What's New in Reading

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WHAT'S NEW IN READING

RUTH C. FORD, CPA, Columbus, Ohio


This timely book was released June 13, 1951, and is an authoritative presentation of the field of controlling prices. Dr. Hirsch was chief economic consultant to Office of Price Administration during World War II, and Mr. Casey is a member of the New York Bar. The authors believe "that the problems which occurred under OPA price ceilings will recur under OPS." They have analyzed and presented (1) price control techniques for various types of industry, (2) kind of cost pressures experienced and which are likely to develop again, (3) kind of relief obtained by industry, and (4) illustrations of special relief sought and the reasons for success or failure of the applications.

For purpose of understanding the problem, the authors analyze the factors which have caused today's inflation, and the outlook for stabilization. Various price control techniques are discussed and the pattern which is evolving from the freeze orders. Ceilings for retailers and wholesalers are divided into three classes, applying to different groups: Dollars and cents margins; percentage margins; and store-wide over-all margins. For manufacturers, there are five techniques varied to the industry: (1) Fixed price schedules, (2) base period prices plus increase in direct costs, (3) customary percentage markup, (4) margin ceiling, and (5) pre-Korean prices plus adjustments for increases in direct costs of labor and material.

The authors outline the specifications and requirements of the general price freeze, what classes of industry are presently covered by it, what classes have been covered by specific regulations, and the classes of business which may be covered by future orders.

Regulation CPR22 for manufacturers is covered in detail with practical advice as
to selection of base period, how to determine base period prices, adjustments for increased labor and material costs, options available to existing and new companies, and new products or lines. The importance of accounting records as related to general and specific phases and options is stressed. Work sheets for trial computations are illustrated.

Price controls relating to other types of business are covered carefully:

1. Controls of farm products and processed farm products are discussed as to background of parity pricing and passing on the increases by "pass-through regulation."

2. Wholesalers, jobbers, and brokers are governed by margin controls differing as to various categories. Possibilities of relief are discussed.

3. Retailers are covered by regulations applying roughly to eight categories. The immediate steps which should be taken to comply with regulations are outlined, and records which should be prepared and retained are illustrated.

4. Also described are regulations applying to services and foreign trade and the status of military contracts.

5. Trade practices and how they affect and are affected by price ceilings are discussed.

We, as accountants, will be most interested in the chapters on accounting and record requirements, describing the effect of accounting practices, the financial reports essential, costs which are recognized and those which will not be recognized for price determination and other phases in which good accounting and records are a factor.

Throughout the book the authors emphasize hardships which may be realized, cost pressures which may develop, and the relief which is available, and later a chapter is devoted to the subject. This chapter outlines the OPS relief policy, grounds for relief, types of relief available, and how to apply for relief. The data required for the application and an illustration of a relief application are features of this chapter. Also given are suggestions relative to dealing with OPS, applications for adjustment of ceilings, petitions for amendments, how to file a protest, and which method to use in each situation.

Policies of enforcement as related to the innocent or willful violators are projected from pronouncements of OPS officials, interpreted from OPA experience.

This manual should be of great interest to management, accountants, and attorneys alike. It is a practical down-to-earth reference book on the subject which is important to business at this time with the likelihood of price controls for the next several years.

INSURANCE AGENCY ACCOUNTING
By Ernest Lawrenson, Prentice Hall, Inc.

Added to the rapidly growing list of books on accounting for specialized fields of business is this one for insurance agents. The insurance agent has a triple fold need for proper records; accounting for profits which is common with all business, and, in addition, accounting for premiums and commissions for each insurance company and for expirations of policies. Mr. Lawrenson covers the whole field, illustrates forms, outlines procedures and with all keeps his system simple, avoiding duplication of work in furnishing the maximum of information. The detailed instructions on handling every phase of the bookkeeping should make it possible for a person with no experience to handle the system. He even gives a few hints to the Agent as to service he may perform for his customers which will help him build his business.

SALT LAKE CITY SPECIAL

Some revenue agent in Salt Lake City must have been getting very poor service from Pullman porters. Within three months time, the Tax Court has been called upon to decide the tax liability of two Pullman porters, both working out of Salt Lake City. Each was charged with taxes on estimated tips.

Judge Van Fossan, who rendered both decisions, apparently has fared better at the hands of the porters since he decided in favor of Henry Dumas, who appeared as his own counsel, as well as in favor of Ernest Turner, who retained counsel.

We wonder how many Salt Lake City porters paid the tax rather than appeal to the courts. We wouldn't blame them if they all requested runs other than those out of Salt Lake City.

ALL THIS—and S.A. TOO

Dr. Alfred G. Buehler, Professor of Accounting at University of Pennsylvania and President of Tax Institute, Inc., expressed his appreciation, at a recent Tax Institute luncheon, for the subscription to The Woman C. P. A. sent him by the Philadelphia Chapter of ASWA. Dr. Buehler recommended highly the official publication of AWSCPA and ASWA saying that not only does it have tax appeal but also sex appeal.