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Book Reviews

Lincoln, Edmond Earle. *Applied Business Finance*. (New York, A. W. Shaw Company, 1923. 772 p.).

There are already so many books on business finance that one may, with propriety, look askance at the appearance of a new one in this field. It is always fair, however, in examining a new book, to read the preface, and in so doing in the present case one finds the author's justification in a statement that he not only hopes to present some new material, but to survey from a somewhat different angle a considerable portion of the more commonly studied problems of finance.

In both these particulars the author succeeds, noteworthy examples of which are the chapter on the investment banker and the general method of approach to, and treatment of, the whole subject matter. The specimens of credit instruments are unique and gratifying. The liberal use of statistical tables lends value, although some of the figures are too old for certain current uses.

There are two full chapters on financial statements: one called "Financial Statements and Their Interpretation"; the other, "Comparative Statements of Condition and Financial Standards," but the further chapter on "Banking and Finance" contains perhaps more food for thought on the part of the practising accountant than any other part of the book.

This food consists of a quotation from an observation of a credit manager in a large Eastern bank, excerpts from which are as follows:

"Many concerns, of course, need a financial audit, but in my opinion what they most need is an industrial audit. * * * An audit of any kind helps these people and helps their banks. But the audit which is of real value is not an audit to enable a company to *borrow* more money, but one which will enable a company

to *make* more money—an audit which will promote better management, full knowledge of costs, proper routing, proper industrial processes, efficiency, and point out the economic factors affecting the expansion and contraction of the whole industry. The whole idea of the audit, as it is usually referred to, is wrong. If the manufacturing and selling are properly handled, the financing will be a simple matter."

This observation serves to support much of the new thought over which the professional accounting world is now more or less agog. Whether or not it is within the province of the public accountant to go as far as has been suggested by the bank credit man in question may be open to considerable discussion. Certain it is, however, that the public accountant must do more constructive work than he has in the past and utilize the auditing process as a means of supplying information and making suggestions which will be of value to both the borrower and the bank.

Gordon, Saul. *Annotated Forms of Agreement*. (New York, Prentice-Hall, Incorporated, 1923. 904 p.)

Everyone engaged in the practice of public accounting as a principal must have had occasion, at one time or another, in behalf of clients, to look up certain forms of agreement. Likewise, anyone who has had this to do doubtless has experienced difficulty in finding the precise form required. Accordingly, the book under review is likely to serve a very useful purpose in the library of a public accountant.

While the number of pages indicates a book of large size, such is not the case, as the printing is on thin paper and the book, in fact, no larger than the average.

Among the subjects covered are buyer and seller, debtor and creditor, joint adventurers, landlord and tenant, partners, principal and agent, etc.