

University of Mississippi

eGrove

Haskins and Sells Publications

Deloitte Collection

1925

Book review

Anonymous

Follow this and additional works at: https://egrove.olemiss.edu/dl_hs



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

Haskins & Sells Bulletin, Vol. 08, no. 12 (1925 December), p. 95

This Article is brought to you for free and open access by the Deloitte Collection at eGrove. It has been accepted for inclusion in Haskins and Sells Publications by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

dollar of the good-will, and after setting up the shares outstanding at the nominal amounts stated. Obviously, therefore, it is impossible to determine the actual value of the common stock at the commencement of business by reference to the company's balance sheet.

It appears that market dealings in the common stock immediately after its issuance would furnish an index as to its generally accepted value at that time, which could be used as approximating its cost to the original subscriber. Reference to stock market quotations shows that the preferred and common stock were sold on the exchange on a "when issued" basis in units consisting of a share of each, for a period of approximately a month after the offering was made. The price circled around one hundred. When the warrants appeared, the preferred and common shares were listed separately. The former opened at seventy-four and a fraction, and the latter at twenty-five.

The indication, therefore, is that general opinion considered a share of preferred stock worth approximately seventy-five dollars, and a share of common stock approximately twenty-five dollars at the time of issuance. It seems fair to divide in this ratio the hundred dollars representing the cost of the two shares to the original subscriber. On this basis, there would be, in the case at hand, a profit of eleven points per share resulting from the sale of the common stock.

The moral to be derived from this incident is that the removal of par value from a share of stock may involve more complications than at first appear. At any rate, capital stock without par value demands clear and lucid treatment in the balance sheet of a corporation, in order that the pertinent facts concerning the net equity readily may be ascertained.

Book Review

Pacioli, Lucas. *A Treatise on Double-*

entry Bookkeeping. Translated by Pietro Crivelli, F.C.R.A. (Harper & Brothers, New York, 1925. 125 p.)

Harper & Brothers have performed an educational and meritorious service in bringing to this country an English reproduction of Pacioli's Double-entry Bookkeeping. Pacioli, usually credited with having invented double-entry bookkeeping, whether or not entitled to that credit, is the first one known to have written about the subject, having brought out his book at Venice, Italy, in 1494. The book was translated into English from Italian, by Pietro Crivelli, for the Institute of Bookkeepers, Limited, London, and has been reproduced by Harper & Brothers.

The book is of interest to the accountancy profession, notwithstanding its didactic character, because it shows the origin of some of the theory on which modern bookkeeping methods are based. It is a book with which to sit down and spend an hour or two of enjoyment, as well as one from which profit may be derived.

Pacioli's style is quaint but clear, and there is a note of drollery here and there which is somewhat fascinating. For example:

"If you should desire you may include with these household expenses all extraordinary expenses, which you do not usually take notice of, that is, when you spend money in playing various kinds of games, or money or things which you might lose, or may be stolen from you, or lost at sea or through fires, etc., for all are intended to be extraordinary expenses, which, if you desire you may keep separately, as many persons do, in order to know clearly at the end of the year how much they have spent as extraordinary expenses, and in which should also be included gifts and presents that you may make to anyone for any reason."

Without presumption, it may be said that the book should find a place in the personal library of every accountant.