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Assuming the company had followed the same procedure with regard to insurance but had not written up the property, what should be the amount of the depreciation charge for the year ending December 31, 1920?

Which treatment with regard to value is better from an accounting standpoint?

Foreign Exchange Problem

The Pan-American Chemical Company, a New York corporation, owns a plant in Chile where nitrate of soda is manufactured and shipped to the United States. The accounts in Chile are kept in the local currency (pesos) and the following is a summary of the transactions during 1918:

1/1/18	New York	remitted by telegraphic transfer	\$30,000		
				which realized	120,000 pesos
4/1/18	"	"	\$30,000	"	150,000 "
7/1/18	"	"	30,000	"	180,000 "
10/1/18	"	"	30,000	"	150,000 "
		There were paid in wages for plant construction			120,000 pesos
		There were paid for operating			300,000 pesos

At December 31, 1918, the unpaid payroll for operating labor amounted to 60,000 pesos and one-sixth of the nitrate produced during the year remained in inventory.

You may assume that the production, construction and shipments were spread evenly over the whole twelve months, and that the only element entering into costs of production and construction in Chile was labor.

The average quoted exchange rates in Chile and New York were as follows:

1/1/18 to 6/30/183	pesos=\$1.00
7/1/18 to 12/31/185	" = 1.00
At the close of business 12/31/18 the rate suddenly dropped to6	" = 1.00

You are required to show the accounts affected in both pesos and American dollars and to prepare a trial balance as at

12/31/18 for the purpose of incorporating the Chilean accounts on the New York books.

Book Reviews

Duncan, C. S. *Commercial Research*. (New York, The Macmillan Company, 1919. 385 p.)

There has long been need of a book like the one under review. It is the first, so far as the reviewer knows, of its exact kind. Brinton, in his "Graphic Methods of Presenting Facts," did something of the sort but stressed the presentation without devoting so much time to the general discussion of business facts relative to their collection, analysis, and significance.

The book is broad in its scope. It enlarges one's vision. It is a book which should be studied by every accountant. It would help him in his work.

The author discusses many things which are of interest to the accountant; many of the things in detail which the accountant with vision tries to do. For example: "Sales records on the basis of territories or districts . . . Sales fluctuations . . . analyzed from the point of view of the salesman . . . and the character of the goods . . . The object of this general discussion has been to indicate some of the facts which now lie at hand for every manufacturer or merchant in the accounts which he must necessarily keep."

It has long been the ambition of progressive accountants to give clients on certain engagements reports which are not only comprehensive but instructive and serviceable as a basis for administration. In order to do this it is necessary to take into consideration the production and service factors, and to group items of cost around units of production and items of expense around units of service. In other words, the accountant who would serve best must take cognizance of statistics; that is, business facts correlated with financial data.

As a means of assistance the accountant should find this book of most use in such chapters as "Analysis of Business Facts" where a lengthy discussion is given to business statistics; the chapters on "Presentation of Business Facts" and "Interpretation of Business Facts."

Under the head of "Organization for Research," the author mentions the individual with a bent for figures, assigned to such work, the department for such purpose, etc., and adds: "There is also the auditing firm, or the firm of expert accountants, who, like the advertising agency, is turning more and more to this work of investigation."

The author has succeeded, it seems, in his effort not only to make a book which is filled with valuable information, but to stimulate interest in scientific business research. Much research in the past has had for its object little of practical use. Many statistical studies have been concerned with the investigation of subjects in which business men had no interest. It has sometimes been difficult to see how they might have any practical interest for any one.

The day of research with facts, for the sake of facts, as the objective is past. The slogan of today is: "Facts from which to administer." Business men will not be slow to grasp the opportunity to use scientific research in ascertaining business facts, once they realize the practicability of such methods. Duncan's book should help the business man to realize the advantages of business research and to practice it. The book should help those, like accountants, who are trying to help the business man.

Additions to the Library, January, 1920

Barrett, J. J. C. Drawbacks: their history and practical application. Clipping from *Export Trade*, December 6, 1919.)

Dunn, Arthur. Scientific selling and advertising. Edition 3. New York, Industrial Publishing Company, 1919. 119 p.

Guaranty Trust Company of New York. Bonds exempt or exemptible from the personal property tax under the Mortgage Tax Law of the state of New York (revised to September 1, 1918). New York, Guaranty Trust Company (c1918). 21 p.

— Foreign financing under the Edge Act, approved December 24, 1919. New York, Guaranty Trust Company (c1919). 40 p.

Leitch, John. Man to man; the story of industrial democracy. New York, B. C. Forbes Company, (c1919). 249 p.

Mechanics & Metals National Bank. The Edge Export Finance Act as approved December 24, 1919, and the McLean-Platt Act as approved September 17, 1919. 18 p.

National City Bank. Cuba: review of commercial, industrial and economic conditions in 1919. New York, National City Bank, 1919. 28 p.

National Foreign Trade Council. Definitions of export quotations and general recommendations for a standard American export practice. New York, National Foreign Trade Council, 1919. 15 p.

Prichitt & Company. Analytic survey of the oil industry and statistical handbook. New York, Prichitt & Company, (c1919). 56 p.

Rusk, Stephen G. Relation of invested capital to excess profits tax; reprinted from the *Journal of Accountancy*, October, 1919. 15 p.

United States. Department of Agriculture. Regulations for grain warehouses under the United States Warehouse Act, issued October, 1919. Washington, Government Printing Office, 1919. 46 p. (Circular No. 141.)

— Revised regulations for cotton warehouses, approved September 15, 1919. Washington, Government Printing Office, 1919. 41 p. (Circular No. 143.)

— A system of bookkeeping for grain elevators, by B. B. Mason and others. Washington, Government Printing Office, 1919. 53 p. (Bulletin No. 811.)

United States. Comptroller of the Currency. The National Bank Act as amended: the Federal Reserve Act; and other laws relating to national banks. Washington, Government Printing Office, 1919. 302 p.

United States. Treasury Department. Addenda to regulations 45 relating to the income tax and war profits and excess profits tax under the Revenue Act of 1918. Washington, Government Printing Office 1920. 31 p.

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