1919

Problem

Anonymous

learning the principles and practice of accounting as well as the technique and ethics of accountancy. If it is beyond the scope of his power to learn his case is hopeless. If he is not lacking in too many of the qualities essential to success his ability to learn may enable him to acquire those which he lacks and cultivate those which he possesses but which need development. Alacrity, concentration, application, speed, accuracy, dependableness, appearance, neatness, orderliness, punctuality, personality may all be developed. If the assistant has in him the ability to learn, books, study, instruction, practice, and observation will help him to do so.

Mr. Forbes' associates in the firm have acquiesced in his desire to return to San Francisco to resume direct charge of the Pacific Coast offices.

Many changes are in progress in the offices reserved for the New York staff. Three additional rooms extending to the New Street corner will be available after May 1. Mr. Wildman's office and the library will be transferred to this section of the suite. Two of the former rooms have been converted into one large room where, if desired, conferences may be held. The new and enlarged quarters will, it is hoped, afford much greater convenience and comfort to the members of the New York staff.

It is with a feeling of profound sorrow that we record the death, at his home in Brooklyn on April 1, 1919, of Mr. Richard J. Maguire.

Mr. Maguire has been a valued member of our staff since December, 1915. He possessed all the qualities which make for a successful accountant, not omitting that of a fine disposition which made him most popular with everyone in the organization.

The funeral services consisting of a solemn requiem mass were held at St. Ignatius Church in Brooklyn. Messrs. Kerr, McNally, Gould, Woolsey, Forney, and O'Brien acted as pallbearers.

Problem

F. B. Arnold, A. S. Burke, G. M. Campbell, on January 1, 1918, became parties to a joint venture, called a syndicate, for the purpose of trading in securities. Each contributed $25,000.00 in cash. The funds were deposited in the Broad Street Trust Company where the depositors were to receive interest on the daily balance.

On January 17, there were purchased for account of the syndicate 100 shares of Prairie Oil and Gas (par value $100.00 per share) at 450 plus 1/8 commission. On April 3, there were purchases of 400 shares of Seneca Petroleum (par value $100.00 per share) at 14 plus 1/8. These were sold on October 18 at 16 less 1/8. On April 3, there were purchases of 20 shares Hazeltine Copper (par value $100.00 per share) at 554 plus 1/8; sold on April 10 at 553 less 1/8. On May 28, 100 shares of Prairie Oil and Gas were purchased at 492 plus 1/8.

On May 15, the syndicate borrowed from the Broad Street Trust Company $30,000.00 at 5 per cent per annum. During the time they were held, and prior to September 30, 1918, dividends on stocks were received in the amount of $2,000.00. The interest on bank balance to June 30 was $97.23.

On October 19, Campbell withdrew from the syndicate. For the purpose of settling with Campbell, the stocks on hand were valued at the market and the following items together with the balance of cash incorporated in a statement made up without closing the books:

Two hundred shares of Prairie Oil and Gas at 529; cash dividend on Prairie Oil and Gas anticipated as receivable October 31, 1918, $1,000.00; loan payable Broad Street Trust Company, $30,000.00; interest accrued on loan payable, $625.00.

The amount shown as the net result was then divided by three, Arnold and Burke each contributed $10,000.00 more in cash and cash in the amount necessary to liquidate his interest was paid to Campbell. Subsequent to October 19, 1918, 50 shares of the Prairie Oil and Gas stock were sold at 540. Interest on the deposit account was credited with $85.35 while the interest accrued on the trust company loan subsequent to October 19 was $312.50.

Required: a balance sheet and statement of income and profit and loss of the syndicate showing respectively the financial condition and result of operations at December 31, 1918.

Book Reviews

Morton, D. Walter. *Banking and Bank Accounting.* (Chicago, Lyons and Carnahan, 1917.) 112p.

As stated in the publisher's introduction, "for years there has been an insistent demand on the part of commercial teachers for a course in banking which would not only give instruction and training in bank accounting, but would instruct in the theory of banking as well." This statement is essentially true. It may be added that the present work answers the purpose rather better than anything yet offered.

The chief defect of the book is that it has no index, suggesting thereby perhaps that it was not intended for use other than a text and basis for laboratory work. The author, who is the Dean of Accounting in the University of Oregon, after presenting a banking chart which sets forth the organization and relationships, proceeds to a discussion of credit. In connection with this discussion, there are numerous financial statements intended to offer opportunity for the application of theory to concrete cases. The chapters which follow discuss in an interesting and complete manner the following subjects: Kinds of banks; sources of a bank's earnings and losses; receipts and disbursements; officers and their duties; books used; opening the books of the Crete National Bank; transactions of the Crete National Bank.

The text is accompanied by the books and forms necessary to the working out of the transactions.

Finlay, James Ralph. *The Cost of Mining.* (New York, McGraw-Hill Book Company, Inc., 1909.) 415 p.

The content of this book embraces various things other than the cost of mining, all of which, however, are related to the subject of mining. It contains interesting descriptions of the processes of mining the various materials as well in some instances as the statistics of production. Some of the more important topics covered are: The value of mining property; factors governing valuations; partial and complete costs; statistics of coal production; cost of mining Lake Superior iron; cost of silver and lead smelting; occurrence and production of gold.

Gillette, Halbert P., and Dana, Richard T. *Handbook of Mechanical and Electrical Cost Data.* (New York, McGraw-Hill Book Company, Inc., 1918.) 1739 p.

This book gives shipping weights capacities, outputs, and net prices of machines and apparatus and detailed cost of installation, maintenance, depreciation and operation, together with many principles and data relating to engineering economics.

Like most books of its kind, its particular use to the accountant is the discussion of depreciation, repair, and renewals. The author defines depreciation as follows: "Depreciation is loss of value. It may occur as a result of the loss of useful life of a plant unit or its parts or because of the invention or design of a more efficient plant unit, or because a larger plant unit is more economic, or in consequence of a drop in the prices of equivalent plant units, or because of accident, injury, or in consequence of any change that makes it more economical to render an equivalent service with another plant unit." The author makes a distinction between natural depreciation and functional depreciation. Natural depreciation is said to be "loss of value due to physical or chemical changes in plant units; e.g., rot, rust, electrolysis, wear and tear, loss of value