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## Book Reviews

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## Book Reviews

ACCOUNTING AND BUSINESS PROCEDURE FOR HOSPITALS, by HERBERT R. SANDS, *United Hospital Fund*, New York. 195 pages.

Until comparatively recent years, the managers of charitable institutions, as a class, were notoriously careless in the matter of keeping accounts, or perhaps one should say in conforming to the recognized principles of accounting. In many cases, the management was satisfied if it published a bare statement of cash received and disbursed, audited by amateur auditors.

*Accounting and Business Procedure for Hospitals* is an unusual book, prepared in an unusual manner. The United Hospital fund of New York, together with other welfare agencies, organized a conference on hospital accounting which was financed by several foundations. This conference worked through an executive committee (composed of an accountant and lawyer, a hospital consultant, a hospital president, a hospital superintendent and a hospital trustee) together with an accountant's executive committee, consisting of five hospital comptrollers and chief accountants, and various sub-committees. Numerous meetings were held and it was decided that the best results would be secured through the preparation by the conference of a manual on the subject, and the work of compilation was assigned to Mr. Sands.

The best systems used by individual hospitals were studied, together with the recommendations of various welfare organizations. Finally, an intensive field survey of twenty hospitals of various sizes and types in New York was made. The results of these studies were drafted, amended and, in December, 1931, submitted to twenty-eight firms of public accountants who were experienced in hospital accounting, after which, in June, 1932, the draft was submitted to the superintendents of the fifty-five hospitals in the united hospital fund of New York and to some leading authorities in different cities. The entire manuscript was then revised and approved by two standing committees of the conference, and it is this revised, re-edited draft which was sent to me. The preface is signed by Robert H. Montgomery, as chairman of the executive committee and by Paul C. Fahrney, as chairman of the accountants' executive committee.

The objects of the book are to encourage uniformity in the basic principles involved; to prepare definitions which shall have general acceptance; to set forth the proper method of treating fund accounts; to encourage the establishment of budgetary control; to outline a satisfactory system of accounts; to describe method for obtaining unit costs; to show what statistical and administrative reports should be submitted and the method of preparing them; and, finally, to describe the best methods of procedure in the various departments of a hospital. This program is a long one, but every item in it is well rendered.

The book does not attempt to teach bookkeeping, but any competent bookkeeper could easily carry out the suggestions and directions which it contains. It does not give all the numerous forms required in a hospital: they may be obtained from the publications of the American Hospital Association. However, one subject which is worthy of consideration appears to be omitted. That is a detailed list of hospital supplies and equipment of all sorts—everything used

in a hospital—showing the exact account, or accounts, to which items should be charged in varying circumstances.

No reference is found to the use of charts and diagrams prepared for the purpose of showing the operating costs, the effect of a varying number of patients on those costs, etc., the comparison with past years, etc., yet these have a distinct value when attempting—as this volume does—to establish a yardstick with which to measure the efficiency of a management.

The book does not deal directly with one of the chief difficulties encountered by small hospitals—which form the majority of such institutions—and that is, procuring efficient accounting and bookkeeping services. In such cases, the volume of work does not call for full-time services, nor do the finances warrant the employment of a highly trained person, and the accounts are necessarily left to the care of bookkeepers of only moderate ability, who find difficulty in applying the principles laid down, unless those principles are accompanied by a manual of bookkeeping. Probably the best solution of this difficulty is the engagement of accountants to consult with the management, to select the methods and forms preferred, and to instruct the bookkeeper in their use.

It is my considered opinion that the volume is the most valuable contribution which has yet been made to the literature on institutional accounting.

WALTER MUCKLOW

ACCOUNTING MANUAL FOR SMALL CITIES, by CARL H. CHATTERS.

*Municipal Finance Officers' Association of the United States and Canada,*  
Chicago, Illinois. 80 pages.

Ideally we should elect to municipal financial positions men of integrity who are also trained accountants—an “iridescent dream” in a democracy. But that should not prevent any such officer with a sincere desire to serve his community from keeping clear and informative accounts with the help of this *Accounting Manual for Small Cities*. Within the compass of eighty pages he will find easily understood descriptions of the periodical statements he should render, the books he should keep, what the accounts cover and a complete set of illustrative journal and other entries. Furthermore, a rather innocent looking chapter will show him how an alert finance officer may control through the accounts the activities of other municipal officers.

W. H. LAWTON

PERFORMANCE OF DEPARTMENT STORES: 1932, by EDGAR H.

GAULT. *University of Michigan,* Ann Arbor, Michigan. 491 pages.

If it does nothing else, the *Performance of Department Stores: 1932*, which reviews department-store operations for the fifth successive year, confirms the general suspicion that 1932 was a very depressing year! Post mortems are perhaps about as futile in business as in bridge. Nevertheless the mass of detailed percentages worked out by the Michigan university school of business administration, covering twenty department stores in the states north of the Ohio River between Iowa and Maine in cities ranging in population from 30,000 to 120,000, should afford department heads much food for study.

How far this limited study may apply to the field covered is somewhat problematical. Twenty stores hardly seem a very broad basis, and it is to be observed that the great department stores in the large cities are not included at

all. Considering the wide-spread operations of such stores, serving millions through motor deliveries and mail orders, one would expect them to be taken into account. As an instance of how the Michigan statistics might be seriously affected, take the matter of net sales. The Michigan figures show a decrease in net sales between 1929 and 1932 of 57%, as compared with a certain department store with six branches in the same territory showing a falling off of 40.5%. Similarly the same store shows a net operating loss for 1932 of 1.2% as compared with the 5.3% of the Michigan list. Of course, there are obvious reasons why leviathans should not be compared with shrimps; nevertheless the Michigan studies must be considered as applying only to these twenty stores. Bearing this in mind the lover of statistics will find much of interest in the pamphlet.

W. H. LAWTON