But the indicium of the reviewer's craft is to carp a bit about trivia!: Professor Redden, in listing President Truman among the "Great" of our profession, slips into the common error of calling him an ex-judge. For the record—outside Missouri—this is the result of Missouri's designating its county administrative boards "County Courts" and the members of such boards "Judges" thereof.

So little is there of criticism and so much of praise!

The reviewer cannot too heartily recommend these books to all who seek, or to all who are sought out for, advice on preparing for law school and for the practice of law.

Elmer E. Hilpert*

ACCOUNTING FOR LAWYERS. By A. L. Shugerman. Indianapolis: The Bobbs-Merrill Company, Inc., 1952. Pp. viii, 592. $15.00.

It is the objective of this book to collect for systematic treatment those accounting situations which the lawyer is most apt to encounter in the practice of law. This is a desirable objective, but the uses of accounting in the practice of law are so numerous that one is prone to question the feasibility of such a presentation in one book. However, if a one book presentation is a necessity, this text should be given a rather satisfactory report.

In presentation, the text does not differ materially from any standardized survey material on accounting. Interspersed with such a presentation are numerous references to the requirements of the Securities and Exchange Commission and the Bureau of Internal Revenue. The first chapter is devoted to a general introduction. Chapters 2 through 12 are a condensed description of the accounting mechanism by which data are collected. Other than Chapter 12, on capital and revenue expenditures, the material is largely the bookkeeping procedure presented in a typical accounting text. Little consideration is given to the multitudinous variations in practice from this model bookkeeping procedure. It appears that the book would be more satisfactory if these variations from the basic procedures were discussed more fully in this section of the book.

Chapters 13 through 22 are devoted to a discussion of accounting statements. One chapter is devoted directly to the income statement, with consideration of the balance sheet taking up most of the remaining chapters. This seems to be a rather ironic situation in view of the current emphasis by accountants on the income report. However, the material included in this section is generally desirable for the practicing lawyer. Nevertheless, it appears that more material on the general nature of assets as well as a fuller discussion of the view that liabilities and net worth are sources of assets rather than legal obligations of the business entity should have been included. Some of the material in this section of the book might well have been omitted. There seems to be little advantage to any discussion of the "base stock" method of valuing inventories, especially since the standard cost method of valuation is omitted.

The last section of the text, including Chapters 23 through 28, appears to be the most worthwhile for the practicing lawyer. Undoubtedly, the lawyer is much concerned with the formation and dissolution of partnerships and corporations. The discussion of accounting concepts and procedures applicable to partnerships and corporations are presented in Chapters 23 and 24. The coverage seems to be satisfactory. Possibly some regret might be expressed for the failure to include adequate consideration of corporate quasi- and legal reorganization in Chapter 24. Chapter 25 deals with the consignor-consignee relationship in an excellent manner. Branch office

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accounting is covered in Chapter 26. It is regrettable that this chapter was not extended to afford some elementary treatment of consolidated statements. Installment sales accounting is discussed in Chapter 27, and the book ends with Chapter 28 on estates and trusts.

In the foreword to the text, it is stated that "accounting, like law, has a procedural and substantive aspect. In the chapters that follow, both aspects will therefore be stressed."[1] Actually, the procedural aspect is given rather complete treatment, while less space is devoted to the substantive concepts and standards under-lying accounting procedures. It seems to this reviewer that the concepts and standards are the more desirable materials for the lawyers. If the procedural aspect is to be emphasized, it would be advisable to include several problems, for accounting procedures appear to be best understood through their application. Possibly this omission is corrected by a separate book of problems, but no information is available to the reviewer to suggest such a presentation.

The implications of the wording in Chapter 4 on income and expense is somewhat disturbing. On page thirty-one, it is stated that "An income will also result when an asset is exchanged for another asset possessing greater value." To the layman, such a statement might carry with it the implication that income is the result of the shrewd bargaining of business firms. This overlooks the basic business procedure of acquiring assets and adding values to them with the objective of exchanging both assets acquired and values added for other assets. This misleading implication might well have been overcome if emphasis had been placed upon accounting income as a recognized increase in value. Actually business firms seldom exchange one asset for another of greater value. In most cases, the exchange is of assets of equal value. However, it is true that accountants seldom add to the cost of an asset the values added to the asset by the firm. Because of this, the accounting valuation of the new asset acquired may be greater than the accounting valuation, by the seller, of the asset given up. But this is far different from exchanging one asset for another of greater value.

On page thirty-five, an illustration implies that an expenditure for advertising of $10 is an expense because no asset has been acquired for the $10 given up. While no specific statement of the nature of an asset is afforded by the author, the implication throughout is that an asset is something of value. It would be difficult to convince most salesmen that advertising is of no value. Actually, the expenditure for advertising is not an expense, in the economic sense, until the services of the advertising have been used up or consumed, and this event may occur long after the expenditure of cash or the appearance of the advertisement itself. It is true that accounting treatment would often consider the advertising an expense because of the difficulty of determining the actual value added by the expenditure or when such values are consumed or used up. There are instances in published reports where deferred advertising is listed as an asset. It seems to this reviewer that Chapter 4 could have been made more meaningful if the substantive aspects of income and expense had been given more emphasis instead of the almost complete concern with the procedural aspect.

The definition of current assets on page 209 carries an implication of definiteness that is not accepted completely in accounting circles. The statement is made that "The second type of current asset is represented by those properties that can readily be sold without seriously impairing the business operations of the owner." There are many accountants who would insist that the ability of a firm to dispose of certain assets without serious results on operations in no manner operates to make such items current assets. Intent to dispose of such assets is normally a requirement before a classification as a current asset is appropriate. While the author

1. p. vi.

rejects the need for the requirement of intent by stating that "The test is therefore a free ability to sell, but not necessarily a present intent to do so,"[2] he states on page 252 that "Very often indeed, the same item of equipment is capable of being either a current asset or a fixed asset, and its exact classification is therefore determined by what the owner intends to do with it." The discussion on the two pages is related to different types of assets. Nevertheless, the question of intent bears considerably upon the classification of assets.

The discussion of the balance sheet presentation of treasury stocks and bonds on pages 471 and 476, respectively, should be extended to indicate the most reasonable treatment of these items rather than the emphasis on procedures which is given.

There are many points in this book that should be commented upon favorably. The use of legal terms at various places will undoubtedly make this book more readable for lawyers, as will the constant reference to the requirements of the Securities and Exchange Commission. From the legal point of view, the discussion of net worth (Chapter 19), partnerships (Chapter 23) and corporations (Chapter 24) are very well done. The very complete index (40 pages) makes this book a very handy reference book for lawyers. As such, its use is highly recommended. The illustrations make for easy understanding of the material presented. This is an attractive book with large print which is easily read.

Professor Shugerman has done a pioneering work in presenting legal accounting as a separate phase of accounting. Undoubtedly the task is well worthwhile, but there are so many uses of accounting by lawyers which can not be covered in a one book presentation that this reviewer is inclined to suggest to the lawyer that a more complete study of accounting is desirable.

Norton M. Bedford*

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2. p. 209.

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