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## Book Reviews

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## BOOK REVIEWS

FEDERAL TAXES ON ESTATES, TRUSTS, AND GIFTS 1938-39, by Robert H. Montgomery. *The Ronald Press Company*, New York, N. Y. 511 pages. 1938. \$7.50.

This edition is substantially the same as its predecessor for 1936-37 and thus may similarly be characterized as an excellent summary, of real value to practitioners not familiar with the fields covered by it and useful also to those of considerable experience in them. Its 450 pages of text are divided into four parts, dealing respectively with the income tax on estates and trusts, the estate tax, the gift tax, and methods of estate distribution. Professor Roswell Magill, who was coauthor of the 1936-37 edition, was prevented by his connection with the Treasury from collaborating in the preparation of the present volume, but Colonel Montgomery, in the preface, expresses his appreciation for permission to use, in the present volume, matter written by Professor Magill for the earlier one.

In addition to the customary table of contents and a twenty-seven page, double-column, general index, the book contains a table showing page references to sections of the revenue acts from 1926 to 1938, both included, the relevant sections of the Revised Statutes, section 3 of the fourth liberty-bond act, and section 4 of the victory liberty-loan act, and indexes to articles of regulations, to Treasury Department rulings, and to Board of Tax Appeals and court decisions.

This book was published just prior to the codification of the revenue statutes and users of it will find it convenient to annotate it with citations of sections of the Internal Revenue Code. The citations of articles in regulations need not be changed because the former regulations have been made applicable to the relevant portions of the code.

As usual in the publication of Colonel Montgomery's books, the typography is excellently designed to facilitate ready refer-

ence. The author's comments continue to be genuinely helpful to practitioners.

HAROLD DUDLEY GREELEY

PRINCIPLES OF ACCOUNTING, by Roy B. Kester. *The Ronald Press Co.*, New York, N. Y. 700 pages. 1939. 4th ed. \$4.

One of the standard texts on accounting, Dr. Kester's *Principles of Accounting* enters upon its twenty-second year in a fourth edition, revised and enlarged to fit the growing demands of business for trained bookkeepers. It also lays a firm foundation for the further education that will give the student a fair claim to call himself an accountant, public or private.

The first section of the book (chapters 1-15) is elemental, proceeding from the simplest document concerning a business transaction through the various accounts affected to the final work-sheets, trial balances, profit-and-loss statement, and closing balance-sheet. All entries are clearly illustrated as they occur, with a comprehensive illustrative reference problem (chapter 15) which gives in detail the whole story of a month's transactions of a sole proprietorship. From there on the student is instructed as to other forms of business organizations—partnerships (chapters 16-17), and corporations (chapters 18-23), with details of accounts peculiar to them. Chapters 28 and 29 may be considered as supplementary to the foregoing, dealing with accounts for control of stock-in-trade and for sales and consignments. With all due deference, it is suggested that these chapters should logically have followed chapter 23.

Chapters 24-26 take the student a step or two into higher accounting, dealing as they do with valuations of balance-sheet items and analysis and interpretation of reports; also chapter 30, accounting for executive control. These are not matters of procedure or technique, but are for the expert consideration of experienced controllers, auditors, or managers.

## Book Reviews

Particularly timely are the chapters on partnerships. This form of business organization has received rather scant treatment in accounting texts of late years owing to the popularity of corporate organization with its limited liability of stockholders. As Dr. Kester well says, "Due to higher taxes and other burdens . . . on corporations, increasing consideration is being given to the use of the partnership form of business operation." (p. 355) To which might be added the lower income taxes resulting from the division of profits among partners.

Columbia students who master this textbook, as well as its natural sequel, Dr. Kester's *Advanced Accounting*, may well feel assured of future success in their chosen profession—provided always that they take to heart his admonition (p. vi):

"Mental perspiration resulting from application is still the only sure process of learning."

W. H. LAWTON

HOW TO BE A GOOD FOREMAN, by Charles Reitell. *The Ronald Press Company*, New York, N. Y. 186 pages. 1937. \$1.50.

Great industrial and social changes are upon us. How well our economy may survive depends upon how well the individual industries master sound and realistic principles of management. The greater the degree of managerial attention to the human elements in our industry, the greater will be the coöperative results in cost reduction and increased production. Here Dr. Reitell again displays that genius of his which enables management to focus its advanced thinking on the worker as a distinct individual instead of an adjunct to its equipment.

*How To Be a Good Foreman* is addressed primarily to foremen or supervisors in production shops who, as he indicates, are in key positions in any manufacturing business. He clearly designates them as managers—or "managerial foremen." That is the theme of his book. Reading the text one readily sees that it can well serve its purpose as an instruction manual to all in managerial positions.

It is divided into three parts, each dealing with an important phase of foremanship: Part I, A Mastery of the Human Elements; Part II, A Grasp of Technical Requirements;

Part III, A Knowledge and Use of Costs and Budgetary Controls.

In part I, Dr. Reitell, himself a member of a distinguished staff of management engineers, states that to be a leader today "the mastery of human elements is of prime importance." "Careful selection for hiring and building of excellent workers for training" is the carefully considered message for foremen in this section. He uses his own experience as a teacher to instruct foremen. Practical methods for training workmen are outlined. The subject of standards is introduced in terms of fairness to the worker and the foreman when he says, "Piecework is unfair without definite standards."

He interprets the task of modern management as being that of infusing interest into a job through its foremen and managers—a true "esprit de corps." Contrary to some contemporary critics of our economy, Dr. Reitell indicates how the job of the modern worker is less fatiguing than it ever was in the handcraft days and is becoming even less fatiguing each year. Fair and careful standards amidst good working conditions arouse interest in achievement through *operating performance*. He decries the early abuse of time studies as standards. Personal recognition is the key to successful management. High wages are a sign of sound management and result in low unit costs and higher profits.

Finally, outside factors in a worker's life such as pension plans, insurance programs, athletic events, and social activities are all considered as aids to good management.

The importance of "a grasp of technical requirements" in part II is expressed in the statement that "70% to 80% of manufacturing costs come under the control of foremen." A technical foremen's managerial program is outlined. "Scheduling and routing orders," assembling of "men, machines, and material" are all discussed in this section. Control of tools and spoilage of work are also considered as measures of a foreman's ability.

In part III Dr. Reitell introduces the foreman to "Costs and Budgetary Control." In a simple, lucid manner he describes the elements of modern standard costs and budgetary control. Flexible budgets and variances are all treated in terms of the foremen's daily tasks. It is here that Dr. Reitell is at his best. Years of association with foremen in numerous American industries have enabled him to lead the foreman from the confines of his own

departmental tasks to the broad purposes of the whole organization. In this he is encouraged by a judicious application of incentives for his men and himself.

The book offers the accountants a quick review of the elements of shop management. It is excellently indexed with a list of pertinent questions for each of its twenty chapters. In this arrangement it is used as an instruction manual for foremen groups. Those reading this book will want to follow Dr. Reittel's work further and read his *Cost Accounting* in which he discusses in greater technical detail basic standard cost principles, control and costing of manufacturing cost elements, types of costs, flexible budgets, executive use of costs, and, most important of all, distribution costs. It is hoped that it won't be long before he writes a book exclusively devoted to distribution standard costs.

The author is again to be commended for strongly calling to the reader's attention the relationship existing between the requirements of the workers as individuals, management, and the well being of our economy.

ANDREW S. MIHALIK

**DISTRIBUTION COST ACCOUNTING FOR WHOLESALING**, by H. F. Taggart. Domestic Commerce Series No. 106. United States Government Printing Office, Washington, D. C. 86 pages. 1939. 15¢.

In years past the Bureau of Foreign and Domestic Commerce has made and published a number of studies of wholesalers' costs and cost-accounting procedures. It has not heretofore attempted any general treatment of distribution-cost analysis for the wholesale field, although the subject has become one of prime importance to business. *Distribution Cost Accounting for Wholesaling*, just released by the Bureau, is an effort to supply that need. The author, Dr. H. F. Taggart, who prepared the work while on special assignment to the Bureau, is well known to accountants through his writings on cost accounting in professional periodicals and other publications.

The new study deals with both theory and procedure. It discusses methods of determining functional, departmental, commodity,

customer, and territorial costs, and is supplemented by forms indicating how a given set of figures from an individual enterprise would appear if procedures described in the text were applied to them.

C. M. S.

**A READING LIST ON BUSINESS ADMINISTRATION**. 4th revision. The Amos Tuck School of Administration and Finance, Dartmouth College, Hanover, N. H. 54 pages. 1939. 30¢.

**SELECTED BOOKS ON BUSINESS**. College of Business Administration, University of Nebraska, Lincoln, Neb. 50 pages. 1939. 50¢.

One of these bibliographies is a new publication and the other is the fourth revision of a familiar work. Each covers the same ground and is intended for much the same purpose. Both bear evidence of being competently compiled.

This latest revision of the Amos Tuck School reading list has been improved typographically. Each title listed is accompanied by a terse description indicating its emphasis or its relation to other books in the field. The main sections of the list are: the business system and economic policies; the administration of business; industrial relations and personnel administration; marketing and foreign trade; finance; accounting, business statistics and research; and business law. In addition to books, there are also suggested for each section the available bibliographies and periodicals.

The University of Nebraska publication is a well organized bibliography not quite so broad in its scope as the other, but within its limits a useful guide to the more significant texts. The selections, it is stated, are intended for those who wish to broaden their knowledge of business and economics rather than for those engaged in advanced detailed or technical research. The principal subject classifications are: economics; finance; production and distribution; accounting and statistics; miscellaneous. One useful feature of the Amos Tuck School reading list is lacking in the University of Nebraska publication—an index of authors.

C. M. S.