

4-1940

Book Reviews

William DuB. Sheldon

Arthur W. Hanson

Wyman P. Fiske

A. S. Fedde

Follow this and additional works at: <https://egrove.olemiss.edu/jofa>



Part of the [Accounting Commons](#)

Recommended Citation

Sheldon, William DuB.; Hanson, Arthur W.; Fiske, Wyman P.; and Fedde, A. S. (1940) "Book Reviews," *Journal of Accountancy*. Vol. 69: Iss. 4, Article 12.

Available at: <https://egrove.olemiss.edu/jofa/vol69/iss4/12>

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Journal of Accountancy by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.

BOOK REVIEWS

MANUAL ON COMMERCIAL LAW, by A. Lincoln Lavine. *Professional Publications*, New York, N. Y. 694 pages. 1940. \$4.75.

Professor Lavine of St. John's University has now prepared a 4th edition of his *Manual on Commercial Law*. The book is based on the commercial law questions asked in the C.P.A. examinations given by the New York C.P.A. examining board. It is interesting to note that the examination of October 26, 1939, which is included in Professor Lavine's book, is the 88th accountancy examination.

The first 235 pages comprise a "Summary of Commercial Law." In this section there are nineteen chapters dealing in very concise terms with such topics as contracts, negotiable instruments, bailments, liens, bankruptcy, etc. Naturally the statement of the rules of law in such a vast field must be very abbreviated. The brevity of statement is somewhat analogous to the black letter portion of the restatements issued by the American Law Institute although, of course, Professor Lavine has been unable to give to each of his sections the same case attention which is spent in the years of preparation of the restatements. Yet the concise summaries should be very valuable to students preparing for a commercial-law examination, and should also serve as a helpful guide to any one wishing a general statement of the principles which govern commercial transactions.

The second portion of the book is based entirely on questions contained in the New York examinations. The questions are subdivided according to legal topics beginning with agency and arbitration and award. The answers to these questions are often quite full and sometimes contain lengthy excerpts from judicial opinions. The answers are valuable as a discussion of the principles involved although they are too long and too learned to serve as models for actual answers to an examination in many cases. A cross-index system relates the "Summary of Commercial

Law" with the questions and answers which follow.

The 4th edition of Professor Lavine's book which is the first to be published since 1935, includes such new provisions as the recently enacted insurance law of the State of New York and the Chandler act. This book seems already to have proved its value to students preparing for the C.P.A. examinations in commercial law, and it is for these students that the book is primarily intended.

WILLIAM DUB. SHELDON

ADVANCED ACCOUNTING PROBLEMS, by Eric L. Kohler. *Prentice-Hall, Inc.*, New York, N. Y. 271 pages. 1939. \$3.

These problems, of which there are 134, were originated by Mr. Kohler. They cover practically all of the areas of the field of accounting. At the instance of Durand W. Springer, who was then secretary of the American Society of Certified Public Accountants, Mr. Kohler prepared them over the seven-year period beginning in 1930 and ending in 1936. It was intended that they should be used on the examinations prepared to test some of the technical qualifications of the candidates for the C.P.A. certificate in some of the states. The Society offered examination service to the various state boards during those years, and the problems were used in the professional examinations of as many as twelve states. A volume of solutions is available in loose-leaf form. It contains 435 pages clearly and neatly produced.

Since each problem contains a large number of points dealing with various aspects of accounting, it has been impossible to group the problems by subjects, but an index is provided to assist one in locating all of the material covered on a given subject. The author has also given his estimate of the time required for a concise solution for each problem. This time varies from one to five hours, the typical problem, perhaps, requiring two or three. Mr. Kohler's style is straightforward and easily understood. Although the prob-

blems are complex, he has succeeded in presenting them concisely. They should provide good material not only for testing a person's qualifications, but also as a teaching vehicle. Since they afford abundant material for thought-provoking debate, practising public accountants could no doubt make good use of them for staff meetings.

These problems are typically more difficult than those usually used on examinations of the American Institute of Accountants. This thought is indicated by the time required and by the variety of points covered in each problem. The volume is intended primarily for use in colleges of business administration, and since each problem may well consume three or four hours, it is apparent that enough material is contained in the book to serve the needs of several courses of the usual type.

ARTHUR W. HANSON

CORPORATE SIZE AND EARNING POWER, by William L. Crum. *Harvard University Press*, Cambridge, Mass. 418 pages. 1939. \$4.

The problem of bigness in industrial enterprises has long been a subject of study and discussion. Professor Crum offers a statistical study, based upon the factual evidence from corporate tax returns over a six-year period, of the relation of the rate of profits to the size of the corporate enterprise. He is concerned with profits after interest, related to the book value of net worth. Thus, he is not dealing with the best measure of earning power, and his results are colored by the type of capitalization chosen by the companies involved. To an accountant this must be important even though the statistical difficulties of getting the information necessary to study earning power are clear.

Both the total figures for all industry and those for most of the individual divisions show to the satisfaction of the author that the rate of profits, as he defines and measures it, increases with the size of the enterprise. It shows rapid increase in the range from very small to moderate-sized corporations and small increase from moderate-sized to very large corporations. Where a distinction was made between income and deficit corporations it generally appeared that the increase was almost wholly due to the deficit companies; indeed, the rate of profits for income companies tended to decline as size grew.

Naturally, there were differences between industries as to the rate and direction of increase at certain points.

Accountants interested in the earning characteristics of different industries will find much of interest in this book beyond the topic immediately studied. The charts and tables included reveal much as to industry differences.

WYMAN P. FISKE

CREDIT MANUAL OF COMMERCIAL LAWS, 1940, by an editorial board for National Association of Credit Men, *National Association of Credit Men*, New York, N. Y. 761 pages. 1939. \$6.50.

This manual deals with fundamental legal principles and existing statutes with rather less elaboration on fundamental law, probably to permit of a greater compilation of statute law. Therein it differs from books on business law of comparable size which seem largely to be compiled for the student. It supplies, in better form, the answers to problems of the man in a commercial enterprise.

Mainly concerned with laws relating to sales and collections, it does not deal, except occasionally as incidental to some other subject or very briefly, with corporations, estates, wills and inheritance, and real property; but it does cover contracts, the law of sales, title-retention contracts, and conditional sales. It also treats of collection methods, negotiable instruments, conveyances, and insolvency.

Of special interest are various chapters containing summaries of important acts which have been adopted by many of the states, such as uniform-sales act, uniform-warehouse-receipt act, uniform negotiable-instrument law, and resale-price-maintenance law. There are 188 pages of summary of state laws which lists under each state upwards of twenty law headings, wherein a summary of law is given or reference is made to one of the uniform acts explained elsewhere in the manual. A chapter of sixty-eight pages presents an explanation of the bankruptcy law of 1938 which is followed by a chapter containing the text of the act.

There are summaries of federal acts which regulate trade, wages and labor, and contracts with the Government. Knowledge of such regulations is essential to the conduct

Book Reviews

of commercial enterprises and they are here presented in easily understood language.

Tabulations are shown by states of exemptions, bulk sales law, and limitations on civil actions. Various legal forms are given for arbitration clause, assignments, guaranty, sales contracts and notes, and also forms of judgment notes in use in various states.

The publishers do not offer the book as a substitute for a lawyer. However, the businessman must know a good deal of fundamental law, and statute law as well, as it applies to his own business or he will be in trouble all the time instead of only part of the time, and even some knowledge may warn him to consult his lawyer. While no manual can contain everything, this does give answers, or clues to the answers, to questions that constantly arise. As to whether this is a volume useful to accountants, I should say yes,—for one thing it

summarizes federal statutes with which accountants should be familiar. Also as to the application of statutes in the various states, occasions arise when it is well to know, for example, that the uniform partnership law is not in effect in Vermont, or that the limitation for civil action on any contract or on any judgment in that state is eight years, not ten or twenty, but on a promissory note it is fourteen years if the note is witnessed, but otherwise six years. (The reviewer believes the foregoing statements in the manual to be correct but does not offer any guaranty.) More and more the burden is placed on accountants, credit men, and the rest of the public to know the laws under which business is conducted. In that connection this manual should be more useful than the usual business law textbook, as in many respects it is more specific in its information.

A. S. FREDDE