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Basic financial reporting for accounting firms; Management of an accounting practice bulletin, MAP 14

John J. Bernard

American Institute of Certified Public Accountants

MAP 14

MANAGEMENT OF AN ACCOUNTING PRACTIC

Basic Financial Reporting for Accounting Firms

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This bulletin is a publication of the staff of the American Institute of Certified Public Accountants and is not to be regarded as an official pronouncement of the Institute. It was prepared by the Director of the Department on Management of an Accounting Practice, John J. Bernard, CPA. The members of the committee on management of an accounting practice assisted in an advisory capacity.

Preface

The Institute's program on management of an accounting practice was initiated to assist members in managing their practices effectively. During the first four years of the program, thirteen bulletins have been issued under the group title, *Economics of Accounting Practice.* The subjects of these bulletins are shown on the inside back cover of this booklet. The group title of this and future bulletins in the series has been changed to *Management of an Accounting Practice* (MAP) to indicate its purpose more clearly.

Many direct and indirect benefits have stemmed from these bulletins. Probably the most important of these has been the growing awareness among practitioners of the many areas of administration that deserve their attention and of the worthwhile benefits that can be obtained. If the economic predictions for the next decade are correct, the practitioner will be forced to have an increasing concern about the problems of administering his affairs. The long-range plans of the committee on management of an accounting practice provide for continuing study of these problems in order to help the practitioner meet the steady demands of his practice.

Some of the information in this bulletin reflects the answers received in response to a comprehensive questionnaire submitted to eighty-five practitioners and firms which were considered by the committee to be capably managed. Reports were received on accounting and cost systems, budgeting procedures, and statistical reporting objectives and methods. A related bulletin will follow on *costing procedures and budgeting.*

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Basic Financial Reporting for Accounting Firms

Introduction

Most accounting practices go through a metamorphosis. An individual starting a practice normally makes considerable progress in volume of work in his first few years of business. In the first year of practice, normal or average progress in many areas appears to be that the individual will double his gross income. This may not represent a large amount of money, but it is a large percentage increase. Usually, many small jobs are represented in this increase, and progress is judged by the balance in the cash account.

While a professional practice may grow naturally, it will not build itself efficiently without conscious direction. The practitioner who neglects the business aspects of his practice can hardly expect the best results. It seems logical then that a beginning practitioner should provide a good accounting system which will prove to be the basis for evaluating results.

The practitioner's record-keeping problems become more acute when he starts considering the need for assistance. As people are added to his staff, the need for adequate internal financial records soon becomes apparent and the lack of adequate reports of what has gone before leaves a void in the information that the practitioner needs in order to determine fee scales, the number of staff people required and the salaries he can afford to pay.

When first obtaining assistance or personnel, the practitioner usually finds that he needs half a person. Sometimes by improvisation he gets suitable part-time help, but eventually a full-time person is hired. As more people are added, more records become necessary and an evaluation of individual staff member's profitability as well as over-all profitability becomes an important factor that must be watched continuously.

Most practices develop to a point where it is poor business to continue certain classes of work which, although originally quite important, are now unprofitable. Many practitioners for some sentimental reason carry this work at a loss, but good internal reporting usually leads to a proper evaluation in determining whether most, if not all of these, like a tadpole's tail during metamorphosis, should be dropped. Often proper evaluation and discussions resulting therefrom turn these clients into profitable accounts.

Another record-keeping problem is encountered when partners are added. The problem is especially acute upon a merger of two or more practices, where each of the principals uses a different method of accounting, or where the records fail to disclose enough information to properly evaluate the new partnership interest.

Because of the many changes in the development of an individual practice into an established accounting firm, the use of a sound, even though elementary, accounting and financial reporting system is fundamental. Only God and nature can make a frog out of a tadpole; accounting practices need the human hand for guidance.

OBJECTIVES

THERE IS A DUAL and interrelated purpose in the publication of this bulletin. The intent is to provide practitioners with a *uniform chart of accounts* which they can use in improving the operation of their own practices, and also to establish a base for the collection of comparable statistics for the benefit of the entire profession.

Obviously an accounting system, chart of accounts or financial reports suitable for use by a national or even a large local accounting firm will have little resemblance to those maintained or required by a sole practitioner or a small firm. The attempt here is to provide material as a starting point in a beginning effort to improve the financial records and reports of those practices that have neglected them, and to provide a basic reporting tool for the exchange of information within the profession.

Uniform statistics

USE OF THE PROPOSED uniform chart of accounts will provide maximum comparability and will facilitate the development of accurate statistics on the practice management aspects of the profession. This will benefit all practitioners individually. At the same time, it will provide a fuller understanding of the profession's economic status, and thus aid in the development of national, state and local programs designed to advance the cause of the accounting profession.

In order to co-ordinate the many useful surveys being made for the benefit and interest of the profession, the American Institute's committee on professional statistics, in conjunction with the Management of an Accounting Practice program, is planning to develop standard questionnaires for use by the Institute which will be made available to state CPA societies. By using a uniform chart of accounts and standardized questionnaires, the results of surveys should be on a comparable basis and thus of maximum use to the profession.

Guide for those engaged in managing a practice

THIS BULLETIN and the related one to follow on *costing procedures and budgeting,* are also intended to aid and guide the growing number of practitioners and firms in establishing an efficient system of internal accounting. Every professional accountant's practice, like any business, faces a number of operating problems. The solutions developed and applied have much to do with the success and growth of the practice as well as the sense of well-being of the practitioner. The bulletins present information that should help eliminate some of the trial and error that even sizable firms undergo in formulating standardized practices in their internal financial reporting procedures.

CHART OF ACCOUNTS

THE CHART OF ACCOUNTS which follows has been specifically designed to meet the requirements of individual practitioners and firms. It is not detailed. Explanations are provided to indicate the items included in each account classification. Firms which presently have or wish to have more detailed information may easily add subaccount classifications under the main headings provided. All expenses of operating a practice may be fitted into the chart's twenty-one expense account classifications, each of which (with one exception, "other operating expense") is descriptive of a major type of expense.

The chart of accounts is recommended for adoption by the profession as a *uniform chart of accounts.* All newly organized firms and those planning internal accounting changes are urged to adopt it. It is believed that those with satisfactory accounting systems can make relatively minor changes which would permit the classifications appearing in their financial statements to fit the uniform chart so that comparative statistics developed from periodic future surveys will have more meaning and significance.

CHART OF ACCOUNTS

ASSETS

100 **Cash**

109 Petty Cash

110 **Receivables**

111 Notes receivable

112 Accounts receivable

113 Unbilled receivables

114 Unbilled expenses

120 *Allowance for Doubtful Accounts*

130 **Partners' and Employees' Accounts**

140 **Deposits and Prepaid Expenses**

150 **Investments**

160 **Building**

170 **Leasehold Improvements**

180 **Furniture, Equipment and Autos**

185 Library

190 *Accumulated Depreciation and Amortization*

LIABILITIES

200 **Payables**

201 Notes and loans payable

202 Accounts payable

210 **Unearned Income**

220 **Employee Withholdings**

230 **Accrued Expenses**

250 **Long-Term Liabilities**

CAPITAL

300 **Capital Accounts**

350 **Drawing Accounts**

390 **Profit and Loss**

INCOME

400 Income from Professional Services

401 Auditing

402 Taxes

403 Management and advisory services

404 Other accounting services

EXPENSE

500 Salaries and Outside Services

501 Salaries—partners or proprietor

502 Salaries—accounting staff

503 Salaries—other

504 Outside services

600 Operating Expenses

601 Contributions

602 Equipment expense

603 Firm relations

604 Insurance

605 Occupancy and maintenance

606 Other operating expense

607 Postage and express

608 Professional development

609 Professional membership expense

610 Provision for doubtful accounts

611 Publications

612 Stationery, printing and supplies

613 Taxes—other

614 Taxes—payroll

615 Telephone and telegraph

616 Travel and subsistence

617 Welfare and group benefits

NONOPERATING INCOME

700 Other Income

EXPLANATION OF ACCOUNT CLASSIFICATION

ASSETS

100 Cash in banks

109 Petty cash
Include postage fund and other prepaid petty cash items

111 Notes receivable

112 Accounts receivable

113 Unbilled receivables
Include unbilled services or work-in-process evaluated at standard billing rates or an average billing rate

114 Unbilled expenses
Include all out-of-pocket expenses made for clients
Use as a "clearing account"

120 *Allowance for doubtful accounts*

130 Partners' and employees' accounts
Include expense advances and loans

140 Deposits and prepaid expenses
Include prepaid insurance, interest, and other prepayments and deposits

150 Investments
Include investments in securities, club memberships and other sundry investments

160 Building

170 Leasehold improvements

180 Furniture, equipment and autos

185 Library

190 *Accumulated depreciation and amortization*

LIABILITIES

201 Notes and loans payable
Include notes and loans payable to banks, partners and others within one year

202 Accounts payable
Include payables for operating expenses and outside services

210 Unearned income
Include all fees received or billed in advance of performing services

220 Employee withholdings
Include amounts withheld from employees for social security, federal and state taxes, bond deductions, group insurance, etc.

230 Accrued expenses
Include all accrued items related to salaries and compensation (see note under the heading of Salaries and Outside Services); liability for federal and state payroll taxes and other sundry accruals

250 Long-term debt
Include all debt maturing after one year

CAPITAL

300 Capital accounts (one for each partner)

350 Drawing accounts (one for each partner)

390 Profit and loss

INCOME FROM PROFESSIONAL SERVICES

401 Auditing
Include audits in which opinion is qualified or in which disclaimer is issued

402 Taxes
Include tax returns, tax examinations, tax assessment appeals and estate planning

403 Management and advisory services
Include systems installations, investigations, cost analyses, and other consulting and management services

404 Other accounting services
Include preparation of nonaudited statements and write-ups

SALARIES AND OUTSIDE SERVICES

501 Salaries—partners or proprietor

502 Salaries—accounting staff

503 Salaries—other

Include stenographers, typists, and other indirect salaries

504 Outside services

Include consultation with other firms, work performed by others of both a professional and nonprofessional nature relating to engagements, professional referral fee costs, and cost of data processing

Note: Salaries, other than for partners or proprietor, include all salaries, wages, commissions, bonuses, profit-sharing, overtime; in general, all items of direct compensation for services, including provisions for vacations, sick benefits, separation pay, military leave pay, holiday pay, etc.

OPERATING EXPENSES

601 Contributions

Include all donations or contributions to religious, welfare, charitable, educational and similar institutions

602 Equipment expense

Include depreciation of furniture and equipment (see account 616 for auto expenses), rental of equipment, repairs and maintenance of equipment, and small items not capitalized

603 Firm relations

Include dues of social clubs, travel incident to new clients, and other business promotional expenses

604 Insurance

Include casualty and liability insurance premiums, travel insurance, nonownership liability insurance for employees' automobiles, and workmen's compensation insurance

605 Occupancy and maintenance

Include the cost of rent, heat, light, water, property taxes, depreciation of building, repairs to building, amortization of leasehold improvements, insurance on building, and janitorial

606 Other operating expense

Include bank charges, interest expense, legal services for the firm (including notary and collection services), staff recruitment (including travel expenses in visiting schools, lunches, and travel expenses of prospective employees), fees paid to employment agencies, newspaper ads, medical examinations of new employees and all other general or unclassified expenses

607 Postage and express

608 Professional development

Include all expenses incurred in connection with staff training and education, including cost of books and other literature obtained primarily for educational purposes; cost of luncheons, dinners, travel and other expenses in connection with training programs

609 Professional membership expense

Include professional dues, fees, meeting expenses and travel, and all related expenses incurred with respect to professional organizations, professional activities and speeches

610 Provision for doubtful accounts

Include provision for doubtful accounts or for actual bad debts written off

611 Publications

Include depreciation of library and cost of all periodicals

612 Stationery, printing and supplies

Include the cost of stationery, office supplies, duplicating supplies, photostats, printing costs, etc.

613 Taxes—other

Include business activity taxes and licenses (property and payroll taxes are included elsewhere)

614 Taxes—payroll

Include social security, state unemployment compensation and federal unemployment

615 Telephone and telegraph

616 Travel and subsistence

Include depreciation of automobiles, auto repairs, licenses, gas, etc., for cars owned by the firm; cost of auto rentals, carfare, bus and use of car reimbursements; meals, supper money, hotel and other nonchargeable travel and subsistence expenses not connected with firm relations, professional development or professional membership expenses

617 Welfare and group benefits

Include premiums for group life insurance, Blue Cross and accident and health plans; cost of social events for employees

NONOPERATING INCOME

700 Other income

Include gains on sale of assets, investment income, and miscellaneous income

METHODS OF ACCOUNTING

Should books be on the cash or on the accrual basis?

THE BOOKS AND RECORDS maintained by an accounting firm do not differ materially from those of any other business organization. From a general accounting standpoint, it is, of course, preferable that the books be kept on the accrual basis. Distorted results can frequently be produced by the cash method because the fees billed and collected are not necessarily matched with related costs and expenses. It is quite possible that the expenses of an unusually large engagement may be incurred in a period of low cash receipts, and the fee for the engagement collected in a later period when offsetting deductions are abnormally low. The results produced by the accrual method furnish more reliable data on which to make accurate determinations and to base decisions.

If the tax effects, for one reason or another, pose an obstacle to changing from cash to accrual accounting, the firm's *internal financial reporting* statements and schedules should nevertheless be based on accrual accounting. The reasons for preparing financial statements on the accrual basis are exactly the same as those pointed out to clients in order to convince them of the wisdom of using the accrual method. The budgeting of income and expenses and other statistical internal reporting are predicated on accrual accounting.

Should Unbilled Services be Included in Fees? Some accountants exclude unbilled services from income, even when on the accrual basis, because they regard work-in-process as inventory.

However, others believe, with considerable logic, that as services are performed they are, in reality, sold. In his *Accounting Concepts of Profit,* Stephen Gilman expresses this view when he draws the following analogy: "by . . . common consent the rendering of service is assumed to result in a contractual relationship somewhat similar to the delivery of goods." No one will deny that *services are the stock in trade of a practitioner.* It follows then that, as services are performed, they are in fact sold. For those firms on the accrual method that do not accrue income from services until billed, all costs incurred on unbilled jobs should be set up as a deferred charge, if rational results are to be obtained.

Cash basis

YEARS AGO most accountants kept their records on a cash basis. There were probably many considerations that led them to adopt this method. The two main reasons for using the cash method today, however, are its tax advantages and its apparent simplicity. There are some accountants who believe that these merits fully outweigh any substantial argument against its use. There is no doubt that the cash basis of accounting is used by many individual practitioners and firms because its use delays the date taxable income accrues. Nevertheless, profit-minded accountants realize that this reason is not sufficient to justify the maintenance of records that are deficient in material respects.

There is a tendency for new firms to use the cash method of accounting in preparing their financial statements. Basing financial statements on accrual accounting is especially important to new firms, because it provides them with a better management tool when they may need it the most.

Hybrid basis

VARIOUS COMBINATIONS of cash and accrual accounting are found in practice. Hybrid accounting methods generally develop as the practice grows in order to relate certain income or costs to the period in which they are applicable. The likelihood is that many small- and medium-sized firms use some form of combination cash and accrual basis.

Accrual basis

THE ACCRUAL METHOD is almost a necessity with a large firm or with a firm having a large number of partners. It offers the maximum advantage from a management viewpoint of permitting quick and accurate determination of income and expense, the key to determining profitability. Further, the accrual method renders it possible to obtain statistical information necessary to manage the firm's activities. It is especially desirable in situations in which profit-sharing bonuses are computed.

In J. K. Lasser's *Standard Handbook for Accountants* the advantages of recording charges on the accrual basis are listed as follows: (1) the progress of the engagement may be readily measured by comparison of charges with estimates prepared in advance; (2) comparison of fees earned from month to month and year to year, indicating trends in the progress of the practice, are available; (3) in seeking credit the accumulated value of unbilled receivables, a definite asset, appears in the records; and (4) no other method furnishes such accurate information regarding income and profits.

Two questions of treatment arise with regard to the accrual method that would not occur under the cash basis of accounting. The first concerns the treatment to be accorded income when an engagement is accepted on a fixed fee basis. In this circumstance it is advisable to accumulate income on the basis of the estimated percentage of completion. Where the percentage of completion is very difficult to estimate, however, it may be more practical to accumulate income (at standard rates, if they are employed) up to the amount of the fixed fee, and then to write-off the excess as incurred.

The second question concerns the accounting for contingent fees resulting from tax engagements. Obviously, the accrual method is not adaptable in this circumstance. Probably the best method is to accumulate income in a separate account at per diem rates.

Whether or not an allowance or a write-off should be provided would depend on the circumstances; in any event sound judgment must be used.

Converting from cash to accrual basis

METHODS PRESENTLY USED by practitioners to convert from cash to accrual basis include the following:

- Journal entry
- Supplementary ledger giving effect to accrual basis entries
- Two entirely complete ledgers—one on the cash basis and the other on the accrual basis
- Separate columns in the general ledger, one for cash basis, the other for accrual basis entries
- Accrual accounts in the ledger which are disregarded for reporting on the cash basis (usually only unbilled services are accrued under this method)
- Worksheet

As a cautionary note, it appears that the worksheet is the most satisfactory method of converting from the cash to the accrual basis for internal reporting. In a well noted tax case, (*J. C. Patchen,* 258 F. 2d 544. Rev'g 27 TC 592), the Commissioner required a partnership that changed its bookkeeping method in 1948 from the cash to the accrual basis, but continued to use the cash method for tax purposes, to change to the accrual method for tax purposes, under a provision of the law (1939 Code Section 41—similar to 1954 Code Section 446(a), (b)), that a taxpayer must report income in accordance with the accounting method *regularly employed* in keeping its books. The Tax Court agreed. The 5th Circuit, U.S. Court of Appeals, reversed the decision of the Tax Court and held that the Commissioner had no power to require computation of distributable partnership income on the accrual basis since the books accurately reflected the income on the cash basis after recognized accounting adjustments were made. However, the Commissioner has not acquiesced.

Formula for Conversion of Income. The following formula can be used to convert income from the cash to the accrual basis:

1. **Collections**
   This is the starting figure
2. **Change in Receivables**
   Subtract beginning accounts receivable and add ending accounts receivable
3. **Change in Unbilled Receivables** (*Work-in-Process*)
   Subtract beginning unbilled receivables and add ending unbilled receivables

Unbilled services should be evaluated at standard billing rates or at an average billing rate. For simplicity in making the computation, it is suggested that an over-all standard rate based on experience be used in determining unbilled services.

Natural business year

Selection of an annual accounting period other than the calendar year is strongly recommended for businesses that display evident seasonal fluctuations in activity, as does the public accounting profession. The Natural Business Year Council defines the natural business year as the annual period which ends when the business activities of the enterprise have reached the lowest point in their annual cycle. Accountants have been recommending the adoption of a natural business year by indicating, as an important advantage of such adoption, the probability of more complete and reliable financial statements, since at the close of the natural business year incomplete transactions would ordinarily be at a minimum.

A large percentage of practitioners and firms recommend fiscal years ending between June 30 and September 30. Of course, current federal and state requirements must be considered in establishing a fiscal year.

BASIC STATEMENTS

This portion of the bulletin is concerned with preparing a firm's financial statements. The mechanics of client costing, profit ratios, and the use of budgets in measuring and controlling profitability will be treated in Bulletin 15.

Comparative statement of income

The presentation of comparative financial statements brings out more clearly the nature and trends of current changes affecting the practice.

A comparative statement of income, illustrated in Figure I, pages 26-27, is presented for uniform reporting. It is in an annual reporting format, but can be adapted for interim internal reporting. Salaries are shown as a separate category. Operating expenses include a few accounts classified by function and for this reason no breakdown of fixed and variable expenses is made on the income statement. The classification of expenses in this manner has the merit of simplicity because it limits the number of accounts required and provides a uniform basis for reporting by the profession. Firms that wish to prepare break-even point computations or charts, can determine fixed and variable expenses by account analysis.

Proprietor's or partners' salaries should be established in order to indicate a cost factor in producing income from services. Practitioners encountering the problem of stating salaries and evaluating the cost of their services to the firm should consider one of the following three suggested methods:

1. *Individual evaluation.* The practitioner or partners place an arbitrary value for services to the practice or firm.

   Examples of minimum salaries:

   - Practitioner starting a new practice

   For the first year use salary received on prior job; thereafter, methods 2 or 3 below, but not less than first year's figure.

   - Established practitioner with staff

   Use a minimum equal to the salary of the highest paid senior or manager.

2. *Billing rate.* Salary equal to one-third of the billing rate based on estimated total hours (chargeable and nonchargeable) for the year is assigned.

   Example: A total of 2,100 hours is estimated for the year; billing rate \$20:

   2,100 hours × \$20. . . .\$42,000
   1/3 × \$42,000. . . . .\$14,000

3. *Standard formula.* Multiply the billing rate by 2,000 hours and take 40% of the result.

   Example: The billing rate is \$20:

   2,000 hours × \$20. . . .\$40,000
   40% × \$40,000. . . . . . .\$16,000

Chargeable time alone ordinarily cannot be a criterion on which to base a minimum salary because it is misleading in that it may not indicate the value of the services to the practice or firm. The standard formula provided in method 3 should prove to be satisfactory in the majority of cases where salaries have not been previously established.

It is strongly recommended that financial statements be prepared monthly on the accrual basis that includes unbilled receivables in income.

Ordinarily the statement of income should be prepared in final form by the tenth of the month. Other informational reports

Figure I

COMPARATIVE STATEMENT OF INCOME

	This Period		Last Period		Increase (Decrease)
	$	%	$	%	
Income from Professional Services					
Auditing	126,332	59.41	106,451	57.44	19,881
Taxes	34,716	16.33	28,693	15.49	6,023
Management and advisory services	9,047	4.25	11,498	6.21	(2,451)
Other accounting services	42,555	20.01	38,673	20.86	3,882
Total	212,650	100.00	185,315	100.00	27,335
Salaries and Outside Services					
Salaries—partners or proprietor	50,400	23.70	48,000	25.90	2,400
Salaries—accounting staff	63,933	30.06	57,649	31.11	6,284
Salaries—other	9,200	4.33	8,800	4.75	400
Outside services	1,300	.61	1,142	.62	158
Total	124,833	58.70	115,591	62.38	9,242
Gross Profit	87,817	41.30	69,724	37.62	18,093

	This Period		Last Period		Increase (Decrease)
Operating Expenses	$	%	$	%	
Contributions	300	.14	300	.16	—
Equipment expense	4,239	1.99	3,710	2.00	529
Firm relations	1,406	.66	1,053	.57	353
Insurance	441	.21	354	.19	87
Occupancy and maintenance	7,058	3.32	6,601	3.56	457
Other operating expense	595	.28	390	.21	205
Postage and express	881	.41	715	.39	166
Professional development	750	.35	559	.30	191
Professional membership expense	1,402	.66	638	.34	764
Provision for doubtful accounts	225	.11	640	.35	(415)
Publications	1,506	.71	1,659	.90	(153)
Stationery, printing and supplies	4,053	1.91	3,949	2.13	104
Taxes—other	537	.25	342	.18	195
Taxes—payroll	2,433	1.14	2,020	1.10	413
Telephone and telegraph	2,384	1.12	2,158	1.16	226
Travel and subsistence	2,861	1.35	2,710	1.46	151
Welfare and group benefits	1,926	.91	1,609	.87	317
Total	32,997	15.52	29,407	15.87	3,590
Operating Income	54,820	25.78	40,317	21.75	14,503
Other Income	55	.02	—	—	55
Net Income	54,875	25.80	40,317	21.75	14,558

(accounts receivables, fees billed summaries, etc.) should also be prepared within that time. One large firm with a number of branches prepares a "quickie" statement of income by the fifth working day after the close of the month in order to give the managing partner an estimate of the profitability of operations for that month to discuss at the monthly partners' meeting.

There are firms that use the thirteen-month year and prepare statements at the end of each four-week period. One of the advantages of the four-week period is that the periodic statements are more readily comparable, since each period covers the same number of days and an equal number of Saturdays and Sundays. Even under this method, holidays and vacations within certain periods prevent the statements from being wholly comparable from period to period.

Comparative balance sheet

THE COMPARATIVE balance sheet illustrated in Figure II, page 29, is intended to indicate an appropriate order of arrangement and detail. It can easily be expanded to accommodate other required accounts and still remain a concise and clear presentation. No illustration is presented for changes in partners' capital accounts; for internal use, one would be prepared.

Summary. The uniform chart of accounts provides for orderly growth and continued comparisons of the main classifications of assets, liabilities, income and expense. Its use by the profession will greatly facilitate the preparation and making of statistical surveys and studies. Collectively, this uniformity will be an important tool in the management of accounting practices in decades to come.

Figure II

COMPARATIVE BALANCE SHEET

ASSETS

	Current Date		Prior Date	
	$	%	$	%
Current Assets				
Cash in bank and on hand	25,641	26.12	23,745	27.13
Notes receivable	2,000	2.04	—	—
Accounts receivable—current	32,800	33.42	29,100	33.25
Accounts receivable—over 90 days	823	.84	1,450	1.66
Unbilled receivables	20,000	20.38	17,200	19.65
Unbilled expenses	1,800	1.82	1,400	1.60
Total	57,423	58.50	49,150	56.16
Less estimated doubtful accounts	600	.61	1,040	1.19
Total	56,823	57.89	48,110	54.97
Partners' and employees' accounts	869	.89	1,050	1.20
Deposits and prepaid expenses	278	.28	308	.36
Total current assets	83,611	85.18	73,213	83.66
Investments	1,300	1.33	—	—
Fixed Assets				
Leasehold improvements	4,090	4.17	4,090	4.67
Furniture, equipment and autos	26,592	27.08	24,632	28.15
Library	634	.65	634	.72
Total	31,316	31.90	29,356	33.54
Less accumulated depreciation and amortization	18,073	18.41	15,052	17.20
Total fixed assets	13,243	13.49	14,304	16.34
Total assets	98,154	100.00	87,517	100.00

LIABILITIES AND CAPITAL

	Current Date $	Current Date %	Prior Date $	Prior Date %
Current Liabilities				
Notes and loans payable	14,000	14.26	9,000	10.28
Accounts payable	980	1.00	1,250	1.43
Unearned income	4,271	4.35	3,000	3.43
Employee withholdings	748	.76	681	.78
Accrued expenses	605	.62	740	.84
Total current liabilities	20,604	20.99	14,671	16.76
Long-Term Debt	—	—	7,500	8.57
Total liabilities	20,604	20.99	22,171	25.33
Capital				
Capital account(s)	77,550	79.01	65,346	74.67
Total liabilities and capital	98,154	100.00	87,517	100.00

Economics of Accounting Practice Bulletins

1. Incomes of Practicing Certified Public Accountants (1957)
2. Small Business Looks at the CPA (1957)
3. The Difficult Art of Setting Fees (1957)
4. Getting and Keeping Good Staff Accountants (1958)
5. Controls for the Effective Use of Time (1958)
6. Building Sound Relations with Your Client (1958)
7. Selection and Admission of New Partners (1959)
8. Survey of Accounting Office Expenses (1959)
9. Bankers' Attitudes Toward the CPA (1959)
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12. Selected Tax Problems of Accounting Partnerships (1960)
13. Planning a Practice for Growth (1960)