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BOOK REVIEWS

Linda H. Kistler, Editor
UNIVERSITY OF LOWELL

Donald R. Adams, Jr., *Finance and Enterprise in Early America: A Study of Stephen Girard's Bank 1812-1831* (University of Pennsylvania Press, 1978, pp. 173, price not available).

Reviewed by
Michelle Hamer
University of Maryland

Steven Girard was a wealthy Philadelphian with extensive interests in shipping and trade between the U.S. and Europe. Economic instability in Europe resulting from the Napoleonic Wars and the uncertainty of international trade caused by imminent war between the U.S. and Britain led Girard to liquidate his European assets and repatriate the resulting funds in the years 1808-1812. He used this money to establish a large, unchartered, private (as opposed to corporate) bank. His bank was opposed by the state chartered banks already in existence. This book describes the bank's operations from its establishment in 1812 to its closing in 1831 immediately after Girard's death.

Although this is the history of a single bank, the book provides considerable insight into banking legislation, the relationship between the state and federal governments, and banking practices of the period. During the early years of the bank's existence, Girard was involved in a variety of attempts to influence banking legislation at both the federal and state levels. During this period, federal legislation forbidding noncorporate banks, state legislation forbidding nonchartered banks, and tax legislation providing for higher taxes for noncorporate than for corporate banks were proposed. Girard attempted to persuade his powerful friends to block legislation harmful to his bank. Girard's bank made a large investment in U.S. bonds used to finance the War of 1812. In return for this, his bank was made a depository bank for the U.S. Treasury and notes on his bank were accepted in payment of debts owed to the Treasury. The Treasury's financial problems during this period, high-

lighted by the default of treasury notes in 1814, led to frequent negotiations between the Secretary of the Treasury and Girard about the possibility of additional loans to the Treasury. Girard's active support of the establishment of a national bank to regulate U.S. federal debt and to control the money supply are described. Problems with the specie (gold) standard, its suspension during the war, and reinstatement following the war are discussed.

The bank's operations are described in considerable detail. No interest was paid on deposits. Loans were short term, commercial loans restricted to residents of Philadelphia. Initially, 60 day loans were the rule, but this was gradually increased to permit loans for as long as 180 days. Girard required borrowers to keep funds on deposit (similar to modern day compensatory balance requirements). Girard favored a large portfolio of relatively small loans which diversified his risk and reduced uncollectibles. He was very conservative in his asset management and generally maintained sufficient specie (gold and silver reserves) to cover his bank notes, whereas the average Pennsylvania bank could cover only about one third of its notes. His investment portfolio included large amounts of highly liquid investments, e.g., Bank of United States stock and U.S. government bonds.

From the viewpoint of an accounting historian, the book provides an interesting example of the use of accounting records to reconstruct the activities of an enterprise. Adams used quarterly balance sheets, ledgers, and daily record books of bank tellers to shed light on the bank's asset and liability management policies and changes in these policies over time.

The book is not well organized. The later chapters frequently repeat material contained in Chapters one to four. Although Girard must have been an interesting character, he never seems to come to life. In many cases, possible motives for Girard's stratagems in relations with his correspondent and competing banks and with the government are not clearly developed. Most of the discussion of the specie standard and specie raids of one bank on another is not clearly explicated. The author seems to presuppose the reader has considerable familiarity with banking. The book is probably only of use to a specialized audience.

Fred Bateman, Editor, *Business in the New South: A Historical Perspective* (Sewanee, Tennessee: The University Press, The University of the South, 1980, pp. 158, \$9.50).

Reviewed by
Horace R. Givens
University of Maine at Orono

This slim volume contains papers presented at the First Annual Sewanee Economics Symposium sponsored by The University of the South in April, 1980. The purpose of this symposium was "to provide a forum through which to learn the views on a single topic of a group of people with varied backgrounds and perspectives." The single topic was the evolution, in recent years, of the economic and business climate of the South, and how the South has changed, from a region generally believed to be behind the rest of the United States, into the "last bastion of traditional American values of entrepreneurship, economic drive and business acumen."

The papers are combined in roughly chronological groupings. The first section, "Introduction," consists of two papers which outline the possibilities and opportunities for research into Southern economic and business history.

The second section, headed "The Early Problems," contains materials on traditional Southern agriculture, antebellum industrialization, and the familiar problems of black and white labor and the difficulties attendant upon the transformation of a slave society.

Under the heading, "The Modern Success," are papers discussing business development in the South in the post-World War II period, the results of a survey on the characteristics of Southern business leaders in the 1950s and an interesting, although very brief, historical study of the Life Insurance Company of Georgia.

The next section contains several short statements gathered under the heading, "The Future." (It is interesting to note that, while the historical studies in the earlier sections were almost all contributed by academicians, the prognostications are all provided by business executives. Perhaps the future requires more "real world" analysis than the past!)

The foregoing materials are of interest, especially to those concerned with Southern economic history. However, accounting historians will find the final substantive section more fruitful. This section is headed "Preserving the Record of Southern Business." The discussion is applicable to business records retention and corporate archives in general.

Philip Mooney, Manager of Archives Services for the Coca Cola Company emphasizes the fact that archives are a benefit to the firm, not just to scholars. For example, such archives have assisted in litigation involving trademarks and copyrights. Mooney points out that executives should be made aware of the value of archives to their work, and he also indicates that archives must be tailored in some measure to the needs of these executives.

Professor Herman Freudenberger of Tulane University contributed a paper entitled "Continuity in Administration: The Historical Uses of Business Records," in which he presents cogent arguments supporting the establishment of business archives. He also makes the interesting point that the retention of business records, while more and more a business necessity, has become a social responsibility. The documentation of business firm activities is as worthy of saving as are the records of political activities.

Finally, Edie Hedlin of the National Historical Publications and Records Commission spoke on "Maintaining Historical Records: The Current Situation." Hedlin's paper describes the relatively small amount of business archival materials available and notes some of the problems accompanying record retention such as space limitations and the selection of materials to preserve. She then recommends several steps to be taken to improve the situation.

First, Hedlin suggests a determination be made as to what business records are most often requested by scholars. Based on the results of this determination, the next step would be to develop and promulgate criteria for the retention of business records.

A national data base should be established containing information on the extent, content, location and availability of business collections throughout the United States.

Finally, she suggests the establishment of a service to business to aid firms in the development of in-house archival programs and in related work such as the preparation of company histories.

While not directed specifically at accounting history, this collection of papers will be of interest to those scholars concerned with the business history of the South. The final section, as described, can be read with profit by anyone concerned with matters of business records retention and archives.

Axel Grandell, *The Tally Stick: A neglected bearer of cultural tradition* (Ekenas Tryckeri Aktiebolags Forlag, Finland, 1982, pp. 161, \$20.00).

Reviewed by
William Baxter

The London School of Economics, University of London

This book (*Karvstocken - en förbisedd kulturbarare*) is in Finnish, but it has an English summary, and its 38 photographs speak for themselves. Its author is professor of accounting at Abo Akademi, Finland. He gives us a clear account of the tally's history, forms, and widespread uses.

The oldest surviving tally (he tells us) was unearthed in a Schleswig village, and has been dated c. 750 A.D. But tallies had important functions long before then. Tacitus mentions them in his book on the Germans. By the second century, they played a big role in tax collection; the word for "tax" in Italian, Spanish and French (*la taille*) is firmly linked with "tally." And Professor Grandell speculates on whether the notches on tallies may not have given rise to the Roman numerals, and to the Runic symbols.

He divides tallies into four physical types:

- (1) *Simple* — a stock that remains undivided.
- (2) *Double* — the familiar form that was notched and then split into two bits, to record transactions between two parties. The exchequer in London raised loans against tallies till 1826; the bit kept by the lender was the "stock" (and so we get "common stock," etc.).
- (3) *Triple* — used in the transport of goods (one part for the sender, one for the carrier, and one for the recipient).
- (4) *Forked* — "the achievement *par excellence* of tally technology." The original stick was cunningly cut into two parts, each with two forks; thus there were in effect four pieces, which dovetailed together. This type was still used in 1922 to record deliveries of wood to Professor Grandell's college.

We are apt to remember tallies only as aids to reckoning, but they served illiterate society in many other ways. They were used by village chiefs to record fines; when the delinquent paid, the chief cut out the notches. Carved tallies acted as symbols of office, and as identification badges for messengers. Some tallies were close

kin to magic wands: thus they were used by fortune-tellers to predict the future, and served as dice when lots were drawn. They were widely employed by villagers to show whose turn it was to perform social duties, such as clearing the roads of snow, caring for the sick, and giving accommodation to paupers. One tally of this kind (at Rusko, Finland) tells which household is responsible for organising bible reading meetings; it dates from the eighteenth century, and is still in use.

Professor Grandell has put us deeply into his debt with this concise description of a half-forgotten but important device.

David Green, Jr., *Accounting for Corporate Retained Earnings* (New York: Arno Press, 1980, pp. 130, \$12.00).

Reviewed by
Jackie G. Williams (Mrs.)
Virginia Commonwealth University

The title of this reproduced doctoral dissertation is descriptive of the content; however, the primary thrust is the analysis of alternative ways of enhancing the understanding of current and prospective stockholders regarding the retention and distribution of corporate earnings. As the author examined improved methods of the accounting and the subsequent reporting for retained earnings, he compared the relative importance of reinvesting earnings to the dividend policy that is deemed necessary to satisfy the stockholders.

The role that federal income tax regulations played in the accounting for retained earnings is considered throughout the text. There are statistical data that give credence to the argument that, due to the impact of the income tax laws, the majority of recipients of dividend payments would have preferred having earnings reinvested rather than having dividends distributed.

The recapitulation of the entity concept and the development of the accounting method of determining "net income" will be of particular interest to accounting historians, but in retrospect, it seems that the background material contributed very little to the development of a case for the proposed "new requirement," i.e., the improvement of accounting for corporate retained earnings.

During the discussion about the homogeneity of liabilities and the proprietorship and the acknowledged heterogeneity of long-term investments, there is a table listing twenty-one manufacturing corporations with revenues in excess of one billion dollars in 1954. Ten

of the eleven headings in the table relate to revenues, long-term and short-term equities, profits, and dividends. (The eleventh shows the number of employees). Green states that these statistics do not characterize heterogeneity.

Later in the paper, he uses quotations from the statements of several of these same companies to illustrate why literal adherence to auditing standards would often require the public accountant to express the seldom-seen qualified opinion. He cites specific items on the reports of American Tobacco Company (now American Brands) and The Goodyear Tire & Rubber Co. that appeared to him to be sufficient evidence to warrant a qualified opinion when an unqualified opinion was expressed. There was also information from a report of the Chrysler Corporation during the early fifties that gave evidence of that company's attempts to inflate earnings for the year.

Many reasons for the retention of earnings, other than growth and expansion, are examined. Of particular interest is quoted material from a 1941 study that investigated the reason often given that earnings were kept for the purpose of paying dividends when current earnings were insufficient. The conclusions of that study of the pre-depression years of the twenties and post-depression years of the thirties refute that claim.

The discussion of accounting for stockholders' equity includes extensive coverage of recapitalization to increase capital and to decrease legal capital. The author concludes that the adjusted book value method of accounting for earnings should be adopted; that there is no real accounting difference between a stock split and a stock dividend; and that there should be a differentiation between contributed capital and earned capital.

An illustration of a proposed multi-columned cumulative report of retained earnings that would reveal pertinent information to stockholders is shown. The clarity of the information is doubtful, particularly if the primary objective of this report was to explain to the relatively uninformed public the disposition of earnings and the related activity that affected dividend declaration.

Since internal accountants serve management's needs, the public accountant was designated as the one who should prepare the proposed supplementary report to account for earnings retention and distribution. Accountants would have to be motivated to compile such a report that would be easily understood and that would communicate clearly exactly what was done with the earnings of the corporation. They would have to become even more perceptive, look beyond the explicit transaction, and use their analytic skills in making judgements and formulating and expressing opinions.

Edwin Green and Michael Moss, *A Business of National Importance: The Royal Mail Shipping Group, 1902-1937* (New York: Methuen & Co., 1982, p. xii, 291, \$32.00).

Reviewed by
Robert M. Jennings, Sr.
Indiana University Southeast

The pervasive importance of the Royal Mail Shipping Group over almost four decades at the start of this century is thoroughly examined in this business history. The impact of the ultimate dissolution of the group was far reaching and greatly influenced British accounting, legislation and national economic policy.

The accountant who faces a complex consolidation engagement could only view this entity as a nightmare. Holdings and cross-holdings intertwine to an extraordinary degree, and the preparation of accurate operating results and balance sheet data may have been virtually impossible. The appendix listing the ordinary (common) shares of the eleven principal companies in the group reports thirty cross-held listings. Green and Moss summarize the entire Group in a single sentence, "the Group controlled ninety-two wholly-owned subsidiaries, held majority shareholdings in forty-nine other companies, and was a minority shareholder of a further forty-five companies." (p. 80) By 1930, the total liabilities of the conglomeration were, at least, 120 million pounds. (p. 3)

The national "conspiracy of silence" that kept much of the disastrous news from the general public was apparently quite successful. The international depression and British national policies aimed at maintaining employment levels in the maritime field were very influential in subduing the news releases and encouraging the cooperation of diverse interests.

The liquidity roots of the dissolution are strongly evident. Eventually, however, some shares of the principal companies of the Group were traded at par, or, upon dissolution, returned more than par. For example, the authors cite (p. 177, p. 185, p. 190) the realization of 113% on common shares; a debenture stock return to 97% of par; and a third realization at 133% of par on common shares.

The authors sympathetically portray the behavior and character of the principal defendant who presumably was responsible for the tangle and ultimate dissolution of the Group. Perhaps this is due to Lord Kylsant's advanced age when he was convicted of fraud (he was nearly seventy years old). Nevertheless, the evidence presented at trial and revealed in the book leads to the conclusion that the conviction may have been a just one.

The authors have conducted exhaustive research on the Royal Mail case. In several places, proof reading errors have occurred that the trained accountant will identify almost immediately because of their jarring nature. One example is a settlement of 75% in cash and 35% (*sic*) in income bonds (p. 167) which is theoretically possible but seems very unlikely in light of related settlements. A second example (p. 181) has obviously excluded three zeros from the 1,326 shares mentioned. Considering the volume of exchanges and transactions described, it was inevitable that several such errors would creep into the final text. Use of the old British currency makes much of the financial information difficult for non-British readers. However, on numerous occasions, the authors have parenthetically inserted pound and decimal pence notations which definitely helps. The complex debt and equity structures frequently found in the Group, together with the unfamiliar pence/shilling/pound notations require a reader's careful attention.

The accounting historian should note the profession's disinterest in those times in *any* normative attitude towards disclosure. "The Case of the Royal Mail" was reproduced some twenty years ago in Baxter and Davidson's *Studies in Accounting Theory*. It was written by the defense counsel for the accountant charged with fraud along with Lord Kysant, who was the Chairman of the Royal Mail and many of the constituent companies.

This volume is particularly valuable in that it presents an excellent historical perspective of a vital current problem. There exists today the need to recognize that fundamental changes in industrial structure have occurred in the last decade or two. This was exactly the situation the Royal Mail Group faced some six decades ago. But few people, if any, recognized that cash transfers and short term borrowing could not solve the more deeply rooted problems. Then, as now, investors should recognize that short term solutions may no longer be appropriate.

Marshall M. Kirkman, *Railway Revenue: A Treatise on the Organization of Railroads and the Collection of Railway Receipts* (New York: The Railroad Gazette, 2nd edition, 1879. Reprint edition, New York: Arno Press, 1979, pp. xv, 595, \$60.00).

Reviewed by
Derek Acland
Carleton University

Kirkman subdivided his volume into three basically separate

and distinct books. In the first book, the author described the typical organizational structure for an American railroad of the mid to late 19th century. Detailed job descriptions were established for the main officers of the railroad ranging from Accounting Officer to President. The author's personal views on the qualities or characteristics required for each position were extensively presented. Where appropriate, the author identified differences between the American and British railroad systems. Book 2 contains the accounting system and records that the author advocated for the faithful collection and audit of the railway receipts. A useful appendix reproduces seventy-seven forms to illustrate the documentation described in this book. Book 3, the shortest of the three, explains the overall accounting system of a railroad leading from journals to the financial statements. Unfortunately, illustrative financial statements were not presented.

The author was a prolific writer and this volume was followed shortly thereafter by a companion work *Railway Expenditures* (see *Accounting Historians Journal*, Spring 1981). In the Preface, Kirkman noted that the book reflected his experience of over 23 years with the accounts of railroads. As he was born in 1842, he would seem to have commenced employment at the tender age of 14, presumably without the benefit of advanced schooling. One must marvel at the extensive vocabulary and interesting writing style utilized by Kirkman. By continually using colourfully descriptive or amusingly opinionated statements, the author maintained the reader's interest when discussing what could be a rather dull and tedious subject.

Throughout the first book, the author's description of the attributes required for particular railroad positions were particularly intriguing. For example: "The office of Accountant, we observe, is never sought from choice by active or aggressive young men in our country; indeed our accountants may be said to be the least aggressive people in the world." (p. 124) or "Like all professional men animated by a high ideal, the Engineer, we may say in passing, possesses an instinctive aversion to accounts, coupled with a chronic incapacity to understand or manipulate them. He is then happily relieved of a vexatious burden." (p. 86)

Readers desiring a detailed exposition of the personal characteristics for particular positions in American railroads during the second half of the nineteenth century will find this volume useful and interesting reading. The accounting system for railway cash receipts, which includes a complete set of accounting forms, presents the state of the art at that time, clearly and completely. Anyone

seeking detailed information on a railway accounting system of this period would find this quite a useful reference source.

Maurice Moonitz, Editor, *Three Contributions to the Development of Accounting Thought* (New York: Arno Press, 1978, pp. 334, \$25.00).

Reviewed by
Roger H. Hermanson
Georgia State University

The purpose of the book is (1) to review the 1917 project to promulgate a program for audit procedure which was prepared by an eight-person committee at the request of the Federal Trade Commission; (2) to present the classic exchange by Paul-Joseph Esquerré and H. A. Finney regarding the funds statement; and (3) to present the content of Special Bulletins that contained questions and answers that passed through the Library and Bureau of Information of the American Institute of Accountants. The book presents some valuable insights on how present day accounting principles evolved. These three sections of the book will be discussed separately.

Uniform Accounts

Edwin N. Hurley, then Vice-Chairman, and later Chairman of the Federal Trade Commission, requested the President of the American Association of Public Accountants, J. Porter Joplin, to appoint a special committee (headed by Robert H. Montgomery) to confer with the commission on all accounting questions. The most important output of the committee was a document on uniform accounts which was first published in 1917 and again in 1918 for general distribution. In 1929, a revision was prepared by the Institute and published by the Federal Commission with the title, "Verification of Financial Statements (Revised)—A Method of Procedure Submitted by the Federal Reserve Board." The 1936 revision, "Examination of Financial Statements by Independent Accountants" was published by the Institute.

The book contains a reprint of the 1917 version of the proposal. Major headings within the proposal include "Uniform Accounts" (possibly the intended title for the entire document), "General Instructions for a Balance Sheet Audit of a Manufacturing or a Merchandising Company," "Specific Instructions and Suggestions Relating to the Separate Headings," "General," and "Form of Cer-

tificate." Under the middle heading, specific accounts such as cash, notes receivable, accounts receivable, etc., are discussed. Although the document deals primarily with auditing procedures, certain accounting principles are discussed throughout.

The document was distributed by commercial bankers and was followed by businessmen and their accountants because their financial statements had to be in proper form to increase the chance of securing loans from those bankers. One can see the formulation of many modern day accounting principles in this important document.

Resources and Their Application

An issue of *The Journal of Accountancy* had published an unofficial answer to a funds flow problem which appeared on the May 1921 CPA examination. Paul-Joseph Esquerré took issue with that solution and wrote a seven-page letter to the journal stating so. The letter was published in the May 1925 issue. H. A. Finney, then editor of the Students Department, responded to the letter with a 14-page letter in the June 1925 issue. Esquerré argued for the "all-resources" concept of funds, while Finney argued for the working capital concept. These two letters are reprinted in the book.

The emotional involvement of the individuals is evident in their letters. Esquerré [p. 425] stated:

My personal belief is that the solution at issue is not a good one; that it is not true to accounting principles, and that, in order to balance, it violates accounting. . . . I have no desire to advertise myself or my course; I am actuated only by my firm belief in the truth and sacredness of accounting principles.

In Finney's reply [p. 497] he stated:

It is, of course, a matter of personal concern to the editor of this department that Mr. Esquerré saw fit to make use of such expressions as "forcing the funds" and "forced figure." The first reading of the letter left the editor with the impression that he had been accused of a mathematical forcing of a balance, and it is not unlikely that many readers obtained the same impression. Such an accusation would of course have been unwarranted and untrue, as can be determined by an inspection of the problem and the solution, which are reprinted hereinafter for purposes presently to be mentioned.

Upon second reading, it appeared more likely that Mr. Esquerré meant to convey the thought that figures were grouped in a manner which was not in accordance with his interpretation of the requirements of accounting principles. If this is the correct interpretation of his remarks, it is to be regretted that, in stating what merely amounts to a difference of opinion as to correct principle and procedure, use was made of words charged with so aspersive a connotation.

The letters are interesting as logical arguments. But they are even more interesting as exchanges in a "testy" situation.

Special Bulletins of the American Institute of Accountants

A total of 33 Special Bulletins were published from 1920 to 1929 by the Library and Bureau of Information of the American Institute of Accountants. The bulletins consisted primarily of questions and answers on specific accounting issues of the time. The answers were advisory only and represented the opinion of one or more accountants in good standing who had been asked to respond to the question. Other items occasionally were included in the bulletins. For instance, Special Bulletin No. 2 included suggestions for Professional Conduct reprinted from the bulletin of Haskins & Sells, January 15, 1919.

The bulletins provide insight on the accounting issues of interest in the 1920s. An example of a typical question and answer is:

TAXICABS

- Q. What is the depreciation on taxicabs?
A. The opinion we have received regarding the rate of depreciation on taxicabs is 33½ per cent.

Most of the questions and answers are much longer and more substantive, some running for several pages. Topics included in the bulletins are varied. For instance, those included in Special Bulletin No. 6 are fire loss, breweries, turpentine leases, seed beans, bolts and nuts, negligence, drafts, depreciation, steel vessels, and time keeping and payroll distribution.

The entire book is useful in providing readers with a historical perspective on the development of accounting principles. The funds flow debate would be a fascinating reading assignment for students. The special bulletins could be read a few at a time on a random

basis to give one an idea of what the accounting issues were in the 1920s. An important part of accounting history has been preserved by publication of this book. After reading it one can understand why Moonitz began with the following quote, "Confound these thieving ancients for stealing all our modern ideas."

Donald R. Nichols and Howard F. Stettler, Editors, *Auditing Symposium VI—Proceedings of the 1982 Touche Ross/University of Kansas Symposium on Auditing Problems* (Lawrence, Kansas: School of Business, University of Kansas, 1982, pp. 139, \$7.00).

Reviewed by
Jean C. Wyer
The College of William and Mary

This volume is the sixth in a series documenting the biennial conferences on auditing problems held by Touche Ross and the School of Business at the University of Kansas. As in previous years, there are eight papers, generally presented with comments from discussants. The high quality of the comments reflects the beneficial practice of providing papers to participants in advance. The synergy between papers and comments is also aided by the mixture of practitioners and academicians in both roles.

The sixth proceedings contain papers on eight auditing topics:

- "The Evolution of Audit Reporting" by D. R. Carmichael and Alan J. Winters
- "How Not to Communicate Material and Immaterial Weaknesses in Accounting Controls" by Wanda A. Wallace
- "Human Information Processing Research in Auditing: A Review and Synthesis" by Robert H. Ashton
- "Audit Detection of Financial Statement Errors: Implications for the Practitioner" by Robert E. Hylas
- "A Multi-Attribute Model for Audit Evaluation" by Theodore J. Mock and Michael G. Samet
- "Some Thoughts on Materiality" by Kenneth W. Stringer
- "SAS 34 Procedures vs. Forecast Reviews: The Gap in GAAS" by Robert S. Kay
- "Developments in Governmental Auditing: Their Impact on the Academic and Business Communities" by Richard E. Brown.

The Proceedings are of special interest to accounting historians for two reasons. First is the explicit treatment of history in the first paper. Carmichael and Winters present an analysis of the history of audit reporting. Their basic premise is that audit reporting changes have led the development of practice standards and procedures. They discuss eleven landmarks in the development of the audit report, covering the period from the 1917 Federal Reserve Bulletin to the consideration of revisions to the standard report in 1979-80. The authors note in their conclusions that "The dormant nature of the report over the past three decades has caused readers to view it as a symbol." The discussant, J. Alex Milburn, observes that the authors have reached conclusions that are dependent on their limited focus on audit reports. He uses his comments to expand the discussion to cover other types of assurance which are where, he argues, much activity has taken place in recent times.

The Carmichael and Winters paper and the Milburn responses are knowledgeable, readable, and compact. The works could be used as an additional assignment in an introductory auditing course to provide some exposure to history (a topic that is often overlooked, especially in one-semester courses).

The second reason that the proceedings are of special interest to historians is their utility as a part of a unique, continuing record of current discussion. They permit us to take a possibly premature look at recent observations which will likely be significant indicators to historians in the future. Because the conferences have been held every two years since 1972, the volumes of papers provide an interesting longitudinal study of the trends in the analysis of auditing problems.

A cursory review of the last three volumes yields interesting observations on authors and topics. There appears to be a trend toward the combination of academic and practical experience. Three of the eight papers in the sixth volume were written by individuals or pairs who represent both backgrounds. The topics of the papers also present evidence about the areas that have been important. The editors state that the papers "reflect no unifying theme or purpose, other than that the topics addressed or the research reported hold promise of being of interest to the invited participants from both practice and academe." The areas which have received the most attention in these last three volumes are internal control and the combination of legal liability and fraud detection. A more comprehensive survey, covering all six volumes in the series, might provide insight into the trends in auditing thought since 1972.

Auditing Symposium VI is a useful addition to the libraries of accounting historians who are interested in auditing. It, like its predecessors, provides explicit coverage of one historical topic and observations for future analysis of contemporary perspectives on auditing problems.

Terry K. Sheldahl, *Beta Alpha Psi, from Alpha to Omega* (New York: Garland Publishing, Inc., 1982, pp. xli, 838, \$60.00).

Reviewed by
Walker E. Fesmire
The University of Michigan-Flint

This book is a major contribution to the early history of the development of accountancy and accounting education in America. This work provides a panoramic view of significant accounting education and information on important events and personalities during the half-century following the establishment, in 1896, of the CPA Certificate by New York State. It is a detailed, documentation of the development of Beta Alpha Psi from its founding at the University of Illinois, in 1919, through its temporary deactivations brought on by World War II.

Mr. Sheldahl's work presents an unusual view of accounting education during the period before collegiate accounting instruction became the established mode of entry into the profession of accounting. He obtained an excellent balance between scholarship and readability while developing a comprehensive, balanced reporting of Beta Alpha Psi's early development. Much of the material presented is "human-centered" as numerous references are made to important accounting educators and their thoughts, while many of the important developments are presented from the perspective of these individuals. The only chapter where this reviewer's interest waned was Chapter 3 where the work departed from the human-centered approach and devoted itself to a legalistic consideration of the development of the fraternity's constitution.

The coverage in this work is presented through a combination of topical and chronological approaches. The period covered is divided into two eras, each featuring basic themes conducive to chronological presentation. The first era, the "Founding Era," extended from 1919 until 1927. This era provided the fundamental constitutional reforms and centralized governance for the fraternity. This era also saw the nationwide expansion of chapters and the generation of several significant programs which were implemented during the second era.

The "Vigorous Survival Era" extended from 1928 to 1945. Despite the effects of the Great Depression, this era was a period of impressive achievements for Beta Alpha Psi. Among the significant achievements were the development of the chapter visitation program and the three literary programs. Two of the literary programs were awards for individual contributions to accounting literature while the third was the development of a national periodical for fraternity members.

World War II resulted in Beta Alpha Psi becoming inactive as the organization was male-oriented. However, by World War II, the fraternity was firmly established, with chapters located on twenty-one campuses throughout the nation. Thus, the foundation had been established for the reactivation of the fraternity after the war.

The primary focus of this work is upon the national organization and how, as a separate guiding entity, it assisted the local chapters in their operations. Several chapters deal primarily with local units and/or their interaction with the national unit. Also, this work presents a broad range of information on related accounting events. For example, Chapter 1 describes the "environmental background" which surrounded the formation of Beta Alpha Psi; Chapter 6 concentrates on the career of Eric L. Kohler, the second president of the fraternity and describes the pivotal events in establishment of financial accounting standards and Kohler's contributions to governmental accounting for the federal government. Chapters 9 and 10 review accounting literature representative of the 1920s and 1930s. Profiles of several noted accounting educators are covered in Chapters 2 and 14.

This book is a must for all good accounting libraries as it details the remarkable contributions made by the fraternity to accounting education between the World Wars and it elaborates on the outstanding educational legacy of the Beta Alpha Psi leadership from 1919 to 1945.

James A. Tinsley, *Texas Society of Certified Public Accountants: A History* (College Station, Texas: Texas A&M University Press, 1983, pp. x, 221, \$24.95).

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This book is a revision of the history of the Texas Society of Certified Public Accountants, first written in 1962. The book has been

updated to include the twenty year period since the first publication. This history is unique among state society histories in that it is written by a professor of history (University of Houston) and not a society member as is often the case with books of this type.

The book contains ten chapters and three appendices. The first chapter presents a brief overview of the emergence of professional accounting in the United States in the late nineteenth and early twentieth century, setting the background for accounting in Texas at the turn of the century. The remaining nine chapters cover various landmark periods of Texas Society and public accounting history beginning with the period that led to the passage of the Public Accountancy Act of 1915, continuing through to the Act of 1979 and the present period. The three appendices list the past officers of the Society and Educational Foundation and recipients of various Society honors and awards. As is typical of books of this type, the book is replete with names of members who played important roles in the history of the Society or the public accounting profession in Texas, most of whom are probably not recognizable outside the state. Brief biographical sketches of the Society presidents are included in the chapter covering the period in which the president served.

Each chapter covers topics that were important in the period discussed. The chapters include material on various Society issues, activities, committees, structure, finances, and staff changes. Issues that were major areas of concern in one period, such as relations with bankers or controversies with lawyers, give way to new issues in a later period. The history reflects the rapid growth of the profession in Texas as well as the changes in related societal attitudes during a seventy year period and how the Society responded to these changes in what now ranks as the third largest in total membership among the state societies in the United States. The author paints the Texas history with a broad brush, covering many areas, some with uneven coverage. Several potentially important history areas, such as the activities in the late nineteenth century and the court cases involving two-class regulation, could have been expanded at the expense of the detailed biographical sketches.

A first reading of the text makes it appear somewhat of a vanity type publication, or at best a collection of annual reports taken from the Society board of directors and committee meetings, of interest mainly to those whose names appear in print. However, a closer reading of the text, and the approach taken by the author, can be of value to accounting historians and those interested in the development of the public accounting profession in the United States.

In each of the chapters discussing a landmark period of Texas accounting history, the author has related state activities, problems, or issues with those occurring at the national level and in professional organizations such as the AICPA. Using this approach the author has presented an excellent case study of how national policies are implemented at the state level. The efforts of Texas practitioners to pass state legislation on the regulation of public practice, ethics enforcement, continuing professional education, solicitation, etc., are probably similar to what other states have experienced. The discussion of Society political and legal activities in getting legislation passed or cases defended in court illustrates the efforts made at the local level in establishing the profession as it is practiced today. For the accounting historian the book is a case study of the growth of the profession in the United States, as well as, a case study of the important role state societies play in the implementation of policies initially enunciated at the national level. While in time most of the recommendations do become adopted, it is interesting to read of the efforts made at the local level in the implementation.

For those who become impatient with the slow acceptance of current issues such as professional schools of accounting, the 150 hour education proposal, uniform experience requirements, etc., one can only look to a history of a state society to see what an important role local efforts will play in the implementation of such proposals. And a state history, such as this one of Texas, is a clear indication of the important roles that a large number of dedicated (and sometimes unknown) individuals play in the development of the profession as it exists today in the United States.