

1978

Doctoral dissertation abstracts

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Recommended Citation

Berry, Maureen Helena (1978) "Doctoral dissertation abstracts," *Accounting Historians Journal*: Vol. 5 : Iss. 1 , Article 10.

Available at: https://egrove.olemiss.edu/aah_journal/vol5/iss1/10

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DOCTORAL DISSERTATION ABSTRACTS

This edition focuses on the international development of accounting principles and practices as well as the intrastate development of the public accounting profession in the United States.

At the national level, two studies outline the growth of indigenous theory and practice in unique societies: Imperial China and Japan. Closer to home, two researchers, using different approaches, investigate the evolution of financial accounting and reporting in Canada.

Accounting practitioners make their own particular contributions in the search for improvements in and extensions of accounting thought. Three studies trace the rise of the public accounting profession at the state level: in Colorado, Kansas and Mississippi. Their common theme is that from origins in general bookkeeping practice, and assisted by State regulatory legislation, public accounting has benefitted from the considerable increase in the level of skills and range of services offered by the professional practitioner.

A Study of Governmental Accounting in China: With Special Reference to the Sung Dynasty (960-1279) (U. of Illinois, 1968, 442 pp.; 30/1, p. 2-A)* by Philip Yuen-Ko Fu. Part I of this dissertation commences with an overview of governmental accounting in imperial China and a critical evaluation of Sung accounting is provided in Part II. This particular dynasty was selected "because of its greater attention to accounting as a means of controlling expenditures and waste. Consequently, the dynasty modified accounting structure, formulated methodology, and matured already existing practices."

In the early days of accounting in imperial China, the concept of accountability encompassed both accounting and auditing. During the Chou dynasty, these twin aspects were incorporated in an emerging financial accounting model, providing for funds, fiscal years, and budgeting. The Three Kingdoms witnessed both the final separation of financial from non-financial accountability, com-

*Volume/Number and page in *Dissertation Abstracts International*.

menced under the Han dynasty, as well as the segregation of the accounting and auditing functions. By the time of the Sung dynasty, such practices had developed as: mobile auditors, the special Yuan-hokuo-chi pu report and the compilation of K'uai-chi-lu reports. Significant changes occurred three times in the Sung accounting structure because of government reorganizations. Prior to 1078, accounting activities were mainly carried out by five offices under the jurisdiction of the Commission of Finance. After 1085, following the reign of Yuan Feng, the T'ang system was restored and the Ministry of Finance again assumed accounting responsibilities. Agencies in the 'Six Courts and Four Bailiffs' performed most of the accounting functions during the Southern Sung. The author concludes:

"The Chinese view of auditing was strikingly different from the Western concept. Although auditors were asked to improve existing accounting systems, the discovery of fraud was considered their major responsibility.

Through most of its history, China developed a civilization largely independent of any outside influence. Its accounting methods were a product of this environment; methods were largely developed in isolation, and were uniquely Chinese."

An Analysis of the Development and Nature of Accounting Principles in Japan (U. of Illinois, 1968, 263 pp.; 29/7, p. 1986-A) by Yukio Fujita has, as its objective, an historical analysis of "the social function of accounting principles in Japan to determine the nature of Japanese accounting principles which have been developed in a unique social climate."

Three stages, or time periods, were identified. First was a formative period from 1890-1947. During this time, four commercial codes were promulgated, working rules for financial statements were issued by the Ministry of Commerce and Industry in 1934, and the Planning Board developed the Tentative Standards for Financial Statements. These two latter recommendations, however, were not legally enforced.

During the second stage, 1947-1962, there was a move towards establishing generally accepted accounting principles (GAAP) in written form. This was motivated by the "Instructions for the Preparation of Financial Statements issued by the General Headquarters of Supreme Commander for the Allied Powers." In 1949, the first

such written pronouncement in Japan on GAAP appeared in 'A Statement of Business Accounting Principles'. This Statement "performed a very important role in the improvement of financial reporting in Japan until the Commercial Code was materially revised in 1962."

In the last, and contemporary, stage commencing in 1963, the Regulation for Corporate Balance Sheets and Income Statements was enacted "to encourage the effective application of the accounting provisions of the Commercial Code."

"In summary", the author comments "a history of the development of accounting principles in Japan since 1890 revealed a pattern of development from the "compulsory" type through the "semi-autogenous" type to the "compulsory" type of accounting principles. From a viewpoint of international accounting, the revival of the "compulsory" type of accounting principles indicates a difficulty in establishing international accounting principles because the "compulsory" type of accounting principles is concerned with both domains of accounting and law."

The Evolution of Selected Annual Corporate Financial Reporting Practices in Canada: 1900-1970 (Michigan State U., 1970, 306 pp.; 32/1, p. 4-A) by George Joseph Murphy selected certain Canadian corporate annual financial reporting practices and documented evolutionary changes in them during a 70-year period. The selected practices included: "the mandatory audit and the content of the auditor's standard report;" . . "various aspects of the balance sheet and the profit and loss statement"; and "corporate depreciation practices." The research methodology employed was a literature review, including such sources as: annual reports of industrial companies, empirical studies, incorporating and regulating statutes, parliamentary debates, governmental committee hearings, and other "professional, academic, and financial literature".

The study disclosed that change has taken place slowly. "Early Canadian corporate practices were influenced by the English legal tradition, by the early public accounting firms formed by Scottish and English chartered accountants and by the use of English accounting texts." By the mid 1930s, however, the English influence diminished with the growth of U.S. investments in Canada and "the proximity and articulateness of the American Institute and of American academic contributions." Corporate depreciation policies have been significantly affected by tax legislation and corporate report-

ing practices by Companies Act legislation. Two other important advocates for change in corporate reporting practices have been the Canadian financial press and the Canadian Institute of Chartered Accountants.

The Evolution of Accounting in Canada (NYU, 1972, 272 pp.; 33/8, p. 3846-A) by Harvey Mann examined the financial statements and auditors' reports of six Canadian companies, with business lives ranging from 60 to 150 years, for evidence of intracompany accounting changes and intercompany accounting differences.

It was found that most changes occurred in the area of "fixed assets and depreciation, the form and format of the financial statements, and the auditors' reports." Analysis revealed a pattern in the evolution of dominant change agents. The initial predominance of the individual accountant gave way to the emergence of the law which, though remaining important, yielded place to the pronouncements of the Institute of Chartered Accountants.

The study concluded that accounting reports are "virtually meaningless to the layman" and should be prepared for a professional user, providing him with additional details and data for use in advising clients.

A History of the CPA Profession in Colorado (U. of Missouri-Columbia, 1974, 342 pp.; 35/9, p. 5585-A) by John Matthew Hunthausen, S. J., examined the "origins, development and growth of the certified public accounting (CPA) profession in Colorado" from 1885-1973, using interviewing techniques and document research. During that period, over 2,900 CPA certificates were issued in Colorado, about 71% of them since 1958.

In 1904, forty-eight charter members organized the Colorado Society of Public Accountants and, largely due to their efforts, the first regulatory accounting law was enacted some three years later in 1907. High standards for admission to the profession are evidenced by subsequent legislation. Since 1908, all candidates for the CPA certificate have "been required to have at least a high-school education, to pass a written examination, and to have a prescribed number of years of accounting experience." An accounting degree from a State Board accredited college or university has been mandatory since 1965 and a continuing education law was passed in 1973.

Causal factors associated with the growth of the profession are: the economic growth of the state; "the increase in governmental regulations, the increased demand for CPA services, and the recruiting activities" of the State Society. Over a period of almost a century, the professional profile has changed from that of a general practitioner, occupied mainly with bookkeeping services, to a specialist making skilled talent available to the public.

A Study of the Development of the Certified Public Accounting Profession in Kansas (U. of Missouri-Columbia, 1967, 335 pp.; 28/10, p. 3819-A) by Eldon Curtis Lewis had as its main objective determining "the significant internal events which contributed to the growth and development of the Certified Public Accounting profession in Kansas", using a document research methodology.

Early accounting practices in Kansas were basically limited to bookkeeping and financial statement preparation. However, the profession grew as the demands for accounting services became more sophisticated and challenging. The most significant influences on the internal development of the profession were regulatory legislation and the organizing of CPAs into a professional group. As early as 1915, the CPA designation was restricted to those meeting legal requirements and, in 1951, a second law "regulated accounting practice and restricted the use of the CPA designation."

The study identified eight ways in which the Kansas Society of Certified Public Accountants, organized in 1932, was influential in developing the CPA profession in Kansas. These included: encouraging CPAs to become members of the State Society; developing cordial relationships with other institutions, such as State Board, legislators, attorneys and bankers, and educators; adopting rules of professional conduct; and encouraging entrants to the profession.

The Development of the CPA Profession in Mississippi (U. of Mississippi, 1972, 312 pp.; 33/1, p. 1-A) by James Wilbur Davis explores the growth of the profession in Mississippi from 1904-1971, using both document research and interviewing techniques. The study surveys the rise of the profession from its early focus on bookkeeping and fraud investigations to the present full range of professional services provided by more than 1,000 annual CPA registrants with the Mississippi State Board of Public Accountancy. The State Board was established in 1920 under a legislative act giving recognition to CPAs. This same year also saw the establishment of a statewide

organization of Mississippi CPAs which now counts more than 600 members. In 1930, revisions to the code required that CPAs register annually and it limited public accounting practice to CPAs and lawyers.

Several recommendations for further development of the profession in Mississippi included: "a greater responsiveness on the part of the State Board to proposals of the Society, adoption of the minimum education and continuing education requirements of the Institute, passage of amendments to the State law, establishment of a professional periodical, involvement in the affairs of government, and a greater specialization of services within firms."