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## Book Reviews

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THE NATURE OF DIVIDENDS, by GABRIEL A. D. PREINREICH. 236 pages. 1935.

The author of *The Nature of Dividends* begins his treatise with a discussion of the theoretical nature of capital and income and concludes that income represents an increase in wealth and includes unrealized capital increments. He then proceeds to a discussion of a proposed method of accounting for long-term investments in high-grade, listed, common shares. In effect he proposes that the investor should determine the worth of his shares and, if this amount is higher than his previous determination, the difference is income in addition to any amounts received in distribution.

Much weight is given to changes in book values per share as shown by the issuing company's balance-sheets. Numerous charts, diagrams and formulæ are used in complicated mathematical computations of changes in book value resulting from dividends in cash or property, stock dividends, rights and warrants. It is the author's view that mathematical formulæ may be used for periodic measurement of goodwill attaching to book equities. He is less certain about methods of estimating unrecorded appreciation of book assets. He admits the difficulty of determining the proper differential between book value and fair value per share and suggests that the determination will, therefore, tend toward the adoption of market prices as the fair value. Under his method, involved computations are made to determine certain elements of the worth of shares, while other elements (which may be large in proportion to income) are based either upon highly theoretical computations or upon market quotations.

To assist and protect investors, Mr. Preinreich proposes strict governmental regulations to require that book values per share be maintained at a constant figure. This suggestion appears to be impractical and not capable of execution.

D. L. TROUANT.

ACCOUNTING SYSTEMS—DESIGN AND INSTALLATION, by J. BROOKS HECKERT. *The Ronald Press Company*, New York. 514 pages. 1936.

System design and installation is a branch of the accounting profession more difficult to practise than has been usually appreciated by both accountants and laymen, which may be the reason for the absence of competent writings on the subject. Authors on accounting and cost accounting have touched upon it only as incidental to some other major theme, and such treatment naturally could only be random and partial. *Accounting Systems*, by J. Brooks Heckert, makes system design and installation its whole theme and the author has dealt capably and sensibly with it. He has had the good judgment to adhere to principles and objects as the burden of his theme, a proper conception of which is essential to learning the art. At the same time the exposition is strengthened and clarified by many specific references and illustrations.

The list of the essential qualifications of the system man given on page 10 of the book, is particularly good and indicates that the author understands what

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he is writing about, which is always refreshing in the early pages of a book. Collaterally, a reading of this list will also make it clear why good system men are scarce.

In the chapter dealing with the preliminary survey which goes before a system installation, it might be criticized because the scope and nature of the questions into which the system man should inquire are broader than necessary for the purpose. Questions such as "Where does the capital come from?" and "Are products warranted?" and "Are prices sensitive to general market conditions?" are more of the character of a general business survey and beyond the territory which need be explored for system design. However, the questions put are pertinent in the main.

One might also hold that the illustration and description of working papers to be prepared in an installation are somewhat idealistic. This is perhaps justifiable on the ground that a majority of those who learn will never reach the high standard set.

There is good material on the principles of form design, and the description of mechanical equipment and manual procedure is up-to-date. A reading of this book will not be the making of a good system man, as has been implied, but inasmuch as knowledge of what it contains will be an indispensable part of the equipment of anyone who would undertake system work, it should fulfill a useful function.

E. A. CAMMAN.