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Book Reviews

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LIBRARY CATALOGUE, AMERICAN INSTITUTE OF ACCOUNTANTS. New York, January, 1919. 237 pp. Price \$1.50 net; \$1.65 delivered.

The *Library Catalogue* of the American Institute of Accountants is a worthy product. One may, without fear of exaggeration, give it a first place in the list of useful productions in the field of accounting literature during the past decade.

Ten years ago the charge was frequently made, and with a large measure of justification, that America had no business literature. Whether through shame or the incentive of gain may never be known, but certain it is that Americans, writers and others, have within the past ten years taken up the task of making books on business subjects with much energy.

Most of the books written since this campaign began have had something of good in them. A few of them would better have been left unwritten. Some of them have gained prominence because of the enterprise of the publishers. Others—many of considerable excellence—are almost unknown.

The *Library Catalogue* rises in its dignity and stands forth ready to refute the charge of inadequacy in our technical literature should any one, through ignorance, now dare to make it. The institute is an association of professional individuals. It has no commercial axe to grind. Hence the catalogue plays no favorites. The service of the institute is an unbiased, unprejudiced one. It lists, with regard to accounting and closely related subjects, most of the reputable literature extant.

The profession probably has failed to take full advantage of the literature of the present time, largely because of the fact that there has been no comprehensive source of information as to that which has been available. A person in search of a book or reference has been dependent upon the book-lists of publishers or sellers or the knowledge or memory of some one whose work has made necessary familiarity with such matters.

This situation need no longer exist, if one but knows of the catalogue of the institute, which is little short of a marvel in its completeness and lucidity. Unlike some catalogues it is exceedingly easy to use. In the words of the librarian: "To find books on a certain subject look for that subject as in an encyclopedia, and to find books by a certain author look for that author." Could anything be simpler? It is a pleasure to find that the method works out as planned, which is the test of a good catalogue.

Books of reference are playing an important part in the business affairs of today. Libraries, both general and special, are becoming almost indispensable to many organizations. There is available to business and professional men a mine of information which will help them to operate scientifically. There has been need for a guide which would lead them,

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without too much trouble, to the information. Thanks to the American Institute of Accountants and its competent and clever librarian, the need has been supplied.

JOHN RAYMOND WILDMAN.

RESULTS OF MUNICIPAL ELECTRIC LIGHTING IN MASSACHUSETTS, by EDMOND EARLE LINCOLN, *Houghton Mifflin Co.*, New York and Boston. 484 pp. \$3.

No. XXVII of the Hart, Schaffner & Marx prize economic essays, is a study of the physical, financial and economic conditions of the municipally owned electric lighting plants of Massachusetts, compared with those of privately owned or company plants. It goes into most exhaustive details of construction, operation, management, rates, etc., and contains an ample number of maps and charts besides some 84 pages of statistical comparisons in the appendix. It will prove a veritable mine of information to the public accountant who may be called on for professional services in the matter of valuations or rates.

Public ownership of utilities has undoubtedly received a black eye in the United States as a result of the federal government's operation of the railroads and telegraphs, to say nothing of the control of other non-public enterprises, during the war. This does not discourage the advocate of public ownership; already he is complaining that it did not have a fair trial. This may be true, but before the nation embarks upon this troubled sea, it might be well for us to observe how public ownership of commercial undertakings has worked in smaller fields. Therefore a study like Dr. Lincoln's is a most timely and valuable contribution to a highly controversial question. If the author's final conclusion—

“Whatever the sequel may be, this modest study, as well as most careful and unbiassed investigations, points to the conclusion that as a rule only the simplest and the ‘well-seasoned’ enterprises are at all suitable for public operation; and even these are in grave danger of becoming less efficient than they would be in private hands.”

is unwelcome to the advocates of public ownership, they have their remedy at hand. All the data covering the operations of municipally owned electric plants in Massachusetts for over twenty years may be found in the book, from which the reader may draw his own conclusions “for better, for worse.”

W. H. L.

HOSPITAL ACCOUNTING AND STATISTICS by WM. V. S. THORNE, *E. P. Dutton & Co.*, New York, 4th edition. \$1.50.

With some new and improved forms for the superintendent's office and the addition of some twenty pages describing and illustrating forms for use in computing hospital statistics, there has been little change since the third edition of *Hospital Accounting and Statistics* was reviewed in these columns in January, 1917. As stated before, it forms a compact and useful manual for treasurers of similar institutions, and it will also be found useful to public accountants who may be called upon to audit such accounts or instal modern systems.

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A clever idea is the form of "cash received account hospital earnings" for use in the superintendent's office. One side of the page contains carbon duplicates of two vertical rows of receipts numbered serially; the other is ruled for proper distribution of the receipts, the totals of the columns being posted into the general cashbook.

While the stickler for form may take exception to the arrangement of schedule 3, which combines capital and operating in one "surplus and deficit account," the accounts themselves are correctly set up on the books and the public accountant will find no difficulty in taking off proper capital and revenue statements.

W. H. L.

PRINCIPLES OF ACCOUNTING, by WM. ANDREW PATON and RUSSELL ALGER STEVENSON. *The Macmillan Company*, New York. 685 pp. \$3.25.

In some respects *Principles of Accounting* is unique. It is the first attempt we have seen to combine the study of accounting and economics in one volume, and we should say its success will depend mainly upon its welcome by those of the accounting profession who enjoy excursions into the realms of controversial questions. The authors state that the book is intended primarily as a text for general accounting courses in colleges and universities, but we venture to doubt if the average college student would get from it such grounding in theory and practice, especially practice, as would enable him to pass the American Institute of Accountants' examination. On the other hand, to an experienced practitioner of accountancy the book will furnish stimulating mental exercise and recreation. It is severely logical and is therefore heretical enough in spots to arouse the latent combativeness of the most jaded of conservatives.

For instance, take the question of appreciation which the authors maintain in chapters X and XX should be taken upon the books in ascertaining the profit or loss for each period. Such appreciation is to be applied to all accounts, capital and revenue, which may be capable of being affected by it. In the more elementary chapter X the proper entry to show appreciation of the inventory

Merchandise	\$5,000
Revenue from appreciation.....	\$5,000

is given the unwary student, and in chapter XX we have a thoroughly logical defense of the theory and logically irrefutable answers to objections. In brief, the argument is that if depreciation as an element of cost is to be booked, then appreciation as an element of accrued revenue is equally allowable. Even the advocate of a middle course, that of actual cost or investment (original sacrifice) is not spared, as the authors point out the undeniable fact that the purchasing power of money also varies from time to time.

The time may come when, as the authors predict, there will be as little question of the propriety of considering appreciation as revenue as there is today of charging depreciation as cost, but in the meantime not many teachers of accountancy with the future professional success of

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their students in view will care to instil this theory into their relatively immature minds. This feature of the book is to be regretted, for otherwise the theory of accounting is set forth on broad lines and on firmly grounded principles accepted by the whole profession.

In view of the inclusion of actuarial questions in the institute examinations the chapters on interest calculations are timely and valuable, though we should regard with something akin to awe any student who could remember all the formulæ given.

Altogether the authors have produced a most interesting and readable book, better suited, perhaps, to the professional accountant's library than to the class-room or general office.

W. H. L.

ACCOUNTING AS AN AID TO BUSINESS PROFITS, by WILLIAM R. BASSET. *A. W. Shaw Company*. Chicago. 316 pp.

If we were about to open a school to teach elementary accounting and were to be limited to one text-book, we do not know a better one than *Accounting as an Aid to Business Profits*. Although the author modestly states at the outset—

“This book is not a treatise on accountancy but is what the title connotes—an explanation of accounting and cost accounting for the business man and to the end that he may use his records to earn greater profits”

it is, nevertheless, a remarkably well worked out course in business book-keeping from the elementary cash transactions to the complicated considerations of cost factors. If, as the author well says (p. 287), “the compelling idea in all accountancy is to learn how and why we make money—conversely, how and why we lose money,” then this book deserves high standing in its particular field of accountancy. The busy professional may take exception to the superabundance of personal recollections and instances, which take up a good third of the volume, but they frequently serve to throw strong light on the principle or practice advocated or discouraged, and we know that the normal type of mind is more quickly influenced by the concrete than by the abstract.

For the average business man this book can be recommended. The startling conclusion of the federal trade commission that fully 100,000 American corporations were running at a loss, because they did not have proper methods of accounting and cost finding, should have awakened the business world to the necessity of education on this matter. Public accountants have long been quite aware of this condition and many have made attempts to enlighten business men; but whether through suspicion of our motives or too much technicality in language, we have not been over-successful. Mr. Basset writes in the plain, every-day English—or should we say American?—of the business-man, and it must be a hopelessly stupid one who cannot understand and grasp the principles and practice he describes. The more thoroughly the average business-man digests the contents of the book, the more likely he will be to avail himself

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of the services of public accountants, because he will come the more quickly to realize the value of independent and impartial scrutiny of his affairs.

If there are a few (probably unintentional) jolts for the profession here and there, they may be good for us. Experienced practitioners are usually conservative, but enthusiastic neophytes not infrequently do injury to themselves and the profession by installing over-elaborate systems. To the latter is recommended serious and prayerful consideration of Mr. Basset's remarks on "over-accounting" (p. 2). W. H. L.

A. D. Macleod & Co. announce the opening of an office in San Bernardino, California, where they have taken over the practice of the late P. J. Dubbell.

Wilson & Heye announce the formation of a partnership succeeding the firm of L. W. Wilson & Co. with offices in the Chamber of Commerce building, Rochester, N. Y.

James A. McKenna announces the removal of his offices to 80 Maiden Lane, New York.

Gabriel Sanger & Co. announce the opening of offices at 10 High street, Boston.