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News items; Depreciation problem; Forms

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of Due from other banks, and represents liabilities of the bank in question to other banks on account of cash items, etc. The accounts sometimes are separately controlled and carried in a separate subsidiary ledger, but are quite likely to be found in the "bank ledger" previously mentioned.

Coupon deposits represent a special deposit account against which the bank will charge when paid the coupons of the company having made the deposit. The accounts with the individual depositors are kept in a "coupon deposits" ledger which is properly controlled.

Cashier's checks are checks issued by the cashier of the bank on the bank itself. It is an order on the paying teller, and constitutes a liability of the bank. It is the usual form employed by a bank for the payment of expenses and making of disbursements, other than salaries, chargeable against the bank. An unpaid cashier's check ranks as a liability with deposits subject to check. The same kind of record is employed as for certificates of deposit.

Bills discounted are more apt to represent "rediscounts" than notes or bills of the bank actually discounted. When a bank desires to liquify some of its loans and discounts, or the rates of interest make it profitable to do so, it passes along to some other institution paper which it is carrying. This practice has grown rapidly since the introduction of the federal reserve system, one of the specific advantages of which is to promote the liquidity of certain paper through a rediscounting process. This account is subject to the same discussion as is "notes receivable discounted" in the case of a mercantile organization, as to whether an account showing a contingent liability should appear on the books. It is not probable that many bankers who do an active rediscount business and who find good bookkeeping an aid in transacting business would like to be deprived of this very useful account.

(To be continued)

Note: A very interesting exposition of the organization and operation of banks together with the functions of departments and duties of employes will be found in a book in our library, by Professor Ralph Scott Harris, entitled "Practical Banking."

Announcement is made of the admission to the New York firm, under date of December 1, 1918, of Mr. W. H. Bell, Mr. C. E. Scoville, and Mr. J. R. Wildman. At the same time Mr. E. C. Gause became a member of the Pennsylvania firm.

We are pleased to announce the return to our organization, on December 1, 1918, of Mr. A. R. Porterfield, recently auditor of The American International Corporation. Mr. Porterfield has been appointed Associate Manager of the New York office, working in conjunction with Mr. Willins, Manager.

Word has been received of Mr. Ludlam's safe arrival overseas. Mr. Ludlam sailed from New York on the S. S. Melita on Saturday, November 23, 1918. He was accompanied by Major F. M. Brown, Capt. H. W. Warner, and Lieuts. J. D. Hartman and Davis.

The remainder of Mr. Ludlam's unit, which sailed on the S. S. Martha Washington, Tuesday, November 26, was comprised of the following persons: Major K. Ward-Smith, Capts. J. S. Braun and R. C. Brown; Lieuts. W. P. Elliot, J. R. Hutson, Ira Harris, Jr., R. J. Hyland, F. V. Moore, and Alexander Russell; Privates Bernard French, R. T. Taylor, L. L. Tompkins, C. W. Wannenwetsch, and other privates sent by the Government.

Private A. J. Farber is expected to join them in France.

Depreciation Problem

The New Jersey Trading Company purchased on January 1, 1914, a second-hand ship at a cost of $60,000.00. The vessel at such time had an estimated further life of 8 years. During the 4 years ended December 31, 1917, the company accumulated a Depreciation Reserve amounting in total to $19,000.00 At such time the ship had become, on account of severe war service, unseaworthy, but had a residual value of $10,000.00. As a result of a survey, it was put in condition and made entirely seaworthy at a cost of $70,000.00. After the repairs had been made, it was estimated that the vessel would have a further life, dating from January 1, 1918, of 5 years.

The problem calls for the entries necessary to properly express the treatment of depreciation.

Forms

AT the suggestion of a member of the staff, a collection of forms for reference purposes has been started. While it is appreciated that many accountants prefer to be guided by the needs of the particular case, there are times when forms, more or less standard in their structure, may be used. It is also true that while a man may prefer to originate a form, by looking over a collection he obtains ideas which are helpful to him.

With the idea of rendering as much assistance to the staff as possible in this particular, Mr. Track has obtained two sets of forms published by manufacturing stationers, including such as bank ledgers, bank registers, commercial ledgers, cash receipts and disbursements, sales records, stock records, etc.

It is the intention to supplement this collection as fast and as extensively as possible. In this connection the coöperation of all the members of the staff is solicited and will be appreciated.

Book Reviews

Kester, R. B. *Accounting Theory and Practice,* Volume II. (New York, The Ronald Press Company, 1918. 796 p.)

There appears to be nothing particularly new or startling about this very excellent volume. It is a discussion more exhaustive in its scope than anything which has previously appeared. The manner of presentation is the standard analytic which proceeds from the balance sheet. It might be said to be Hatfield's Modern Accounting magnified in size and discussion about one hundred per cent.

Depreciation is discussed early in the book following the principles of valuation. The treatment is as complete as will be found in any book not given over entirely to the subject.

The chapters on Branch House Accounting are a contribution to the literature of accounting. Very little has previously been written on this subject. The author has probably felt the need like other teachers and has endeavored to supply something.

The book contains a few inconsistencies from an academic point of view, to criticise which would perhaps not be entirely fair in a popular review of this kind. Such as exist are not sufficiently striking to the average reader to detract.

Taking into consideration the size of Volume II and the thoroughness of the discussion, one is forced to wonder what the author will find about which to write in Volume III, which the present volume implies will be forthcoming some time in the future.

As a whole the book is excellent. It will probably be consulted more as a reference book for discussions on specific topics than used as a text or recommended for general reading.

Hotchkiss, G. B. and Kilduff, E. J.