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Book Reviews

F. W. Thornton

De Witt C. Eggleston

W. H. Lawton

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Book Reviews

PRINCIPLES OF ENGINEERING ECONOMY, by EUGENE L. GRANT.
The Ronald Press, New York.

Principles of Engineering Economy is primarily intended as a text-book for engineering students. It covers that part of the engineer's work which borders on the work of the accountant. Some chapters are indistinguishable from strictly accounting literature, as in the case where the book treats of methods of financing new construction.

Generally speaking, the author does not here deal with economies in the actual carrying out of engineering projects, but, assuming cost of construction and output capacity to be known, attempts to put the student in a position to be able to decide whether a contemplated piece of construction will be a profit maker or not and, if there be a choice of methods, a question as to size or as to quality of construction, to ascertain which method, which size, and which quality of work will pay best in all the circumstances.

In giving instruction in these matters the author has followed accounting methods that are in accordance with accepted practice and has given exercise questions that seem to be particularly well chosen. So far as an accountant can judge, this book should fill the place that it was meant to fill.

There is not much that would be of service to a competent public accountant, but the comments on depreciation methods, including provision for obsolescence, coming from an eminent engineering teacher, are not unimportant.

Comparing the sinking-fund method, depreciation at a fixed percentage of the diminishing balance and straight-line depreciation, Professor Grant shows a decided leaning toward the last named plan, partly because it is the simplest, but mainly because he considers that the sinking-fund method keeps the sum of two costs—interest on investment and depreciation—constant; fixed percentage on diminishing balance keeps the sum of maintenance and depreciation constant; and straight-line depreciation approaches a constant amount for the sum of interest, maintenance and depreciation. It should be remembered that the author is dealing with the economic aspects of new construction, and he expressly notes that the item of interest is considered apart from book entries to profit-and-loss.

The whole chapter on depreciation and obsolescence is excellent, covering conditions arising in rate fixing, sales of property and other circumstances. Incidentally the author distinguishes very properly between a reserve and a fund.

In the latter part of the book will be found a discussion of the advisability of new construction under specified conditions of supply and demand, intermittent operation, public utility laws and other special factors.

"Will it pay?" seems to be the text of the author; his book is well calculated to help the engineering student to a correct decision. The style is excellent.

F. W. THORNTON.

SAVINGS BANKS AND SAVINGS DEPARTMENT MANAGEMENT,
by WILLIAM G. SUTCLIFFE and LINDLEY A. BOND. *Harper and Brothers,*
New York.

The book *Savings Banks and Savings Department Management* constitutes another contribution to the literature on business management of which there

has been a good deal published during the past year. It is noticeable that of late there has been a very definite trend toward management handbooks in various fields. Presumably, Messrs. Sutcliffe and Bond felt that the field of banking had been neglected and therefore decided to fill the gap. Their book is divided into three parts, which are entitled "History and competition," "Machinery and management" and "The problems of management."

In the first part, there are seven pages devoted to a dissertation on investment trusts, which undoubtedly will be of interest to students of this type of financial undertaking. But why the authors digress into the field of investment trusts, when their book is apparently intended to be devoted to savings banks and departments, is not clear.

Part II contains two chapters which are devoted to the organization of a savings bank and the duties of the officers. The authors state that, "since New York and Massachusetts laws are the models for most states, those statutes pertaining to the latter state will be used for illustrative purposes." Reference to the title page shows that both the authors are residents of Massachusetts so it is easy to understand why the laws of that state are so highly regarded.

The body of the book contains eighteen chapters which deal in an understandable fashion with the procedure followed in managing a savings bank or savings department. In chapter XXI, the reader will find a rather exhaustive treatise on the methods in vogue for calculating interest on savings accounts. This chapter contains a report of the committee on bank facilities and service, savings-bank division, American Bankers Association, that was originally presented in 1928. Undoubtedly, persons who are interested in the various plans in use for computing interest on savings accounts will be glad to avail themselves of the opportunity afforded for reading the committee's report.

In chapter XXIV, a lengthy discourse by Henry Bruère on service departments and their objectives will be found. Probably, persons who are admirers of Henry Bruère will be glad to read his treatise. However, I can not see how this paper fits in with the coherent presentation of the subject covered by Messrs. Sutcliffe and Bond.

The last two chapters of the book contain comments on recent trends, including a discussion of the cheque problem by Arthur A. Styvers and of a trust department for the mutual savings banks by John W. Kress.

The book is printed in clear type easily read.

DE WITT C. EGGLESTON.

CONTROL OF RETAIL STORE OPERATIONS, by EDWIN A. GODLEY and ALEXANDER KAYLIN. *The Ronald Press Company*, New York. Cloth, 458 pp.

A practical manual for retail store controllers and managers is this book of Messrs. Godley and Kaylin, *Control of Retail Store Operations*, explaining the how and why of control through the accounting department. The constant appeal throughout the book for more coöperation by the heads of departments warrants the surmise that it is intended mainly for their instruction and enlightenment, and every controller may well hope it will attain its object. As one who has had some experience (though in another line of business) in trying to secure accurate data and prompt reports from heads of departments I can

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speak feelingly. It is a book that will repay perusal by public accountants in general although its principles are to be found in any standard text-book. Naturally it goes into more details as to methods, forms, etc., and undoubtedly there are many points that would be applicable to other kinds of business. It can be safely recommended for use in training juniors in offices engaged in auditing retail stores.

W. H. LAWTON.