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ASWA Review - 1965-1966

Margaret L. Bailey, CPA

President 1965-1966



During 1965-66 members of the Society were quick to make use of new ideas, new bylaw provisions, and new tools. While change does not necessarily denote progress, an analysis of the projects undertaken during this administrative year indicates a renewed effort to attain the goals of the Society.

One of the first new "tools" to reach the chapters this year was the handbook for use in developing treasurers' workshops. This handbook was prepared by AWSCPA and is being distributed by ASWA. Comments received indicate that many chapters are planning workshops to take advantage of this excellent booklet entitled "Treasurers / Your Guideline." The booklet illustrates to the non-accountant in 21 easy steps how simple but adequate records can be prepared and maintained for the usual non-profit organization, from the collection of dues to the preparation of a Form 990 tax return.

Delegates assembled in annual meeting in Dallas voted approval of two bylaw revisions to further the work of the Society. One of

these revisions permitted university graduates with majors in accounting to become regular members. The chapters have slowly been altering their membership promotion procedures to include this particular group of young ladies. The other revision in national bylaws made it clear that the chapters could set up programs of "student associate memberships." The change brought to the attention of chapters that this area of public relation activities had been overlooked in most instances. Minutes of the various chapters indicated that this idea found an eager audience, and plans were soon under way to include the college students in chapter activities of many chapters.

The work of prior boards of ASWA and AWSCPA made it possible to distribute a Preliminary Speakers Bureau for use of chapters only. Comments and suggestions for improvements were considered in the work of revising the booklet, and it is expected that a new and attractive edition will be distributed in the coming year.

A publicity handbook which has been the major project of the publicity chairman for two years is "in the mill." This will be a greatly appreciated "tool" for chapter publicity chairmen for it seems that publicity is a field far removed from accounting and few of us take to it naturally.

Two new chapters were welcomed to the growing family. Lubbock (Texas) Chapter No. 78 was instituted on October 1, 1965, with 15 charter members. Rochester (New York) Chapter No. 79 was instituted on April 15, 1966, with 27 charter members. Application for a charter has been received from a chapter in Fresno, California, but at press time action had not yet been taken on that application.

ASWA members responded to the request to place particular emphasis this year on improving our public image. National board members assisted in the endeavor in every way possible and the progress made is the natural result of the efforts of these officers and the eager response of the great majority of members.

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NEW TRENDS IN MANAGERIAL ACCOUNTING

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concentrate on the reduction of variable cost per unit and on the reduction of total fixed costs other than depreciation. A study of cost behavior necessitates the appropriate identification of fixed and variable costs and the separation of mixed costs into fixed and variable components. Regression analysis is a useful technique for this purpose. A simple scatter diagram of observed values for a certain class of cost plotted against activity levels gives a general impression of the type of cost-volume relationship involved. With enough observed values (e.g., 24 monthly cost totals plotted against production or sales quantities, whichever is appropriate) it should be evident whether the relationship is approximately linear. If so, the method of least squares may be used to specify the parameters of the regression line which best represents the available data from a statistical standpoint. Once obtained, these parameters may be used to predict the expected cost (with specified precision and reliability) for this budget classification at any assumed level of activity within the range of the observed values. Regression analysis may be carried out by hand calculation or by computer program. With frequent analyses, the latter method is desirable.

The break-even analysis is carried out after the regression analysis of each class of cost has enabled the analyst to separate fixed and variable components. If less accuracy is required, a regression analysis computation may be applied to all costs in total rather than to separate cost classifications. At any rate, a total cost line is developed for plotting on the break-even chart. Its y intercept is equal to total fixed costs and its slope is the incremental cost (variable cost) per unit of increase in volume. On the same chart a sales line is drawn, beginning at zero. The point of intersection of the total cost line and the sales line is the approximate break-even point. The analysis has its limitations, to be sure, because it assumes a constant product mix at all volumes of activity. With changes in sales mix, a new chart must be constructed since the relationship of revenues and costs will change with the introduction of greater quantities of high or low-profit products. Probably the most important aspect of break-even analysis is the increased insight obtained into the various aspects of cost behavior.

Conclusions.

We have discussed but a few of the more widely used quantitative techniques available for the analysis of operating data. Periodic profit planning is an important management activity in almost any business enterprise, but important decisions are involved also in project evaluation, e.g. in the consideration of proposed capital equipment acquisitions or special sales promotions. Meaningful information is essential to the development of effective management decisions of any nature. Always, the information presented to management must be in a form pertinent to the problems of management.

The public accountant today faces a great challenge to provide the best in management services. This challenge will be met if the public accountant makes every effort to study and adopt those new quantitative techniques which are appropriate to the needs of a particular management situation and if management and the public accountant join in a cooperative effort to pool the best of their talents and ingenuity to create their own innovations in developing optimum solutions for their management problems.

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Many unexpected and tremendously rewarding experiences came my way as your national president. It has become increasingly apparent that women are more frequently being accepted in the profession. That this is true is due in part, perhaps, to the emphasis placed on acceptance of women in governmental positions, but it is also due in large part to the continuous efforts of our predecessors. We acknowledge our indebtedness to these outstanding women and pledge to pay that debt by preparing an even more receptive atmosphere for those eager, intelligent, and enthusiastic young ladies who are now appearing in our midst.

1966 EVENTS

AWSCPA-ASWA Joint Annual Meeting,
Boston, Massachusetts
September 28 - October 1

American Institute of CPAs Annual Meeting,
Boston, Massachusetts
October 2 - 5