

The chapter on media planning has been written with the greatest zeal. The importance and practicability of quantitative models and their utility has been put forward very forcefully. Presumably, the author's personal involvement with the development of a quantitative media planning model has deterred him from highlighting the theoretical and practical limitations of such models. For beginners especially, familiarity with such limitations is imperative. The Case for a multimedia approach could be made more strongly.

'Measuring Advertising Effectiveness', the subject matter of the last chapter, is one of the most controversial subjects in advertising. There are a large number of suggested approaches but none of them are considered quite satisfactory. Considering the degree of complexity that exists, it can be said without hesitation that the chapter has been well handled.

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Contemporary Auditing. by Kamal Gupta, Delhi, Tata McGraw Hill. 578 p. Rs. 30'00.

The book, as claimed by the author, seeks to emphasise that auditing is not only a practical subject but has also a basic underlying theory. It should not be confined merely to procedural and mechanical instructions designed to check the various categories of transactions. In chapter I of his book, the author has explained at great length the basic theory and concepts of auditing. The basic concepts of auditing include, inter alia, accounting propriety, adequate disclosure and audit obligation. The theory and concepts of auditing have been narrated efficiently by the author, and have surely enhanced the quality of the book.

The book comprises 16 chapters. In addition, it has appendices in respect of the International Accounting Standards, Schedule VI to the Companies Act, 1956, Third Schedule to the Banking Regulation Act, the Financial Statements of Insurance Companies etc.

The first five chapters deal with Standard Auditing Practices, Internal Control System and other procedural aspects, namely selective verification. Of the first five chapters, chapter V highlights some new techniques which may be successfully applied by an auditor. This chapter is entitled as "Overall Assessment". The techniques for overall assessment include Ratio Analysis, Preparation and Interpretation of Fund Flow Statements, Trend Analysis and Inter-firm comparison etc. In most of the books on auditing now available in the Indian market, these areas have not been adequately dealt with. Mr. Gupta's sincere attempt to explain these techniques as part of the process of overall assessment has widened the scope of auditing from mere verification of transactions to effective appraisal of some of the policy decisions of the management. It is, however, submitted that Mr. Gupta could have devoted some more space to this area with more illustrations. In the process, the practitioners who have developed a partisan outlook as auditors could have got greater insights into these important tools and techniques.

The book has a number of features which distinguish it from most of the other books now available on the subject. The distinguishing features of this book are the chapter on "Auditing

and EDP systems”, “Audit of Public Sector Undertakings”, Cost Audit and Management Audit” and “Future Trends in Auditing.”

While dealing with EDP systems and stressing the need for change in approach on the part of an auditor, the author rightfully observes “Mechanisation or computerisation of accounting systems causes many changes in the traditional set up of the accounts department. While the introduction of accounting machines necessitates changes in the accounting records, the use of punched card installations or computers necessitates a complete change in the accounting methods, documentation and organisation. This has an impact on auditing also”. Mr. Gupta has very ably explained the techniques of audit of data processing. It is all the more creditable for the author to deal so effectively with such an area because he is not professionally equipped to deal with such an area. The students and the practitioners will find this chapter quite useful for their purpose.

Chapter 10 deals with Audit of the Public Sector Undertakings. In India today the Public Sector Undertakings are many in number and quite often many professional auditors are engaged in the audit of such undertakings. Most of the books available in the market on auditing do not deal with this area. Mr. Gupta has rightly chosen this area to be included in his book. He has explained quite ably the special features of audit of the Public Sector Companies. Public Sector Companies have been classed broadly into three categories :

1. Departmental Undertakings, 2. Statutory Corporations, 3. Government Companies registered under the Companies Act.

The author has explained at great length the characteristics of audit of each of the above mentioned categories. While dealing with the audit of government companies, the author has incorporated in the chapter the directions of Comptroller and Auditor General of India in an appendix to the chapter in respect of the following aspects of audit of Government Companies. :

- (i) System of Accounts and Book Keeping
- (ii) Internal control
- (iii) Manufacturing and Production Accounts
- (iv) Profit and Loss Account
- (v) Balance Sheet
- (vi) General Review
- (vii) Township
- (viii) General

Information given under each of the above mentioned heads will prove to be helpful to anybody concerned with auditing of the Public Sector Undertakings. The reviewer, however, feels that the quality of this chapter would have further improved if the author had also incorporated in the Government Financial Rules and the Delegation of Financial Power Rules etc. An auditor of a Public Sector Undertaking must be aware of the latest Government Financial Rules and Regulations in the efficient discharge of his duties.

Chapter eleven is entitled “Cost Audit and Management Audit”. The author has explained at great length the importance of cost audit, provisions regarding cost audit, cost audit report and

cost audit programme. From a practising accountant's point of view, certain areas of cost audit namely cost audit report and its form, annexure to cost audit report and cost audit programmes are very useful. The author has done a good job in collating all the materials pertaining to the above areas in his book and thereby attempted to render constructive service to the practising accountants.

Credit is also due to the author for being able to explain in a very simple way the concept of Management Audit. It usually involves the following steps.

1. Identification of the objective of the organisation. Sometimes the objectives are stated in specific terms but in most cases they remain undefined. It is important that the objectives are clearly perceived and identified.
2. The overall objectives of the organisation are to be broken up into detailed targets and plans for various segments.
3. The organisational structure is to be reviewed to assess whether it can effectively fulfil the overall objectives and the detailed targets. If possible, the specific responsibility centres may be identified in the organisation.
4. The performance of each functional area or responsibility centre is to be examined. In many cases, the performance can be expressed in quantitative terms. It should be compared with the objectives and targets.
5. On the basis of the above examinations, a realistic course of action is to be suggested. A motivation system can be operated whereby incentives are given to various personnel on the basis of the results of the management audit.

The above steps as mentioned by the author clearly demonstrate that the implementation of the concept of management audit is fraught with a number of critical factors. Because of these critical factors the author has rightly pointed out that "many accountants regard management audit as a vague concept and argue that it serves no material purpose." The author has refuted all these charges and has outlined various steps quite logically for the implementation of the concept of management audit.

In the same chapter the author has also explained the concept of Propriety Audit. Propriety Audit is relevant now mostly in the case of government companies. The present jurisdiction of the professional auditor does not bring within its fold Propriety Audit. The author has admitted this state of affair and has, of course, mentioned that the section 227 of the Companies Act, 1956 in its present form has partially introduced the concept of Propriety Audit even in case of companies in the private corporate sector.

Chapter sixteen is quite thought-provoking in the sense that many controversial but real life issues have been incorporated therein. One such issue is Inflation Accounting. The author has explained in brief the concept of Inflation Accounting and mentioned therein latest recommendations of the International Accounting Standards. He has also explained with illustrations how the recommendations of the International Body can be implemented in practice. The practitioners will find this part of the chapter very instructive and useful for their purpose.

Apart from the above topics, the book contains separate chapters on (1) Features of Company Audit (2) The Auditor's Report (3) Divisible Profits (4) Audit of Banks, Insurance Companies and Co-operative Societies (5) Liabilities of Professional Accountants (6) Professional Ethics and Regulation (7) Investigations. These chapters are well written and compare favourably with the standards of other reputed Indian authors.

At the end, the reviewer feels that a separate chapter on Government Accounting and Government Audit based on the methodology followed by the Auditor and Comptroller General of India would have fulfilled a long felt vacuum generally existing in all the available books on Auditing.

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