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## Book Reviews

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INTRODUCTORY COST ACCOUNTING, by CECIL MERLE GILLESPIE.  
*The Ronald Press Company, New York. 255 pages.*

*Introductory Cost Accounting* is not intended to be a reference work on cost accounting but is planned deliberately for use as a text in teaching the subject in college courses. It is one of seven volumes listed under the complete accounting course offered at Northwestern university, the other six titles comprising primary, intermediate and advanced accounting and auditing. The purpose of the undertaking—namely, teaching cost accounting to college students—must be held in mind in appraising the book, because this purpose has manifestly governed the form and arrangement of the material presented, and presumably also the style and scope of it.

Problems and questions accompany the 15 lectures, and the solutions and answers to them are given with the second lecture following, so that there is no way of stealing a glance at the back of the book. Illustrative diagrams and figures are generously supplied.

When it comes to judging the style and content, the question is in order whether the lay reader—lay in the sense of being inexperienced in the difficult art of teaching—is qualified to render opinions, unless it be on the slender basis of the bachelor for having opinions on the bringing up of children, that he was once a child himself. The lectures which make up the book are not written for the ordinary reader. Therefore the things about them with which he may be dissatisfied conceivably may be helpful in effective teaching. What may seem to the reader to be categorical in style and narrow in definition may be the emphasis of definite assertion by the instructor who wishes to impart an idea, and perhaps, one idea at a time, free from bothersome ifs or buts. Thus the student can absorb each idea free of doubt and clear of too many alternatives or possible objections. For instance, cost accounting is defined as "a systematic procedure for determining the cost per unit of commodity produced" and, again, "such cost (unit cost) is always the ultimate aim of a complete cost accounting system." This is the idea with which the student enters upon this course, and perhaps it is designed for the purpose of elementary instruction in the mechanics of cost accounts that this idea remain the single one until the student has learned how to compute unit costs. But for the reader who has some knowledge of modern cost accounting, these definitions are disappointingly inadequate.

So with the next idea, which gives as the purposes of cost accounting (the development of unit costs): to serve as a guide in setting selling prices, to show which articles are unprofitable, and consequently to decide which to push and which to discontinue; to compare costs at different times and under different methods; and finally, to be an index of the efficiency of responsible employees. Laying entirely aside the debatable point whether historic unit costs really are very effective for these purposes, how about better management as a purpose: the orderly regulation of manufacturing processes, the reduction of costs, the control over expenses and over inventories, the restriction of waste and the improvement of quality, and the furnishing of incentives to workers? This is,

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or better, these are, the purposes behind the stated purposes, and the reader is disappointed to find little said of them. Perhaps it would introduce too many ideas at one time and become confusing; one must remember the student is now to learn how to compute unit costs.

It is stated in the preface that controversial phases of cost accounting have been eliminated. One could start a beautiful controversy over the advisability of using supplementary rates for absorbing factory expenses or of applying these expenses to costs on the basis of either the direct-labor dollar or, worse, the prime-cost dollar. There is a moderate word of caution in one of the answers to questions about the risk of error under the labor-dollar method. While it is true, no doubt, that undesirable practices are to be found in use, the text describing them, to be complete, should mention the attendant disadvantages.

Omissions and blunt statements such as these make this volume unsatisfactory reading, especially for a cost accountant, but, as above implied, the reader may be a good cost accountant but a wholly intolerable teacher, and therefore the real merits in the work may quite escape him. It is probable that this text, in the hands of a capable instructor, will give a student a good understanding of simple job-lot costing and some perception of the rest of cost accounting. The degree of perception will depend upon the ability of the instructor.

ERIC A. CAMMAN.

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SIMPLIFIED ACCOUNT BOOK, by WILLIAM J. GREENWOOD. *Business Book Publishing Co.*, Jamaica, N. Y. Cloth, 132 pp.

*Simplified Account Book* is a cleverly constructed record book for the small shop-keeper. It combines within its covers a columnar cash-book of a hundred pages, monthly summaries, a notes-receivable and notes-payable record, pay-rolls and a summary of personal income and expenses. At the end of the book are forms for yearly financial statements comprising a profit-and-loss statement arranged so as to facilitate making income-tax returns, a balance-sheet and sundry related schedules, including a depreciation chart. Full instructions with illustrative fac-simile entries are furnished at the beginning of the book and at the head of each section. The book is 11 x 14 inches in size, convenient for handling and to file away at the close of the year.

Like all account books of this character it has its limitations. Fifty folios might be ample for some, others might fill it in three or four months; which suggests that a loose-leaf form would be more practical. It should not be a difficult book for the small tradesman to understand and keep. The monthly summaries in particular should be a valuable safe-guard against disastrous errors.

W. H. LAWTON.