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## Book Reviews

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## Book Reviews

A TREATISE ON AMERICAN BUSINESS LAW, by FRANK HALL CHILDS. *Walton School of Commerce*. Four vols.

In this series of volumes we have what are evidently the bound parts of a complete course in business law at the Walton school of commerce. The entire set will consist of six volumes, of which the first four are at hand. Volume I covers elementary law and contracts; volume II, agency and partnership; volume III, negotiable instruments; and volume IV, property, real and personal, bailments and carriers, unfair competition. Volume V will cover corporations and banking, and volume VI, insurance and guarantee.

The volumes are not quite so formidable as they look, perhaps, the small size of the pages (as compared with the usual law folio), and the large print and generous spacing being the principal reasons for their size and number; but at best we think the average student would be somewhat daunted at the first sight of them. By "average student" we mean the working accountant who is preparing himself to take an Institute examination. If he is enrolled at such a school as the Walton he will presumably have the time to devote to the course which is no doubt spread over a number of terms. Otherwise one would hesitate to recommend so voluminous a work to the home student when there are several handy manuals which will give him ample preparation on the fundamentals of business law—and fundamental principles are all that the Institute examiners require.

It is quite true, as the author says in his preface, that the "accountant, in public or private practice, must have a thorough working legal knowledge"; but we take leave to doubt that such knowledge must include fine distinctions made by the courts in applying fundamental principles, many of which are set forth by Mr. Childs in his volumes. It may be taken as a broad rule that no public accountant should be expected to act as legal advisor to his client. It is enough if he is sufficiently grounded in legal knowledge to be able to advise his client when to see his lawyer. We have had occasion to criticize our legal brethren for their mistakes in accountancy—let us not give them the opportunity to call us to account for equally bad mistakes in the field of law. Perhaps Mr. Childs would say this is all the more reason for intensive study of law by the accountant. Possibly, but we think the old adage of the shoemaker and his last still applicable, topsy-turvey as the world seems to be to-day.

Regarded as a popular treatise on business law there can be no dispute as to the absorbing interest of this work. It brings within the mental grasp of the ordinary business man a clear view of the laws under which he lives and does business. Free from the technicalities which only the lawyer is trained to understand, it tells him what the fundamental law is and how it applies in difficult cases. What appear to the average layman as absurd technicalities, that seem to contravene the plain intent of the law, turn out on analysis to be

perfectly logical decisions applied to varying facts. One comes to realize that doing absolute justice between man and man is a very difficult and delicate transaction. Mr. Childs has a beautiful knack of stating his points clearly and his choice of illustrative cases is most enlightening. But the thoughtful accountant will be only the more convinced by his reading that the less he attempts to guide his client through legal mazes, the better service he will render him.

W. H. LAWTON.

PRACTICAL ACCOUNTING PROBLEMS, by PAUL-JOSEPH ESQUERRÉ.  
*The Ronald Press Co., New York.*

As the title indicates this is a book of problems, twenty in number, taken mainly, we suppose, from C. P. A. examinations, which are analyzed, discussed and solved by the author in accordance with the principles laid down in his work, *Applied Theory of Accounts*. His avowed purpose is not so much to furnish correct solutions as to stimulate and develop in the student-reader the power to analyze given facts, to sharpen his observation—in short, to induce him to think, not merely to remember. This is the aim of every educator and not every one succeeds as well as Mr. Esquerré so far as form and matter go. His reasoning is always lucid even if at times provocative. One does not yawn over his pages.

The high percentage of conditions and failures in practical accounting shown in the Institute examinations indicates the great need of more educational training on the lines laid down by Mr. Esquerré. We would not go with the author so far as to believe that his system can take the place of actual experience in accounting work, but it would help. The average candidate can hardly have covered as wide a field as the usual examination paper, of course, but he has had some experience and that should enable him to understand and solve problems in other lines. But the more experience the better. The proof is shown in the semi-annual results of the Institute examinations in the remarkable difference between the state candidates with but one or two years' experience required and those seeking membership in the Institute where five years is the minimum. It is the training that counts.

The argument in problem 14, a case of ascertaining the value of a patent for federal taxation purposes, is likely to cause much discussion in the profession. The theory is ingenious and we think economically well-founded, being in brief that the value is the present worth of future estimated earnings. This theory has been adopted by the treasury department in ascertaining the value of a patent in the case of a decedent's estate. But the natural thought of the reader is that if this is correct as applied to patents, why is it no equally correct to apply it to such properties as mines or oil-wells? Unfortunately it has just been decided by the courts (*La Belle Iron Works*) that actual cost, not value based on estimated future earnings, must be the basis. It is true that the company's claim was not for the present worth of

such earnings, but in view of the language of the decision even that would seem barred. The way of the inventor who fails to capitalize his patent at once still seems to be a rocky one from the treasury department's standpoint!

The make-up of this book is unique and—expensive. To a lover of fine books it is a delight. It is handsomely bound in flexible covers, printed on paper that the fingers instinctively caress, in type in imitation of ordinary type-writing that lends a more intimate touch than the usual book type. But it is large (9 x 11 x 3), it is printed on one side of the page only, and with the ample spacing of type-written manuscript it makes a book about four times the size it might be, with the consequent prohibitive price of \$10 (and we are told there are to be two more volumes like it). For those who can afford luxuries in books this is no objection, but we feel like remonstrating. There has been too much of a tendency of late on the part of accountant-writers to bring out expensive editions of books which ought to be made more accessible to students.

W. H. LAWTON.

FEDERAL CORPORATE INCOME TAXES, 1921, by E. E. ROSSMOORE.  
*Dodd, Mead & Co.*, New York. 338 pp.

This book is designed to assist taxpaying corporations in reviewing their returns for taxable years since January 1, 1917. After a short introduction, it contains an interesting chapter on the organization and methods of the income-tax unit, a chapter on the calculation of taxable net income, one on the determination of excess-profits taxes and one chapter dealing with consolidated returns, assessments by comparisons with representative businesses and personal service corporations. Following these five chapters are 47 problems, each with the author's solution, the problem section filling nearly 100 pages. The book is well indexed and seemingly free from typographical errors. It should, however, have been better edited to insure smooth reading.

The author's former connection with the income-tax unit enables him to describe its organization and procedures in an interesting way which would be of some assistance to one having business with the unit; provided, of course, that the unit was not reorganized before he reached Washington. A large part of the text is easy reading of an elementary character, being simply a restatement of regulations 45, in which the authoritative exactness of the regulations is necessarily sacrificed, to some extent at least, in the process of popularization. On the whole, the book is more of an essay than a handbook. It would constitute a good introduction to books dealing with the practical preparation of returns or briefs on various appeals. Many cases are discussed but none is cited in any way to be of assistance as a precedent. In fact, on page 221 the author says that "in the cases which he has cited herein, he has taken particular pains to make changes from the actual facts as they existed so that it would be impossible to recognize the actual case which was under consideration. He has tried, however, to keep such of the essential facts, with possibly

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slight changes, as to clearly present [*sic*] the applicability of the respective sections of the statutes."

In chapter V there is a clear explanation of intercompany profit and of the necessity for eliminating it from inventories. This should be helpful to business men who are interested in affiliated corporations but who have not had the time or the inclination to become familiar with this phase of accounting theory. In this chapter also are some very interesting examples of what are not personal service corporations and some valuable suggestions to corporations conducting partly personal service activities. The 47 problems should be particularly helpful to teachers and students.

HAROLD DUDLEY GREELEY.

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Announcement is made of the discontinuance of partnership relations between the members of the firm of Betak & Andrews. The firm's practice will be continued by Mr. Betak and Mr. Andrews independently, the former as T. W. Betak & Company at the address of the old firm, the latter as F. B. Andrews & Company in the Westminster building, 110 South Dearborn street, telephone Central 7792. Mr. Joachim is withdrawing from public accounting practice.

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W. E. Halter and Philip P. Holzberg announce the formation of a partnership practising under the firm name of Halter-Holzberg & Co., with offices at 214 Sellwood building, Duluth, Minnesota, and 209 Roger-Ruger building, Superior, Wisconsin.

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Maurice A. Haas, Julius Schlesinger and Edward Gewitz announce the formation of a partnership practising under the firm name of Haas, Schlesinger & Gewitz, with offices at 1133 Broadway, New York.

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J. M. Lehrfeld & Co., 286 Fifth avenue, New York, announce the admission to partnership of Max Scall, and also the opening of offices at Okmulgee and Oklahoma City, Oklahoma.

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Allday, Ronaldson & Harris announce the dissolution of partnership and Ira S. Harris announces the opening of offices in the City National Bank building, Wichita Falls, Texas.

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The Maryland Audit Co. announces the removal of its offices to 805 Continental building, Baltimore.

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Barrow, Wade, Guthrie & Co. announce the removal of their Chicago office to 111 West Monroe street.

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Charles A. Klein announces the removal of his office to 67 Wall street, New York.