which are grouped together under this section, called patterns and trends, provide useful information regarding income distribution and rural-urban consumption profile.

The third part of the book which deals with policy issues is its weakest spot. In the very preface the editors have observed : "In India, eradication of poverty and economic inequality have been among the important objectives of each of our Five Year Plans and the Draft Fifth Plan goes even further in this direction. But as compared to the rhetoric of the plan documents and public policy pronouncements, concrete achievements have been insignificant". Without analysing in depth why this hiatus between pronouncement and achievement had occured, some contributors jump straight into policy recommendations, much like writing a prescription for a patient without proper diagnosis.

Yet, this is a useful volume — useful for sophisticated economists, ambitious students and technical planners. Presumably it is meant to be so ; the price is way above the poverty line. In that case, the volume has well served its purpose.

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Accounting for Depreciable Assets by Charles W. Lamden, Dale L. Gerboth, Thomas W. McRae ; American Institute of Certified Public Accountants, New York, 1975.

Accounting for Depreciable Assets is the first of a new series of accounting research monographs of the American Institute of Certified Public Accountants.

"Volumes have been written on the question of Depreciation...yet, despite years of consideration depreciation accounting continues to be probably the most discussed and most disputatious topic in accounting." (p. 1) This admission in the very beginning explains the relevance of the present study.

The problem of 'Depreciation' has been widely discussed in different disciplines including accounting, given different meanings with varying connotations and interpretations. The objective of this study, as stated by the authors, is "to develop recommendations for changes that would narrow the alternatives in accounting for depreciable assets and improve the usefulness and comparability of the general purpose financial statements from the standpoint of users" (p.3), within the framework of generally accepted accounting principles, particularly, that assets are accounted for on the basis of their historical cost.

The book includes the results of two questionnaire surveys of preparers and users of accounting reports. The survey results reveal that "managements of companies with significantly large depreciation charges and widely traded shares show a distinct preference for the straight-line allocation method" (p. 21). It is interesting to note that the myth of "recovering funds to provide for replacement of the asset" (p. 21) is held as a principal reason for choosing an allocation method, by both management and users. The trend towards increasing use of straight-line method of depreciation is not due to any superiority of the method but due to its usefulness as a 'profit augmenting accounting change'.

Both the surveys point to the commonly felt need for narrowing or eliminating the choice of alternatives in depreciable asset accounting, and for some form of current value accounting for depreciable assets.

In the light of the surveys and the generally accepted accounting principles, the researchers have applied the 'constraining', 'tailoring' and 'implementing' criteria to the analysis of the problem with a view to providing a 'general decision framework' for selection of accounting methods for depreciation. Problems such as determining the depreciation base, estimating the useful life and allocation methods are all individually treated in the above framework. The importance of this treatment emanates from the fact that any depreciation accounting reform will remain a fruitless exercise, unless all these aspects of the problem are considered in their entirety. The present practice of using depreciation accounting as a tool in manipulate the financial results arises mostly from this problem.

Information disclosure demands from the users are fast gaining in importance. The Securities Exchange Commission has taken steps to establish and enforce disclosure standards. It is interesting to note the authors' reaction to this development : "Ironically, disclosure threatens to become the tail that wags the dog in financial reporting ; as disclosure rules become more explicit they tend to override, if only by implication, generally accepted measurement principles in financial reporting" (p. 108). Alternatively, the authors recommend "disclosure of information, that, based on an evalution of the evidence considered should be relevant to users of financial statements in making economic decisions" (p. 111)

The supplemental disclosures suggested by the authors, if implemented, will no doubt go a long way in making the financial statements more meaningful and informative.

The major contribution of this study is that it has gone a long way in narrowing down the disputed issues of depreciation accounting and in presenting a unified fromework for tackling the problem. The detailed and lucid treatment of a controversial issue of this magnitude by the authors is worth commending.

Granting that this study was conducted in the American environment, its usefulness is not precluded for the profession elsewhere. Notwithstanding the differences in Corporate and Tax laws in different countries, the problem of depreciable asset accounting remains a universal one. Even in India the demand for making corporate reports more informative and meaningful is receiving serious attention both from the government and the profession. Adoption of many of the guidelines suggested in this study relating to determination of the depreciable base, useful life and allocation methods may make the financial reports more meaningful and informative here too. The recommendation for supplemental disclosures of depreciation accounting methods followed by the units should remove the element of doubt in the minds of users as to their correctness and fairness.

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The Effects of Human Asset Statements on Investment Decision : An Experiment, by N. Elias, *Emperical Research in Accounting : Selected Studies*, 1972, issued as supplement to the *Journal of Accounting Research* Vol. 10, 1974, pp. 215-233.

and

Assessing the Validity of a theory cf Human Resource Value : A field Study, by E. G. Flamholtz, *Emperical Research in Accounting* : *Selected Studies* 1972, issued as supplement to the *Journal of Accounting Research* Vol. 10,1974. pp. 241-261

Both these studies are probably among the first few empirical research contributions in the field of human asset accounting. This commonality apart, the two pieces represent widely disparate, premises, objectives, and methodologies. As we explore these three aspects separately, our own observations would also be thrown in

(A) *Premises* : The chief premise of Elias's contribution appears to lie in the proper matching of revenues against related expenses. Present accounting practice of charging off all manpower — related costs of each year including recruitment, induction, training and development outlays, against that year's revenue fails to satisfy this principle. For, such outlays carry a frozen potential of benefits likely to accure over a period extending beyond the year of incurrence (p. 215).

Flamholtz seems to proceed on the premise that prior to assigning money value to the manpower resource, it is essential to identify a comprehensive set a variables which influences such value (p. 242).

Unlike Elias, for Flamholtz no given or known monetary evaluations or indicators of the human resource exist. While Elias seems to assume that money expenditure, excluding salaries, on personnel is indicative of their value, Flamholtz appears to place greater emphasis on a large number of intervening process and structural variables affecting human resource value.