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## Book Reviews; English-speaking Accountants in Paris; Daniel H. Kernaghan

Carl H. Nau

D. D. F. Mackenzie

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## Book Reviews

THE BALANCE-SHEET—ITS IMPORTANCE, CONTENT AND PREPARATION, by CHARLES B. COUCHMAN. *The Journal of Accountancy, Incorporated*, New York. 287 pages.

This is the first book to bear the imprint of The Journal of Accountancy, Incorporated, as publisher. In the opinion of the writer, THE JOURNAL is fortunate in the choice of the medium with which to signalize its first venture into the book-publishing field, and if succeeding ventures are selected with equal discrimination, he predicts a well deserved reputation for it as a publisher of professional and technical books which are worth while.

In the recent publication of *Audit Working Papers*, the American Institute of Accountants' Foundation made a contribution to our accounting literature in an important field hitherto wholly neglected. Now, another related and affiliated enterprise of the Institute presents the business and professional public a book dealing with a subject of first importance. Others have written articles dealing with the content and preparation of the balance-sheet, but no one seems to have dealt with the subject from the standpoint from which it is treated in Mr. Couchman's book.

While this book deals with a highly technical subject, its style and method of presentation is so simple and direct that it does not impress the reader with the erudition and profundity of the author, but rather with his practical experience and his practical knowledge of his subject. Theoretic discussions and abstractions are subordinated to practical presentation of the subject and, when introduced at all, which is but rarely, they are merely incidental to explanations of the reasoning back of differing opinions.

In its restricted and special field, the book is almost encyclopædic in character and hence it is difficult to select any one feature for special comment. In this respect an attempt to review it would be something like trying to review the dictionary. Perhaps an enumeration of chapter headings and a quotation from the opening chapter of the book will furnish some idea of its scope and contents.

First, the quotation:

"It is the purpose of this book, not only to discuss the balance-sheet forms and arrangements, but to give with regard to each classification generally found in balance-sheets as clear an idea as possible of exactly what facts should be included in it and the accepted methods of valuing or measuring it, as these ideas have gradually become defined in the opinions and practice of business men, accountants and other financial authorities. With regard to certain of these classifications a specific understanding is now generally accepted. With regard to others, the idea is still in a state of development and uncertainty. To one authority it means one thing; to another authority, equally eminent, it means a slightly different thing. It is here attempted to state all that is generally accepted—to express as it were the common denominator of understanding.

"It must be kept in mind that there is no potentate of accountancy who decrees that a certain term shall mean thus or so. Rather, the meaning today is the result of a gradual development, which may

carry it on to quite a different meaning tomorrow. This is true of all the principles which find expression in accountancy today. They are not the result of some vote of legislature or committee or any other body, instead they are merely the classified result of the accumulated experiences of business men."

After an introduction by Edward E. Gore, Chapters I to V lay the foundation for an exposition of the various balance-sheet classifications (which comprise the main scope of the book) under the following major heads:

- Theory of the Balance-sheet.
- Foundation of the Balance-sheet.
- Elements of a Balance-sheet.
- Valuation of Assets.
- Theory of Assets Reduction.

Chapters VI to XIX take up the balance-sheet classifications themselves as well as the several accounts contained therein, discuss what should and what should not be included in each account, with merely incidental reference to the bookkeeping machinery for accumulating the necessary data, under the following major heads:

- Current Assets.
- Inventories.
- Investments and Funds.
- Investments in Leased Property.
- Fixed or Permanent Assets.
- Intangibles.
- Goodwill.
- Prepared Expenses and Deferred Charges.
- The Current Liabilities.
- Funded or Long-time Liabilities.
- Capital.
- Capital Stock.
- Surplus
- Reserves.

Chapters XX and XXI deal with Comparative Balance-sheets and Consolidated Balance-sheets, their purpose, arrangement and preparation.

Chapter XXII is devoted to the Certification of Balance-sheets; Chapter XXIII to the Balance-sheet for Credit Purposes, and Chapter XXIV to the related Statement of Affairs.

Up to this point the book is intensely practical and severely subordinates theoretic speculation to practical exposition of approved custom and correct usage. Now, the author suddenly becomes a theorist of the nth power and devotes Chapter XXV to an exposition of the fundamental error in the present and usual treatment, and to the presentation of a better method of recording and displaying, Cash Discounts. For its avowed purpose, the book would have been complete without this chapter but, seemingly, the author could not forego an opportunity to exploit a pet hobby. I, for one, am thankful that he did not resist the temptation to include a chapter on a subject which is somewhat extraneous to the main purpose of his book.

Besides a comprehensive table of contents, the book is provided with an alphabetically arranged index which is calculated to make it very useful

as a handbook of reference and also as a textbook or collateral reading for students. A very valuable feature is the scheme of cross referencing in the text by means of paragraphing the book with symbols consisting of a composite chapter and paragraph number.

The book was read by the writer in manuscript, it being his duty as one of the officers of The Journal of Accountancy, Incorporated, to read and appraise it before accepting the manuscript for publication. A quotation from his letter returning the manuscript epitomizes his opinion:

"It is my opinion that Mr. Couchman has written a mighty good book and one that may be read and studied with much profit, not only by the student but also by the experienced accountant. The subject is approached from a new angle and one which should throw considerable light into some unilluminated corners. I especially like the brushing aside of all metaphysical mumbly-cum-spludge about algebraic equation and personification theories of double entry and other alleged scientific make-believe and placing the subject upon a purely empirical basis where it belongs."

The book is a valuable addition to every accountant's library.

CARL H. NAU.

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MODERN BUSINESS MATHEMATICS, by GEORGE H. VAN TUYL.  
*American Book Company*, New York. 307 pages.

This volume covers the field of business mathematics from the simple rules of arithmetic to progressions, logarithms and annuities in a clear and concise way. Students, business men and accountants here can find answers or secure information on subjects usually found only in several different volumes. The reader's attention is called to the author's chapter on depreciation and his discussion of the diminishing value theory.

D. D. F. MACKENZIE.

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#### English-speaking Accountants in Paris

The fourth quarterly luncheon of English-speaking accountants practising in Paris was held January 30, 1924, at the Restaurant Weber, Rue Royale, Paris. Oscar Fawcett, the secretary, presided. There was an interesting discussion on the subject of *Taxation in Paris*. Oscar Fawcett was reelected secretary for the ensuing year. The following were elected members of the committee: F. Carlross Griffiths, Edmund Heisch, J. Balfour Horne, A. Lovibond, W. Ernest Seatree and T. E. Sherlock Smith.

It was decided that the next quarterly luncheon should be held April 30, 1924.

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#### Daniel H. Kernaghan

Daniel H. Kernaghan, member of the American Institute of Accountants, certified public accountant of Texas, died December 28, 1923. Mr. Kernaghan had been in practice in Texas for many years and did much toward the uplifting of his profession in that state.

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