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## Book reviews

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"A new process for doing this (freeing copper from other elements) has been successfully employed in some operations. It is called 'selective flotation,' and it produces a much higher concentration of copper than the older process, giving more free copper, free silver, and free gold in the initial operation. This higher concentrate enables the producer to charge more copper into his furnace and results in a considerable reduction in equipment, fuel costs and other items of expense. A saving of a cent a pound may mean the difference between a dividend and no dividend, and it is usually the companies which are most alive to the latest developments in science that save the cent.

"One chemist connected with a rela-

tively small industry recently told me that if he failed to save his concern \$200,000 each year he began to feel uneasy about his job."

To the unimaginative mind there is no relation between the technology of industry and public accounting. To the public accountant whose imagination carries him sufficiently far, Mr. Farrell has opened up a broad vista of chemistry in industry. There is little doubt that many of the problems of cost accounting which now baffle solution will be solved in the future with the aid of chemistry. Technological background is extremely useful today in dealing with the accounting problems which run into industry.

## Book Reviews

Reed, Harold L. *Principles of Corporation Finance*. (Boston, Houghton, Mifflin Company, 1925. 412 p.)

A somewhat critical examination of this volume causes the reviewer to conclude that it is a book which should interest the general reader on financial and accounting subjects as well as provide knowledge for aspiring students. The observations to be made concerning the book are, in the main, commendatory in character. Its worst fault lies in the fact that it is spotted occasionally with "high-brow" language which tends to annoy the general reader, particularly if he has not had the advantages of association with modern economists, who have a phraseology of their own. The average reader is likely to work fairly hard before he gets much sense out of such titles as "Criteria of successful forethought."

Having said the worst, the fact remains that the author has produced a volume in which the subject is logically developed, the ideas are good, and the exposition generally is clear. The plan follows the

economic life of a typical business enterprise, tracing through the stages of organization, operation, expansion, failure, and reorganization. This, obviously, is the same old story, but it is told by the author with a good deal of crispness and with particular consideration of current conditions in their relation to enterprise. Reiterating what the reviewer has repeatedly said on the subject of books dealing with corporation finance, this book would serve admirably the purpose of any one concerned with laying a firm foundation for an understanding of accounting. Further, it contains an excellent chapter on the interpretation of an income statement, notwithstanding the fact that the discussion deals with the income statements of railroads.

A parting word of praise which may be said in behalf of the book is that it is concise as well as comprehensive. Conciseness is an important consideration to the general reader.

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Hodge, Albert C. *Retail Accounting and*

*Control.* (Chicago, The University of Chicago Press, 1925. 539 p.)

This book is one of a series entitled "Materials for the Study of Business," being prepared by members of the faculty of the School of Commerce and Administration of the University of Chicago, primarily for use in connection with the business curriculum in that institution. All of the courses in business there are being developed in accordance with a well-ordered plan, with a definite objective in mind—the training of men for the task of intelligent and successful administration of business enterprises. In this scheme accounting is regarded primarily as an aid to the business administrator in exercising his functions of control.

Mr. Hodge's book falls in with this general arrangement. The first chapter is entitled, "The Control Problem in Mercantile Establishments." It contains the following statement:

"There are \* \* \* many students of business problems, and of accounting in particular, who are thoroughly familiar with orthodox accounting theory and practice, but who have not yet been led to recognize the fact that the activities of the accounting department in a large modern business enterprise constitute only one phase of a broader group of activities, all with the common end of facilitating the formulation of business policies and the control of the operations by means of which these policies are carried out."

The discussion is concerned almost entirely with department stores, as comprehending all of the problems involved in any form of retail establishment.

The initial chapters are devoted to department store organization, with particular emphasis on the prevailing tendency to organization by functions of the business, as opposed to organization by departments. Next is a discussion of the various account-

ing and statistical reports required by the management in connection with the various functions carried on within the business. Some space is devoted to budgeting and the use of estimates.

The preparation of significant statements involves the question of proper classification and allocation of expenses. Four chapters are given over to a comprehensive treatment of this subject, with consideration being given primarily to maintaining an effective control over expenses, and secondarily to finding accurate costs.

The matter which has been described constitutes about half of the text. The latter half is concerned with the sources of the various kinds of information required by the management in the administration of the business. This involves a description of the procedure and records involved in the buying and selling and other functions of a department store. Numerous forms are reproduced.

An appendix consisting of four cases describes the organization and procedure in as many retail establishments, and is valuable as illustrating the text.

Questions for class discussion and, in addition, several exercises appear at the end of the various chapters throughout the book.

In the reviewer's opinion, Mr. Hodge has made a distinct contribution to accounting literature. He has told the story in a logical way, and apparently in the right way.

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### Jacksonville Office

The firm announces the opening on February 15 of an office in Jacksonville, Florida, in the Atlantic National Bank Annex.

Mr. Gordon M. Hill, for many years connected with the organization, will be manager of the new office.