

7-1926

Book Reviews

F. J. Clowes

F. W. Thornton

W. H. Lawton

John L. Carey

Follow this and additional works at: <https://egrove.olemiss.edu/jofa>



Part of the [Accounting Commons](#)

Recommended Citation

Clowes, F. J.; Thornton, F. W.; Lawton, W. H.; and Carey, John L. (1926) "Book Reviews," *Journal of Accountancy*. Vol. 42 : Iss. 1 , Article 7.

Available at: <https://egrove.olemiss.edu/jofa/vol42/iss1/7>

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Journal of Accountancy by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.

Book Reviews

ACCOUNTING SYSTEMS—PRINCIPLES AND PROBLEMS OF INSTALLATION, by GEORGE E. BENNETT. *A. W. Shaw Co.*, New York. 545 pp.

This is the only volume the reviewer remembers that covers a subject which many have had to learn by practice and observation. After passing through the necessity of finding answers to the kind of question here dealt with, it is interesting to see the procedures now set down as instructions for students; and one wonders whether the unpractised student will appreciate the value of the advice given half as much as the practised system accountant.

The book shows that it has been worked out from practice; there are familiar evidences of the many little problems of columns, forms, account classifications, organization, etc., that have to be puzzled over. The discussion ranges comprehensively over the numerous questions that have to be thought out in laying out and installing systems of accounts.

However, it is not a book of systems. It is a book of general principles. It wisely points away from set forms and presents its forms only as illustrations of methods and not as designs to be used. As matters of general principles, proper emphasis is placed upon the necessity of adapting the system to the situation, of considering personnel as well as system, of testing the system by proof of its worth, of the desirability of assimilating standardization where useful, and similar practical considerations. The description of the systematizer's plan of campaign is eminently proper: first, start with inquiry, from which the nature of the business and the elements of the situation are found; then lay out the account classification which finds the place for recording each element of the business; then design the books and forms, providing the steps by which each element will fall into its place; and then draw the report and instructions which govern the operators of the system.

One admonition, among others, is fundamental, and that is the rule: A system will not run itself—see that it is understood and will be carried out—or hands off!

The author was well advised to suggest plant trips and other steps for keeping in touch with the physical aspects of the business. The accountant who can best visualize the physical movements of a business can lay out the most successful system.

The book falls into two broad divisions: that of general principles, eleven chapters; and that of special business illustrations, ten chapters. The first half of the first part, containing about 244 pages, is devoted to general theory, describing how the functions of books of original entry are determined, to classify and summarize the business transactions and carry them into the ledgers, and how these books and forms are made and put into use. The rest of the general principles, chapters 9 to 11, deal with organization, plant layout, process sequence, departmentalization, and especially accounts. These are the chapters which the reviewer believes should come first, because they are the framework on which all the details depend. There may be some reason why in giving accounting instruction the mechanisms by which transactions are assembled into accounts are taught first; but the essential thing to remem-

ber about all accounting is that accounts are not classified as they are simply to provide exercise for bookkeepers but because the accounts are receptacles for different classes of transactions composing separate elements of the business that should be known. Therefore, find out what the elements of the business are before you make the system: first, the bird's-eye view; then the detailed plan to fill it.

The space devoted to separate industries is noticeably uneven—seventy pages (two chapters) on retail merchandising and only seven pages on the manufacture of men's and boys' clothing. Following are eighty pages on cooperative milk manufacturing, and the other specialty chapters range from thirteen to thirty pages. But there is no harm in this unevenness because, as was said before, this book is a book of general principles, and the illustrations are not to be considered as comprising a manual of systems in themselves, but rather as a stimulant to inquiry as to how to go about systematizing a business. And in this field it fills well a long-felt want.

F. J. CLOWES.

PROFITS, by WILLIAM TRUFANT FOSTER and WADDILL CATCHINGS. The Pollak Foundation for Economic Research. *Houghton Mifflin Co.*, Boston. Cloth, 418 pp.

The authors of *Profits* have marshalled an imposing array of statistics to prove that most of our economic ills arise from the fact that in periods of prosperity we do not distribute all the profits to consumers whereby they may eat up all the increased produce, and that in periods of depression, similarly, we do not distribute enough profits to enable consumers to eat up the accumulated surplus. In short, we save.

Considering the general excellence of the sources of information it may appear a little captious to refer to page 29 where some certain billions are spoken of as "the money income of the people of the United States." I believe no attempt has been made to compile figures showing the income of the people of the United States as a whole. Those that have been compiled are totals of individual incomes, counting the same income twice or thrice in cases where income to one is paid out to another who in turn receives it as income. A consolidated statement of income is not available.

The book is hard reading, but it is evidently the product of hard thinking. Perhaps the weakest link in the chain of argument is the assumption that the failure to distribute profits in dividends is equivalent to the withholding of a similar amount from consumers. Corporations withholding profits do generally invest them in additional properties and do pay the cost of such properties to consumers. If an oil company pays money to laborers to drill a new well is it not made available to consumers just as much as if it were paid out in dividends? Some cash may be accumulated, but not a relatively large amount; and debts to banks and to other creditors are likely to be paid off.

There is throughout the book an evident struggle to find some way to better the condition of our population; the exposition of causes of economic trouble is able and sincere. A study of the book is recommended to all who are interested in national and individual prosperity—and who is not so interested? Little, indeed, of available information has escaped the authors, and all is fairly stated.

Book Reviews

The authors have not proposed any definite remedy for the ills they see; it is with sorrow that one notes that these able and sincere writers foreshadow no cure except through further interference and meddling by the cruel and clumsy fingers of government. Perhaps there is no other remedy; if so, many of us would rather be left alone to enjoy our present misery. Better keep King Log.

After all, a dead level of mild prosperity, nursed and tended by a benevolent government, does not attract.

F. W. THORNTON.

EVERYDAY ECONOMICS, by FREDERICK ROBERTS. *Gee & Co.*, London. Cloth, 132 pp.

NATIONAL FINANCE, by J. B. MORTON. *Gee & Co.*, London. Cloth, 128 pp.

These books are elementary texts in economics and finance written primarily for students preparing for examination for entrance to such professional associations as the Chartered Institute of Secretaries, Chartered Accountants, et al., and as their subtitles imply, also with the hope of diffusing some knowledge of the elementary facts and principles of economics and finance among readers generally. Mr. Roberts, for example, addresses himself to "students, social workers and general readers", and Mr. Morton more pointedly to "students in economics, politicians, and the general taxpayer". "Politician" in England is apparently a more honorable title than in this country; he is at any rate considered amenable to reason.

Both books are symptomatic revelations of the state of mind of thoughtful men today in England. They realize that the aftermath of the great war has furnished a fertile field for the disciples of Karl Marx, from the most violent Bolshevik red to the palest of pink Shavists, and that the only way to meet them is by a counter-attack of education in the immutable laws of economics. Hence these books and others of their type.

They may seem extremely elementary to those who have studied economics and finance at all. They are. One of the discoveries of the war was the astounding youthful mentality of the average man in England as well as in this country. Another was that this very immaturity was keenly susceptible to belief in whatever was dictated to it with any show of authority. Strange and mortifying to say that the communistic and socialistic leaders were the first to see that so far from being knowledge to be grasped only by the comparatively mature mind of collegiate years, the fundamental elements of pseudo-economics were readily understood and assimilated by immature minds, the younger the better. It is high time educators took a leaf from the communistic book.

W. H. LAWTON.

THE ACCOUNTANT'S AND SECRETARY'S YEAR-BOOK, 1926. *E. & S. Livingstone*, Edinburgh. Cloth, 395 pp.

A bird's-eye view of the accountancy profession in Great Britain during the past year is provided by the *Accountant's and Secretary's Year-book*. There seems to be nothing in America quite comparable to this publication, which is a privately published, impersonal volume, containing surveys of activities and

The Journal of Accountancy

tendencies affecting the profession, as well as statistics of various accounting organizations. Among the subjects discussed under the caption "A review of the year" are: the accountant as financier; actuarial science; banking and foreign exchange; costing practice; economic progress in 1925; important legal decisions. The book includes also descriptions of accounting examinations, university courses in accounting, lists of related books and periodicals, description of latest efficiency machines and office appliances, etc.

This book should interest American accountants who desire a knowledge of accountancy in Great Britain. Indirectly, at least, it is informative for purposes of comparing the profession in the two countries.

JOHN L. CAREY.