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Book Reviews

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BOOK REVIEWS

ORIGIN AND EVOLUTION OF DOUBLE ENTRY BOOKKEEPING, by Edward Peragallo. *American Institute Publishing Co.*, New York, N. Y. 156 pages. 1938. \$5.

From the small, but perhaps select, coterie who are interested in the history of bookkeeping, Dr. Peragallo deserves a vote of thanks. Within the field to which he has limited his research—Italy—he has presented the most comprehensive study which has appeared in English, bringing together material inaccessible to most accountants.

The book is divided into three parts: "The Origin of Double Entry," "The Literature of Accounting," and "The Functional Development of Double Entry." Then follows a bibliography of the history of accounting, and one of the Italian writers on accounting from 1573 to 1895. This list is nearly complete for the writers down to 1800, but the names of Campaccio, Garatti, and Vergani are lacking. For the later period only the more significant works are listed.

The first section describes, in three chapters, early accounts of Genoa, Florence, and Venice. As shown in the notes, these accounts have been previously published, but in books not readily accessible. Dr. Peragallo has rendered a real service in making them available for American accountants, and for providing in each case a free English translation.

The first chapter gives selections from the earliest known accounts in double entry—those of the Commune of Genoa (1340). The Florentine accounts include excerpts from the ledgers of the Peruzzi (1336-7) and the Datini beginning in 1366. The Venetian accounts are those of the Rebels of Padua (1417), Soranzo Brothers (1406), and Andrea Barbarigo (1430).

A fourth chapter describes the Florentine industrial accounting as shown in the books of Del Bene (1368). These are of particular interest as an early example of cost accounting.

Part II, dealing with the literature of accounting, is divided into three sections ending respectively in 1558, 1795, and the present. This division follows that of Bariola and, according to Dr. Peragallo, represents (1) writers who were interested only in the technique of commercial bookkeeping; (2) the rise of an accounting critique and the extension of double-entry usage to new types of enterprise; and (3) the development of a complete theory of accounts and the evolution into the practice of accounting.

In the first section, attention is given particularly to Paciolo (1494), Manzoni (1540), and Casanova (1558), with short reference to six minor authors. The statements are generally supported, in elaborate notes, by quotations from the original texts. But question may be raised as to the correctness of the statement that Fontana's work (1551) is a treatise on double entry. Does it not rather deal with single entry?

In the second period, sixteen writers are included. Pietra's work (1586) is described at considerable length as being the first to treat bookkeeping as applied to a nonmercantile establishment—a monastery—and so, says the author, the first to regard "business enterprise as separate and distinct from its owner." Still more space is given to Flori (1633) who, while following Pietra in describing bookkeeping for a monastery, is more satisfactory. "One has to reach the nineteenth century to find another author of Flori's calibre."

It is not quite fair to state that Pugliesi (1671) "slavishly followed Flori's work," nor that Balugani's *Instruzione brevissima* (1745) is a "faithful reproduction" of Pietra's work. These statements, while largely true, are certainly exaggerated. Still more doubtful is it that Venturi (1655), by introducing two extra columns in the journal for receipts and disbursements of cash, avoided "posting to the cash account." It is not clear in just what sense Moschetti (1610) is among the first to allude to a system of single entry. Tagliente's

Luminario (1525) really consists of two works, one treating of double entry (*modo de tenere de libro doppio*), the other of single entry (*libro ugnolo*).

In the third cycle (1796 to date) the author discusses, in addition to Italian authors of the period, several French writers. Especial attention is paid to Degrange, probably because the Cinquecentisti, of whom he was leader, have been so much debated by Italian accountants. But the greatest emphasis is placed on the work of Fabio Besta, whom Dr. Peragallo exalts to the highest place among writers on accounting theory. Certainly Besta's three-volume monumental work (*La ragioneria*) is of great importance because of its careful study of early bookkeeping practice, its survey of accounting literature, and its contribution both in criticism and in formulation of accounting theory. One could wish that Dr. Peragallo had explained in greater detail the essential features of Besta's theory, instead of referring to certain pages of *La ragioneria*, not readily accessible, and in an unfamiliar language.

It is legitimate for a scholar to limit the field of his investigation to any extent which seems appropriate to him. But as Dr. Peragallo transcends his own limitations by discussing Degrange, he might legitimately give some attention to the German theorists. Besta is given credit for demolishing the personalistic theory and for establishing the "value theory." But these have also been handled by Germans, some of them long antedating Besta, and further developed by writers still living. Perhaps they are omitted because, unlike Degrange, they had little influence on Italian thought.

Logismography is described, with reproduction of journal and ledger forms. Although the author modestly says that this is not a satisfactory exposition of the system, it is probably the best published in English, and is a useful contribution.

Part III, "The Functional Development of Double Entry," takes up the technical development in Italy of the ledger, journal, and financial statement. This, to a considerable extent reproduces forms already shown in earlier portions of the book. This section is less significant than parts I and II.

It may be somewhat ungracious, in view of the liberal corrections which the author has embodied in a sheet of *errata*, to call attention to a few which have perhaps escaped his

notice. The excuse is that in a scholarly, historical work, which will long be cited as authoritative, even minor and insignificant slips assume some importance. Curious slips are found on page 35 where *contadi*, "paid," is translated "farmhands," and on page 6 where "credit" is twice used instead of "debit." It was not as the Venetian, but the Italian, method that double-entry became known the world over (page 37). Fabio Besta reputedly died November 3, 1923, not in 1922. The statement that "the art of bookkeeping was confined to Italy until the 16th Century" unnecessarily ignores the practice of bookkeeping, even though not of the double-entry type, at a much earlier date in Germany. The author referred to on page 105 is Achille Sanguinetti, not Sanguinetti Achille.

This review cannot be closed without a word of high praise for the form in which it is issued. Binding, paper, and typography are a delight to the eye, greatly increased by the decorations on the end papers and in the hand-drawn initials. All these, as the colophon states, are in keeping with the spirit of the typography of those early Italian treatises, known for their beauty as well as their historical interest. It is a delight to own such a book; one is tempted to display it on the parlor table, rather than to consign it to the company of other modern works in accounting.

Not to seem too indiscriminate in praise, one criticism of the publishers may legitimately be made. In five instances (on pages 25, 35, 36, 61, and 85) specific Italian journal or ledger entries are quoted, which are also given in Chapter VIII. But the two versions are not identical, due to typographical errors in one or the other. Such divergence could easily have been detected. And how did the proofreader allow the "ginger" account on page 61 to be referred to on the preceding line as an account of "cloth bought and sold"? It is regrettable that the proofreading should have been inferior to the high standard of typography in so beautiful and artistic a volume.

HENRY RAND HATFIELD

COST ACCOUNTING, by Clarence L. Van Sickle. *Harper & Brothers*, New York, N. Y. 998 pages. 1938. \$7.50.

It would seem that in writing his book on cost accounting, Professor Van Sickle had as

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his objective a textbook for students. That objective at least has been reached, as this volume is the most complete treatise on cost accounting in all of its phases that the reviewer has read.

The author presents complete and detailed descriptions of the mechanical features of the various types of cost accounting plans in use. He presents the pros and cons of all controversial points and the advantages and disadvantages of different methods, leaving it to the reader to decide which particular plan he wishes to adopt or which side of any controversial point he wishes to take.

No new thoughts have been developed although procedures are described in detail. The section on joint and by-product costs is complete in its description of the methods in use, but contributes nothing new (if such a thing may be possible) to these much discussed cost problems.

The section on budgetary control is not as good as the other portions of the book. One gets the impression that that was put in somewhat as an afterthought rather than as a recognition of the fact that good cost accounting practice is only a part of that more broadly effective and necessary tool of management, budgetary control.

To the student desirous of a thorough grounding in the various types of cost systems in use and the various mechanical methods and procedures involved in their operation, this book should be of valuable assistance. To the industrial cost accountant who presumably has covered that groundwork, but is not quite sure how to apply it to his own problems, the book will be of little value.

It would seem that the author might well have given more attention to the value to be obtained by the proper analysis of cost data by the accountant, the method of presentation to the executives, also some assistance to the student in indicating how they may persuade the management to use cost data more

effectively. The problem of a cost accountant today is not so much having the right kind of a system as it is in knowing how to present it to the management so that it will be used in convincing them that its use will result in more effective operation.

H. G. CROCKETT

C.P.A. PROBLEMS, by Taylor and Miller. Second edition. *McGraw Hill Book Company*, New York, N. Y. 701 pages. 1939. \$6.

The second edition of *C.P.A. Problems and Questions in Theory and Auditing* is in fact an entirely new one, being a compilation of problems and questions taken from C.P.A. examinations since 1930, the year of the first edition. As there are no solutions given nor any hints as to underlying theories to be applied, the book might well be termed a laboratory manual supplemental to almost any standard textbook on accounting. The student must work out the problems for himself exactly as if he were taking a C.P.A. examination. For that purpose the laboratory work prescribed could not be better. The problems selected are well diversified, though it is to be regretted that the authors omitted problems dealing with income taxes. Admitting that regulations and court decisions are numerous and confusing, nevertheless there is a substantial procedure to be followed in preparing returns, and nearly every C.P.A. examination paper has one or two problems on the subject.

Comparing in a general way the problems of the first edition with those of the second it is interesting to note the decided advances made during the last ten years by the American Institute, District of Columbia, and the states of New York, Ohio, Pennsylvania, and Wisconsin. We may feel well assured that candidates who have passed the later examinations rightly deserve their certificates.

W. H. LAWTON