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March 15, 1977

Dear Readers:

Enclosed is a supplement to the second monograph, A GUIDE TO THE PUBLISHED LITERATURE by Shirley and Nielsen, in our Studies in Management and Accounting for the Forest Products Industries. We intend to periodically update this monograph in order to keep you informed of current articles of interest.

If you know of any other worthwhile articles not included in the original monograph or its supplement, we would appreciate your notifying us.

Thank you for your continued interest and support of the monograph program.

Cordially,

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K. E. Shirley
Director, Monograph Program

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ACCOUNTING AND FINANCIAL MANAGEMENT IN THE FOREST PRODUCTS INDUSTRIES: A SUPPLEMENT TO THE SECOND MONOGRAPH, A GUIDE TO THE PUBLISHED LITERATURE, JUNE 1975

by

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March 1977

ACCOUNTING IN THE FOREST INDUSTRIES

1. Balman, F. E. and MacGregor, J. J. PROBLEMS IN THE MEASUREMENT OF DIRECT AND OVERHEAD COSTS IN FORESTRY. Quarterly Journal of Forestry 67 (2, 1973): 104-110.
   With particular reference to the importance of overheads in forestry costings, the authors discuss the accounting procedures used in the Economic Surveys of Private Forestry made by the Forest Economics Section at the Commonwealth Forestry Institute, Oxford.

2. Chase, Charles J. GREEN-END MEASUREMENT AND CONTROL IMPROVES RAW MATERIAL ACCOUNTING. Modern Plywood Techniques: Proceedings of the Third Plywood Clinic, Portland, Oregon, March 1975 (3): 37-47.
   Ideas for materials control and yield improvement through the use of an accurate automatic method of measuring materials processed in the mill.

3. Young, David W. ACCOUNTING FOR THE COST OF INTEREST: IMPLICATIONS FOR THE TIMBER INDUSTRY. The Accounting Review 51 (October 1976): 788-799.
   Concludes that a change in accounting procedures to recognize interest as a cost would have significant effects on the income statements of almost all corporations and on the balance sheet of some. The balance sheet effects would be substantial for those companies having a large portion of capital invested in inventories with low turnover rates.

THE CANADIAN FOREST INDUSTRIES

4. Bowle-Evans, P. N. MAINTENANCE AND MILL--A HAPPY MARRIAGE OR AN UNEASY TRUCE. Pulp and Paper of Canada 76 (December 1975): 71-73.
   Suggestions are made to achieve improvement in the relationships between the maintenance department and other mill departments to increase revenue.

5. Chinn, G. P. 1975 MAINTENANCE MANAGEMENT CONFERENCE--REVIEW AND SUMMARY. Pulp and Paper of Canada 76 (November 1975): 82-84.
   This summary deals with the maintenance organization, planning and supervision, and budgets and costs as they are related to human factors and operating problems.

ENERGY AND THE ENVIRONMENT

6. Ellerbe, R. W. BTU ACCOUNTING IS MORE REALISTIC. American Paper Industry 55 (March 1973): 30-2, 34.
Explains that the use of energy units (Btu) as the accounting basis for steam production and consumption costs will eliminate distortions in allocating energy costs and improve the accuracy of energy cost distribution.

7. Oliver, Paul E. ENERGY ACCOUNTING: MEASURING FUEL COSTS. Modern Plywood Techniques: Proceedings of the Third Plywood Clinic, Portland, Oregon, March 1975 (3): 94-112.
Analyzes the economics of electrical generation, conversion of wood residue to thermal energy, the efficiency of thermal energy uses, and the determination of the type and amount of residue energy. Author feels that energy accounting will help achieve the goal of energy independence.

FINANCIAL MANAGEMENT OF THE TIMBER RESOURCE

8. Beuter, J. H. and Handy, J. K. ECONOMIC GUIDELINES TO REFORESTATION FOR DIFFERENT FOREST OWNERSHIPS. A CASE STUDY FOR THE COAST RANGE OF WESTERN OREGON. Research Paper School of Forestry, Oregon State University (1974) no. 23.
Tabulates guides to the reforestation costs (in dollars per acre) for six rates of return and 864 "ownership situations" in coastal areas of Oregon.

9. Gregersen, H. M. EFFECT OF INFLATION ON EVALUATION OF FORESTRY INVESTMENTS. Journal of Forestry 73 (September 1975): 570-572.
The difference between "real" and "current" prices is discussed. Forestry investment analyses can be considered in either real or current value terms. As long as consistency is maintained, either approach may be used. Presents an example of the proper procedure and discusses the implications of being inconsistent.

10. Gregersen, H. M. and Contretras, A. U.S. INVESTMENT IN THE FOREST-BASED SECTOR IN LATIN AMERICA; PROBLEMS AND POTENTIALS. Baltimore, Maryland: Johns Hopkins University Press, 1975.
Examines the economic characteristics of this investment in a renewable resource located in less developed countries.

11. Lundgren, Allen L. COST-PRICE: A USEFUL WAY TO EVALUATE TIMBER GROWING ALTERNATIVES. Forest Service Research Paper no. NC-95. North Central Forest Experiment Station, U.S. Dept. of Agriculture, 1973.
The author explains how to calculate cost-price and use it as an investment criterion for timber and other forest products.

12. Murphy, P. A. CHOICE OF CRITERIA FOR FOREST PLANNING UNDER IMPERFECT CAPITAL MARKET CONDITIONS. Thesis, University of Georgia (1972).
Develops a "globally optimal policy" (a management strategy that achieves the maximum liquidation value of a firm at any given time in a finite planning period) for determining the proper investment rule for use in different capital market conditions.

13. Newport, Carl A. THE BUSINESS SIDE OF INDUSTRIAL FORESTRY. Journal of Forestry 72 (November 1974): 709-712.
Discusses the nature of income, costs, and accounting for industrial forestry.

14. Pritchett, James C. COST CONTROL IN A LOGGING OPERATION. Management Accounting (NAA) 57 (September 1975): 51-53.
The critical path method, according to the author, can be a useful tool to management in a logging operation and can be used for both planning and cost control.

15. Siegel, William C. LONG-TERM CONTRACTS FOR FOREST LAND AND TIMBER IN THE SOUTH. Forest Service Research Paper no. SO-87. Southern Forest Experiment Station, U.S. Dept. of Agriculture, 1973.
Describes the types of contracts used, timber types and management, financial considerations, and plans for meeting timber requirements.

FUTURES TRADING

16. Irland, L. C., Olmedo, J. P. Jr., and McMahon, R. O. (Editors). FUTURES TRADING: ITS USES IN FOREST INDUSTRY. New Haven, Conn.: Yale School of Forestry and Environmental Studies, 1975.
A collection of 14 papers presented at the 40th Yale Industrial Forestry Seminar, November 19, 20, 1974.
In three sections: (1) futures trading--its uses, (2) technical aspects, and (3) the markets. Aimed at decision-makers in forest industry who are evaluating the opportunities offered to them by futures trading.

17. Kingslien, Hal K. HEDGING STRATEGIES IN THE LUMBER FUTURES MARKET. Forest Products Journal 25 (December 1975): 16-18.
Discusses the implementation of a futures trading program and includes an actual analysis used in the development of a specific hedging strategy.

18. Kingslien, Hal K., and McMahon, Robert O. A DECISION FRAMEWORK FOR TRADING LUMBER FUTURES. Studies in Management and Accounting for the Forest Products Industries no. 3, Oregon State University, September 1975.

19. Lebeck, Warren W. PLYWOOD FUTURES AND INDUSTRY GROWTH. Modern Sawmill Techniques: Proceedings of the Fourth Sawmill Clinic, New Orleans, Louisiana, November 1974 (4): 280-289.
The author explains the principle of hedging, why it is useful, and how an effective hedging program often can contribute significantly to the ability of a firm to obtain inventory financing and to leverage its working capital.

20. Olmedo, James P. Jr. COMMODITY HEDGING IN LUMBER AND PLYWOOD. Forest Products Journal 25 (December 1975): 13-16.
Includes a discussion of the history of lumber and plywood futures, the employment of futures by the forest products industry, the strengths and limitations of hedging, and the guidelines for establishing an appropriate hedge plan within a defined business operation.

21. White, William H. FOREST PRODUCTS MARKETERS FIND FUTURES TRADING USEFUL. Crow's Forest Products Digest 53 (February 1975): 12-13.
This article is the first installment of a two-part series based on an address by the author at an Industrial Forestry Seminar at Yale University in late 1974. It traces the growth of plywood and lumber futures, compares speculating in cash versus hedging in futures, and examines futures as a temporary market.

22. White, William H. HOW FUTURES AFFECT FOREST PRODUCTS MARKETING. Crow's Forest Products Digest 53 (March 1975): 26-27.
The final installment of a two-part series. Topics covered include establishment of guidelines, how to profit by your mistakes, the opportunity for home builders, selecting a futures manager, and hedging.

TAXATION

23. Estes, James O., Johnson, Thomas R., and Wynhausen, Robert M. CAPITAL GAINS TAX TREATMENT IN THE FOREST PRODUCTS INDUSTRIES: A PARTIAL ANALYSIS OF SECTION 631(a) OF THE INTERNAL REVENUE CODE. Studies in Management and Accounting for the Forest Products Industries no. 4, Oregon State University, June 1976.

24. Fisher, Michael W. TWO TECHNIQUES FOR OBTAINING CAPITAL GAINS ON THE SALE OF CUT TIMBER. Taxation for Accountants 16 (January 1976): 44-47.
Cut timber sold with an economic interest being retained by the owner will be taxed at capital gains rates. Even if the owner does not retain such an interest, there is an opportunity for capital gain treatment. This article examines and compares the two methods.

25. Hargreaves, L. A. Jr., and Jones, R. W. FOREST PROPERTY TAXATION. Georgia Forest Research Council (1972) Report no. 29.
Addresses the general property tax today, explains forestry's uniqueness, and offers a model proposal for rural property taxation.

26. Klemperer, W. David. FORESTS AND THE PROPERTY TAX--A RE-EXAMINATION. National Tax Journal 27 (December 1974): 645-651.
Illustrates that the unmodified property tax is likely to bear more heavily on forestry than on many other land uses.

27. Klemperer, W. David. IMPACTS OF TAX ALTERNATIVES ON FOREST VALUES AND INVESTMENT. Land Economics 52 (May 1976): 135-157.

28. Sunley, Emil M. Jr. CAPITAL GAINS TREATMENT OF TIMBER: PRESENT LAW AND PROPOSED CHANGES. Journal of Forestry 74 (February 1976): 75-78.
The author feels that the tax treatment of timber should be subject to the same kind of analysis of its effectiveness and usefulness as are other aspects of public resource and environmental policy.

29. Sutherland, C. F. Jr. FOREST PROPERTY TAX LAW IN WESTERN OREGON: ALTERNATIVES FOR THE SMALL WOODLANDS OWNER. Oregon State University Extension Service (1974) Special Report no. 425.

30. Williams, E. T. SITE VALUE TAXATION--HOW DOES IT RELATE TO FOREST LAND? National Tax Journal 27 (1974): 29-44.
Relates the experience of Denmark, Australia, and New Zealand in taxing the site value of forested areas. Site value taxation of forested areas appears to be administratively feasible, and its effects on the allocation of resources are likely to be favorable provided that land-use controls are effective.

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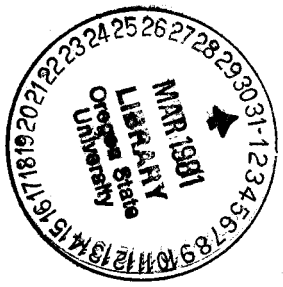
February 25, 1981



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As you can see, Accounting Literature has very few articles that would be helpful to Accounting and Financial executives except for our monograph series. Please note that we don't carry titles other than our monographs in stock. If you are interested in any of those listed that we did not publish, contact your nearest university library.

If you know of any other worthwhile articles not included in the original monograph or our two supplements, we would appreciate your notifying us.

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R. E. Shirley
Director, Monograph Program

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Steven D. Nielson
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Oregon State University

Second Supplement

February 1981

ACCOUNTING IN THE FOREST INDUSTRIES

1. Brian, Knodell, McFarlane and McMahon, MEASUREMENT DIFFICULTIES IN THE LOG CONVERSION PROCESS. Studies in Management and Accounting for the Forest Products Industries No. 5, Oregon State University, June 1977.

2. Dietzler, David A. and Neyhart, Charles A., SELECTED ISSUES OF FINANCIAL ACCOUNTING AND REPORTING FOR TIMBER. Studies in Management and Accounting for the Forest Products Industries No. 8, Oregon State University, November 1978.

3. Johnson, Thomas R., LIFO INVENTORIES IN THE FOREST PRODUCTS INDUSTRY. Studies in Management and Accounting for the Forest Products Industries No. 11, Oregon State University, June 1980.

4. Martin, Thomas T. and Wilson, Robert H., ACCOUNTING CONTROLS FOR A FOREST PRODUCTS FIRM. Studies in Management and Accounting for the Forest Products Industries No. 13, Oregon State University, January 1981.

5. Norton, Gary R. and Pixton, Dennis T., POOL LOG TRANSFER SYSTEM. Studies in Management and Accounting for the Forest Products Industries No. 9, Oregon State University, August 1979.

THE CANADIAN FOREST INDUSTRIES

6. Boyd, J. and Novak, W., ESTIMATE WOOD COST, PRODUCTIVITY, AND INVESTMENT NEEDS FOR 84 LOGGING SYSTEM COMBINATIONS. Pulp & Paper Canada 78 (May, 1977):69-78.
   The method of logging and system concept analysis is believed to provide a useful tool for separating the ideas for logging systems from the achievement problems of manufacturer and user.

7. Martin, B., PRICE TO BE PAID FOR NEGLECT. British Columbia Lumberman Magazine 62 (March, 1978):52.
   Professor John Walters RRF, director of UBC's research forest near Haney, condemns successive provincial governments for their neglect of British Columbia's forest resources.

8. Pickering, R.R., C-B BONUS SYSTEM BRINGS 6X RETURN ON INVESTMENT. Pulp & Paper Canada 78 (August, 1977):43-46.
   Bonus program set up by Consolidated-Bathurst Company at Casey, P.Q. to help motivate large equipment operators. Bonus is paid according to individual achievement and has proved successful. Tables of bonus program data included.

9. Sandoe, M. and Wayman, M., PRODUCTIVITY OF CAPITAL AND LABOUR IN THE CANADIAN FOREST PRODUCTS INDUSTRY, 1965-1972. Canadian Journal of Forest Research 7 (March, 1977):85-93.
Labour productivity (output/man-hour) data are presented for several wood industries: sawmilling; veneer and plywood; millwork; pulp and paper; and wrapping paper and paperboard, for each year between 1965 and 1972.

10. Wright, D.M. and Dobie, J., DOUGLAS FIR-PEELERS "VERY GOOD INVESTMENT." British Columbia Lumberman 61 (June, 1977):58-59.
Studies of lumber yields from peeler logs in British Columbia indicate product values increasing consistently with log quality, and substantial differences between published log prices and product values.

FINANCIAL MANAGEMENT OF THE TIMBER RESOURCE

11. Bailes, Nielsen and Wendell., CAPITAL BUDGETING PRACTICES IN THE FOREST PRODUCTS INDUSTRY. Studies in Management and Accounting for the Forest Products Industry No. 6, Oregon State University, February 1978.

12. Baird, D.R., TROPICAL LOGGING INVESTMENT--PART III. MINIMIZE, MEASURE INVESTMENT RISK. World Wood 18 (May, 1977(:18-20.
Methods of assessing the feasibility of tropical logging operations are presented and details are given of sensitivity analysis and risk analysis.

13. Cook, D.W., WHAT RATES OF RETURN ON NIPF INVESTMENTS. Journal of Forestry 76 (July 1978):411-413.
Some owners of private forests are achieving a respectable rate of return from their investment, while still satisfying other motives for holding land.

14. Harpole, G.B., HOW TO ESTIMATE BREAK-EVEN POINTS FOR SAWMILL IMPROVEMENT PROJECTS. Forest Products Journal 27 (April 1977):54-56.
Improvement projects were categorized as employee training, maintenance, and process modification. Key variables were identified and equations derived to estimate total profit contribution (TPC) and the expected benefits.

15. Harpole, G.B. and Hallock, H., FIGURING THE INVESTMENT NEEDED FOR BEST-OPENING-FACE SAWING. Forest Industries 105 (January, 1978): 34-35.
The investment value of computerized sawmill machinery necessary to implement the BOF System depends on the contribution to profit. Here's how to assess benefits.

16. Ingram, R.F., THE BANKER'S ROLE IN FINANCING LOGGING EQUIPMENT. Northern Logger and Timber Processor 26 (July, 1977):10-11,21.
A brief review of the principles of banking and the chief factors taken into account by bankers when deciding to lend money to forest managers.

17. Nolop, Bruce P. and Williamson, George E., FUNDAMENTALS OF FINANCING MAJOR TIMBER ACQUISITIONS. Studies in Management and Accounting for the Forest Products Industries No. 10, Oregon State University, January 1980.

18. Rich, S.U., LUMBER AND PLYWOOD PRICES AND THE RISING COST OF HOUSING. Forest Products Journal 27 (October 1977):36.
It is argued that the large increase (approximately 100%) in the median price of new houses between 1970 and 1976 is due to the larger size of recently built houses, a greater number of fittings and increased land and construction costs. Research proves that increased lumber and plywood prices have played a relatively minor role in increasing house costs.

19. Schick, B.A. and Maxey, W.R., COSTS OF TOP LOPPING OLD-GROWTH HARDWOODS: WHAT PRICE BEAUTY? Southern Journal of Applied Forestry 2 (March 1978):94-95.
A study in an old-growth oak/yellow poplar/maple stand in West Virginia, selectively logged in 1977.

FUTURES TRADING

20. Pass, William A and McKee, Gregg L., ACCOUNTING TREATMENT FOR WOOD PRODUCTS FUTURES TRADING ACTIVITIES. Studies in Management and Accounting for the Forest Products Industries No. 12, Oregon State University, October 1980.

21. Pass, McKee and Shirley., A REPORTING AND CONTROL SYSTEM FOR WOOD PRODUCTS FUTURES TRADING ACTIVITIES. Studies in Management and Accounting for the Forest Products Industries No. 7, Oregon State University, July 1978.