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What's New in Reading

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WHAT'S NEW IN READING

By MARY NOEL BARRON, CPA, Carbondale, Illinois

PUBLIC UTILITY ACCOUNTING by J. Rhoads Foster and Bernard S. Rodey, Jr. (Prentice-Hall, Inc., 70 Fifth Avenue, New York 11. 740 pages.)

This text delves into theory, history and practical procedures of an entire range of material for regulation companies like electric, gas, telephone, water, transportation and other services.

It clarifies the individual characteristics of regulated companies such as required capital, behavior of their costs, governmental prescription of systems of accounts, use of accounting results for regulatory purposes, etc.

"Public Utility Accounting" blueprints the specialized system of accounts prescribed by regulatory committees for each type of utility within its jurisdiction. It shows that uniformity is required for the various classes of interstate and intrastate public utilities. It gives the framework of accounts-classification of accounting entities, transmission of distribution of accounts, capital stock discount and expenses, transactions between affiliated interests and the limitations of the systems and accounts.

In weighing the scope and significance of audits and controls in a public utility, there are full explanations of how internal and external audits are made and where they are most effective for control purposes. Also, the book discusses how to coordinate audits and controls by using the audit procedures prescribed by the regulatory commissions.

Another interesting aspect of the book is the objective analyses of forms and methods for utility taxation. Included are:

- (a) Bases for tax calculation for income, property and revenue taxes.
- (b) Various alternative methods and how they affect the income-earning capacity of public utilities.
- (c) Special tax procedures for tax reports and information needed for tax accrual reports.
- (d) Distribution of taxes.
- (e) Conducting examination without difficulty.
- (f) Reports and statements to management, stockholders, employees and customers, and to the government agencies.

FRAUD UNDER FEDERAL TAX LAW, by Harry Graham Balter. (CCH Products Company, 214 North Michigan Avenue, Chicago, Illinois.)

This volume gives a full and understandable treatment of the complex and technical problems encountered in those difficult tax situations or proceedings where fraud or evasion is an issue.

The book starts with a discussion of "Tax Evasion Versus Tax Avoidance," and takes up compromise procedure in processing a tax fraud case; civil penalties, and jurisdictional considerations in choosing a forum to contest proposed deficiency assessments including typical problems apt to be met in the trial of a civil fraud case in the Tax Court.

The author draws on his 25 years' specialized experience in federal practice and in federal taxation and deals specifically with each aspect of a federal tax fraud or evasion case. He then proceeds with an analytical examination and explanation of criminal penalties, voluntary disclosures and production of books and records. Finally, he logically rounds out his book with three important chapters dealing with special problems involved in the trial of a criminal tax evasion case.

This easy to read book is a ready reference available for the tax man in which all phases of a tax fraud or evasion situation are authoritatively analyzed with annotations to up-to-the-minute decisions and collateral source material.

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FINANCIAL STATEMENTS, Form, Analysis, and Interpretation, Revised Edition, by Ralph D. Kennedy and Stewart Y. McMullen. (Richard D. Irwin, Inc., 1818 Ridge Road, Homewood, Illinois, 600 pages.)

Like the preceding edition, this new revision is concerned with two major aspects of accounting: the construction and the analysis and interpretation of financial statements. It shows how to apply analytical methods to reported accounting data for the purposes of determining whether financial or operating policies, methods or practices

should be continued or changed; testing the efficiency of operations; establishing credit ratings; and determining the investment value of a business.

The revised edition is divided into four parts. Part I, consisting of five chapters, is devoted to an explanation of the form, content, and general principles governing the construction of financial statements of commercial and industrial companies. It also takes up the asset valuation and income determination problems of commercial and industrial companies.

Part II presents a discussion of working capital, the statement of changes in net working capital, standard ratios, individual financial statement ratios, and the methods and techniques of analyzing and interpreting financial and operating data.

Part III represents one of the most important additions to the revision. It contains five new chapters which discuss methods of analyzing and isolating the effects of changing price levels upon the interpretation of financial statements.

Part IV offers a summarization of fundamental principles of consolidated financial statements; three cases illustrating the analysis and interpretation of financial statements; an explanation of the items which appear in financial statements; and a discussion of the methods and devices used in analyzing and interpreting these financial and operating data.

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UNITED STATES TAXATION OF NON-RESIDENT ALIENS AND FOREIGN CORPORATIONS, By Neil F. Phillips (The Carswell Company, 145-149 Adelaide Street West, Toronto, Canada, Approx. 400 pages.)

This book presents a survey of the tax problems which may face a non-U. S. individual or corporation doing business in the U. S. and/or receiving income from U. S. sources.

The text treats in minute detail the various conventions for the avoidance of double taxation entered into between the U. S. and various other countries, showing the exemptions from, and reduced rates of, U. S. tax provided by these treaties. Besides a complete explanation of the various general rules of law, administrative cooperation, and interpretation applicable to all the conventions, the book treats separately and in

full detail the U. S. conventions with Belgium, Canada, Denmark, France, Greece, Ireland, Netherlands, New Zealand, Norway, South Africa, Sweden, Switzerland and the United Kingdom with respect to income receipts of industrial and commercial profits, interest, dividends, rentals, royalties, salaries, government payments, pensions, annuities, and capital gains.

In separate appendices there are provided reproductions of the 1951 U. S. tax returns required of non-resident aliens and foreign corporations, as well as the answers of the U. S. government to certain questionnaires of the United Nations on the application of U. S. taxes to foreign entities. The book is up to date to January, 1952, with many insertions even after that date and up to April, 1952.

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WRITING FOR BUSINESS, Selected Articles on Business Communication, edited by C. W. Wilkinson, J. H. Menning, and C. R. Anderson, (Richard D. Irwin, Inc., 1818 Ridge Road, Homewood, Illinois, 360 pages.)

This interesting and informative book brings together in a single volume many articles written in recent years on the theory and the practice of business letter writing.

The primary purposes of the book are: (1) to provide the most concentrated statement of the results of letter-writing experience to be found in one volume; (2) to bring to the classroom directly from successful practitioners, and in their own words, support for, and illustrations of, the teacher's ideas; (3) to combine theory and practice to help develop both a philosophy and a methodology for handling and improving correspondence; (4) to present a brief historical perspective of the development of modern letter-writing principles; and (5) to stress the public-relations functions of business correspondence in addition to its prime purposes of transmitting information and persuading.

In assembling this collection of well-selected models of business correspondence, the editors have avoided the common tendency to pick out examples that represent a particular bias or business philosophy. Rather, the one test they have applied to the writing represented is its quality in illustrating good psychological and stylistic principles relating directly to effective business writing.