

BOOK REVIEWS

Accounting for Management in Agriculture, J. A. Stone. Sydney: Angus and Robertson, 1968. Pp. xi, 186. \$4.50.

The development of farm management accounting in Australia is likely to be much assisted by this contribution from a New Zealand practising accountant who, during 1963–64, held a research fellowship in the Faculty of Agricultural Economics at the University of New England. The book is a distillation of his research at New England, his experience in practice in New Zealand and his reading of the greater part of the extant literature on farm accounting. Its purpose, however, is not so much to provide an accounting manual but “a background for both farmers and advisory services to the financial data they manipulate when considering the management of a particular farm”. Nonetheless, the treatment is eminently practical.

The material of the book is organized into five main parts together with an introduction, five appendices of charts, and a short index.

Part 1 comprises three chapters providing a brief summary of some relevant economic principles plus a few remarks on accountancy in theory and as it may have to be applied to meet the needs of farm management.

Part 2 deals with the physical aspects of collecting and analysing farm records, from the specification of needed data to the presentation of an annual report. The coverage is thorough, and includes a very interesting chapter on accounting for livestock. Stone has adopted the idea of livestock being somehow of two types: a basic flock or herd which is being maintained; and the surplus or deficit of that flock plus the culls and progeny. The distinction is not entirely logical, but it is sufficiently removed from traditional accounting procedures to allow a recommendation for the use of market prices for valuing stock on hand at balance dates.

Part 3 is a set of four chapters aimed principally at the accountant and the “accountant-type” adviser. It deals with office equipment and procedures, the possibilities for computerization of data processing, the development of a code of accounts, and the terminology of farm accounting. An interesting feature is an eighteen page “farm account glossary” of most of the basic accounts and the physical, revenue, and capital terms used in farm management accounting. The material should be useful to those organizations, such as the Australian Committee for Coding Rural Accounts, which are attempting to obtain some uniformity in farm accounting terminology and procedures.

The techniques of analysis and interpretation are developed in Part 4. The treatment is quite conventional, though in a separate chapter Stone has provided one of the best discussions yet attempted on the principles of marginal costing—the technique being presented as all that is best in gross marginal analysis and partial budgeting. The chapter on comparative analysis also should be welcome for its restatement of the procedures in both chart and text, and the innovation of a separate chart for fruit and vegetables.

The final part of the book covers the topic of budgeting in agriculture. Six types of budgets are discussed and some of the necessary working papers are set out in appropriate chapters and a series of appendices. A short section in the final chapter discusses some procedures for budget analysis of alternative decisions of a minor consequence.

The presentation throughout is clear and precise. Most chapters have a set of references and “questions” which can be used for further study. Only a few errors are present, mainly in the illustrations, and none detract from the point at issue.

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On the Sheep's Back, Ronald Anderson. Adelaide: Rigby Limited, 1967. Pp. 268. \$3.75.

Being the major contributor to our export earnings, the Australian wool industry has long been regarded as the backbone of Australia's economy. Yet Anderson maintains there exists among Australians a disturbing lack of knowledge and appreciation of the wool industry in general and of its importance to Australia's prosperity. He claims, furthermore, that this deficiency is partly because of the specialized nature of the writings of the wool industry. *On the Sheep's Back* is therefore an attempt to bridge this hiatus in the literature by providing a compendium of information on the wool industry. Anderson deals briefly with aspects pertaining to the production, selling and manufacture of wool, as well as talking of past events and tracing the path of development to the present. He seeks mainly to stimulate “some serious thinking about the future of an industry Australia cannot afford to lose”.

Anderson calls upon the industry to put its house in order and to establish a clearly defined path for the future. Anderson likewise summons the Government to decide the future role of the industry in the Australian economy and to determine the form and amount of subsidy which he sees as an inevitable occurrence. Nonetheless, he predicts that the Australian wool industry will lose its dominant position on the world scene to the Soviet Union's wool industry.

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In contrast with some other writers, Anderson sees research as the key to the survival of the industry. He argues that in the future, wool promotion can, at best, only hope to maintain existing market conditions. Anderson draws attention to the many opportunities that have already been created through research for woolmen to improve their farm productivity and to retard the effects on profits of the price-cost vice. Accordingly Anderson stresses that there is a need for an increased allocation of research funds to the wool industry.

But, at the same time, Anderson notes that a significant gap exists already between the opportunities created through research and their application on the farm or in the mill. He points also to the apathy, confusion and ineffectual communications that have persisted in the wool industry. These circumstances leave the reviewer wondering whether adequate attention has been given to the question of determining research priorities to guarantee the most effective and efficient use of the scarce research funds.

On the Sheep's Back could be classified as a primer to the wool industry. It contains a good deal of interesting material about the wool industry and has been prepared in a readable manner designed to appeal to a wide spectrum of the general public.

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