Chapter Six

ACCOUNTING FUNCTION IN SOCIAL PERSPECTIVE
The degree of responsibility and public importance bestowed upon accounting makes it indispensable that accounting function should be rooted in the society and in the economy. This is, however, not the reflection of the current view only. It has historical antecedents as well. Throughout the history of human endeavour, it was attempted to throw due significance on the social implications of the uses of resources. Historically, it was recognized that along with the immediate owner's interest, a social interest was also inherent in all resources. And from the historical days, there could be found the evidence of some kind of accountability for the satisfaction of one and all in the society with regard to these resources. The origin of the concept of "social accounting" may be thought of lying in the objectives of such accountability in good old days. Stewardship function, control function, provision for information, etc., as related to accounting, were found to serve from a much broader point of view now-a-days. When the narrow traditional concepts of individual stewardship or any other accounting function is broadly viewed in terms of social needs, it seems that the concept of social consideration
of accounting gradually evolves to embrace all of them. In the historic days, accounting was resorted to assess the state of Lord's manorial estate for a very limited purpose of overlord's satisfaction. In modern times, accounting efforts have been extended to the assessment of the state of the society and social programmes not for the satisfaction of any individual or group of individuals as a partnership or a company alone but for the application of evaluative procedures in the allocation of resources towards better social well-being as a whole.

Social accounting:

Social accounting, is perhaps, one of the much striking features of current developments in the field of accounting. It is known in the literature by various names, for example, "Social Responsibility Accounting", "Accounting for Corporate Social Performance", "Accounting for Social Costs and benefits" and "Socio-Economic Accounting".¹ The concept of social accounting is not something like that of the application of a new set of accounting rules and procedures.

Rather "social accounting", as defined by Seidler and Seidler, is the modification and application, by accountants, of the skills, techniques and disciplines of conventional accounting to the analysis and solution of problems of social nature. Under this concept, it has been viewed that social accounting is essentially an extension of the boundaries of the principles, practices and the skills of conventional accounting to such areas of attestation and provision for information with regard to the measures of social welfare activities. Attestation in the context of social accounting represents "public watch-dog" while information play the vital role of increasing social awareness. For conventional accounting, the entity has been the firm which for social accounting, has been the nation as a whole. Accounting methodology, however, remains, more or less, the same but results in a shift in its emphasis. Measurement of economic consequences in terms of money is the primary function of the former while that of the latter seeks to determine important variables of social consequences in terms of socio-economic, non-monetary effects along with economic consequences.


Although in recent years, integrated system of accounting for incorporating social as well as economic results into a single set of accounting reports has been approached, yet the practitioners could not arrive at a uniform methodology in this regard.  

"In principle, social accounting involves an attempt to describe the entire economic phase of a nation or, in other words, the national income and expenditure".  

Quoting Edey and Peacock, Roy thus surmised that "social accounting is concerned with the statistical classification of the activities of human beings and human institutions in ways which help us to understand the operation of the economy as a whole". AAA Committee, in this respect, could not come with any specific definition of social accounting. Rather the Committee, considering the scope of disagreement as to the boundaries of social accounting, suggested a broad description, which will be taken to include in social accounting:


(1) accounting for and evaluating the impact of corporate social responsibility programmes,
(2) human resources accounting,
(3) measurement of selected social costs,
(4) measuring the full impact of an entity on society,
(5) social reporting,
(6) accounting for public (government) programmes.

Moreover, social accounting could be found to contain the ingredients of national income and expenditure in a usable aggregate form. In a simple way, aggregation or summation of accounting records of all individuals, in their personal or household capacities, all firms and enterprises and government represents social accounting. In case of accounting for macro economic purposes, records are usually aggregated sectorwise. That means each sector may have a complete set of aggregated accounts of its own. National accounts thus comprise of the aggregate of consolidated sector accounts. Hence the term 'sector accounting'.

Enterprise accounting is, accordingly, the primary source of the national income accounting framework. Morgenstern, 9

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7. AAA, Committee Report, ... Op. Cit., p. 56.
in this regard, states "business accounts constitute the single most important source of information about the economic activity of a nation". In Sandilands Committee report, it has also been stated that "company accounts are an important source of the statistical material on the basis of which much of economic and industrial policy is formed or influenced".

Historically, it could be observed that, the interest in social accounting developed in the desire to build up a series of aggregates and an estimate of a total income payments made to individuals or households in a nation for the previous time period. Such aggregates and estimates have been considered instrumental in determining the gross national product and, thereby, the welfare of the society. In some cases, interest went further to measure such income distributions by size, occupation or type and to resort to such analysis of transaction information as would be permitted after necessary adjustments for price index, wholesale or occasionally cost of living. But, it is interesting to note that, all these investigations were so long limited to academic economists. Although the academic

economists dominated the scene for a very long period, yet the importance of accounting data covering all sectors of the economy has been well realized in the construction of useful national accounts estimates. The first such attempt of preparing an estimate of national income could possibly be evidenced in England more than three hundred years back. Since then, national income has been estimated in one form or the other, in almost every country of the world. But the real impetus for the practical developments in the sphere of social accounting emerged from the social pressure for more comprehensive information on the structure and behaviour of the economic system following a decline in the income and employment at the fag end of the thirties of the present century. The economic environment during the period of the great depression of the thirties set the course for the factual study of economic constraints at a premium. The modern framework of national accounts adopted particularly in the advanced countries of the world emerged at such an economic juncture. It was during this period Keynes, Kuznets and other prominent economists of the present century, emphasized the need for accounting for national income and sought to provide a basis for such developments in the economic

theory. Under Keynes' concept attention was focused on expenditures of consumers and investors, and the quality of savings and the accumulation of wealth. Moreover, the inter-sectoral relationships were equally stressed in Keynesian description.  

Actually, noteworthy attempts of constructing national income accounts have been found to have started from early forties. Under the influence of Ed Van Cleef and Jan Tinbergen in Netherlands, the Central Bureau of Statistics developed a system of national accounting concept in 1941. In England, the official estimates of national income and expenditure were presented by the Treasury (U.K) for 1940-41 from the outset in an accounting framework. In Palestine, Gruenbaum devised an accounting framework for his estimate of the national income and outlay around 1941. In Norway, Ranger Frischer submitted a study called 'national accounting' in 1940. In the United States, Morris Copeland (1935,1937) emphasized the accounting aspect of contemporary work on national income statistics and an official publication of such national incomestatistics in accounting format first appeared in 1947. It is possibly at about this time the term "social accounting" was formally coined by J.R.Hicks(1942).  

The environment created by the second world war, in a way, brought a real impetus to the development of social accounting. The war-end environment witnessed an accelerated rate of dependence on accounting techniques in devising national income policies. At the end of 1945, a sub-committee appointed by the committee of statistical experts of the League of Nations in their publication (UN, 1947) recommended that the estimation of national income be set within a social accounting framework. It was believed that such accounts would be of great utility in practical economic analysis. At about the same time, Richard Stone prepared a booklet on social accounting in 1946. The Organization of European Economic Cooperation (OEEC) developed a standardized system of social accounts which formed the basis of national accounts in the early fifties and has been used regularly by the United Nations since 1952.

Aid to the solution of social problems:

Accounting, since its origin, has been called upon to contribute directly to the solution of various social problems. As discussed earlier, written records of transactions were found to exert beneficial influence on the settlement of repayment of debts between individuals, settlement of division of inherited properties between family members and some such problems, all
having a social implication. Precisely, accounting the recorded history of transactions would serve centuries ago as an evidence on the discharge of stewardship responsibility. But in modern times such a display by accounting helps in protecting investing public from fraudulent company practices. It thus, certainly serve social purpose. As time passed, organized accounting practice, bit by bit, helped penetration of the idea of factual disclosure concerning the discharge of designated responsibility in financial terms. It thus appears that, in such a background, adequate disclosure of company affairs became statute bound in course of time and put management function on legal scales under a spotlight. Littleton and Zimmerman\(^\text{14}\) termed it as a bold and imaginative step in the evolution of accounting thought, successful in outcome and instructive as a precedent in conscious society. It has possibly, resulted in corporate reporting as a means of exposure of the social role of accounting. Leaving behind a long history of procedural base, accounting thus in the present century moved towards a dynamic functional base which emphasizes its social role. The extended boundaries of accounting discipline thus moved towards such

functions of identification and evaluation of social programmes, improving accuracy of economic data for planning and control, improving managerial rationale and accountability and so on. It is, today, involved in the process of decision making and plays a central role in the process of change both in the society and its environment. The history of accounting also reflects the evolutionary patterns of social developments and, in this respect, illustrates how much accounting is a product of its environment and, at the same time, a force for changing it. Spacek commented that "no segment of our social or economic life and activity can standstill for long in the onrush that is occurring at an ever faster pace. If any part does standstill while there is public need for it to progress, some other force will step in to fill the vacuum created by the lack of progress. This force may be good, but usually it is evil before it becomes good". So it is with accounting. The environmental stimulus of corporate social responsibility, throughout the history of civilization evoke the accounting response to the socio-economic occurrences. Social accounting has been incubated in


an environment which is characterized by such a social awareness that business as well as government must be held socially responsible for their actions. "Social accounting" as described in its simplest form, "is the means by which the effects of social programmes are attempted to be expressed in some type of quantitative terms." Mautz argued that "accounting deals with the enterprises which certainly are social groups. It is concerned with transactions and other economic events which have social consequences and influence social relationships. It produces knowledge that is useful and meaningful to human beings engaged in activities having social implications." It is an undeniable fact that accounting is a complex function which operates in a social context and which is based primarily on economic orientation. It thus can be appraised that accounting as a discipline is concerned with the social entities and social beings, whose motivation to action is conditioned by his partial knowledge of the environment, limited rationality and uncertainty of events. AICPA Study Group on the objectives of financial statements also recognized the impact of reporting on the social role of enterprise activities. In the language of the report, it

reads: "an objective of financial statements is to report on those activities of the enterprise affecting a society ... ... which are important to the role of the enterprise in its social environment." 19

Modern decisional framework demands efficient accounting system that encompass the identification, measurement and reporting of not only all economic aspects but social aspects as well. Accounting function thus extended to social measurement rather than limited to purely enterprise measurement. 20 Glautier and Underdown 21 inferred that the accounting problem in the present century is no longer limited to providing financial information about the activities of business enterprise alone. The accounting problem in this ever expanding technological society is the provision for information covering all aspects of human activities. Dowson 22 termed the present environment as one of human era and held that the society is no longer willing to accept the idea of "persistent search for commercial self-gain somehow leads to the ultimate good

for all". Amey\textsuperscript{23} also loudly the importance of the measurement of community interest along with individual firm interest for rational economic efficiency measurement. Thus, the mode of accounting evolution could be seen lying in its growth as a service institution which serves a socially desirable purpose. Seidler and Seidler\textsuperscript{24} therefore, defined:

"Accounting is the art of and/or science of measurement and, interpretation of activities and phenomena which are essentially of social nature."

Accounting exists to render service to the individuals, the business, the government and the society as a whole and constantly evolves to meet the requirements of the environment which is constantly changing into newer forms having newer orientations.

Development of socially inspired aims:

The twentieth century socio-economic environment caused greater awareness to the society. The society is now concerned, by way of social reforms, with endeavours and welfare programmes

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like poverty eradication, removal of unemployment, improvement of health and housing, expansion of education, control of pollution and numerous other problems. Most of the programmes, however, fall under the classification "Government Provided" and as the legal custodian of national wealth and welfare, the Government needs an accounting system which permits a meaningful ranking of priorities consistent with the goals of the society in the planning stage and a measurement of effectiveness in the evaluation stage. In its discussion on the need for accounting data for performance measurement, AAA Committee stressed that, "some measure of the benefits on non-profit programmes is desirable to justify expenditures. Since government agencies and other non-profit organizations do not have a net income figure to rely on as a measure of performance, social accounting provides a means to measure this data. Social accounting tries to measure the effects of actions on the quality of life of those affected". Modern accounting measurement is not limited to the attempt for reflection of economic realities only. Rather it has been expanded to cover all the "quality of life" evaluations.

Nearly, every environmental problem has its financial side. The problem of measuring the quality of life is no exception. So long as the resources had been found unlimited, the volume of social problems could have been numbered. But the problems, thus created by the limitation of resources along with the physical limit of growth potential made it almost impossible for any economy to undertake all the economic and welfare programmes at a time. This led to the necessity of priority determination and ushered the need for social based accounting, in such efforts of the society like better planning and improved well-being for all in the society. In any effective measure of social progress and in all quality of life evaluations, there arises the need for vast quantities of useful information. Precisely, those information, as referred by Elliot\textsuperscript{26} will be the product of social based accounting, which reflects the entity's impact on 'quality of life'. In the words of Elliot,

"Social accounting is defined as the reporting of accountability for all resources used by an entity".

\textsuperscript{26} Elliot, Robert K; Measuring the quality of life in Seidler and Seidler (Eds.), Op.Cit., p.3.
Accounting discipline, in recent years, has resorted to newer and newer techniques in an attempt to adapt itself with the changes in the environment. Planning, Programming, Budgeting Systems (PPBS) is one of such recently developed tools of accounting, which helped the subject to lend a big hand in socio-economic measurements. It assists in managerial and economic decision making on how limited resources can be allocated to many competing uses. PPBS provides for a programme-oriented budget. It is conceptually related to costs (inputs) and benefits (outputs) analysis of alternative ways for achieving national objectives. At present, its application has been limited to the governmental units. It provides data needed to set priorities among national goals and possibly, attempts to integrate planning—budgeting—accounting—reporting and stewardship into one coherent framework of socially desirous accounting system.27

Enthoven28 in this context suggested that, accounting can effectively appraise the cause of actions and the policies to be pursued from societal point of view. He also pointed


out that accounting can quantify all the phenomena to be measured and fed into a decisional framework. Ross\textsuperscript{29} opined that the concepts that are used in determining profits from enterprise economic operations can be equally applied in determining benefits received from resources applied to social programmes. He insisted on an accounting framework that embraces the social dimension though it is more difficult to measure a social return than a financial return. It is variously argued that the degree of social benefits from investments in utility programmes can no longer be looked upon as unmeasurables. What is important in this respect, as evaluated by Churchman\textsuperscript{30}, is the deep rooted involvement of accounting in helping the society to measure the most critical aspect of social changes and a change in attitudes towards the measurement of performance of utility programmes against both social and environmental criteria instead that of traditional profit constraint alone. The public, more precisely, the consumers constitute perhaps the new class of shareholders in the utilization of the societal resources who do not actually own the physical and

\textsuperscript{29} Ross, G.H.B; Social Accounting: measuring the unmeasurables, \textit{The Canadian Chartered Accountants}, July, 1977, pp. 46-54.

financial assets as of an economic entity but have a greater stake in the social resources of the nation as a whole. Unworthy practices, for example, dishonest advertising, faulty product design, etc. which cause general wastage of enterprise as well as national resources, can no longer afford to escape the public eye. Just as traditional shareholders review the financial results, these other 'electorates' also scrutinize the social operating results of the operating units. Unlike the traditional approach of accounting which Entenoven classified as 'the misery of accounting' for socio-economic endeavors and measurements, modern social approach aims at the contribution of efficient accounting in the interest and to the enhancement of social progress. In a similar tone Quigley stressed that traditional accounting image in the environmental aspects has not been good. Rather the use of falsified (individual business oriented) accounting techniques and its traditional orientation towards the 'falsity' of misplaced correctness not only encourage the process of environmental decay, but conceal what actually

happens, Social approaches to accounting function, however, in no way underestimate the importance of historical evidence, but suggests its expansion towards the description and quantification of all aspects of human endeavour within a society. Imke, in this regard, emphasized on the beneficial function of accounting to the society and states:

"Accounting exists to serve the society by recording, communicating, interpreting and otherwise effectively utilizing financial and economic data."

Such an effective and pointed description of the extended boundaries of accounting, possibly, bears most significant exposition on improving the well-being of mankind. Rounsavilla appraised the need of accounting from the prevailing socio-economic view. In the author's interesting language it goes:

"... the history of mankind teaches us that the fall of nations and civilizations follows, not from high taxes or costly wars own or lost, but from corruption. Heretofore, accounting was not sufficiently developed to act as a preventive for this form of socio-political cancer. But today the opportunity is

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35. Rounsavilla, A; How accountancy got to be what it is today; Journal of Accountancy, September, 1949, p.235.
here to ensure the economy and the civilization against it, with sound accounting at home and their rapid adoption abroad, the current civilization will contain an ingredient not hitherto to known in the history. If this civilization can survive by avoiding the corruption, the accounting is the process that can save it". Accounting, in recent decades, is inspired by public interest and there observed increasing pressure with regard to its service to the society. Recent trend in the atmosphere surrounding accounting and business with regard to the recognition of social responsibility seem encouraging. Starting in the middle of sixties, numerous enterprises in both developed and developing countries recognized that they are not merely accountable to its stockholders but to all of the society. Towards this end remarkable efforts have been recently initiated in social reporting. In India, adequate accounting measures have been proposed, as early as in 1968, to measure the return on investment—expenditure incurred on social overheads, for example, township development, community welfare programmes of the industrial units, etc. 36

An extended idea of accounting objectives:

It is quite indicative that accounting, under the prevailing socio-economic environmental pressure, is moving rapidly towards the objective of social responsibility and putting a limit to the overwhelming emphasis on the concept of profitability of the conventional accounting. The transition, has been variously observed as a part of a historic process. Accounting today, is organized in a manner that relates its concern with the social role of economic enterprises. Although profitability objective is not ignored, yet it is only a part of the overall objective. Salvary\(^{37}\) referred to the present horizon of accounting as the timely expansion of the existing boundaries beyond the normal economic consequences to include social consequences which the conventional system ignored. Such an expansion in the dimension of accounting has been termed by Mobley\(^{38}\) as socio-economic accounting. Referring to this term, he defined accounting,

"as the ordering, measuring, and analysis of the social and economic consequences of governmental and entrepreneurial behaviour".

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An utterance of socio-economic ethos in an accounting statement is not a superfluity today, rather it is a much vaunted necessity. Referring to the comment of one company president, it is claimed that in developed countries like United States, England, Germany, etc., social welfare became possibly the primary objective of capital investment. In one of the early seventies' issue of the Wall Street Journal the President of the Gulf Oil Corporation put it in the following way:

"Maximum financial gain, the historic number one objective of American business, must in this time moved into the second place - whenever it conflicts with the well-being of the society". 39

The bigger horizon of benefits to be served:

The usefulness of accounting today is judged in terms of the benefits which it may bring to the society, rather than the advantage which it may confer to its individual members. Such a trend could well be evidenced from the objectives of modern corporations which began to recognize that long-term profitability is only possible if they are conscious

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of their social obligations. Increasing emphasis on social costs and benefits analysis for decision making in modern economic system possibly stems from such an unavoidable necessity. As the traditional enterprise accounting system helps to restore investor's confidence in micro entities, likewise the test of corporate system is best represented by socio-economic accounting, the results of which are judged from the standpoint of the society as a whole. In today's environment of great awareness, accounting information act as instruments in 'ordering' the varied social forces into a cohesive operating group towards achievement of individual as well as common goal. Accounting information represents the structure of the level of expectation and achievements which upon further analysis indicates the ways and means for the betterment of individual well-being and the well-being of the society. My Committee thus surmised that, "an objective of accounting for corporate social performance is to help determine whether an individual firm's strategies and practice which directly affect the relative resource and power status of individuals, communities, social segments and generations are consistent with generally accepted social priorities on the one hand and individual's legitimate aspirations on the other." 41

40. Ross, G.H.B: Ibid., pp.46-54.
41. AAA: Committee Report ... ... ... Op.Cit., p.67.
elements of individual goal have been best consolidated into a common enterprise goal through the accounting statements. It is in this respect, accounting makes its best possible contribution to such areas of labour management relations, corporate tax system and so many. In case of labour management relation, most of the industrial bargain centred around financial constraints, where availability of adequate and timely information can reduce unworthy industrial unrest. Instead, it can help the restoration of an environment blessed with bilateral confidence and trust. Likewise, accounting—aid society has been considered, in recent years, a pre-condition to rapid economic development. As already mentioned, accounting can by no means be avoided, its knowledgable practice can exert better influence in building a budget conscious family that can neatly plan all of its activities from daily living to corporate tax payment. Accounting statements of both micro and macro entities bear a testimony of the accountability with regard to resources which help, in the best possible way, to create an environment of confidence for a harmonized society. In its broadest term, accounting may be seen addressed to the social harmony in an

environment of trust and confidence among individuals, entities and all in the society through its reports and statements. Stans argued that one of the means of eliminating social unrest is the creation of a genuine partnership among the participants in the economic output, for example, labour, capital, management, government etc. He inferred that the contribution of accounting in creating this partnership in an environment of adequate knowledge and understanding is deep rooted and far reaching. In his language, "it is the challenge of seeking to dispel 'economic illiteracy' to which accounting can address its constructive efforts". With regard to the relation between accounting and current social concepts, Arnett, quoting Pattilo stated that "accounting is essentially social in nature and has significant responsibilities to the society". Accounting reports, among other things, when logically interpreted, could be found to furnish the basis of a fair distribution among people in an economy, of their share of economic benefits from resource consumption. More emphatically, as Scott felt,
all elements of the society are ultimately and significantly affected by an accounting representation of revenue and cost data. And, thereby, the production and distribution of wealth in an economy is guided by ideas inherent in the institution of accounting. In fact, the rights of the tax paying public in existing socio-economic-political environment might be compared to those of modern corporation shareholders. Each is making a cash investment in the hope of receiving a return, while the shareholders expect a monetary return, the tax payer may receive part of his return in the form of social benefits. It is thus, argued that accounting should not only be useful to the group that pays the bill but also should have its output appraised by reference to some quantitative scale of social usefulness. 47

Supplier of information in the interest of the society:

The separation of beneficial ownership from control and the legal recognition of social interest in the corporation in which such a separation has occurred, created a management class and charged with the classified duty to the whole economy along with its responsibility to the stockholders. 48

as a tool of management, provides information on the economic affairs of an organization for use in attempting to improve efficiency, minimize costs of operations and increase profitability. Reduction in costs and increase in efficiency not only results in enhanced profitability but also contributes to the raising of the standard of living in terms of individual well-being and the propriety of the economy. Continuous flow of accounting information helps in the creation of skilled management which in turn presents an effective enterprise. An effective enterprise gives potential service to the society. Accounting, in the prevailing socio-economic environment makes its major social contribution as an information system. It serves that great social purpose of transfer of wealth from one hand to another and ensures maximum possible utilization of scarce resources. Continuity of productive activity, creation of employment opportunities, creation of goods and, so on have been in recent years, attached to the conditions of economic development and social welfare. As observed by Enthoven, "evidences in developed countries indicate that where investment flows have increased, accounting has constituted an important


pre-condition." It has been variously stated that progress in accounting made it possible the furtherance of an ever-increasing exchange of goods and services not only between individuals and entities but also across the national boundaries. For centuries, accounting has been one of the touchstones of world trade and the expediter of the flow of capital between countries and companies of multi-national structure. Economic historians have pointed out that good accounting goes hand in hand with industrial development and a rise in the standard of living. Garner \(^5\) thus concluded that internationalism in accounting is a natural concomitent of the spreading needs for the internationalism in all aspects of economic and social life.

**Social accounting in developing countries**

The fact thus remains that the overall progress of a nation is measured by one system of accounting and related information. But it is interesting to note that the institution of accounting has not been uniformly developed all over the world. In a different way, it can be stated that there exist a gap between developed and developing countries. In

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the developed countries Gross National Products (GNP) and National Income are not only intended to reflect the degree of progress in the well-being of the society and economy but also applied to measure the quality of life. Unfortunately, however, the system of social accounting in developing countries is far from being satisfactory in reflecting the improvement or deterioration in the quality of life. More specifically, the social costs and benefits of economic growth has not been reflected properly through the existing system of social accounting. In most cases, the national income accounts, as they are known in developing countries, summarize only the economic and financial aspects of the years' activities, and do not encompass the social effects. Moreover, there remains the question on the accuracy of the primary sources of national accounts data which are drawn, in most cases, from enterprise accounting data. One very interesting as well as important point in the discussion of the state of social accounting in developing countries is the inadequacy of the enterprise accounting system. As stated earlier, it is an undeniable fact that a significant portion of the social accounting aggregates is derived from the individual firms in the private sector of the economy and is contained in the business accounting reports. But the accounting problem of the national statistics system in the developing countries, lies in the inadequacy of the bookkeeping system coupled with the motive of tax evasion. Reference
could be made to a well explained comment of Ahmed, 52 who said about his experience in Pakistan that, "with the exception of very large establishments, book keeping in general is inadequate. This results in the submission of inaccurate and incomplete returns. There exists a widespread tendency to conceal information. It arises from an imaginary fear that these returns may be used to the owner's detriment in tax assessment. The Act under which industrial statistics are collected makes it abundantly clear that the information furnished in business accounting reports are meant to be used only for statistical purposes. But despite this assurance and scrupulous care in protecting the returns themselves, fears persist".

Accounting information thus, in most cases, remain limited to statutory minimal, Scott 53 in this respect remarked that, "the degree of sophistication of a nation's private enterprise accounting techniques and the particular accounting principles adopted in a nation will affect the accuracy and ease of preparation of its national reports".


53. Scott, George, M. Accounting and Developing Economies, University of Washington, 1970, p. 34.