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BOOK REVIEWS

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REVIEWS OF BOOKS AND OTHER PUBLICATIONS

Margaret Hoskins, *Mary E. Murphy's Contributions to Accountancy* (New York: Garland Publishing, Inc., 1994, 374 pp., $63).

Reviewed by
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Margaret Hoskins' biography of Mary E. Murphy provides a comprehensive review of Murphy's contributions to accounting as both a profession and an area of academic interest. There is no doubt that Mary Murphy warrants such a biography. As Hoskins notes:

> During her career, [she] published over 100 journal articles, authored or collaborated on at least twenty books, and wrote several book reviews. During the years 1946 through 1965 she published more articles in the Accounting Review than any other author. During the year 1926 through 1985 she was the fourth most published author in this journal exceeded only by A.C. Littleton, Harold Bierman, and Robert Mautz [p. 99].

In addition, Murphy was the first Fullbright Professor of Accounting. Her writings on international accounting and accounting history foreshadowed much of the work being done today. She recognized the important interactions between business organizations and their cultural, political, and legal environments, and she studied these interactions holistically. Not coincidentally, Murphy was also the first female CPA in Iowa, and when she completed her Ph.D. at the London School of Economics she became the second female Ph.D. in Accounting in the United States.

As with most biographies, it is just this characterization of Murphy as "unique" that creates the book's tension and interest. In addition to the inherent difficulty of understanding the contributions of individuals to history, Margaret Hoskins must deal with the issues of gender and identity which raise inevitable questions about Murphy's life and contributions.

The question that most permeates this book concerns Murphy's relative obscurity as an accounting authority. Why do we know so little about one of the most published accounting scholars of this century? Furthermore, why did such a prolific researcher spend most of her career at California State University (then College), a relatively small and unknown school? Hoskins deals with these questions in several ways. First, she acknowledges the unequal status of women in both accounting and academia, and she explores the impact of these inequalities on Murphy's professional life. Hoskins notes that women were largely discouraged from becoming accountants during the first half of the century, and there were few University teaching positions for women outside women's colleges. The book includes explicitly biased comments from colleagues including one that begins "Whilst I personally share your preference for a man, Dr. Mary E. Murphy is no mean scholar" [p. 68]. There are also subtle reminders that men and women were judged by different standards. Murphy is described both by acquaintances and by the author as being "agreeable," "pleasing and charming," and as being "helpful" [p. 85]. One colleague wrote critically that "she tended to 'adopt' the accounting faculty both from a professional as well as a personal point of view" [p. 84]. One wonders if these terms would have been used to describe a male colleague, and whether these terms would have carried the same evaluative connotation for a man.

Hoskins also deals with Murphy's obscurity by attempting to carefully evaluate the substance of her writings. Hoskins quantifies the topics of Murphy's research and notes where each article was published. Each area of research is summarized and diagrammed. These efforts seem to be an attempt to objectively evaluate Murphy's work, and there is an anxiety that underlies this portion of the book. Hoskins wonders if Murphy's work was too repetitive, too speculative or too normative to garner much interest. Hoskins suggests that Murphy's lack of prominence may be due to her choice of research topics (education, international harmonization, and history) or perhaps because Murphy published in a wide variety of journals. It is as if Hoskins were trying to reassure herself that Murphy truly deserves more recognition for her work. Further, Hoskins seems to be trying to evaluate Murphy's work by current standards for accounting research. Surely the same concerns would apply to the work of

Littleton, Mautz and most of Murphy's contemporaries, many of whom did receive significant public recognition. It is doubtful whether Murphy's obscurity can be understood by comparing her writing to current definitions of research. If anything, reading this book reminds us that the criteria for accounting research narrowed considerably during the 1970s and 1980s, a narrowing that we have recently begun to lament.

Perhaps the most troubling tension in this book emerges from the author's somewhat limited attempt to link Mary Murphy's non-traditional professional and personal lives. Hoskins describes Murphy's personal history, but she never integrates these parts of Murphy's life into the analysis of Murphy's accounting contributions. In a way, Hoskins can not be blamed for this as historians have tended to separate the public and private experiences of historical subjects. However, feminist historians and others have long noted that this separation frequently leads to the exclusion of women from history. In addition to the gender, race and economic circumstances, the contributions and/or problems of family are omnipresent in the lives of historical subjects. Ignoring these factors creates the false image of independent and fully creative individuals whose accomplishments can be divorced from their historical context. On the other hand, this book illustrates the difficulties inherent in attempts to integrate the personal and professional. In several places colleagues describe Murphy as "not a run-of-the-mill person" [p.82]. Even her family described her as a "bit odd" [p. 57], and she was certainly non-traditional in many ways. She pursued an education when few women did. She left Iowa at a young age intending not to return and, in fact, rarely returned although she traveled all over the world. In other words, she choose to divorce herself from her family and her childhood home. We also know that Murphy never married and had no children. Instead she spent over half her life with Ruth Deiches who Murphy met while teaching at Hunter College. Murphy's relationship with Deiches may have been a reason for Murphy's move to Los Angeles. Deiches also traveled with Murphy "serving as her secretary" [p. 71], according to Hoskins. This relationship must have enabled Murphy to pursue research and teaching goals that a married woman with children—or even a woman alone—would have found difficult. At the same time, these arrangements may also have created difficulties for Murphy, especially in a fairly conservative area like accounting. These issues are not explored in much depth, and we are left to speculate about the importance of these aspects of Murphy's life.

Margaret Hoskins' biography makes a significant contribution to the history of accounting thought by reminding us of the contributions of a whole age of accounting academics who were concerned about accounting scholarship in a broad sense. It also illustrates the power history has to force us to remember people and ideas that we have collectively forgotten.

G. H. Lawson, Ed., *Studies in Cash Flow Accounting and Analysis (Aspects of the Interface between Managerial Planning, Reporting and Control and External Performance Measurement)* (New York: Garland Publishing, Inc., 1992, 315 pp., $63).

Reviewed by
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The book is a collection of 14 papers that reflect a long-standing interest of Dr. Gerald Lawson in cash flow accounting/analysis (CFA) and provide insight into the development of the Statement of Cash Flows as it is currently presented. Since Dr. Lawson has taught at the University of Manchester in England, a number of his papers are written from an United Kingdom accounting methodology standpoint. Some of the papers do not stand alone, which makes the glossary of symbols included at the end of the book a helpful tool to refer to while reading the papers. The papers focus on the measurement of the creation of ownership value inherent in cash flow market value accounting and span a decade from 1981 to 1992. At the time Dr. Lawson began examining CFA, the U.K. Accounting Standards Committee (ASC) advocated a fund flow of the following form in SSAP 10:

Sources of Funds = Applications of Funds

where sources came from operating activities, the sale of assets, loans raised, and equity shares issued. Applications of funds went towards assets acquired, taxes paid, loans repaid, and dividends paid. Dr. Lawson believed the above approach led to the "erroneous impression that funds generated from operations constitute part of a pool which, at management's discretion, can then be deployed in alternative uses including periodic working capital investment" [p. 274]. To correct for this perceived muddying of the water, he proposed the following identity, which is a reorganization and reclassification of the information included in the fund flow statement:

ENCF = LCF + SHCF

where ENCF is entity cash flows, LCF is lender cash flows, and SHCF is shareholder cash flows. In this form, the user would be able to identify the source of funds as being generated by the entity or by investing/financing activities more readily. This basic identity formula is expanded on in several of the papers, with the most straightforward explanation being provided in Paper 8, "The Valuation of a Business as a Going Concern."

This reader recommends beginning with Paper 12, "Call for SSAP 10 Reform." This paper provides the motivation for the studies and cases included in the other 13 papers and helps make sense of some of the other papers. Also, any unfamiliarity with U.K. accounting standards is mitigated by reading the papers in the order outlined. The papers all focus on the use of Lawson's proposed cash flow identity that facilitates analysis of management decisions and corporate performance. The motivation is further clarified in Papers 9 and 10, each a case study of a firm that experienced financial difficulty in the late 1970s or the early 1980s. In Paper 9, "Was Woolworth Ailing," Dr. Lawson examines Woolworth's cash flows and concludes that entity generated cash flows did not cover dividend payments, lender's contributions did. This resulted in an increasing debt to equity ratio, which Lawson believes was the basis of Woolworth's difficulties. He speculates if CFA via the Lawson model had been employed by the firm, both management and shareholders would have realized dividends based on historical levels were not feasible, and that cash flows generated by operating activities were not sufficient to cover the dividends. Paper 10, "Why the Current UDS Takeover Bids Became Inevitable," presents the same type of analysis for a firm that did adjust dividends for reduced revenue. In it, Dr. Lawson concluded management altered dividend and debt policies with some skill, but provided adequate returns for lenders at the expense of shareholders.

After reading Papers 12, 9, 10, and 8 the reader will be better prepared for progressing through the other papers as presented. The Introduction provides the conceptual linkage between the papers. Papers 1 and 2, "Assessing Economic Performance and Corporate Financial Policies on a Cash-Flow Market Value Basis" and "Ownership Value Creation and the Evaluation of Alternative Plans," the second co-written with H. Chong, delve deeper into the cash-flow identity relationship and explain Dr. Lawson's conviction that cash flows should be evaluated after-the-fact and included in the budgetary process. Paper 3, "Contract Costing and the Negotiation of Contract Prices" co-written with J. van den Berge, and Paper 4, "Pricing of Non-competitive Government Contract" co-written with R. C. Stapleton, examine the use of cash-flow accounting in preparing more accurate contracts. In Paper 4, the authors examine the use of net present value calculations in contract pricing, which they contend should play a part in contract preparation. This is related to CFA through the periodic cash flows generated by a contract.

Lawson includes a couple of application-based papers that can be used in the classroom. Although lacking a proper introduction, Paper 5, "Specifying a Mutiperiod, Computer-based Financial Model," is developed as a student assignment which requires the student to develop a multiperiod cash-flow budget. "Zones, Ltd.," Paper 7, is a case study that can be incorporated either into a lesson on cash-flow versus accrual-based accounting or into a lecture on break-even calculations. It compares traditional break-even analysis to break-even analysis that incorporates cash-flow timing into the traditional break-even model. The traditional model assumes all cash flows occur in the period under question, when in reality both cash inflows and outflows often have a built-in lag where the company is acting as either a credit grantor or taker.

Papers 8, 13, and 14 contain examples of how to apply Lawson's cash-flow identity model. Paper 8 addresses the importance of combining cash flow analysis with present value calculations and compares this to accrual-based valuation methods. He surmises that the cash flow approach more closely estimates the realizable value of a firm, in spite of the requirement that future cash flows be estimated. Paper 13, "Equity Values and Inflation: Dividends and Debt Financing," is a response to a study by Professor Basil Moore that professed to show that dividend shortfalls were the cause of the decline in UK equity values. The paper, which was co-written by A. W. Stark, provides theoretical evidence that the decline is due to declining cash flow performance. Paper 14, "Bankruptcy Prediction - An Investigation of Cash-Flow Based Models," co-written by A. Aziz and D. Emanuel, applies Lawson's cash flow based (CFB) identity to the bankruptcy model developed by Altman. The results provide evidence that the theory-based CFB model predicts bankruptcy as well as or better than previous models.

In conclusion, the collection of papers included in this book provides an interesting background to one side of the controversy surrounding the development of the current cash-flow model. From a historical standpoint, they helped this reader understand why the previous flow model was inadequate.

Robert K. Mautz, *Financial Reporting for Nonprofit Organizations: A Fresh Look* (New York: Garland Publishing, Inc., 1994, 119 pp., $35).

Reviewed by
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The book *Financial Reporting for Nonprofit Organizations: A Fresh Look*, by Robert K. Mautz, is readable and provocative. It uses an interesting "intellectual exercise" to develop a set of proposed principles for financial reporting by nonprofit entities. While one may not agree with all of the book's propositions, it offers many points that deserve further consideration as we move forward with accounting principles and standards for nonprofit and governmental organizations.

The book begins by discussing the distinguishing characteristics of nonprofit organizations and describing an intellectual exercise that was used to explore the applicability of conventional accounting theory and practice to nonprofits. An unidentified team engaged in the intellectual exercise then develops a classification of nonprofit organizations, including governmental entities, and addresses several issues, including the nature of nonprofits and their involvement in profit-directed activities, and the audience and focus for nonprofit financial reporting.

Chapter 2 discusses current nonprofit financial reporting practice as embodied in the financial statements of two membership and one state government organization. The types of disclosure in each of the three sets of financial statements are discussed, but the financial statements themselves are not provided. One serious limitation of the work is the lack of charitable, educational or health care organization financial statements in the exercise. The chapter concludes [p. 37-38] with the overall impressions of the team:

— the variety of activities and financial reporting within the nonprofit class.

— the extent to which nonprofit entities engage in for profit activities.

— the complexity of fund accounting in the state government's financial statements.

— the freedom available in applying GAAP to nonprofit entities.

— the absence of a bottom line to indicate success or failure.

— the absence of any identifiable purpose of the reporting.

— confusion as to the anticipated readership of the reports.

— the apparent lack of interest in the differences between for profit and nonprofit entities.

Some team members appear to be experienced and sophisticated with respect to business accounting, but not with nonprofit accounting. A listing of the participants and their backgrounds would help the reader to better understand the findings, especially in light of their comments on the difficulty of understanding the nonprofit and governmental financial statements with which they were dealing [e.g., p. 36]. As it is, one is left guessing who was involved and what their backgrounds are.

Chapter 3 discusses several problems that the team felt made it inappropriate to apply accounting theory developed for business organizations to nonprofit entities. The key issues addressed [p. 39-40] are:

— The nature and importance of differences between business and nonprofit organizations.

— The applicability of conventional financial statement formats to nonprofit organizations.

— The applicability of conventional accounting concepts to nonprofit organizations.

— The feasibility of the fund emphasis for financial reporting purposes.

— The nature and importance of difference among nonprofit entities.

Chapter 4 presents and discusses alternative financial statements that the team developed for the three nonprofit organizations introduced in Chapter 2. This part of the exercise was undertaken to get the team members to think about and apply the theoretical considerations in a practical way. All three sets of alternative financial statements include multi-year budgets referred to as "Commitments," and none uses reporting by funds.

Chapter 5 summarizes the conclusions reached by the team members with respect to nonprofit accounting. They essentially dismiss at least parts of accrual accounting, although other parts appear to be retained. They see no need for financial fund reporting, although they do not propose to restrict its use as supplementary data to organization-wide general financial statements. They give the following advice [p. 103] with respect to how and how tightly financial reporting for nonprofits should be restricted:

> No matter how small or uncomplicated a nonprofit may be, those who contribute to it have a right to know how their contributions are used. That is really all we are concerned with, financial reporting that gives those who contribute to nonprofits a fair reporting of what happened to their money and what is likely to happen to any additional contributions or taxes.
>
> As long as that reporting is both complete and understandable, need we ask for anything more?

The book concludes with a set of proposed principles for financial reporting by nonprofit entities. These principles state that nonprofit organizations are sufficiently different from business organizations to require their own GAAP. The differences cited include the nature of equity, purpose, operations, performance measures, and relevant decision makers. It proposes that nonprofit financial reports useful to contributors or taxpayers should focus on questions [p. 110] such as:

— How much did the entity receive during the reporting period and from what sources?

— What did the entity do with what it received?

— How much does the entity have left?

— What are the entity's plans and commitments for the future?

Profit-directed activities are to be clearly separated from those undertaken for nonprofit purposes. Flexibility in reporting is also recommended, as long as the resulting reports reflect these requirements.

This exercise appears to have been conducted with financial statements prepared under the pre-FAS No. 116 and 117 nonprofit accounting standards. It would be useful to replicate the exercise with financial statements prepared under the new standards. It seems likely that some of the concerns raised in this exercise were addressed in FAS 116 and 117, but that many others were not.

An important issue not addressed by this book is the growing competition between nonprofit and business entities, especially in the health care and higher education. It also does not mention the large number of nonprofit organizations that derive a significant amount of their resources from grants and contracts, an ambiguous type of resource inflow that can be difficult to categorize as nonprofit or profit-directed activity. The general difficulty of separating nonprofit and for-profit activities, which is of great interest because of the tax implications, is glossed over. The easy dismissal of accrual accounting is also problematic.

Perhaps the most important contribution of this book is its serious attempt to delineate the significant differences between nonprofit and business organizations, and the ensuing attempt to develop accounting approaches that reflect these important differences. Mautz [p. 4-5] questions whether FASB adequately considered these differences in the deliberations that resulted in FAS Nos. 116 and 117. The book certainly provides an interesting perspective on the role and makeup of financial statements for nonprofit organizations and poses an intriguing contrast to existing standards.

Grant U. Meyers and Erwin S. Koval, *Proud of the Past: 75 Years of Excellence Through Leadership 1919-1994,* (Montvale, NJ: Institute of Management Accountants, 1994, 143 pp., $10 paper, $15 hardcover).

Reviewed by
Richard Vangermeersch
University of Rhode Island

This book is a very good "company history" of the Institute of Management Accountants, 1919-1994. As a "company history," academics should not expect a heavily referenced work, although there are some references, nor a very critical look at the organization or its leadership, both volunteer and staff. A very good "company history" does provide a base for academic researchers to add these historical dimensions.

A very good "company history" is written by authors who have done their homework. In this instance, the authors brought much to the plate. Grant U. Meyers was national president of the IMA in 1969-70 and has remained quite active since then as well. He joined the IMA in 1946 and was a national vice president in 1962-63. He was program chairman for the 1969 annual meeting. Erwin S. (Speed) Koval was a former editor of *Management Accounting* and a long-time, 27 years, IMA staff member. A very good "company history" is well documented and, at the same time, interesting to read. The documentation that is presented is: (1) original letter of invitation; (2) the attendees of the organizational meeting; (3) the opening address by J. Lee Nicholson at that meeting; (4) charter members; (5) advertisement about the formation in *Industrial Management*; (6) membership numbers by years; (7) former presidents; (8) chapter growth; (9) competition trophy winners; (10) excerpt from Long-Range Objectives Committee Report 1968; (11) CMA activity by year; (12) front page of first bulletin; and (13) Lybrand Awards to best authors. The book has a nice mix of photographs. The text is extremely well written.

Members of The Academy of Accounting Historians will probably be most interested in the people who founded the IMA [first, in 1919, the National Association of Cost Accountants (NACA) and then, in 1957 and until 1991, the National Association of Accountants (NAA)]. The authors did an excellent job with the founding father, J. Lee Nicholson, and the first executive secretary, Stuart C. McCleod. In the 75th anniversary issue of *Management Accounting* (June 1994), Professor Dale Flesher added to that coverage of Nicholson and McCleod and also added two more people, Clinton H. Scovell and I. Wayne Keller. In that same issue, Professor Richard Vangermeersch provided an historical sketch of the organizational meeting. Both these pieces fit well with the book. The book lays a good base for academics to do more extensive work on such important historical figures as Eric A. Camman, William B. Castenholz, John R. Wildman, Thomas H. Sanders, Wyman P. Fiske, Charles A. Reitell, J. Brooks Heckert, R. Lee Brummet, Herbert C. Knortz, and Raymond P. Marple.

Some coverage is devoted in the book to the research publications of the IMA and also its journal. Much of the coverage was based on Professor Robert Jordan's doctoral dissertation at the University of Mississippi on a citation analysis of IMA publications. In the opinion of the reviewer of this book, the IMA has an extremely rich heritage of research and of journal publications. This book helps make readers more aware of this heritage. Patrick L. Romano, past research director of the IMA, is concluding an annotated listing of about 230 IMA research publications which will further show this rich heritage. Academics will also be interested in the IMA's successful efforts in membership education and the Certified Management Accountant (CMA) examination.

This book should be "must reading" for those Academy members who are IMA members and/or who are involved in teaching courses in cost/management accounting. This book is a credit to its authors and to the IMA. Good show, Grant and Speed.

R.H. Parker and B.S. Yamey, Eds., *Accounting History: Some British Contributions* (New York: Oxford University Press Inc., 1994, 661 pp., $72).

Reviewed by
Jeremy Cripps
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This anthology confirms Cicero's assurance that history provides maturity because history is "the testimony of time, the lyric of truth, the embodiment of memory, the guide for life, and our audit of antiquity." Professors Parker and Yamey, in an extensive work, provide us with fascinating contributions to accounting scholarship as they help to celebrate the 500th anniversary of Pacioli's *Suma de Arithmetica* (1494). Successfully demonstrating the great variety of accounting history literature, the editors have brought together twenty-three stimulating papers by British academics. The material, mostly from the 1980s, combines chronology and theme, and the authors include "traditional," "new" and "mainstream" accounting historians. The collection, as entertaining as it is relevant to our present time of rapid accounting change, is highly recommended.

The Testimony of Time

From ancient Egypt to modern Japan, the authors proffer evidence of simple ideas in accountancy which have had remarkable consequences. In the process they show us accounting's arrow of time (the direction of time in which order increases). Professors Parker and Yamey arrange these changes in the accounting profession in sequence, before and after Pacioli's ennobled text. Albeit arbitrary, *Accounting History* adopts eight classifications: the ancient world; before double entry; double entry; corporate accounting; local government accounting; cost and management accounting; accounting theory; and accounting in context. The book invites the attention of all accounting historians and wishes we would value each others' contributions. It is a fine invitation; we should not hesitate to accept.

The Lyric of Truth

In the second century A.D., Aurelius Appianus set up many *phrontides* (separate entities) in the Fayum area of Egypt [p. 15]. Separate accounts were used "to measure the monetary profitability of each of these units of the estate." In his comprehensive review of these accounts, the managerial accounts of the Appianus estate, Professor Rathbone shows how they "counter the conventional picture" of rudimentary Graeco-Roman accounting [p. 16]. These monthly accounts may not record in full detail every operation and transaction which took place, "but they are a synthesis and distillation" [p. 33] which provided the Appianus family with "rigorous control of its costs of production" [p. 54]. Thus the adequacy of ancient accounting controls demonstrate they were appropriate to the available technology.

As Professor Macve shows, managerial accounts provided ancient businessmen useful subjective intelligence which was particularly appropriate to ancient patterns of economic activity [p. 84].

The Embodiment of Memory

In the twelfth and thirteenth centuries, manorial accounts, from Canterbury, Winchester and Beaulieu [p. 93] are used by Professor Harvey to demonstrate that a set of written rules were generally accepted for the oral presentation and audit of periodic accounts. These charge and discharge accounts present "how mankind once coped with conditions that now seem impossibly adverse . . . when paper was still unknown or costly, coins were scarce and bad, and most men were illiterate" [p. 97]. Structured phases of these accounts demonstrate "continuing developments" [page 107] in detail and layout, as our predecessor accountants approached the development of their records with open, flexible minds. Professor Postles, for example, documents the "comparing" of accounts from one manor to others [p. 121] and the employment of "incentives" [p. 148] to assess and improve the level of profit.

Coping with adverse conditions, managerial accountants maintained records on tallies and checker boards. The recording of numbers "by notches carved on suitable objects is of great antiquity and was virtually a universal practice" [p. 200] and Professor Baxter's history of the Tally and the Checker-Board includes, with detail, much high drama. The events of 1834 are but one example. On the morning of October 16, the Lords of the Treasury ordered most of the tallies ("which my Lords understand to be entirely useless") to be destroyed. By afternoon, according to *The Times*, "one of the most terrific conflagrations that has been witnessed for many years" set the Houses of Parliament ablaze. *Accounting History*, like the tally's end, provides us with exciting memories.

The Guide for Life

Professor Yamey examines procedures to make closing entries which were made in Italy from 1300-1600. He provides us with a comprehensive context within which to place the extraordinary genius of Luca Pacioli. I particularly enjoyed this chapter for the way in which Professor Yamey adds interest and significant questions for our consideration of present day issues. He wonders "whether and how frequently, say, the Medici or Datini had analytical summaries or abstracts compiled" [page 259] and examined them. Our students no doubt wonder about the time spent by users on financial statements today.

Our Audit of Antiquity

To "the Scottish Enlightenment," [p. 268] where, as in the Renaissance, we find major developments in accounting with a roll call of luminaries, Adam Smith, David Hume, Sir Walter Scott, Robert Burns, and the accountants, Alexander Malcolm, John Mair, William Gordon and Robert Hamilton. Professor Mepham shows how they are a "complementary" part of that "general intellectual ferment" [p. 284] and recognizes these able accounting academics for the profound influence they exerted throughout the English speaking world. Professor Forrester, with equal precision, shows how, when and why for certain eighteenth and nineteenth century incorporated companies [p.

297]. Early canal company accounts provide primary evidence of the keeping of unprecedented details of expenditures to enable supervision to be exercised over expanding operations. Audit is a frequent and continuing responsibility. Professor Glynn documents the expansion of audit [p.333] as public interest and private interests inevitably conflict, require regulation, and, with the expansion of the railways, require the interests of the public to be taken into account. Professors Edwards and Newell examine "a largely unexplored area of business history" [p. 407], the application of accounting techniques in business management, particularly during the most innovative periods of the Industrial Revolution. Recent evidence in this field demonstrate "that fully integrated cost and financial accounting systems were in operation at the Charlton Cotton Mills (1810) and Lyman Mill (1854)" [p. 409]. Management accounting, particularly for the purposes of strategic planning, is also found several centuries before at Ashdown Forest (1539) and at the Worshipful Company of Bakers (1620) [p. 415]. New findings of ancient records are coming to light as forgotten archives are being recorded for library computer projects, providing primary evidence for new research.

Into the nineteenth century, and Professor Marriner recalls Winston Churchill's description of operations at the Ministry of Munitions. "An extraordinary improvisation beyond precedent without parallel in any country in the world took place in our industrial system" [p.450]. This seems to me an appropriate audit report on *Accounting History: Some British Contributions*. Yet I still want to mention Robert Loder, Jacobean management accountant, important social challenges to accounting, the evolution of financial reporting in Japan, and more.

Here is a history of many of the frequent small developments of accounting techniques, by authors too often unknown, which provide our profession benchmarks of progress, feathers on our arrow of time. The case for historical perspective is never better made than in this book.

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Chris Poullaos, *Making the Australian Chartered Accountant* (New York: Garland Publishing, Inc., 1994, 352 pp., $63).

Reviewed by
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Between 1885 and 1897, six accounting institutes were formed in Australasia, in Adelaide, later South Australia, Victoria, Queensland, Sydney, Tasmania and New Zealand [Brown, pp. 259-261]. The British Society of Incorporated Accountants, endeavoring to pursue an "Empire" policy, in 1886, attempted to become the catalyst for a unified Australian profession but failed in this [Garrett, p. 14]. Several British accountants had emigrated to Australasia and this, combined with the amount of British capital invested in this part of the world, meant that the issue of professional amalgamation was of interest to Britain.

The journey from the formation of individual bodies to that of the Institute of Chartered Accountants of Australia was one plagued by conflict, politics and self-interest. It is not too difficult to accept the desire of Britain to control Australia when it was a colony, but the birth of the Commonwealth of Australia in 1901 did little to change this paternalistic view. Conflict was also quick to emerge between the six accounting institutes although they agreed in principle, in 1901, that the formation of an Australasian institute was desirable [p. 68]. Entwined with the Australasian institutional objective were the efforts to obtain a Royal Charter which were not successful until 1928.

Self-interest was evident in several arenas. First, the Institute of Chartered Accountants in England and Wales (ICAEW) was anxious to ensure that opportunities for its members overseas would not be eroded by the existence of an Australasian institute. They commented on the amount of British capital invested in the colonies and on the necessity to export British accountants to ensure its proper stewardship [*History of the ICAEW*, p. 52]. Although the ICAEW was happy to encourage its members to follow British capital to the colonies, it was not happy at the prospect of Australasian accountants invading Britain and employed many of the same arguments that they had employed against the movement of Scottish chartered accountants to London [ibid pp. 124, 125].

Within Australasia, there was dissent between members in public practice and other accountants. This had been dealt with in the UK by excluding from institutional membership all but those in public practice, but exclusion was not a solution that endeared itself to the freedom of the colonies. In addition there was the difficulty of agreeing on a location for the headquarters of a national institute which was exacerbated by the sheer size of Australia and by the desire of each of the institutes to be the focus of activity.

As with other similar moves, the political dimension was also important as were the individuals who played significant roles in the various merger and charter attempts. It is difficult, with hindsight, to understand why some of these individuals become so involved, for such a long period of time, in issues which were of little interest to the general population, but without whom the Australian accounting profession might have been somewhat different. Yarwood appears to have played a significant role over many years. Mclachlan entered the arena at a later stage but was also important in sensitive merger negotiations. Others such as H. B. Allard and Howden are revealed as consistently pushing for amalgamation (Appendix 1).

What makes this book different from more traditional historical expositions is the explanation, in Chapter 2, of its theoretical and methodological base which is largely dependent on D. H. Porters' *The Emergence of the Past: A Theory of Historical Explanation* [p. 341]. This is returned to in Chapter 8 which attempts to form the link that takes the reader back to the beginning. The theoretical chapter is one that is unlikely to appeal to the nonacademic reader who should be encouraged to begin at Chapter 3 where "the story" takes off. In the best academic tradition, Poullaos poses more questions than he answers and leaves himself, or others, plenty of scope for further research [pp. 302-305].

This is an extremely well researched book and one that will be of enormous assistance to teachers of accounting history, and their students, for many years. It is probably best read with a copy of the abbreviations in hand to ensure that the reader does not become lost in the multiplicity. Certainly not bed-time reading but well worth persevering with.

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Joyce M. Szabo, *Howling Wolf and the History of Ledger Art,* (Albuquerque: University of New Mexico Press, 1994, 270 pp., $50.00)

Reviewed by
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The London School of Economics and Political Science

At the right, an Indian warrior has arrived. He has dismounted from his horse and has a pistol in his hand. At the left, he is seen attacking a person lying on a bed.

What has this to do with accounting or accounting history? The only link, and a tenuous one it is, is that what I have described is the subject matter of a painting made on a page of an account book, the ruled lines in this example helping to unify the two successive scenes. The painting was the production of a Southern Cheyenne artist called Howling Wolf, and was made around the middle or the nineteenth century. It is shown as one of 32 color plates in Professor Szabo's delightfully illustrated book, which also contains 77 black-and-white reproductions.

Professor Szabo explains how it came about that in the nineteenth century artistically inclined Plains Indians began to paint or draw on the pages of account books. They also used other available sheets of paper, such as those of ruled exercise books. Works of art of this kind have come to be known as "ledger art." She traces the history of ledger art in detail, and concentrates in the second half on the work of Howling Wolf, perhaps the most remarkable of the artists. The author shows how ledger art, in terms of style and subject-matter, developed from traditional artistic work executed mainly on hides. She shows also how themes and treatment came to be modified partly because of the nature of the material used but mainly because of changes in the social and economic milieu in which artists and their fellow tribesmen lived and worked. She also stresses the artistic personalities of the leading practitioners of ledger art.

I enjoyed the book and its illustrations, and strongly recommend it.

Howling Wolf and the other ledger artists were not the first to produce works of art on account book pages. For example, Rembrandt and Guercino, working in the Old World some two hundred years earlier, also used account book pages for some of their drawings. It is interesting that their use of such material should have been followed unwittingly by artists working in a quite different artistic tradition in the New World.