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## Book reviews

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the altar every week. After that, what becomes of them? There is no general rule, but the counting is often done by one man, frequently by the sexton. Is it not wrong to put temptation in this man's way? The Board cites the case of the treasurer of a large parish who for years tumbled the offertory into a bag which he carried to his apartment, where he lived alone. He then counted it and reported the totals. Tracing the man's record it was discovered that he had once been guilty of misappropriation. Was it not wrong to place temptation in this man's way, or indeed in any man's way?

"The rule should be that two men shall count the offertory and a record of the result filed. One of them, at least, should be a member of the Vestry. The cash should then be deposited in the bank and all payments made by check."

Public accountants are in a position to

satisfy contributors to eleemosynary institutions that their contributions are applied to the specific purpose for which made, as well as that their gifts are not embezzled. Such assurance is of interest to both past and prospective donors. In the metropolitan district of New York alone there are some three or four thousand organizations supported either partially or wholly by public contributions.

Presumably an honest treasurer should be not only willing but glad to have an audit made of his accounts, so that all may be satisfied concerning the integrity of his records. As knowledge concerning the nature and functions of accountancy becomes more nearly universal, such is the case. However, in an engagement where the custodian still regards an audit of his records as casting reflections on himself, rare judgment and tactfulness must be used in dealing with him.

## Book Reviews

Bell, William H. *Accountants' Reports*, second edition. (New York, The Ronald Press Company, 1925. 386 p.)

The work of an accountant may be rendered well-nigh futile if the report which he prepares does not set forth the results of his efforts in such a way that those to whom it is addressed may profit thereby. The millennium in report writing, however, has not been reached; hence, there can be no question as to the appropriateness of an authoritative work on the subject. The first edition of the present book filled a long-felt need, and has become a classic in the accounting library.

In many respects the second edition is a new book rather than a revision of the old. It has been doubled in size and revised so as to reflect the trend of the times.

The matter on the preparation of financial statements has been added to, and the number of illustrative forms has been con-

siderably increased. The accounting problems involved in connection with several of the items which constitute the balance sheet and profit and loss statement—notably reserves—have been given a more adequate treatment. Although the practical value of a work of this kind usually is enhanced by the omission of long expositions on accounting principles, there are many cases where a brief statement of the theory involved may be an aid to a more thorough understanding of the author's position. The second edition is an improvement over the first in this respect. Items which have ceased to be of current interest have been omitted from the present text, as, for example, the treatment of employes' subscriptions to liberty bonds. Several very interesting exhibits have been inserted in the chapter on Miscellaneous Statements, particularly in the nature of comparative and operating statements.

Very timely material has been added in the chapter on Comments and in the new chapter on Graphic Charts, relative to the interpretation of financial statements. The author brings out the possibilities in this field, and suggests various classes of statistical information which may be appropriately included in a report. He recognizes, however, the frequent tendency to compile statistics of no interest to the reader. He prefaces his comments in part as follows:

"Let it be emphasized, therefore, that operating statistics should not be prepared as a pastime; they should have a definite application to the particular conditions; they should not be prepared unless they are going to be useful to the reader of the report, which would not be the case if they have previously been prepared by the client's office force; and they should be interpreted by showing their significance."

Probably the most outstanding innovation in the new edition is the inclusion of a complete audit report. In this respect the book fills a want felt by many readers of the old edition. Although each component part of a report is thoroughly covered in the text and illustrated by numerous examples, there is much to be gained by seeing the assembled whole. The report is not presented as a model, but in order to show the correlation of the different features which have been discussed and illustrated separately, and to exemplify the text regarding analysis and interpretation of accounts. The situation selected—that of a corporation with several branches, in a questionable financial condition—offers unlimited possibilities to the report writer. They have been used to excellent advantage in a well-written report.

On account of its increased size, apparently, the new edition appears in print instead of in facsimile type as formerly. Although something is lost to the reader by

not seeing the statements as they would appear if typed, the set-up corresponds as nearly as possible to that of typewritten statements, and is well done. The author has corrected an omission of the first edition by the inclusion of a comprehensive index.

The book should prove of great value to all those engaged in the practice of public accountancy, and to private accountants as well. Those already familiar with the first edition will find much of interest in the matter which has been added.

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Kilduff, Frederic W. *Inventory Practice and Material Control*. (New York, McGraw-Hill Book Company, Inc., 1925. 446 p.)

The ever-present subject of inventories has risen to a position of very great importance to accountants. The present author places the "problem of inventories on a par in importance with any other problem connected with either an industrial or a merchandising enterprise." To the attainment of this position he ascribes two causes: the income tax, and the tremendous increase in investments in inventories. The excellence of the present work does justice to the importance of its subject.

The title of the book well indicates its scope. The content is divided into two parts: the first deals with the various features of a physical inventory, and the second with the different methods of operating and controlling a perpetual book inventory.

The majority of the material in the first part—about three-fourths of the whole—is largely an amplification or restatement of much that is contained in the author's *Standard Inventory Manual*, published in 1922. It is a compendium of extremely valuable detailed information concerning the planning, operation, summarizing, and

pricing of a physical inventory. Many illustrative forms are reproduced. A chapter has been added on the valuation of inventories from the point of view of financial statements.

A chapter has been devoted to the retail method of inventorying, which probably is the most comprehensive discussion in print. There is new matter in the nature of a summarization of the inventory procedure under the various federal income tax laws from 1909 to 1924. The book went to press at a too early date for the author to receive the benefit of the 1924 regulations, however.

Part II deals with "the necessary procedures and practices which have for their goal (a), the reduction of inventories to the lowest point consistent with production and sales requirements; (b), the elimination of losses due to obsolete materials; and (c), minimizing as far as is practically possible losses incurred as a result of market fluctuations." There are chapters on Material Control; The Material Ledger; Ordering, Purchasing, and Receiving; Storing, Issuing, and Material Verification; and Operating the Material Ledgers—Prices.

The material ledger—"the pivotal point of a control system"—is described, and illustrated by numerous forms. The various steps in handling and accounting for materials are then taken up and thoroughly discussed. In accordance with the author's expressed belief that most material control systems are incomplete from an accounting standpoint, the relation which should be maintained between the subsidiary and the general records is explained in the text. The requisites of an intelligent control are discussed. A part of one chapter is devoted to verification of ledger balances, and reconciliation between subsidiary and general ledgers.

On the whole, the book is well worth while, and should be a welcome addition to the accountant's library.

## News Items

Mr. Fuller has become resident partner at Boston, succeeding Mr. Scoville, who has gone to Buffalo.

On June 1 our Boston office will be moved to the New Chamber of Commerce Building, 80 Federal Street, corner of Franklin Street. This location, in what is said to be the home of the largest chamber of commerce in the world, will give us the advantages of a new and pleasant building, at the same time bringing us into closer contact with our clients in the financial district.

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Mr. H. B. Davies, formerly of Los Angeles, has been appointed manager of the San Diego office.

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Mr. Scoville has become resident partner at Buffalo. Mr. Leffler remains as manager of the Buffalo office.

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Mr. J. F. Kirk, of the Buffalo staff, has resigned to accept a position as auditor with the Niagara, Lockport and Ontario Power Company, an old and valued client. In the resignation of Mr. Kirk, the firm has sustained the loss of an efficient and conscientious accountant highly esteemed in the organization.

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Mr. W. M. Coursen, manager of our Newark office, has been elected a trustee of the New Jersey Society of Certified Public Accountants.

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Mrs. John H. Bovard, who recently went to Raleigh, N. C., to inspect the work which Mr. Gutzon Borglum, the sculptor, is doing for the firm on a bronze bust of Mr. Sells, reports that fine progress is being made. The bust when completed will be placed in the library at the Executive Offices as a memorial to Mr. Sells.