arnold, J. and Turley, S. (1995) *Accounting for Management Decisions*, Harlow: Financial Times/Prentice Hall. An excellent follow-on book from this one (especially if you have trouble finding a copy of *Pricing and Output Decisions*), covering the principal techniques of management accounting with numerous examples.
- Drury, C. (2006) *Cost and Management Accounting*, 6th edn, London: Cengage Learning. This book covers most topics within the subject. *Management and Cost Accounting* is also available by the same author. Note when reading Drury's exposition of relevant costing that he only regards scarcity costs as opportunity costs.
- Horngren, C., Bhimani, A., Datar, S.M. and Foster, G. (2008) *Management and Cost Accounting*, 4th edn, Harlow: Financial Times: Prentice Hall. This is the UK adaptation of the US best-selling management accounting text. Covers the whole subject and is an excellent reference text.
- Ryan, B., Scapens, B., Theobald, M. and Beattie, V. (2002) *Methods and Methodology in Finance and Accounting*, London: Cengage Learning. Chapter 4 gives an excellent overview of the development of thought in management accounting.

CHAPTER 9 – Cash forecasting, business planning and management control

Further reading

- Argenti, J. (1980) *Practical Corporate Planning*, London: Urwin. This is a classic in the management literature and well worth the effort to track it down. Argenti tries to force a distinction between corporate and business planning which you should bear in mind when reading his book alongside this chapter.
- Drury, C. (1992) *Standard Costing*, London: Cengage Learning. This tiny book goes through the mechanics of variance analysis – readable and short.
- Emmanuel, C. and Otley, D. (1992) *Readings in Accounting for Management Control*, London: Cengage Learning. An excellent book of readings, but from the perspective of this chapter we recommend number 12 as giving a useful overview of the budgeting process.
- Gupta, U. (2000) *Done Deals: Venture Capitalists Tell Their Stories*, Boston: Harvard Business School Press. An interesting book from the US, in which venture capitalists, mostly from the high-tech end of the business, tell their story.
- Hay, M. and Peters, J. (1999) *The Venture Capital Handbook: Strategies for Successful Private Equity Investment*, Harlow: Financial Times Prentice Hall.
- Stutley, R. (2002) *The Definitive Business Plan*, Harlow: Financial Times Prentice Hall. This is a useful practical guide to business planning which extends some of the ideas presented in this chapter. It also gives good practical advice on how to make a submission.

READING LIST

CHAPTER 10 – Cash management and pricing

Further reading

- Atkinson, A.A., Kaplan, R. S., Matsumura, E.M. and Young, S.M. (2007) *Management Accounting*, 3rd ed., Upper Saddle River, NJ: Prentice-Hall. The best modern treatment of the subject which will take you on from the introduction provided by this book. An excellent treatment of costing and performance measurement methods.
- Glad, E. and Becker, H. (1996) *Activity Based Costing and Management*, Chichester: Wiley. A great 'how to do it' book which is mercifully slim in volume on what is, for most managers, a less than interesting topic.
- Johnson, H.T. and Kaplan, R.S. (1987) *Relevance Lost – The Rise and Fall of Management Accounting*, Boston: Harvard Business School Press. Occasionally a book comes along that turns the subject on its head. This is one of them. In this book the authors mercilessly dissect the problems of management accounting and how then to put them right. Unfortunately, some say the cure was worse than the complaint.
- Ryan, B. (1995) *Strategic Accounting for Management*, London: Cengage. An interesting book which provides a deeper level of analysis than many of the topics covered in this book. Of particular note is the work on the theory of costs in Chapter 4.
- Zimmerman, J. (1979) The Costs and Benefits of Cost Allocation, *The Accounting Review*, 54.

CHAPTER 11 – The management of working capital

Further reading

- Cooper, R. (1995) *When Lean Enterprises Collide*, Boston Harvard Business School Press. This book explains the approach behind lean manufacturing methods and the implications of the approach for the management of inventories and for setting corporate strategy.
- Kidd, P.T. (1994) *Agile Manufacturing – Forging New Frontiers*, Reading, MA: Addison-Wesley. A comprehensive examination of the methods and approach of the contribution of the best Japanese manufacturing firms to production methods.
- Olson, D.L. (2003) *Managerial Issues of Enterprise Resource Planning Systems*, New York: McGraw-Hill Education. This is an excellent primer on the issues that managers must face when deciding to implement these software systems.
- Porter, M.E. (1998) *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, New York: Simon & Schuster. Michael Porter is regarded as the leading authority on corporate strategy. This book offers a clear insight into his thinking.

READING LIST

CHAPTER 12 – Investment appraisal

Further reading

- Archer, S. and D'Ambrosio, C.A. (1976) *The Theory of Business Finance – A Book of Readings*, New York: Macmillan. This book of readings is worth the trouble of scouring the libraries or second-hand bookshops to obtain a copy. The classic readings by Markowitz, Sharpe, Gordon, Modigliani and Miller are all here.
- Howell, S., Stark, A., Newton, D., Paxson, D., Cavus, M. and Pereira, J. (2001) *Real Options: Evaluating Corporate Investment Opportunities in a Dynamic World*, Harlow: Financial Times Prentice Hall. This is a first class book that is accessible to the non-mathematical reader. Although many fingers were in the writing pie, it is coherent and well written.
- Pike, R. and Neale, B. (2006) *Corporate Finance and Investment: Decisions and Strategies*, Harlow: Financial Times Prentice Hall. This book is an excellent text in the area of corporate finance. Most of the methods and techniques discussed in this chapter are extended and the theory behind them is explained in detail. The best book to develop your understanding of the material in this chapter.
- Pratt, J.W., and Zeckhauser, R.J. (1991) *Principles and Agents: the structure of business*, Boston MA: Harvard Business School Press. A straightforward set of readings on this difficult area within economic theory.
- Ryan, R.J. (2006) *Corporate Finance and Valuation*, London: Cengage Learning, without risk of understatement – a true masterpiece in what is a very tricky area.

CHAPTER 13 – The nature of financial markets

Further reading

- Dimson, E., Marsh, P. and Staunton, M. (2002) *The Triumph of the Optimists*, Princeton, NJ: Princeton University Press. At £80 a copy this book is not cheap. It's brimming full of detailed research from the UK's leading empirical research team examining the performance of the stock markets over the last 100 years. The main output is their estimate of the equity risk premium for different countries. The book is also replete with clear diagrams and descriptions of the leading empirical research in finance.
- Howells, P. and Bain, K. (2007) *Financial Markets and Institutions*, Harlow: Financial Times/Prentice Hall. A very good overview of the modern financial markets. Chapter 6 is excellent on the equity and bond markets.
- Malkiel, B.G. (2003) *A Random Walk down Wall Street*, New York: W. W. Norton. This latest update of a classic is a 'must read' for anyone interested in the stock market. It argues the case and gives all the references you will need for the efficient markets hypothesis. For those who like to believe that they can beat the market, this is the book they ought to read before putting their money where their mouth is.
- Mishkin, S.G. and Eakins, S.G. (2006) *Financial Markets and Institutions*, Reading, MA: Addison-Wesley. An excellent book that covers much that you need to know about the operation of US and global markets.
- Reuters Financial Training Series (1999) *An Introduction to Bond Markets*, Chichester: Wiley. This is an attractive book which is very good at describing the technical details of how the markets work and the trading mechanisms. It does work better as a reference source than as a teaching book.
- Reuters Financial Training Series (1999) *An Introduction to Foreign Exchange and the Money Markets*, Chichester: Wiley.
- Reuters Financial Training Series (1999) *An Introduction to Equity Markets*, Chichester: Wiley.
- Ryan, B. (2006) *Corporate Finance and Valuation*, London: Cengage, London.

READING LIST

CHAPTER 14 – The nature of financial markets

Further reading

- Barker, R. (2001) *Determining Value – Valuation Models and Financial Statements*, Harlow: Financial Times Prentice Hall. This is an excellent book, not so strong on the practical examples but the writing is very clear and straightforward. Chapters 9 and 10 look at the problem of economic and shareholder value-added, although, given the book's narrative style you will need to read the rest to get the best from those chapters.
- Bodie, Z. and Merton, R.C. (2000) *Finance*, Upper Saddle River, NJ: Prentice-Hall. Probably the best book available on finance for readers wishing to go beyond the level in the present book.
- Damodaran, A. (2002) *Tools and Techniques for Determining the Value of any Asset*, 2nd edn, New York: Wiley. Probably the best book on valuation currently available. Extremely clear text, well grounded in the theory of finance and with a huge number of examples.
- Kettell, B. (2001) *Financial Economics*, Harlow: Financial Times Prentice Hall. An extremely readable review of the operation of the financial markets and their implications for the valuation of equities.
- Ryan, B. (2006) *Corporate Finance and Valuation*. London: Cengage.
- Stewart, T.A. (2001) *The Wealth of Knowledge*, London: Nicholas Brearley. An easily read overview of the problems of valuing the human capital in organisations.
- Vaithilingam, R. (2001) *The Financial Times Guide to Using the Financial Pages*, Harlow: Financial Times Prentice Hall. An indispensable guide to anyone opening the 'markets' section of the *FT* for the first time.