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Book Reviews

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Book Reviews

REFERENCE BOOK OF ACCOUNTS FOR MANUFACTURING
AND MERCANTILE COMPANIES; by ROBERT J. McINTOSH, C.P.A.
Robert J. McIntosh & Co., Toledo, Ohio.

In the words of the author in the introduction, "This book is prepared as a work of reference to aid the bookkeeper in handling the accounts, especially for manufacturing and mercantile companies, according to modern practice, and to present accounting principles applicable to business in general." The latter part of the description is hardly carried out in the book, but there is no doubt that as a reference book to aid the bookkeeper this publication well deserves to become a standard manual. It is clear, concise, and confines itself strictly to its announced object—to tell the bookkeeper what to do when he strikes a "snag." In its general form it strongly resembles the various "classifications" gotten up by the interstate commerce commission and state utility commissions for the use of public service companies. It should therefore perform for the manufacturing and mercantile bookkeeper the same service as the utility "classifications" do for the public service corporation bookkeepers. In view of the reported remarks of the vice-chairman of the federal trade commission in regard to lack of intelligent accounting in most of the small business concerns of the country, the book is timely. It is rather unfortunate that the author did not bring it out under the auspices of some of the large educational publishers, where it would receive proper advertising and publicity.

The book is divided into seven parts, of which the first three, comprising 170 pages, are devoted to the accounts of manufacturing and mercantile concerns. Each section, manufacturing and mercantile, is prefaced by a chart of accounts, each account numbered and having also a reference number to the succeeding paragraph giving a description of the account. Where the title of the account is not sufficiently descriptive in itself, a brief statement of its object is given, and the proper items to be debited and credited stated. Where any doubt might exist in the mind of the reader, the account to be concurrently credited or debited is also given. Finally, where the balance is not closed into a profit and loss account a brief statement of its meaning in the balance sheet is given. Part IV gives within the surprisingly small compass of twenty pages as clear a view of what cost accounting means, and how in a general way to keep such accounts, as any average bookkeeper would want. As the author well says, owing to the fact that there is such a variety of conditions to be met in different lines of manufacturing, no fixed rules or set of forms can be prepared specifically applicable to all cases, but there is enough meat in the twenty pages to make any ambitious bookkeeper urge his employers to take the necessary steps to incorporate cost accounting in their system. Part V deals with the opening entries necessary in certain cases. Elemen-

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tary as they will seem to the public accountant, they will prove convenient guides to the bookkeeper with limited experience. Similarly with part VI, which deals with forms of financial statements. Part VII, *Accounting Forms*, should prove peculiarly valuable to the bookkeeper who has been trained to the old-style system of books with its interminable postings and no method of checking errors. He will find the most modern labor-saving methods here with properly ruled forms to make them clear. A very complete topical index referring to paragraphs by number makes the work of reference easy and rapid.

While the author in his introduction states that the book is intended to be used also in conjunction with a course of advanced accounting prepared by him, it is probable that it can be adapted for use under almost any modern accounting course, since it merely applies in a practical way to manufacturing and mercantile industries the general principles of accounts. But as every teacher of accounts is prejudiced naturally in favor of his own methods of applying theory to practice, it will probably meet with scant acceptance as an educational work. Nevertheless the book might well fill a useful place with public accountants who have standing engagements for auditing. Few such accountants have not had occasion to bemoan errors made by clients' bookkeepers who have failed to understand instructions or suggestions. By inducing the bookkeeper to invest in this book for reference when in doubt much time and labor may be saved the auditor.

W. H. L.

REPORT OF THE AUDITOR FOR THE PHILIPPINE ISLANDS, 1914.

This report is of interest because it is the first one rendered since the change in the accounting system in use in the islands. The report is divided into four parts dealing with the insular government, the provincial governments, the governments of Manila and Baguio and finally all municipal, township and settlement governments. The report is excellent in its form of summaries with references to supporting schedules and separate volumes where greater detail can be found. Each exhibit is preceded by comments which make for clarity. Two interesting features in the report are these: first, it attempts to bring all the assets into the accounts even though it be necessary to give a nominal value of one peso to the public domain, and, secondly, it states as deferred credits the liability to deliver services or goods for cash received in advance. These two points are frequently ignored in governmental accounting. Incidentally the report follows the weight of accounting authority in deducting reserves for depreciation from the assets which they cover. The surplus is carefully analyzed and the assets are so segregated that those offset by each division of the surplus can be identified. In some particulars the report could have been made clearer for readers not familiar with conditions in the islands. For example, a simple statement might be incorporated explaining that the currency is the Philippine peso and that the peso is worth approximately fifty cents in United States currency. Another slight

The Journal of Accountancy

improvement would seem to be a statement as to whether or not Manila and Baguio covered in part three are also included in part four. There seems also to be a difference in terminology. In part one, dealing with the insular government, exhibit "C" states the "revenue income," expense and outlays for the year. The term revenue income is used also in part three, but in part two, which deals with the provincial governments, exhibit "B" states the "income," expense and outlay, and in part four the term income is again used. If there is a distinction between revenue income and income a foot-note explaining it would be of value. Also it would seem advisable to explain by a foot-note the reason for the large overdrafts of cash shown on the general balance sheet of the insular government. These points and others of relatively minor importance are doubtless perfectly clear to the persons to whom the report is addressed, namely the secretary of war, the governor general of the Philippine Islands, and the members of the Philippine legislature. It would seem advisable, however, for a report which will circulate to some extent in the United States to show explanations for every statement which is not entirely clear.

HAROLD DUDLEY GREELEY.

It is announced that Charles F. McWhorter, David E. Boyce, James F. Hughes and James F. Farrell have formed a co-partnership and will practise under the firm name of McWhorter, Boyce, Hughes and Farrell, certified public accountants, 120 Broadway, New York.

Smith & Brodie, certified public accountants, Lathrop Building, Kansas City, Missouri, announce that they have admitted James J. Lynn to membership in the firm.