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EDITED BY LEE GALLOWAY, PH.D.

ANALYSIS EARNINGS, UNITED STATES STEEL CORPORATION, by C. W. Tainter, 35 Congress Street, Boston, 1909. Price, $3.00.

The problem during the nineteenth century for capital investment was to find means for its employment. The organization of industry upon the principle of mass production and the organization of investment upon the principle of limited liability solved the problem so far as the outlet for capital was concerned, but it leaves the question of security for the investment still unsolved. The factors tending to complicate this part of the problem have increased with the growth of modern industry and business expansion, until the question for the twentieth century capitalist is not, How can I invest, but where can I invest with safety? The immensity of present industrial units makes it impossible for the average investor to analyze the productive and market conditions as a basis for determining valuations or the earning power from an investment and not a speculative point of view. Even to make a careful study of the financial reports of large companies is beyond most investors—meager and unsatisfactory as most of the reports are.

However, this source of information seems to be chiefly the one relied upon. Investors depend upon the fact that business success in the long run is possible only if honesty supplements business capacity. Thus a corporation is judged to be in the hands of scrupulous and capable men, if over a series of years the profits do not fluctuate except as they are explained in the light of other financial factors; such as total quarterly earnings, special sinking funds, depreciation and reserve funds, interest on sinking funds, preferred stock dividends, common stock dividends, appropriations for new property, construction and discharge of capital obligations, balance of surplus for the dividend period, etc.

But to gather all this information from the published reports and to arrange it in a form for intelligent comparison needs training in the handling of financial statistics. When this is done scientifically it is surprising to discover how much information may be put upon two sheets of paper. This is the size of Mr. Tainter's report, which he sells for $3, but it is well worth the price to the man who wishes to get a clear conception of the standing of the United States Steel Corporation securities as an investment proposition. By the use of the graphic method he has been able to show all those important relations which should help the prospective investor in forming an opinion as to whether financial conservatism has placed the corporation's bonds and preferred stock in the investment class, and whether the $508,000,000 of common stock can establish a good dividend record and find a ready market at par, or even higher than the preferred stock.

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THE ACCOUNTANTS' MANUAL. Published by Gee & Company, London, E. C. Price, 2s. 9d.

This manual is one of a continued series containing questions and answers of the examinations given by The Institute of Chartered Accountants, England. The questions included cover the Preliminary, Intermediate, and Final Examinations for 1910. The answers for the Preliminary set are by F. T. Skinner, M.A. (Oxon.)

A study of the preliminary examinations is interesting to an American, since it offers a comparison of requirements imposed by the two countries upon candidates for the C. P. A. degree. Until recently the English standards have been higher than American.

The requirements now demanded by the State Board of Regents of New York show a tendency to raise the American standard. Under the new requirements, 1911 candidates for the C. P. A. degree must show that they have passed their preliminary examination in Third Year English, Elementary Algebra, Plane Geometry, the elements of two sciences (Physics, Chemistry or Biology). The second year of a foreign language and United States history and civics. On the basis of the Regents allotment of credit for their subjects the above amounts to forty-five counts. Besides these the candidate is permitted to select studies from a large list of subjects, which upon passing a satisfactory examination, entitles him to fifteen counts additional. A total of sixty counts is necessary to obtain entrance to the C. P. A. examinations.

So far as the examination tests are concerned the New York requirements are now more difficult than the English. The latter still demands an examination in Latin. However, this is not more difficult than the test demanded of American students who must pass a test in the second year of a foreign language. The English examinations do not include a science, but they do set a stiff examination in Arithmetic.

The answers in the Manual are carefully prepared, and aside from their being an aid to the student for examination purposes, they should prove to be a valuable source of practical information for the general accountant.

INDUSTRIAL STUDIES, UNITED STATES, by NELLIE B. ALLEN. Published by Ginn & Company, New York, 1910.

The author is a teacher in the State Normal School at Fitchburg, Mass., and hence has the point of view of the teacher. Nevertheless the business world should not be indifferent to the movement on the part of educators to furnish the coming business men with a comprehensive knowledge of industry and industrial conditions. Probably ninety per cent of the pupils in our schools to-day will enter some form of business. It is, therefore, essential that due importance be given to a subject which deals with the basic industries of our nation. How much easier it would be for business men to deal with causes and effects when widespread industrial depression threatens if they were trained in their earlier years to understand the underlying physical facts upon which our industries are built.
The Journal of Accountancy


The 1911 editions of these well-known diaries, consisting of seven volumes, ranging in price from one shilling sixpence to eight shillings, contain a complete directory of accountants corrected to the latest possible date. No. 4 is one of this set. It contains over 600 pages, half of which are ruled to suit the purposes of an accountants’ diary. The remaining pages are given up to material, especially important to the practising accountant, who needs a great deal of information ready at hand. About fifty pages are given over to miscellaneous tables of weights and measures, short methods of computation, and other general almanac information. Another twenty-five pages, although general in character, is of special interest to accountants—tables showing the steps taken in a company liquidation, the value of a lease, annuity, and discount tables, etc., the names and addresses of all the London banks, bankruptcy officials, and county courts, with bankruptcy jurisdiction, etc., etc. Then follow 100 pages of statutes and rules relating to building societies, companies, trustees in bankruptcy and under deeds of arrangement and the audit of accounts of various bodies, such as gas and water-works companies, municipalities, dock companies, etc.

This is, of course, all in compliance with English law and practice, but if this should do nothing more for the American reader, it might prove very suggestive to some enterprising publisher who might get out a book along similar lines applicable to our conditions.

The directory, however, which takes up another 100 pages would be valuable to any accountant anywhere in the United States. It is remarkably accurate considering the fact that it covers all the principal commercial centers in the world and gives the streets and numbers of accounting firms’ addresses.

Some interesting comparisons might be made from these pages showing the progress of the profession in the various countries of the world, so far as numbers and certification for degrees are concerned. For example, London has nearly five times as many accounts as New York City, while Glasgow has just four times as many as Chicago.


Mr. Cutforth has attempted to meet a demand which a large and growing body of accountant students has created—i.e., a demand for accounting books which are authoritative yet at a price much cheaper than is usually the case with highly technical books. The author has not attempted to compete with either Mr. Dicksee or Mr. Pixley in the size of his book, but by eliminating many of the acts of parliament, law reports, etc., other matter not of vital interest to auditors, and by great conciseness of form he has given us a work of convenient size and a good quiz book for students. A large portion of the book is given up to the
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consideration of the duties of auditors. The duties are grouped under the heads of the various items usually found in the Balance Sheets, etc., Profit and Loss Accounts, and also under the different classes of concerns of special interest to auditors. For example, the item of Wages under Profit and Loss is given thus: Under the Balance Sheet items appear

"WAGES"

1. Ascertain, first of all, whether a good system of paying wages is in force—that is to say, one which minimizes, as far as possible, the chance of fraud. Some points in a good system would be:
   (a) That the clerks making up the Wages Sheets have nothing to do with the actual payment of the money.
   (b) That the foremen furnishing details of time spent or piecework done by each workman have nothing to do with making the extensions or additions of the Wages Sheets of the payment of the money.
   (c) That each workman must attend personally to receive his wages, unless his representative holds an order signed by the manager or other responsible person.
   (d) That the wages must be paid in the presence of the manager or other responsible official.
2. Checks the additions of the Wages Sheets, also a few extensions here and there.
3. See that the weekly totals are each signed for as correct by those responsible.
4. Vouch the Cash Book payments with the totals.
5. Compare weekly totals with each other, satisfying yourself that good reasons exist for any large fluctuations.
6. Look through the Wages Book and see that no large sums appear to have been paid to any one man."

Chapter IX contains a number of questions and answers. This section of the book would prove a great help to students, since they can concentrate their efforts upon essentials that are likely to be brought out at examination time. Even the practical accountant will find much here that will be stimulating. Many principles effecting an audit are brought out more clearly by this method than could be done in any other way. By presenting a problem, followed by its solution, the practical business man catches the essentials of a principle with greater ease than by presenting the same idea in an abstract form.

Another aid that the student will highly appreciate is the inclusion of a number of page references to Dicksee's and Pixley's books on Auditing, along with the chief topics given in the index of Mr. Cutforth's book. Thus, this book can be used as a syllabus, and where elucidation is needed on any important topic, these standard authorities will supply it.