

4-1922

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Recommended Citation

S., J. J.; Dillon, William; and Cohen, David (1922) "Correspondence: "Causes of Examination Failure"; Accounting for Contracts," *Journal of Accountancy*. Vol. 33: Iss. 4, Article 8.

Available at: <https://egrove.olemiss.edu/jofa/vol33/iss4/8>

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Correspondence

"Causes of Examination Failure"

Editor, The Journal of Accountancy:

SIR: Having read the discussions on failures of a majority of candidates for the C. P. A. degree, beg to state that the writer was a candidate at the American Institute examination held in Richmond, Virginia, during November, 1921, and it impressed me as being absolutely fair, although I didn't pass.

I passed in all subjects except auditing and as that was the first subject of examination, feeling somewhat nervous at the start, I attribute my failure in that subject to nervousness. By the time I had finished the subject of auditing I had regained my self-control to a large extent and was able to tackle the rest of the examination with more confidence.

I must admit that I was agreeably surprised at the lack of ambiguity and the lucidness of the problems. Of course, I don't mean to imply that the problems were easy, but from my point of view it would be detrimental to the profession to lower the standard of the examinations, thereby admitting unqualified persons. Such a procedure would in a short time depreciate the value of a C. P. A. or American Institute certificate so that it wouldn't be worth striving for.

Yours truly,

Hilton Village, Virginia.

J. J. S.

"Causes of Examination Failure"

Editor, The Journal of Accountancy:

SIR: I read with much interest Mr. Sell's letter in the March issue regarding causes of examination failure, and it appears to me as if he has not touched upon the real weak spot in the premises.

One cannot intelligently discuss this subject who has not taken an examination. The writer has and failed the first time, despite the fact of having been in practice more than twenty years, with a broad and varied experience.

It is true that nervousness does cause some candidates to fail because of not being able to complete all the work in time, but isn't nervousness under such circumstances a sign of weakness or incompetency? I have looked in at many sessions of examinations in more than one state, and without exception have been impressed with the fact that many candidates take the examinations who are no more fitted to become public accountants than they are to be president of the United States. I find that candidates who have had at least a high school education as a rule do not display any nervousness, because they know what an examination means, having been through the mill; likewise with college graduates.

In Massachusetts a candidate who fails is permitted to take the examination again, and the record shows that many do so, and from personal knowledge the deserving and qualified persists and ultimately passes.

In my judgment the real answer to the large number of failures lies in the fact that there are so many so-called accounting schools and colleges

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which cater for large classes, and hold out all manner of promises to anyone who will pay the tuition fees, looking at the matter from a purely mercenary viewpoint, regardless of the person's ability or qualifications. There are hundreds of people, and perhaps thousands, attending such schools with the firm belief that they are not only fitted to become public accountants, but that by attending the schools they can pass the examination, whereas, as a matter of fact, if they were given a slight examination before taking up one of these courses, any intelligent person could immediately advise them against the undertaking. This is best illustrated by the fact that many applicants apply to the writer for positions, stating that they are in the fourth year of some school or so-called college and that they intend to take the next examination, and yet after a five-minute conversation I can tell that they are absolutely unfitted for the public accounting profession.

It is really a pity that the schools apparently without many exceptions will take anyone in as a student who can pay the fee without any regard to his real qualifications for the profession.

It seems to me that part of the explanation as to why so many are crowding the so-called accounting schools and colleges is that it has frequently been stated in the public press, through speeches by accountants and statements by others, that the public accounting field is a gold mine with unlimited income, and that there are not enough certified public accountants to take care of the business that is waiting for them every day; and this publicity is capitalized by many schools. This naturally causes many immediately to decide to enter the profession by promptly going to a school, a college or taking up a correspondence course.

In reading the various criticisms with reference to the large number of failures and finding fault with the examination questions and the boards of examiners, I have about concluded that they are from disgruntled teachers or schools or colleges, and from candidates who have failed and are in the class above mentioned as not qualified for the profession.

In conclusion I would state that there are just two factors to be considered as an explanation.

1. The widespread publicity given to statements that there are not enough certified public accountants to care for existing business and that the income is practically unlimited, which causes hundreds of people to flock to school, who should not do so.

2. The fact that so many schools and so-called colleges permit anyone to enter their classes regardless of their fitness or chances of success.

In my opinion the men who are devoting so much of their valuable time and ability to the boards of examiners and the preparation of the questions are doing a noble work, and the institute is to be congratulated. They and it will necessarily be subjected to all manner of fault-finding, but they should persist and adhere to the present principle. In due time it will be appreciated and the profession will command the recognition it is seeking and to which it is entitled. Lower the bars and weaken the requirements, and the profession will deteriorate just so surely as water runs down hill.

Yours truly,

WM. DILLON.

Certified Public Accountant.

Accounting for Contracts

Editor, The Journal of Accountancy:

SIR: On page 87 of the February issue, you have an article on accounting for contracts. In view of the journal entries, I should like to suggest the following:

Work in process
 To cash or accounts payable
For manufacture—labor—burden—materials
Cost of sales
 To work in process
To record the cost of completed contracts
Accounts receivable
 To advances on work in process
To record the advances on deliveries made
Completed contracts
 To sales
To record the completed contracts per the contract price.
Advances on work in process
 To completed contracts
To transfer the advances made on work in process that was completed

By this method, not only will you have a standard account (advances on work in process), but also have an account of completed contracts, which is additional and could be used as a controlling account in the general ledger to check the subsidiary records of completed contracts. Furthermore, the credit balance of the advances on work in process, after charging that account with the contract price of completed contracts, definitely indicates that it applies to work in process as a deduction from it as shown by you.

Yours truly,

DAVID COHEN.

Society of Certified Public Accountants of the State of New Jersey

At the annual meeting of the Society of Certified Public Accountants of the state of New Jersey held February 14, 1922, the following officers were elected: James F. Welch, president; Thomas R. Lill, vice-president; Theodore A. Crane, secretary and treasurer; trustees: Charles E. Mather, Frank G. Du Bois, John B. Niven, Edwin G. Woodling, John H. Bowman, William H. Compton, Martin C. Ruggaber and Maurice E. Peloubet.

L. A. Oates of Havana, Cuba, and C. A. Harper of Jacksonville, Florida, announce the consolidation of their practices under the firm name of Oates & Harper, with offices at 27 Blum building, Jacksonville, and O'Reilly 39, Havana.

Ellis A. Laskey announces the dissolution of the firm of Laskey & Tropp, and the organization of the firm of E. A. Laskey & Co., with offices in the World building, New York.

Dameron Black & Co. announce the opening of offices at 809-10 Forsyth building, Atlanta, Georgia.