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Book Reviews

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ACCOUNTING IN THE LUMBER INDUSTRY, by H. W. ECKHART.
Harper & Bros., New York. 291 pages.

In his volume, *Accounting in the Lumber Industry*, H. W. Eckhart has concerned himself with the presentation of a system of accounting and a set-up of accounts and statements looking toward the final goal of a uniform system of accounting for the lumber industry. The author, while recognizing the difficulty of formulating a plan which meets the requirements of all operators, nevertheless has skilfully attempted to overcome all the usual obstacles by devising a system which, as he says, "must provide for enlargement, elaboration, curtailment or revision without destroying the basic outlined principles."

He further states that "the impression should not be created that detailed uniform accounting demands a complicated bookkeeping system; quite the opposite is true, and the most successful known method is one which, through the coöperation of the industry at large, will provide the best and most necessary information without entailing a repetition of entries in a duplication of records, or a burdensome office organization."

In the introductory chapter he refers to the progress already made by various lumber associations in the direction of uniform accounting methods and statistics.

The second chapter deals with the balance-sheet, furnishing, by means of a pro-forma skeleton balance-sheet, all the account titles and numbers deemed necessary, each account being quite fully discussed in the text. Lengthy discussions of accounts peculiar to the lumber industry, such as lands—under timber, cut-over, etc.—timber, logging railroads and equipment, roads and bridges, camps, etc., are also included.

In chapter three a skeleton profit-and-loss account is set forth with suitable explanations of accounts, and in the succeeding chapters occurs a full discussion of operating accounts leading to the profit-and-loss account, such as lumber logs, cedar logs, cedar posts, cedar poles, lath, shingles, wood, pulp-wood and bark accounts. Under each of these operating departments are set forth skeleton forms of statements for sales, manufacturing, logging or otherwise, with the names of all accounts listed and account numbers indicated, accompanied by full explanations.

In the succeeding chapters supplementary manufacturing costs, such as sawmill expense, yard and piling expense, planing-mill expense, dry-kiln expense and shingle-mill expense, are presented in a manner similar to the accounts previously mentioned. After dealing with the subject of shutdown overhead, a chapter is devoted to burden-cost controls. Illustrations are furnished showing the expense accounts that may be used and the manner of allocation for such group expenses as barn and teams, and railroad expense.

Considerable detail is submitted in a chapter devoted to depreciation and the various methods that may be followed, and under the title of "The accounting records" numerous forms are submitted as used by the Wisconsin Land and Lumber Co., Mich.; Holt Lumber Co., Wis.; Peavy Wilson Lumber Co., La.; St. Paul and Tacoma Lumber Co., Wash.

Mr. Eckhart's book will be of interest, written as it is by a man evidently well acquainted with the practical problems involved in lumber accounting, to lumbering concerns, professional accountants and students of accounting problems involved in this character of business.

WILLIAM WHITFIELD.

AUDITING PROBLEMS, by J. HUGH JACKSON. *The Ronald Press Co.*, New York. 534 pages.

We have had a book on laboratory work in general accounting as taught in one of the great universities of the east. (See Professor Walker's *Problems in Accounting Principles*, reviewed in THE JOURNAL OF ACCOUNTANCY, November, 1929.) The west responds with a similar work by J. Hugh Jackson of Stanford University, *Auditing Problems: A Comprehensive Study in Principles and Procedure*. As its title implies, it contains problems in the special field of auditing to which the student is expected to apply his previously acquired knowledge of principles and procedure gathered from standard textbooks. These problems are actual cases, or are adapted therefrom, drawn from business life, and are stated in the preface to be divided into three general groups, viz: problems stating the facts, which the student is required to solve in the traditional classroom way; problems with erroneous solutions which he is expected to correct, and problems with correct solutions as furnished by "giants" in the profession which he must analyze, stating why he does or does not agree with them. Since there is nothing to indicate to which class a given problem belongs, the laboratory test is thoroughly searching and all that can be desired. It is what every auditor faces in practice.

After a preliminary chapter on the duties and rights of auditors, the author gives some ninety problems covering the entire progress of an audit from preliminary survey and instructions through verification of assets, liabilities and operations to the final balance-sheet, financial statements, certificates and reports. The closing chapter deals with investigations, new financing and accounting advice, the last being a bit above the average student, I should think, and something that might as well have been omitted. It takes years of experience to make a safe advisor! All the problems deal with corporations, naturally perhaps, considering the widespread use of that form of business organization, but it seems unfortunate that no space at all is given to sole proprietorship or partnership. While the auditing of the business accounts of all types is practically the same, there are special problems, in the case of partnership particularly, that might well have received attention.

An excellent bibliography by topics with reference to book and page leaves no excuse for a lazy student to plead lack of data; and a good index furnishes quick reference to technical steps.

W. H. LAWTON.

BUSINESS REPORTS: INVESTIGATION AND PRESENTATION, by A. G. SAUNDERS and C. R. ANDERSON. *McGraw-Hill Book Co., Inc.*, New York. 410 pages.

It may seem somewhat out of place in an accountants' journal to review a book such as *Business Reports*, written by two members of the English faculty

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of the University of Illinois, especially since only two references are found therein which refer specifically to accountants' reports. Nevertheless, inasmuch as the accountant of all professional men should be able to construct a report which reflects a professional touch, there is undoubtedly much in the book worthy of his serious consideration. The ability to write concisely, precisely, and with conviction is a personal asset of priceless value all too often found lacking in the accountant who otherwise may be commended.

The first portion of the book presents what are said to be the steps of business investigation and problem analysis: working plan make-up; data gathering, recording and interpretation. To the seasoned practitioner, this part well might be entitled, "Carrying coals to Newcastle."

The second portion presumably shows how to present the data in a report in such a fashion as to induce a reading and acceptance of its recommendations. Now, if the accountant has the ability to visualize and to reason from the general to the specific, there is much of value in this part of the book.

Like the criticism that was advanced in relation to a certain book on auditing—"it would take two years to complete an audit if all points suggested were covered"—the person who attempts to utilize in practice all the suggestions made in this book probably has a two-months' task ahead of him in writing an ordinary report. This is the severest criticism the reviewer can offer, judging the book from a practical viewpoint. However, since the volume apparently may be classed as a textbook emphasizing the teaching of principles and procedure of report-writing to students in a college of business administration, a textual concept probably is responsible for its voluminousness—a course must be of certain length, and text assignments must last right up to its end. Excluding the course idea, the student technician, particularly the major in accounting, is apt to obtain sufficient aid for his accounting report work from material much more condensed in nature than this book suggests; in fact, the reviewer utilizes less than 100 typewritten pages for "putting over" the idea to those it has been his privilege to guide in the preparation of accounting reports.

The authors state that the book "should be helpful to the director of research in any firm. . . ; (and) to the executive . . ." An efficient executive, in the opinion of the reviewer, ought not to be particularly interested in verbiage both detailed and repeated—considerable matter in the second part seems only a repetition of ideas advanced in the first portion.

Nevertheless, it is believed that the book has merit which is sufficient to assign to it a place in the present scant literature of a general nature dealing with this particular subject.

GEORGE E. BENNETT.

THE ABC OF ACCOUNTING, by STANLEY EDWIN HOWARD. *Princeton University Press*, Princeton, New Jersey. 302 pages.

A discussion of the merits or demerits of *The ABC of Accounting* can not be presented fairly without an early reference to the author's purpose in preparing the book, for its value must first be judged in relation to that purpose. Its possible adaptability to other uses is a secondary consideration.

The book was written primarily as an explanation of fundamental accounting concepts to university students studying economics as part of a liberal curriculum. It is presumably an outline of these concepts from an entirely non-pro-

fessional angle, and aims at a broadly educational exposition of elementary accounting principles and procedure. Thus it is concerned with a non-technical discussion of the various types of financial and operating statements and of the equations and relationships which are constituted therein; a cursory review of the bookkeeping procedure in recording business transactions, and a brief description of the records most frequently employed.

The presentation, generally, is exceedingly able, and the continuity is well maintained, although, as is to be expected in a small volume dealing with an extensive subject, the movement is very rapid. From a practical view, fault may be found with the relative importance attached to the various subjects touched upon by the author, as it seems disturbing to the balance of the work to find twenty per cent. of the entire book devoted to the subjects of interest and discount, and only about ten pages to so important a topic as inventories. The twelve pages devoted to cost accounting are entirely insufficient in scope and in exposition, and the comments on this subject are of little value to one otherwise unfamiliar with the methods of cost finding and cost reports. In many other instances clarity is sacrificed for the sake of brevity, and it is doubtful whether the uninitiated reader would find it possible to comprehend fully the functions and mechanical procedure involved in control accounts, wasting assets, etc.

In view of all this, it seems that of itself the book would be insufficient to express fully and coherently the range it covers, and its use would seem to be limited decidedly to academic work as a textbook, to be supplemented and enlarged upon in class lectures. It follows, as a corollary to this criticism, that to the practical accountant, or to the student of elementary accounting, this volume could have little to recommend it. To the former, it would convey merely an outline of theory containing simple principles known to every beginning junior accountant, and illustrations of forms of utmost simplicity; to the student, its brevity and conciseness would again render it unsatisfactory.

From these viewpoints, the title seems to be misleading, for the book is in no sense a complete compendium of accounting principles.

MILO B. HOPKINS.

ADJUSTMENT OF FIRE LOSSES, by PRENTICE B. REED. *McGraw-Hill Book Co., Inc.*, New York. 429 pages.

The author of *Adjustment of Fire Losses*, Prentice B. Reed, is the assistant United States manager of the Phoenix Assurance Company, Ltd., of London, England, and has had considerable experience extending over a number of years in all problems relating to fire insurance, but especially in adjustment of fire losses.

It is needless to point out that accountants can be of material assistance to their clients in the adjustment of an insurance loss of any kind in which their clients are involved, and this book should prove extremely useful to the accountancy profession in showing exactly how such adjustments are made by an insurance company.

There is considerable accounting procedure outlined in the book, and the various accounting methods used in adjusting losses are well worth an accountant's study. The chapter on "use and occupancy" adjustments is extremely interesting and instructive.

The contents of this book, while technical, are interesting.

LEE J. WOLFE.