

6-1925

Book Reviews

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Recommended Citation

Franke, W. B. and Lawton, W. H. (1925) "Book Reviews," *Journal of Accountancy*: Vol. 39 : Iss. 6 , Article 9.
Available at: <https://egrove.olemiss.edu/jofa/vol39/iss6/9>

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Book Reviews

AUDITS, by A. E. CUTFORTH. *Gee & Co. Ltd.*, London. Cloth, 252 pp.

This is the sixth edition of Mr. Cutforth's book, the first edition of which was published in 1914. The purpose of the book is stated in the foreword: (1) to set out in summarized form the practice of auditors and to outline the main principles of auditing; and (2) to present the information in a manner suited for the requirements of students for examinations.

Approximately the first third of the volume is devoted to instructing the reader how to audit the various profit-and-loss and balance-sheet accounts in general, and to describing the special points to be observed in making audits of specific businesses. It is obvious that in this short space no very exhaustive treatise can be written on the subject of auditing. However, the information as given is admirably adapted for examination purposes. A little more than another third of the book is given over to specimens of the accounts of various concerns, extracts from the English companies (consolidation) act of 1908, references to the English income-tax laws and miscellaneous matters. In the balance of the book, examination questions are given and discussed.

I do not think that Mr. Cutforth's book would be of particular interest to the student of accountancy in the United States. It has apparently been written principally as an assistance to English accountants in preparing them for their professional examinations. However, the experienced accountant in this country would find it interesting reading, if only to contrast the English ideas of auditing with ours. Some of the law extracts and comments on legal decisions are also of interest. Among the latter, Mr. Cutforth quotes various decisions concerning the question of depreciation where the question at issue was as to whether, in determining profits available for dividends, provision must be made for depreciation which had occurred in the value of assets of certain classes. He summarizes these decisions as follows:

"(1) Depreciation of wasting assets (such as a mine or a lease) or of fixed assets (such as plant) need not necessarily be provided for before arriving at the profits available for dividend. No invariable rule can be laid down, and each case must be judged on the particular circumstances relating thereto.

"(2) Depreciation on floating assets must be made good before a dividend is paid."

It would be difficult to find a public accountant in the United States who would agree that no provision need be made for depreciation on plant assets before determining the amount of profits available for dividend distribution.

The volume is printed on a good grade of paper and in such a manner as to make reading easy.

W. B. FRANKE.

CREDIT MANAGEMENT, by EMERY E. OLSON and J. W. HALLMAN. The Ronald Press Co., New York. Cloth, 444 pp.

Credit Management is published at an opportune time in view of the campaigns for the prevention of credit crime which are being conducted by a number of national organizations. As stated in the preface, one of the chief purposes of this book is to "give the young man preparing for credit work the

guidance he needs." It does more than this: It sets forth so clearly the details of credit mechanisms and credit practice that it should serve as a valuable reference book and guide for the experienced business man, whether he be a credit executive or not. Chapters on collection procedure and special features of retail credit are particularly interesting.

W. B. FRANKE.

TIMBER MERCHANTS' ACCOUNTS, ERNEST E. SMITH, *Gee & Co.*, London.

This is a second edition of vol. XXXV, second series, of "The Accountants' Library," that admirable collection of inexpensive, handy-sized, uniform manuals dealing with the special customs and accounts of different businesses. This volume deals with timber merchants' wholesale and retail accounts according to English practice. Most of the book consists of a set of transactions for one month, in which the author has introduced "every peculiarity that might arise as far as possible." An appendix contains a full table of the rates and regulations imposed by the Port of London Authority on lumber imported through London. A short chapter on the income tax does not give very much information to the American reader, but at least it indicates that the super-tax is regarded with no more favor in England than here.

W. H. LAWTON.

THE PRINCIPLES OF COSTING, A. CATHLES, *Gee & Co.*, London.

The second edition of Mr. Cathles' excellent manual, first published in 1921 and reviewed in *THE JOURNAL OF ACCOUNTANCY*, December, 1921, shows no material changes. It is a good exposition of the fundamental principles of cost accounting, and that it is so considered by the English accountants is evident.

W. H. LAWTON.