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Education for Professional Accountants

BY LEWIS A. CARMAN

A professor of accounting in a university recently asked my opinion about matters of fairly wide interest. What follows was my reply:

Dear Professor:

You were indiscreet enough to ask me for my ideas on the subject of university preparation for an accounting career, and here they are.

All didactic schemes, whether designed to impart Christian eschatology or the principles of bee-keeping, must have definite objectives, and I start with the premise that any professional man released from a university—even if only on parole—should possess not less than the following:

- I. A cultural background that will afford him some idea of man and his relation to the physical universe, and of what the busy little insect has been doing and thinking since the dawn of history.
- II. A professional background of subjects related to his own specialty.
- III. Professional competence, so far as university training can give it.
- IV. The ability to do fairly rigorous thinking.
- V. The ability to express his excogitations tersely in his mother tongue.

There are other desiderata—magnanimity, tolerance, poise, integrity and their like—that a university should do something toward supplying; but these are implanted by indirection rather than through a curriculum.

With the foregoing in mind I “have prepared and submit herewith” (as all good accountants say) the accompanying exhibit which sets forth my own peculiar ideas of a course in accountancy. The subjects listed in this table have been drawn in part from your present curriculum, in part from suggestions tendered by others, in part from experience, and in part from my native genius for tinkering with that whereof I know little.

Before embarking upon a detailed exposition of the courses under each caption in the table, let me give the general idea under-

lying the whole scheme. The curriculum as presented therein, I must confess, was worked backward. First was determined what must be given in the final year; second, what might well be given in the third year; and, last, what remained was allotted to the first and second years.

I have assumed that most of the students enrolled in the course will be fired with the holy ambition of becoming certified public accountants (there are alternative courses in the last three semesters for less consecrated souls). Such aspirants must, of course, whangle their way past the state examination, and I have therefore assigned to the final year all "examination passers" and all subjects having to do with current legislation. These are:

Examination passers:

Business law

Income tax

Mathematics of finance

Advanced theory and C. P. A. problems

Auditing

Current legislation:

Accounting aspects of current legislation

Income tax (listed above also)

Do not think me immoral—I am merely trying to be practical. No one claims that examinations are very satisfactory indicators of competence, but we shall doubtless have them with us in this vale of tears until better determinants present themselves. We are all human and fallible and it will be advantageous to the student to have the above subjects fresh in his mind when he faces his examination after graduation. Quite obviously, also, it would be silly to give any of the legal courses other than the cut-and-dried "business law" in the earlier years, for statutes are changing continually and the student might face in his senior year the sad duty of laying lilies on what he learned in his sophomore year.

The particulars of the several courses set forth in the accompanying table (see page 217) are presented later.

TECHNICAL

There is little to be said of the purely accounting courses, as they have been taught for many years in many schools and have behind them a pretty solid body of experience. Adequate texts

are available, and there seem to be no great difficulties in this section of the curriculum.

You tell me that there is a feeling in many universities that technical subjects should be deferred until the third year, with a fifth year looming up as practically a certainty. Now, I do not know the answers to the many problems with which universities are now confronted, but I am completely out of sympathy with the idea of postponing technical training for two years. Such a postponement, I am sure, must create a feeling of frustration, a suspicion of stalling and a loss of interest on the part of the student. A student who enters a professional course should be satisfied that each year has advanced him definitely toward his goal. I think, too, that the early completion of the elementary accounting courses is an all-around help to the student. He realizes the more easily what all the professorial shouting is about in such subjects as auditing, systems, corporate finance, money and banking, etc.

The advanced theory course commencing in the third year might cover specialized branches of accounting—municipal, banking, brokerage and so on. The instruction should not aim at more than making the student acquainted with the principal peculiarities of these branches of accounting. I do not think it worth while to give separate courses in such subjects. The student can not possibly learn all their details in school, and it is a waste of time to attempt it. When he comes to learn them in practice he will do so in easy stages and under direction. The final year of this course may be devoted to problems similar to those given in C. P. A. examinations.

The auditing course is deferred until the student has had instruction in the elements of accounting and in systems and internal control. The first semester should present the technique of auditing in much the same manner as that in which public-accounting firms endeavor to present it in staff manuals. The last two semesters—for public-accounting candidates—should consist almost entirely of problems. Puzzles might be a better word, for I should like to see a text written in the form of fairly voluminous accounting records in which lie hidden irregularities for the student to find. It would be tough on the student, but life is like that.

A short course in public practice and technique might be helpful for public-accounting students. The course might embrace the

well-known texts *Duties of the Junior Accountant* and *Duties of the Senior Accountant*, a more detailed consideration of working papers, and so on. You might entice a few practising accountants to lecture on specific subjects in order to bring the student into closer personal relationship with his chosen profession.

BACKGROUND

The "background" courses have been included with a certain amount of skepticism. For the most part they are of the pseudo-scientific type that look well in the catalogue but are too far removed from accountancy to have much value even as background. Who, for example, can forecast business even thirty days? And economic science is so much a matter of controversy and economic movements are so large in scale that the individual is submerged and could do little to defend himself from adverse effects even if their causes were understood. One must yield to the inevitable, however, for as long as there are colleges of commerce there will be courses in economics for the weary students—after all, I suppose professors should think up something to keep the little devils out of the pool halls (or worse).

Courses in "investments" and "statement analysis" have not been included, as these duplicate to a great extent the work of the accountancy student in other courses.

A course in property rights and insurance seems a practical one for this section. The accounting student could with advantage be instructed in certain of the technical aspects of property rights, the recording, the various sorts of mortgages, trust deeds and liens, and their preferences, improvement assessment laws, foreclosure methods, redemption privileges, recourses of bondholders and so on. This instruction might be followed by some study of property insurance—fire, earthquake, falling wall, sprinkler, boiler, use and occupancy, public liability, etc., etc. If there is sufficient time the student might make a brief, non-mathematical excursion into the field of life insurance.

MATHEMATICS

Except for an occasional problem in compound interest the accountant needs little in the way of mathematics beyond arithmetic. Yet I feel that his horizons are widened with a larger use of mathematical analysis. Too often accounting thought has been stopped by trifling difficulties reducible readily enough by a little mathematics.

A course in college algebra will give the student a powerful tool that will prove extremely useful in a pinch. Moreover, such a course will serve as the foundation for the course in mathematical statistics assigned to the third year—a course badly needed at times in practice. In the first semester of the last year there is a course in charts and graphs. This should not only give the student insight into presenting data graphically but should make him familiar with drafting instruments and give him some sound practice in lettering. The lettering on most accountants' graphs would give an engineer a hearty laugh.

As before explained, the course in mathematics of finance is offered in the last semester of the last year, as this is a subject required for the C. P. A. examinations. The instruction might delve further into the subject of bonds (particularly serial bonds), effective interest rates, etc., than is now customary.

ENGLISH

Probably the most egregious and exasperating fault of accounting graduates is the inability to use the English language simply and forcefully. This is necessarily a rather sweeping generalization, yet one generously documented in any accountant's office. I suspect that universities have taken for granted a greater facility in this regard than most of their students possess in fact. This failure to use English effectively is bound up with the inability to marshal facts logically, to emphasize the essential and subordinate the non-essential. There is no royal method of imparting this ability and the student must be made to write, write and write.

The composition work may be expository, descriptive or narrative, but the student should be required to set forth on paper something that he desires to re-create in the mind of another—it does not matter very much what—how to make a boat or a rat-trap, an epitome of the rules of tennis, a description of a chemical process or a dog fight—anything that will require clear and logical presentation. The student should be kept at his writing for the entire four years. The course might be general in nature at first, embrace brief courses in elementary logic and précis writing, and wind up with the composition of accounting reports. The great essential is to keep the students writing—and never let up on 'em. Nothing can be more absurd than to give a man an elaborate technical training and at the same time fail to furnish him with

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the means of presenting the results of his work. It is instructive to reflect that the work for which the public accountant collects his fees finds embodiment in the form of words and figures on paper. If this presentation is poor, the accountant has poured much of his time and energy down a rat hole.

LEGAL

As previously stated, the legal courses have been deferred until the final year, partly in order that they may be up-to-date and partly in order that the subject may be fresh for the C. P. A. examination. The business law required for such examinations is in my humble (and not very trustworthy) opinion like the python's hip-bones—a vestigial remnant interesting solely by reason of its disuse.

It seems to me that an intensely practical course might be offered in accounting aspects of current legislation. The many recent federal enactments come to mind. But quite aside from these, each state has laws defining and restricting the powers of corporations to organize, dissolve and conduct business, to issue securities, to incur debt, to acquire stock and so on. The liabilities of officers and directors are defined by statute. There are restrictions and requirements peculiar to fiduciaries, banks, trust companies, insurance companies, stockbrokers, mortgage-loan companies, public utilities and a number of others. A comparative analysis of the laws of certain of the so-called "liberal" states might be of value. There is really a wealth of material available, all of it of immense value to a practising accountant.

CULTURAL

No university should graduate a student without first satisfying itself that he has some idea of his terrestrial and cosmological situation. He might well be exposed to enough of the following courses to ensure that ideal.

English literature	History of philosophy	Chemistry
Modern languages	Comparative history, (political)	Physics
Public speaking	History of civilization	Historical geology
Art appreciation	Comparative religions	Astronomy
Music appreciation	Financial history of the United States	Psychology
		Biology
		Calculus

This pitifully meagre list need not be discussed in detail—the student may escape many of the subjects by having previously studied their equivalents in his secondary school. Curiously enough, the value of chemistry and physics in enabling accountants to grasp manufacturing processes is not adequately recognized. And don't smile when you see astronomy listed—surely no one can orient himself in life without at least a general knowledge of the universe.

Manifestly, no one student can hope to cover all the subjects in each of the above groups. Yet undergraduates might well be encouraged to browse in each of these wider fields—even to the extent of burdening themselves with more than sixteen “hours.” Few, for example, would care to undertake the study of the calculus, but do not hinder the rare soul who would so elect. There might be good in the lad. As a matter of fact, many of these “cultural” subjects could be absorbed without formal classroom instruction. Instead the student might cover them in collateral reading controlled by periodical conferences with a “tutor”—much like the method followed in English universities. If the tutor is satisfied that the student has read comprehendingly the required texts, no formal examination need be demanded. In this manner the student might be directed into fields of knowledge he would otherwise miss and might form interests that would enrich his later life. The idea that education is complete with graduation is alarmingly prevalent.

GRADUATE WORK

To my mind the desirability of graduate work depends solely upon the amount of instruction given before graduation. If technical instruction is deferred until the third year, graduate work may be very desirable if not absolutely essential. If technical instruction is commenced in the first year—and it is my belief that it should be—graduate work would seem needless.

Proficiency in accounting work is largely a matter of experience and judgment; the underlying theory of the science is not particularly profound. The fireworks arise in the attempt to apply the general fundamentals to the infinitely varied and complex situations found in the world of commerce. The imparting of the fundamental principles may well be the undertaking of the university, but the pursuit of experience and judgment is the matter of a lifetime.

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A COURSE IN ACCOUNTANCY

	Year							
	First		Second		Third		Fourth	
	1	2	1	2	1	2	1	2
<i>Technical</i>								
Accounting.....								
Elementary.....	3	3						
Advanced.....			4	4				
Inter-corporate (consolidations)....						2a		
Cost.....					2	2b		
Advanced theory and C. P. A. problems.....					2	2	2	2
Systems and internal control.....					2			
Auditing.....						2	2a	2a
Public practice and technique.....							1a	1a
Industrial management.....							3b	3b
(Options: a—public accounting)								
(b—private accounting)								
Total.....	3	3	4	4	6	6	5	5
<i>Background</i>								
Economics.....	3	3						
Corporate finance.....			3					
Money and banking.....				3				
Property rights and insurance.....					3			
Business forecasting.....						3		
Total.....	3	3	3	3	3	3	—	—
<i>Mathematics</i>								
College algebra.....			2	2				
Statistics.....					2	2		
Charts and graphs—drafting.....							3	
Mathematics of finance.....								3
Total.....	—	—	2	2	2	2	3	3
<i>English</i>								
Composition.....	3	3	2	2				
Elementary logic.....			1					
Briefing, précis writing, etc.....				1				
Report writing.....					3	3	3	3
Total.....	3	3	3	3	3	3	3	3
<i>Legal</i>								
Accounting aspects of current legislation.....							3	
Business law.....							2	3
Income tax.....								2
Total.....	—	—	—	—	—	—	5	5
<i>Cultural</i>	7	7	4	4	2	2	—	—
Grand Total.....	16	16	16	16	16	16	16	16

(Figures refer to hours per week.)

It follows that there is a point beyond which schooling does not yield returns. This is, of course, generally recognized, but I think the point is sooner reached in accountancy than in most other professions. Eventually every young surgeon is confronted with the ordeal of laying scalpel to a living body. No amount of time spent in reading about or in watching others do the trick is going to help him beyond a fairly definite point. I do not believe, then, that graduate work has anything to offer that will compare with the proficiency to be gained in an equal amount of time spent in practice. In fact, I am inclined to think that the more promising students might even be "given the works" in three years.

Toute généralité est fausse—même celle-ci, said some French wisecracker, and I may amend the foregoing by saying that if the graduate year were a bridge between academic cloisters and the hurly-burly of practice—a sort of weaning period—it might be of value to some students. A few years ago one of your contemporary institutions considered the idea of giving its accounting students their vacations in the first quarter of the year instead of in summer, in order that they might obtain experience in accountants' offices during the busy season. So far as I know, nothing came of the idea; but I thought it had merit. It might be possible to arrange a graduate year in such a manner that the burgeoning accountant might spend the busy season on the staff of a practitioner. The student would see the wheels go 'round, the university would gain a laboratory of practice, and the accountant would have a sort of mushroom cellar (if you will pardon the metaphor) from which the fairest sprouts might be plucked for his staff. There would be practical difficulties in such an arrangement, but not insurmountable ones.