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Book Reviews

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BOOK REVIEWS

ACCOUNTING CONCEPTS OF PROFIT, by Stephen Gilman. *The Ronald Press Company*, New York, N. Y. 635 pages. 1939. \$5.

This book is a novel departure from the usual accounting presentation. Historical development has been intermingled with current controversial discussion in such an interesting and unique manner that it sustains the reader's attention to a degree quite unusual for a technical treatise.

Considerable space is given in the opening chapters to the consideration of the accounting entity and the development of the entity theory. These are used as foundation material for subsequent discussions of important and much debated matters. To one who has not been closely associated with the controversial issues in accounting during the past decade the book will open a challenging line of new thought, while one who has actively participated in the accounting discussions of recent years will find a most interesting array of the conflicting opinions that have marked these debates as well as unusually adequate references to and quotations from the participants.

The title of the book more than hints that it deals primarily with problems of ascertaining profit so it is not surprising to learn that it is largely devoted to matters which relate to such problems. The balance-sheet accounts are not ignored, however. Careful attention is paid to them, but chiefly with a view to the effect which their treatment may have upon the profit-and-loss statement. This approach gives appropriate recognition to the shift that is taking place in present-day accounting thought by which the importance of the balance-sheet is being minimized while a corresponding increase in emphasis is

being placed upon the profit-and-loss statement.

The author has combined discussions of theoretical desirability with a fine recognition of practical expediency. While arraying the pros and cons of controversial thought on individual questions he has clearly expressed his own position in many instances. Presumably where he has not done so he still suffers from the confusions of conflicting emotions that plague many of us. One may not agree with all his conclusions but his mode of reasoning makes them worthy of careful consideration.

What might at first seem to be an undue amount of attention has been paid to inventories and property accounts. However, the extremely important place that the treatment of these assets usually has in the final determination of income justifies more attention than they are ordinarily given. The space the author assigns to them does not seem unwarranted after reading what he has to say about them.

The discussion of the search for accounting principles is quite extensive. The reviewer is not optimistic about the possibility of establishing many fundamental underlying accounting principles and he finds substantial support for this in the author's presentation of the matter. The discussion of this subject has served a useful purpose in disclosing the existing lack of unity of thought regarding accounting principles.

The book is decidedly worth reading to anyone interested in the current trends in accounting thought, and the author is to be highly congratulated upon the interesting way in which he has presented what might easily have been an extremely dry subject.

CARMAN G. BLOUGH

[NOTE.—In the April issue of this magazine the price of *Advanced Accounting Problems*, by Eric L. Kohler, was quoted erroneously as \$3. This figure should have been \$4.—EDITOR.]