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cash or credit, which amount measures the true investment of the institution in "Loans and Discounts." The difference between this amount and the face of the note is the discount which is credited to the period by the note. As time passes, the item of \$985.00 gradually increases in amount until at maturity it has grown to \$1,000.00. As a matter of fact, it is at such time that the bank collects the amount of the loan, \$985.00, plus the interest, \$15.00. It, therefore, apparently is incorrect to refer to the discount as having been collected in advance. It is more properly said to be credited in advance because the note is carried in the loans and discounts account at its face value, \$1,000.00.

It should also be borne in mind that the unearned discount is not properly included among the liabilities. It may not be of sufficient size to warrant proper treatment, from a technical accounting point of view, and consequently be included with the liabilities. If, however, proper treatment were to be accorded it would be deducted from the loans and discounts as an offset.

Book Reviews

Basset, W. R. *Accounting as an Aid to Business Profits*. (Chicago, A. W. Shaw Company, 1918. 316 p.)

Authors for some time have been shooting at a bull's eye which may be expressed in the terms "accounting as a basis for business administration." Many of them have shot wide of the mark. Few have approached it. A number of accounting treatises have chapters or paragraphs which touch on the subject but the treatment has all been very superficial. The present volume contains much more on the subject than anything which previously has been written. It, however, like the others, gets somewhat off the track in what is apparently an attempt to fill out the volume and make it a book of good size.

The book is written in a popular style. It contains many interesting illustrations

and a number of inserts which are useful. The treatment of the subject is loose in places. This fault, however, is likely to go undiscovered because of the smoothness of the composition. Note, for example, the following: "By rate of turnover is generally meant the activity of that portion of the capital invested which is contained in the value of the inventory. This represents but a part of the enterprise's assets and not the entire wealth or resources engaged in the given business. It is necessary, therefore, to go beyond the rate of turnover and to consider the relation which gross sales bear to capital investment in a well-conducted and normal manufacturing business. To illustrate the point, the following tabulations have been prepared from available statistics which indicate for various industries—first, the margin of profit on sales; second, the ratio of gross sales to capital investment; and, third, the equivalent of the profit expressed in rate of return on the capital."

The reader is likely to become so interested in the statistics which follow and which relate to a number of leading industries as to overlook the fact that the author has passed glibly by the matter of capital invested in the inventory. It may further be remarked that no reference is made to the method of ascertaining the turnover on goods. Since there is considerable difference of opinion on this matter, it seems that the author should at least have stated how, in his opinion, the turnover on goods is to be determined.

The book, taken as a whole, should be regarded as a welcome addition to the literature of the subject. It will appeal to the popular taste for which it was written. It should be read with this thought in mind. It goes further than any other book within the knowledge of the reviewer in the direction of making the accounting an effective means in facilitating administration, the object of which is to guide the organization to a strong financial condition coincident with large dividends.

Merchants' Association of New York. Industrial Bureau, Bulletin No. 2. *The Furniture Industry*. 66 p.

The Bulletin of the Merchants' Association in question is in form nothing more than a pamphlet. In content, it is entitled to be classed with many books. It is a mine of information and should be of inestimable value to the accountant who has occasion to work in the furniture industry.

The claim is made in the summary that New York City offers the most advantageous location in the country for the manufacture of the highest grade of furniture, especially that type of furniture which is made to order.

The other somewhat striking claims which are made are that the retail market of the metropolitan district of New York, with its population of 7,500,000, is the greatest market for high grade furniture in the world; that the secondary market, consisting of the district surrounding New York within a radius of 200 miles, contains more than one-fifth of the population of the United States; that the markets of the Pacific Coast are now served most economically from New York City by direct steamship service via the Panama Canal; and that New York, being the great export center of the United States, has become an important center of manufacturing for export. Valuable and interesting data are given with regard to the manufacturing cost of four typical New York City furniture factories together with the supply and cost of minor materials in New York City and selling cost.

One receives the suggestion by implication that the motive which prompted the investigation was to discover its relation to the much discussed export trade possibilities, since chapter 6 is devoted to "the possibilities of developing an export trade in furniture."

To give advice with regard to the location of units of industry may not fall within the province of the accountant, but the perusal of books of this kind and the

consideration of their contents cannot help but enlarge the vision and calibre of the accountant.

Levy, Ernest. *Exchange Tables for Converting Dollars into Francs and Francs into Dollars*. (New York, E. P. Dutton & Company, 1919. 40 p.)

The use of any set of tables has a distinct advantage over original calculations. Not only is it time saving but conducive to greater accuracy. Two phases make original calculations compare unfavorably with tables; the time required to make the calculations and the possibility of mistake.

In ordinary times a condensed table of conversions would suffice. During the past few years the fluctuations have been so great as to make some of the existing tables valueless. The author has had this in mind in constructing the tables in question. They show the conversions and amounts ranging from one cent to \$100,000.00 with francs from 5 to 5.80 to the dollar.

It is apparent that conversions of French exchange will be in large demand during the coming years and such a book should prove valuable to both exporters and importers.

The author of the tables suggests also that the book should be of equal value to those who have occasion to calculate exchange with countries such as Switzerland, Spain and Italy, where the monetary units bear the same relation to the American dollar as does the franc.

Escher, Franklin. *Practical Investing*. (New York, The Bankers' Publishing Company, 1916. 177 p.)

The oft repeated statement that a book should never be read without first reading the preface is borne out in the case of "Practical Investing." The author makes clear in his very concise preface his purpose in writing the book. It is to furnish a guide to "the man who has or may have money to invest and who wants to learn

how to invest it to the best possible advantage."

The investment of funds has come to be a good deal of a science. The investor must look for safety of principal as well as yield on the investment. The proper distribution of funds among enterprises and as between stocks and bonds calls for fine discrimination. It is something which usually may be learned only from experience.

The present book should aid materially in supplying in a short space of time that which former years of experience have taken to acquire. Like its preface, it is marked by conciseness and terseness. The chapters which stand out are "The Cardinal Virtues of the Ideal Investment," "How to Divide up an Investment so as to get into it a Real Element of Diversity," "The Influence of Gold Production on Security Values." In the words of the author "Gold is a commodity like anything else and exchangeable for wheat or corn or cotton or any of the other necessities of life. Now, as you produce more and more gold it gets less valuable and a fixed quantity of it will exchange for (buy) less of any other given commodity. Which, of course, is only another way of saying that the price of that other commodity has gone up.

"That is the first half of the theory. The second half is this: As the supply of gold is increased and the prices of all commodities rise, speculation is engendered and money is tied up. That means a gradual advance in interest rates, and that, of course, means a decline in the market value of securities bearing a fixed rate of interest (as for instance, bonds). Securities whose interest rate is not fixed (as for instance, stocks) will be favorably affected, especially where the shares are in companies having large natural resources likely to appreciate in price."

Additions to the Library, April, 1919

Dewey, John. How we think. Boston, D. C. Heath & Company, (c1910). 224 p.
Escher, Franklin. Practical investing. Edition 2. New York, The Bankers Publishing Company, 1916. 177 p.

Fernald, James Champlin. English synonyms and antonyms, with notes on the correct use of prepositions; designed as a companion for the study and as a text-book for the use of schools. Edition 2, revised and enlarged. New York, Funk & Wagnalls Company, (c1914). 727 p.

Fernald, James Champlin. Expressive English. New York, Funk & Wagnalls Company, 1918. 463 p.

Gowin, Enoch Burton. The executive and his control of men; a study in personal efficiency. New York, The Macmillan Company, 1917. 349 p.

Guaranty Trust Company of New York. How business with foreign countries is financed. New York, Guaranty Trust Company, 1919. 55 p.

Hammond's handy atlas of the world; a series of accurate maps of all portions of the earth, together with an index of the cities and towns of the United States and lists of the principal cities of the world. New York, C. S. Hammond & Company, 1919. 163 p.

Hurley, Edward Nash. Plan for the operation of the new American merchant marine as proposed by Edward N. Hurley, Chairman United States Shipping Board. Washington, March 27, 1919. 16 p.

Irving Trust Company. Wills and trusts. New York, Irving Trust Company, n. d. 18 p.

Leighou, Robert Benjamin. Chemistry of materials of the machine and building industries. New York, McGraw-Hill Book Company, Inc., 1917. 449 p.

Levy, Ernest, comp. Exchange tables for converting dollars into francs and francs into dollars, at all rates from 5.00 to 5.79, thus covering both war-time and normal requirements. New York, E. P. Dutton & Company, (c1919). 40 p.

Mason, Fenwick & Lawrence. Foreign trade mark protection. New York, Mason, Fenwick & Lawrence, n. d.

Merchants' Association of New York. The furniture industry. New York, Merchants' Association, 1919. 66 p. (Industrial Bureau Bulletin No. 2.)

Morton, Davis Walter. Banking and bank accounting: an advanced set on the individual business practice plan. New York, Lyons and Carnahan, (c1917). 112 p.

Scott, Walter Dill. Increasing human efficiency in business; a contribution to the psychology of business. New York, The Macmillan Company, 1914. 339 p.

Thorne, William V. S., comp. Hospital accounting and statistics. Edition 4. New York, E. P. Dutton & Company, 1918. 119 p.

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