



1952

Accounting for Lawyers by A. L. Shugerman *and* Lawyers Accounting Handbook by Christian Oehler

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Book Reviews

ACCOUNTING FOR LAWYERS, by A. L. Shugerman. Indianapolis: The Bobbs-Merrill Company, Inc., 1952. \$15.00. Pages viii, 592.

It has been said that a lawyer needs to know a little about everything and a lot about a few things. The day was when he needed to know a little about accounting but times and practice have changed and today he is required to know a lot about the accounting side of modern business. It is in recognition of this fact that Professor Shugerman's treatise on Accounting for Lawyers is brought forth. While it is true that big business concerns rely upon accounting firms to prepare their annual reports and tax returns, the average client relies upon the advice of his lawyer in preparation of these reports and returns and in discharging this obligation the lawyer needs to know the fundamental principles of business accounting. As the author points out in his introductory chapter, a lawyer should be able

“ to elicit evidence from accounting records to use in financial statements as well as evaluate their credibility and should be capable of marshalling and organizing any such theories and concepts that might be applicable to a particular legal case; ”

It is his purpose to familiarize the attorney with the “language of the accountant.”

The author is a lawyer as well as a certified public accountant and at the present time he holds the position of associate professor of accounting at Western Reserve University. He is admitted to practice law in Alabama, Kentucky and Florida.

The first twelve chapters of this work might be called introductory, as they deal with general principles of accounting, starting with simple transactions and gradually working up to complex situations. The reader's attention is called to the various systems of accounting used by business men to meet the particular needs of their businesses; to the use of “perpetual inventory entries” and “working papers,” for instance. The latter papers, the author notes, should be the first point of inquiry when it becomes necessary to trace the reasoning process used to secure account results, and their possible usefulness should not be overlooked. The difference between cash and accrual systems of keeping records is pointed out, and frequent references are made to the rules and regulations laid down by the Securities and Exchange Commission, the Commissioner of Internal Revenue, and administrative boards.

BOOK REVIEWS — Continued

Considerable space is devoted to a study of statements of income; income and expenses; reports of earnings; and profit and loss. The chapters on these subjects should be of interest to investors as well as lawyers. These chapters should be helpful in income tax problems. The various ways of computing depreciation are covered. Many valuable suggestions are also made for keeping certain accounts such as contingent liabilities. It is suggested that it is good psychology where a fund is set aside to meet liability in a pending lawsuit to head the account as "Reserve for Contingencies" rather than as "Provision for Possible Loss in Pending Lawsuit."

Probably the chapter of most interest to the general practitioner is that dealing with accounts of estates and trusts. As the author points out, this "may be really regarded as an aspect of court accounting." The records and reports are such as are required by the courts.

Accounting for Lawyers is an interesting study in that field where the practice of law and accounting overlap. It is well worth careful study

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LAWYERS ACCOUNTING HANDBOOK, by Christian Oehler. New York: Matthew Bender and Company 1952, pp. v, 915.

As pointed out by the author, Lawyers Accounting Handbook is the product of an accountant and of a practicing lawyer, a fact that assures both accounting and legal accuracy. The outline is simple and to the point: The Accounting Process, The Bookkeeping Process, The Auditing Process, The Preparation of Tax Returns, and Estate Accounting. This should appeal to the practicing lawyer.

The first chapters, the one on Basic Considerations in particular, are elementary and intended for readers unacquainted with accounting principles. The author has an easy, conversational style. He makes use of hypothetical cases to develop his thesis and the reader, who is not familiar with accounting, should have little difficulty in following the train of his thought. He carefully explains the terms used. In fact he presents the principles of accounting in a way that should be understandable to a beginner seeking a working knowledge of the subject.

BOOK REVIEWS — Continued

While the author maintains that accounting has not developed a technical terminology of its own but relies upon the general use of words "in their ordinary everyday meanings," he does admit that it does have certain abbreviations or symbols of its own. He explains the use of some of these. "Lifo" and "fifo", for instance, mean, the former "last in first out" and the latter "first in and first out" The term "19cy" indicates the current year: "19cy-1," the preceding year and "19cy+1" the following year. To the layman these latter abbreviations do not seem to abbreviate very much, as 1952 may seem as brief as 19cy Or it may seem to him as simple and easy in making a record "9/30/cy" to write it "9/30/52."

Professor Oehler's interest in presenting this work for lawyers seems to be to enable lawyers to detect inaccuracies or fraudulent concealments in a firm's accounts and thus to qualify them to examine or cross-examine bookkeepers or accountants who may be called to the witness stand in a case involving a client's account or records. Very frequently at the end of a discussion of an accounting record appear suggestions as to what might be wrong. For instance, after covering "Property Account" in a balance sheet, a full page of the text is given over to "What Could Be Wrong with the Property Accounts" (p. 115). Another section heading, found on page 125, is "What Could Be Wrong with a Balance Sheet."

The last third of the work deals with the preparation of income tax returns. Returns are worked out for a sole trader, a retired business man, a member of a partnership, a partnership (information return), a corporation and a decedent's estate. The various items in the returns are fully discussed. Although most of this matter is familiar to the general practitioner in the field of law, there are here and there suggestions that may save his client money—and possible trouble—in the future.

The publishers have done an excellent job, too. The printing is exceptionally well done, on paper that has no glare and which makes reading easy on the eyes. The work is well bound and the result is a very attractive book.

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