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Dale A. Buckmaster

Dale Buckmaster
UNIVERSITY OF DELAWARE

BOOK REVIEWS

Stuart W. Bruchey. *Robert Oliver and Merchantile Bookkeeping in the Early Nineteenth Century* (New York: Arno Press, 1976, pp. iii, 120, $10.00).

Reviewed by Robert Bloom
The College of William and Mary

Originally an M. A. thesis at John Hopkins University (1946), this book is based on the accounting records and business letters of Robert Oliver, a mercantile capitalist. Bruchey uses Oliver's records and letters as a springboard to illuminate the characteristics of mercantile capitalism and the development of accounting practice in the early 1800s.

Ledgers and journals were prepared by the Oliver family. Bruchey observes that each cargo shipment was recorded in a separate "Adventure" ledger account, an umbrella account which constituted a record of the revenues of the cargo and the costs of the journey, and was subsequently closed to Profit and Loss upon completion of the voyage. Occasionally, Adventure accounts were charged at more-than-cost for goods shipped. Bruchey concludes that ". . . it is conceivable . . . changing prices . . . were used as a guide to the value of goods at time of export." Secondly, perhaps ". . . price information from abroad served as the basis for cost-plus evaluations of exportable goods." Additionally, ". . . the answer is to be sought in the consideration that business ties with particular agents or particular supercargoes were stronger and longer than those with others. Long and mutually successfully relations give rise to mutual confidence. In such cases, it may be an invoice written at cost was adjudged no risk."

Ship accounts were also maintained. ". . . the Ship account represented an investment distinct from investments in adventures. The cost of a ship could not logically have been charged to any one Adventure account; a ship was the vehicle for numerous adventures."

For accounts payable, a "Charges" account was kept along with "Little Books" to represent a partial subsidiary ledger. Accounts receivable were additionally maintained. Other major ledger accounts included: Partners' capital, Bills of Exchange, Insurance, Commissions, Interest, and Rents.

Expenses pertaining to one year could have been reflected in the Profit and Loss account of another year. "Some expenses were charged to the Adventure Account, some to a Ship account, others to a Disbursements on Ship account. Accounts for Ships and those for disbursements on Ships, furthermore, were not closed at the same time that the Adventure account was closed." Moreover, the partners' capital accounts were charged for household expenses, contrary to the separate business entity principle of contemporary financial accounting.

Trial balances were also prepared, but there was little effort made to categorize accounts by type. There is no evidence that a balance sheet was developed by Oliver. Nevertheless, these accounting books seem to have furnished a valuable stewardship function, as Bruchey observes:

> Unbalanced Adventure accounts recorded the location, nature and approximate amount of capital invested in cargoes. Unbalanced Merchandise accounts recorded the value of unsold merchandise. Debit balances of accounts with individual debtors informed them of sums owed the firm. Credit balances of accounts with individual creditors informed them of sums owed to others.

This succinct essay is carefully researched, well-written, and enjoyable-to-read, though occasionally overburdened with unnecessary accounting data. To shed light on the life and times of mercantile capitalists by putting together bookkeeping records and letters of one such businessman is the mission of this book. Without this marriage of accounting records and letters, the accounts would be difficult, if not impossible, to comprehend adequately. From these sources, a particularly enlightening study emerges.

Deloitte & Co. 1845-1956 (Oxford: University Press, 1958, pp. 171, privately printed for Deloitte, Plender, Griffiths & Co.).

Reviewed by Hans V. Johnson
The University of Texas at San Antonio

The recent merger of Haskins & Sells and Deloitte & Co. has brought together two firms whose rich history spans that of professional accountancy itself. It could be argued that whereas the published history (1895-1970) of Haskins & Sells mirrors the development of professional accountancy in the United States, the history (1845-1956) of the Deloitte firm likewise reflects the profession's growth in Great Britain. The book is equally divided between pre and post 1900 periods. The character and contributions of the founding partners are presented along with clients of long standing, staff relations, overseas development of the firm, and the economic and cultural environment of the times. Material for the book was compiled from correspondence files, internal office memoranda, memoirs, and other recorded recollections of partners and staff.

William Welch Deloitte founded the firm in London in 1845 during a period of British history described as a "time of robust, if harsh, economic development." Of French heritage, the grandson of Count de Loitte, Deloitte left school at 15 after obtaining a position as an assistant to the Official Assignee of the Bankruptcy Court. Twelve years later he opened an office at 11 Basinghall Court and he and his wife established residence above the office. In 1845 the London Post Office directory listed 205 accounting firms. Mr. Deloitte aggressively sought new clients even to the point of searching the newspapers for bankruptcy filings. One letter stated "I am sorry to see your name in the Gazette, and write to offer my services. . ." A staff member recalled Mr. Deloitte as an "alert, decisive little man, with just a touch of austerity in his manner," but with a "kind heart." Leading industrialists came to recognize his outstanding abilities. His association with the Great Western Railway, starting in 1849, was a primary impetus for growth. His investigation of a stock fraud of the Great Western Railway in 1856 made him a prominent figure. Mr. Deloitte left the firm in 1897 and died one year later at age 80. His obituary appearing in *The Accountant* credited him with, among many other accomplishments, developing systems for keeping railway and hotel accounts both of which had become universally accepted.

The book is well written and includes many interesting anecdotes about public accounting practice in the good old days. What follows is a sampling of the trials and tribulations of the staff. New clerks, often 15 or 16 years of age, were furnished with a "Baton," an enclosed footlong cylinder containing three compartments: one for pens and pencils, one for a bottle of ink, and the third "india-rubbers." Inexperienced clerks received no salary for the first year, the training period, and "small salaries subsequently." The clerks worked regular nine hour days, forty five minutes for lunch, except on Saturdays when "work permitting" the office closed at 2 o'clock for the weekend. Monthly time summaries were a "constant source of complaint;" internal memos reveal that on occasion even partners were tardy in submitting their time summaries. Discipline was sometimes a problem as indicated by a letter from Mr. Deloitte to the mother of a clerk who he had just dismissed for an unexcused absence. In the letter he suggested that the young clerk be made to move back to his country home for closer supervision and away from some associates of "the most dangerous character." A subsequent letter to the mother indicates that her son had borrowed money from a client and left an I.O.U. From a staff of 10 in 1850 the firm grew to 125 in 1900. A woman typist was hired in 1902 and the "days of the two male copyists . . . were coming to an end." Previously, all correspondence, accounts, and reports were written and copied in long hand. Recollections on the initial installation of electric lights, and the intense rivalry among the staff to see who got the 16 candle power lamp, the first and the only telephone, the hazards of communicating with other staffmen in remote rooms in the building through "speaking tubes," and the laborious task of filing the mountain of paperwork all make for interesting reading.

The reviewer's favorite passages relate to the experiences recalled by a late partner of the firm, The Rt. Hon. Baron Plender of Sunbridge. Lord Plender had spent considerable time for the firm on the European continent around the turn of the century. While in Madrid he was invited to dine one evening with "a well-known Englishman who had married a Spanish lady." The Englishman had a violent temper, and thus when the butler brought in the leg of lamb, which the host believed to be too rare, he threw it "out the window behind him and it fell in the street, so that there was no mutton for us for that night's dinner." And, "his wife was overcome by her husband's behaviour, and left the table in a temper." In St. Petersburg he and other Englishmen occasionally were invited to dine with Russian friends. Caviar sandwiches and vodka, "which we found to be a particularly strong stimulant," were a prelude to sumptuous meal. "We were pressed to take more (vodka) than was good for us, and sometimes we yielded and before dinner was over . . . we were in a somewhat dazed condition much to our Russian friends delight."

Historians with an interest in the developments of accountancy in Great Britain will want to read about the impact of the Companies Acts, the creation of The Institute of Chartered Accountants, early audit reports, various business failures, and the environment during the two World Wars. This is a thoroughly enjoyable book. It is interesting, informative, and humorous. Deloitte Haskins & Sells should seriously consider having the book reprinted in paperback for wider distribution. It is a rare gem!

Martin M. Crow and Clair C. Olson (eds.), *Chaucer Life-Records* (Austin, University of Texas Press, 1966, pp. XXVI, 629, out of print).

Reviewed by Vahe Baladouni
University of New Orleans

GEOFFREY CHAUCER (1340? - 1400), one of the great geniuses of English literature, was for the most part of his life in public service in one way or another. The son of a prosperous London vintner, Chaucer took part in military expeditions abroad, served as justice of the peace, and was elected to Parliament. He was in the service of the crown as clerk of the king's works and later deputy forester of the royal forest. In his early years, he made several trips abroad, notably to France and Italy. Some of these may have been diplomatic missions for the king; others dealt with financial matters and commercial treaties. In June of 1374, Chaucer was appointed as controller of the great customs (wool and leather) in the port of London. In 1382, Chaucer was granted the additional post of controller of petty customs. He held these posts until 1386.

Over the past several decades, Chaucer scholars have compiled and published the life-records of this remarkable man and literary genius. One publication that commands attention is edited by Martin M. Crow and Clair C. Olson, *Chaucer Life-Records.* This work was published simultaneously by Oxford University Press and University of Texas Press in 1966. This volume, which is essentially a source-book, contains four hundred ninety-three records in the the original Latin or French. For the convenience of users, the records are brought under thirty-one chapter headings. The grouping of the records by subject makes the presentation both intelligible and interesting. A chronological table of these records is also provided in the appendix. The original records are to be found in the Public Record Office, London.

A source-book of this type would not only be incomplete, but also dangerously misleading if it did not provide adequate commentary. The purpose of such commentary is above all to show what inferences may or may not be drawn from the records. With this concern in mind, the editors have made every effort to provide an up-to-date commentary. The preface of the book informs the reader about the general plan, purpose, and methods of editing used.

Of primary interest to accounting historians is chapter nine: "Chaucer as Controller in the Port of London, 1374-1386." It is the longest chapter in the book covering one hundred twenty-three pages. Included in this chapter are the following records: (1) appointments of Chaucer as controller in the port of London; (2) Chaucer's use of deputy controllers; (3) the wool quay and Chaucer's colleagues there; (4) typical records illustrating Chaucer's work at the wool quay; (5) records arising from the audit at the exchequer; (6) Chaucer's retirement from the controllerships; appointments of his successors; (7) grant of wool forfeit to Chaucer. Information useful for purposes of accounting history are also to be found elsewhere in the book.

The study of these records may well further our understanding of business and accounting practices of the times. The volume contains records illustrating contemporary methods of bookkeeping. Two surviving particulars of accounts provide considerable and varied information on the port's activities, such as volume of business and number of merchants trading in the port of London. Insight can be gotten regarding the division of the record-keeping task. There is also a wealth of information concerning the audit of the various customs.

The examination of these records can be considerably helped by reading the following background material: Norman S. B. Gras, *The Early English Customs System* (Cambridge, Mass., 1918); Mabel H. Mills, "The Collectors of Customs," in W. A. Morris and J. R. Strayer, eds., *The English Government at Work, 1327-1336* (Cambridge, Mass., 1947), Volume II; Eileen Power, *The Wool Trade in English Medieval History* (London, 1941); Robert L. Baker, *The English Customs Service, 1307-1343: A Study of Medieval Administration* (Philadelphia, 1961); E. M. Carus-Wilson and Olive Coleman, *England's Export Trade,* 1275-1547 (Oxford, 1963).

Tito Antoni, *I Partitari Maiorchini del "Lou dels Pisans" Relativi al Commercio dei Pisani nelle Baleari (1304-1322 e 1353-1355),* (The Ledgers from Majorca of the "Arbitration of the Pisans" Concerning the Commerce of Pisa in the Balearic Islands (1304-1322 and 1353-1355), Pisa, Pacini Editore, 1977, pp. 77, Lire 4,500.

Reviewed by Alvero Martinelli
Appalachian State University

Until now, there has been a total lack of any historical documentation supporting the thesis that the naval battle of Meloria in 1284 caused the definitive downfall of Pisa as a maritime power. Due to a combination of unusual circumstances, Tito Antoni was able to find two account books dealing with duties paid by Pisan merchants to the king of Majorca. The author had previously reported the exceptional importance of these records in a paper published in 1970 and, more thoroughly, in a speech delivered in 1973 at the First International Congress of Mediterranean History in Palma de Majorca.

In the first volume of the *King's Letters* kept in the Historical Archives of Majorca there is record of an agreement stipulated between King James II (1276-1311) with the Commune of Pisa, dated November 24, 1303, for the repayment of old damages caused by Pisan merchants to the citizens of Majorca, to solve the pending litigations and to allow Pisan citizens to travel to Majorca with full freedom and security. Among other things, the document also establishes that Pisan merchants had to pay on merchandise exported from the kingdom of Majorca a tax of one *denaro* for each *lira* of assessed value (later increased to four *denari*), and eight *denari* for merchandise imported to the kingdom. The monetary unit was the *lira* of Majorca divided into 20 *soldi* and 240 *denari*. However it was not a minted unit, only an abstract currency. Furthermore, it was established that the imposition of the duty had to be administered by two collectors, one appointed by the king and the other by the city of Pisa. The money received was then to be distributed among the citizens of Majorca who had suffered any loss caused by the Pisans. Therefore, it was necessary to establish an efficient accounting system with detailed entries for the proper application of this duty.

The two account books found by Tito Antoni and preserved in the Historical Archives of Majorca belonged to this system. The analysis of the oldest of the two books reveals, in a convincing way, how intense and well established was the commerce of Pisa with Majorca and the countries on the western Mediterranean sea from the year 1304 until 1322. The analysis made by the author of the second ledger kept during a short period following the Black Death (1353-1355) also reveals the great vitality of Pisa as an important center of commerce, particularly for the trade of raw materials so important for the industrial activities of the city.

A great portion of merchandise subject to the payment of the duty consisted of raw hides originating from Africa, Catalonia of and Tuscany. However one may also notice a large quantity of items of relatively little value. This has prompted the author to formulate the theory that during the first half of the fourteenth century there was a sharp fall in freights so as to allow the transportation of not-so-valuable commodities in addition to spices and cloth, which remained the richest and most desirable items in the international commerce.

There was a detailed record of all types of merchandise loaded and unloaded on foreign ships. Each Pisan merchant had a separate account where there is record of the quality, quantity and value of all commodities carried from, to, or through Majorca, and the amount of the duty to be paid. All the accounts in the ledgers are divided into two sections on the same page. On the left hand side of the account, usually running on three fourths of the same page, there is detailed record of the cargo, together with the name of the merchant and the route to be followed or the name of the place where the voyage originated. On the right hand side of the account, the accountant recorded the amount of the duty to be paid and, eventually, the date of its payment.

According to the author, the great contribution of these records to our knowledge is that they "allow us to know not only the accounting technique used for the collection of the tax, but also the quantity, quality and value of commodities traded by Pisan merchants in Majorca." An this trade, in volume and frequency of transactions, was much more important than anybody until now had thought.

This book raises new and interesting questions concerning the economic, social and political history of Pisa during a span of fifty years. In summary, Tito Antoni is quite successful in giving us a detailed and almost complete picture of the commercial life in Pisa during the first half of the fourteenth century.

Costouros, George J. *Accounting in the Golden Age of Greece: A Response to Socioeconomic Changes.* (Urbana, Illinois: Center for International Education and Research in Accounting, 1979, pp. 91, $5.00).

Reviewed by Frederic M. Stiner, Jr.
University of Maryland

One might believe that after centuries of study, it would be difficult to say something new about the Golden Age of Greece, when there were sensational developments in every area of human expression. Costouros has overcome this formidable barrier. He shows classical Greece, particularly Athens, at its zenith, generally considered to be the fifth and fourth centuries, B.C. The purpose of this book is to show the interplay between socioeconomic factors and accounting, and to do this, he ranges over many other centuries to illustrate various points. The author is exceptionally well qualified to write this book. He is a native of Greece, with training in business received in both Greece and the United States.

The book is in four principal parts. The first briefly reviews Athenian history and economics until 404 B.C., when Athens surrendered in the Peloponnesian War. The second part shows the influence of the accounting on the socioeconomic environment of Athens. The two crucial developments were coined money and the development of writing so that transactions could be measured and recorded.

With these two parts as a foundation, the third part of the book, "Development and Evolution of the Accounting Systems," achieves the author's purpose. This third part interprets the Athenian concept of the accounting entity, and the evolution of a central bank from the Temple of Athena. The fiscal system was without a comprehensive budget, but the Athenians controlled finances by restricting expenditures as the revenue was raised. There are exhibits (which Costouros draws from other scholarly sources) showing assessments and authorization for expenditures for various entities. The collection of the quotas assessed by cities is also shown. Loans and payments were recorded, as well as inventories made of state goods. (The partial inventory of the Parthenon for 422 B.C. would make any museum curator envious.) Drawing on Tod's work,[1] the statement of cash receipts and disbursements for the Delphi Temple in 377-374 B.C. (after the Athenian collapse, but before Philip of Macedon began uniting the Greeks) shows a list of interest received from cities and individuals, and receipts from lawsuits, pledges, and rentals. Expenditures were for salaries, freight, cows, golden petals, etc. Those interested in not-for-profit and governmental accounting should find this part of the text very rewarding.

The fourth and final part of the book, a meager six pages, has a succinct summary, and a few cautious conclusions as one might expect from work developed from a doctoral dissertation.

The author has so many tantalizing facts, he should not shrink from further work in applying Grecian insights to modern society. For example, why did the emergence of democracy not give a comprehensive budget for all entities of the entire state? Having begun with a religious base, what comparisons might be made with church accounting today? There were three boards of state accountants to audit magistrates: How does this compare to the attest function of today? Auditors in Greece at that time would make unannounced observations of mercenaries receiving their pay, to be sure that all on the payroll existed. What other audit techniques have existed for over 2,000 years? As the standard of living rises, must the state bureaucracy always expand, as it did in Athens?

A major flaw of the book is that there is no index, again perhaps a result of having been based upon a doctoral dissertation. The compression of history in the first part of the book does not allow for an elaboration of Athenian history, and I think the author should have emphasized that Athens was for many years an undisputed naval power. He is silent on the influence of trading ventures of the Athenians, and what effect this may have had on their accounting. For those completely unfamiliar with the period, I recommend Thucydides' *Peloponnesian War* as a necessary prerequisite reading.

This is one of the critical periods of western civilization, and this book should be useful to historians studying this period. Unless one is able to read Greek, this book will become a primary source to those who do not read Greek. The reviewer can only hope that Costouros will continue to draw on his knowledge of Greece and ancient sources to continue to produce books as interesting as this one.

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[1]M. N. Tod. *A Selection of Greek Historical Inscriptions,* vol. II. Oxford: The Clarendon Press, 1962.

[2]New York, Random House, 1951.

G. W. Dean and M. C. Wells, Editors, *Current Cost Accounting: Identifying the Issues* (Lancaster, England: International Center for Research in Accounting, University of Lancaster, 1977, pp. 196, £ 6.25).

Reviewed by Araya Debessay
University of Delaware

This book of readings contains articles, letters and editorials, numbering thirty seven, which are systematically classified into five parts: (1) Introduction, (2) Background to Current Cost Accounting (CCA), (3) Theoretical Issues, (4) Practical Issues, and (5) Overview. Except for one article which was specially commissioned for this publication, the rest have been published in academic and professional periodicals in the United Kingdom, Australia, the U. S., Canada and New Zealand, In spite of the apparent international flavor reflected in this collection, however, the main thrust of the articles is centered on attacking the CCA proposals issued in the United Kingdom, Australia and New Zealand.

The editors have set a two-fold objective for their publication: (a) to provide the reader with systematically collected and coordinated arguments against the adoption of CCA in an effort to counteract the "unprecedented kind of advocacy on the part of the accounting profession aimed at gaining widespread acceptance of CCA," and (b) to provide a historical perspective outlining the background of CCA.

Summaries of United Kingdom Exposure Draft (ED18), issued by the Inflation Accounting Steering Group, the Australian "Provisional Accounting Standards" and the U. S. Securities and Exchange Commission *ASR 190* are included in the Introduction with some supporting editorial comments from Australian and British journals.

The Background to Current Cost Accounting section contains 14 articles which are subdivided into (1) the origins, (2) the 1950's debates and (3) the 1970's debate. This section provides an excellent historical development and the ups and down CCA has passed through over the years. The editor's objective in this section appears to be to demonstrate the fact that what is hailed now as a new phenomenon by proponents of CCA is in fact a rehash of the same issues that have been raised as early as the turn of the century. It is obvious that the editors want to see the new proposed accounting reforms rejected much as they were rejected before. Clark's article which contains a fairly extensive bibliography provides a good summary and a comprehensive critical appraisal of the various proposed accounting reforms. Zeff's familiar article, "Replacement Cost — Member of the Family, Welcome Guest or Intruder?," is an excellent introduction to the theoretical frame-work of replacement cost accounting with a good review of the U. S. literature on the subject covering the period from late 1930's to the early 1960's.

The section dealing with the Theoretical Issues contains seven articles covering most of the substantive and controversial aspects of the proposed CCA systems. The central theme in these articles, which include two by Chambers and one by Edward Stamp, is that there are several conceptual problems with the proposed current cost accounting systems. Among the serious conceptual defects discussed by the various authors are: the problems associated with the "value-to-the-business" approach to valuation; the treatment of holding gains/losses on non-monetary items as well as the purchasing power gains/losses on monetary items in income determination; the failure of CCA to account for inflation as well as the problems of additivity inherent in CCA statements.

The Practical Issues section deals with the problems of implementing the proposed CCA systems, such as the problems in auditing CCA statements, the legal implications of changing valuation methods, the problems of computing depreciation and the treatment of backlog depreciation as well as the impact of technological change.

The book concludes with an Overview section that highlights the fact that the proposed CCA systems are beset with conceptual and practical problems that make them difficult to adopt. The selection of Rosenfield's article, "Current Replacement Value Accounting-A Dead End," in this section is quite indicative of the strong anti-CCA position of the editors.

The editors have done a commendable job at systematically collecting articles which tend to counter the enthusiasms expressed by proponents of current cost accounting. In this regard opponents of CCA will love this book.

This reviewer, however, believes that it is difficult to resolve the controversy between the proponents and opponents of the CCA without first defining the objectives of external financial reporting and identifying who the users of the information are and how the information is utilized in the users' decision model. This perhaps should be done in the context of the current thinking in portfolio theory and the empirical research that has given rise to the Efficient Market Hypothesis. No attempt is made by the editors to address these issues. And, except for Lemke's article which deals with the problem of technological change in producing an income figure with "predictive ability," most of the articles do not clearly specify a common objective. In this regard the contribution of this publication at resolving the "inflation accounting" controversy appears to be limited. To the extent that it provides researchers with a handy reference of the troublesome conceptual and practical problems with the currently proposed accounting reforms, however, this book is invaluable.

Vernon K. Zimmerman, (ed.), Written Contributions of Selected Accounting Practitioners, Vol. 2: Paul Grady (Urbana-Champaign: Centre for International Education and Research in Accounting University of Illinois, 1978, pp. X, 589, paper, $8.00).

Reviewed by Ray Anderson
Footscray Institute of Technology

This book contains some of the collected writings of Paul Grady. In 1918 Grady enrolled as a chemical engineering student at the University of Illinois. He obtained financial support for his studies through part-time employment at various cafeterias. As this was not compatible with his engineering studies Grady transferred in 1920 to the College of Commerce, and selected accounting as a major. In 1923 he joined Arthur Andersen & Co., becoming a partner in 1932. Whilst organizing the Naval Cost Inspection project during World War II, he was "removed" from the partnership of Arthur Andersen & Co. From 1943 to his retirement in 1960 he was a partner in Price Waterhouse & Co.

The first three chapters deal with the university background and the public accounting experiences of Grady. These chapters give us a fascinating glimpse into the auditing approaches of those times and the problems of accounting for public utilities. A potential area for research would be an examination of the historical development of accounting practices for such bodies.

In 1942 Grady was required to organize and develop the auditing function within the Naval Cost Inspection Service. This was concerned with the auditing of War Contracts and the book contains two published articles and one paper delivered to the 1942 American Institute of Accountants on his experiences in this area.

Chapters five to eight cover the period 1943 to 1960 whilst a partner at Price Waterhouse & Co. These chapters cover Grady's writings on auditing standards, internal control, regulatory accounting, public accounting as a career, price level accounting, current cost depreciation, the role of the CPA, management advisory services, work satisfaction, control of federal expenditures and the concept of depreciation.

Chapter nine covers the period from 1960 when Grady retired as a partner from Price Waterhouse & Co. This provides Grady's comments on a wide variety of accounting topics, especially current areas of concern such as the objectives of financial statements and purchasing power accounting.

The final chapter deals with one of Grady's major contributions to accounting literature, namely Accounting Research Study No. 7, Inventory of Generally Accepted Accounting Principles for Business Enterprises. Over 300,000 copies of the *Research Study* have been sold, a testimony to its value to both accounting practitioners and educators. This book is a welcome addition to the historical literature in accounting and The Center for International Education and Research in Accounting is to be commended for its wisdom in enticing Paul Grady to make available his writings for the benefit of present and future generations of accountants.

William B. Wolf, *Management and Consulting: An Introduction to James O. McKinsey,* (Ithaca, New York: New York State School of Industrial and Labor Relations, Cornell University, 1978, pp. viii, 112, $7.95)

Reviewed by Tonya K. Flesher
University of Mississippi

Accountants should look with great pride at the accomplishments of James O. McKinsey, and Wolf's book affords an excellent opportunity for such an appreciation. Dr. Wolf is a professor of personnel and human resources management and he states in the preface that this book was written for administrators, consultants, and students of management as a guide for management and consulting. However, the first section of the book deals with a brief biography of James O. McKinsey and in this section McKinsey's accounting achievements are revealed.

McKinsey's accounting career began in 1914 at St. Louis University where he studied and taught bookkeeping. Later, McKinsey received bachelors and masters degrees from the University of Chicago and became a CPA. Before he finished his degree, George Frazer, professor of accounting, asked him to join the accounting faculty. This was a typical experience for McKinsey commencing with his high school days, as he claimed that he was hired to teach in every school he attended before he attained his degree. Also, Frazer hired McKinsey to work in his public accounting firm. Frazer sent McKinsey to New York to establish an office of the firm and during this time McKinsey lectured in accounting at Columbia University. In 1921 he returned to the University of Chicago.

In 1919 McKinsey initiated his prolific writing career. One of these early publications was a teacher's guide to the Revenue Act of 1918. In 1920, he and A. C. Hodges wrote *Principles of Accounting* for the University of Chicago Press. Also in 1920, McKinsey published the first volume of *Bookkeeping and Accounting,* followed by the second volume a year later. These two volumes were written for secondary school students. McKinsey took a pioneering philosophy in accounting education through his emphasis on principles over techniques. He required the students to view accounting from the position of a manager rather than a bookkeeper because he felt that all educated people should be able to understand accounting data. McKinsey maintained that accounting was the equal of any university course in teaching students to reason analytically. McKinsey produced three books in 1922: one a case study; the two-volume *Financial Management;* and *Budgetary Control,* his classic dealing with the subject that is now described as Management by Objectives. In 1924, *Business Administration* and *Managerial Accounting* were released. Both of these works were pioneering efforts in the respective fields of policy and management accounting. That year was a significant turning point in McKinsey's career as his interests began to shift from accounting and budgeting to managerial accounting. He was later to move further away from accounting as he developed his interests in management. After 1927, he taught only business policy courses and devoted the remainder of his time to his consulting work in his own firm to the exclusion of research and other faculty activities. He was one of the first professors of business policy in America. However, before his break away from accounting McKinsey served as president of the American Association of University Instructors in Accounting (now AAA). He also authored *Accounting Principles* in 1929. This is the book now authored by Niswonger and Fess (in its twelfth edition). The descedant of his business policy text is today one of the most popular books in that field. Thus, McKinsey's contributions may still be found in accounting and business education in the fields of budgeting, managerial accounting, accounting principles, business policy and managerial finance. He is also remembered as the former chairman of the board of Marshall Field and Company and for the consulting firm which bears his name. This legacy was left by a man who died at the age of forty-eight.

The remainder of the book is a synthesis of McKinsey's approach to consulting and management. Thus, it is the first section which would be of interest to accounting historians, while the other four sections are of limited interest and appeal, in the opinion of this reviewer. There is, however, a two-page appendix listing the principal writings of James O. McKinsey. This book would serve as an excellent example and starting point for a similar research project analyzing McKinsey's approach to accounting and budgeting.

Richard Vangermeersch, FINANCIAL REPORTING TECHNIQUES IN 20 INDUSTRIAL COMPANIES SINCE 1861, (Gainesville: University Presses of Florida, 1979, pp. ix, 100, $17.25 North America, $19.25 elsewhere)

Reviewed by Earl K. Littrell
Willamette University

This volume describes and analyzes the financial reporting practices of 20 industrial companies from 1969 back as far as 109 years to 1861. (The book's title is a bit overstated since the median company first reported in 1902, for 68 years of coverage.) The format consists of text, annual report excerpts, and tables, with 7 general topic areas broken into 63 specific financial reporting practices. Cover-to-cover, it makes dry reading, although the resulting material is nonetheless of much potential use.

Although it is a strong tradition in scholarly articles in other disciplines, historical references are not the rule in accounting articles. Probably the main use for this material is to provide such historical reference material for accounting writers. After all, tracing the history of an issue is symbolic of having made at least some literature search, and in the future one would hope to find such references in accounting as automatically as one finds the Augustinian Mendel in the genetics literature.

Two examples illustrate this point. LIFO is commonly treated as born and reared in the 1960's and '70's. 10 of Vangermeersch's 20 companies use LIFO as of 1969, and they all made the LIFO adoption in the 1941-55 period (Table 15, pp. 84-5). Similarly, the long history of the funds statement is frequently ignored. One of Vangermeersch's companies has issued a "formal" funds statement since 1902, and by the 1940's 9 of the companies were providing at least "informal" funds statements (Table 27, p. 99).

However, the sample of companies is not nearly strong enough to extend "LIFO as a post-WWII issue" and "funds statement as a pre-1950 issue" to general rule status. Instead, the sample is a convenience sample, albeit attractive. The companies were selected ". . . because of the length of time they had been reporting, the completeness of their report files at (Harvard's) Baker Library, and the goal of covering companies in as many different industries as possible (p. ix)." Of course, the author is aware of the limitations inherent in his selection procedures, and in closing he proposes expanding the study to as many as 50 companies. Still, 50 does not approach the claim to "representativeness" that *Accounting Trends and Techniques* can make with some 600 companies.

Along the way, some attention is devoted to 1920's-style asset write-ups, direct entries to retained earnings, debit bias in extraordinary classifications, and other issues. Given the data limitations, the results are more intriguing than convincing.

Nonetheless, having this volume at hand could lead to significant improvement in the quality of much of the accounting literature. This prospect can be held out for few other accounting works of 100 pages or less.

Kathryn C. Bucker, *Littleton's Contribution to the Theory of Accountancy.* Research Monograph No. 62 (Atlanta, Georgia: College of Business Administration, Georgia State University, 1975, pp. 297, $10.00, U.S., $12.00 elsewhere).

Reviewed by Gadis J. Dillon
The University of Georgia

As the author notes in her introduction, it requires considerable time to find, read and appreciate the philosophy expressed in the many writings of a prolific author. This is especially true if the writings were published a number of years ago. In his career covering the period 1920-1966, Littleton had over 300 publications, many of which must be read to appreciate his basic philosophy and its implications. Buckner provides a concise summary, intended to "develop insight as to his consistency of treatment, the evaluation of his thoughts over the years, and his possible impact and influence upon the development of accounting thought." (p. 5)

The bulk of the volume is devoted to a chronological review of Littleton's works on: 1) basic approach and views on accounting principles; 2) income determination as the central theme of accounting; and 3) the prestige of historical cost. An appendix provides a chronological listing of all Littleton's publications. Another appendix provides a brief biography.

Buckner does a thorough job of summarizing Littleton's positions with respect to the above areas. This summary should be useful to anyone seeking an understanding of the evolution of accounting thought in the period 1925-1960. Certainly Littleton provided an articulate and consistent theoretical foundation for many of the accounting procedures adopted by the accounting profession during his professional career.

There is no question that Littleton was a major contributor to accounting development. Furthermore Buckner obviously admires Littleton, which is not unusual given the extensive time and effort spent reviewing his life and writings. However, Buckner may impute to Littleton more influence than warranted. For example, in noting Littleton's unyielding support of historical cost, she concludes that "If Littleton had been more flexible in his view, it is possible that certain changes which are taking place today might have already been an integral part of today's body of accounting theory and practice." (p. 219) Littleton was indeed a leading advocate of historical cost, but his or any other one individual's defection would have had little impact on its universal adoption and use.

Overall, this volume provides an excellent and extensive summary of the positions and philosophy of a leading contributor to the accounting literature of the twentieth century. The listing of Littleton's published works and the bibliography are also helpful. Anyone without access to or time for reading Littleton's publications in the original will find this volume interesting and useful.