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## BOOK REVIEW

**Farm Accounting in New Zealand**, The Farm Research Committee of the New Zealand Society of Accountants' Board of Research and Publications. Wellington: The New Zealand Society of Accountants, 1966. Pp.x, 156. \$N.Z. 4.00.

Since the 1930's, the reports from the New Zealand Society of Accountants have made a prominent contribution to the literature on farm accounting. Many people will remember the report by N. B. Fippard in the late 1940's, and the 1961 *Report on Farm Accounting*. This present report is the result of a decision at the 1964 Agricultural Development Conference to review and expand the scope of the "1961 Report" with the possible objective of providing some definite recommendations for adoption by public accountants concerned with farming affairs.

The work of the "1966 Report" was undertaken by a committee of all interested parties who put together their individual views and opinions, circulated a draft for comment and then made such amendments as were deemed necessary or desirable. There is no indication that the draft or the report has been put to the test of being used, although apparently some critics supplied samples of accounts so that the committee could check out its ideas.

From the outset the report is a thought-provoking document. The opening section, for instance, contains a very telling review of the present situation in farm management accounting. The subjects discussed include "Problems of the Farmer", "Are Farm Accounts Adequate?", and "Deficiencies of Farm Accounts". To some people, there may be nothing new in the findings, but it is refreshing to have them set out for all to see and think about. Another interesting feature is the stress laid by the committee on the desirability of all accountants' immediately accepting and putting into practice the recommendations for classifying and presenting accounts. They contend that "their widespread adoption *could facilitate consistent analysis and comparison of accounts prepared by different firms*, and enable accounts prepared on the basis recommended to be much more meaningful as an aid to farm management." (p. 5.)

It is obvious that the committee has given considerable attention to the preparation of livestock accounts. In the report each account is considered in detail, and there are carefully laid out classification systems with neatly worked examples of a reconciliation statement and a trading account. The Sheep Account, for example, contains a classification system with eleven categories and a trading account showing numbers as well as the returns as both average and total values. The only misgiving one might have is that the committee has done nothing to dispel the anomalies arising through the consideration of livestock as a stock-in-trade rather than as an input to the production process or as a capital asset, and through marketing expenses being considered in the calculation of gross profits.

Although all the account statements are prepared strictly according to accounting principles using, for instance, book values in the Balance Sheet and Cash Flow Statement, many of the weaknesses from a farm management decision-making standpoint can be overcome by following the committee's recommendations for adjusting the accounts before attempting a comparative analysis. Admittedly, some of the adjustments—such as revaluing livestock on a market value basis—have a doubtful purpose, but in total the approach is sound and relatively unsophisticated; the attitude is that comparative analysis is a useful but not exclusive tool.

Because of the particular orientation towards New Zealand conditions, the report in some aspects may be of little practical value for farm management accounting work in Australia. However, there is much to be learnt from it in terms of what is new or improved and what can be avoided by learning from the mistakes of others.

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