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## A Woman's Mind as Applied to Accountancy\*

BY LENA E. MENDELSON

There seems little doubt in the minds of thinking men and women that the degree of education and economic opportunity to be allowed to women is clearly evidenced in the present day attitude of universities, technical schools, business and professions of recognized standing; and that the measure of women's intellectual attainments has ceased to be a mere matter of conjecture. Inevitably there will be growing opportunities for women who qualify, and the number already engaged in business and professions will be considerably increased. And, since women are entering nearly every profession, it is reasonable to assume that they will become associated with the practice of accountancy. A few women are already in practice, and a few others have seriously taken up the study of accountancy, with the view of becoming practitioners at some future time. These students, in general, stand well in their classes, and so far they seem to absorb the gist of what they are taught.

Accountancy, as a recognized profession, is still comparatively young in this country, but it has already set high standards—largely through the organized efforts of the American Institute of Accountants. More is now expected of the accountant than ever before, and because many of the profession have met this broader demand and have shown that the services of the practitioner must extend well over the field of business activity, the candidate for professional standing must have in his mind's eye a constantly growing ideal of ultimate achievement.

Much has been written in recent years, by men who have made reputations as accountants, on the desirable and necessary qualifications of a successful practitioner, and, while each writer expresses himself in his own style, the gist of it all is this:

That the successful accountant must possess character, integrity, personality, tact, education, ability, technical training and practical experience. In addition to all these qualifications he must have a mind that can analyze and see through as well as into conditions.

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\*A thesis presented at the November, 1918, examinations of the American Institute of Accountants.

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The reasons for all this are very apparent.

Character, integrity, personality, tact, education and ability are essential to real success in any profession, and there is no reason why accountancy should be excepted; and, since these various qualifications are not peculiarly restricted to men, it is reasonable to assume that women can measure up to the required standard on these counts.

An analytical mind, combined with technical training in accounting theory and practice, and business experience may easily be termed "an efficient combination."

Technical training in accounting theory and practice may be acquired to a considerable degree by either men or women of intelligence and education who have a liking for accountancy.

An analytical mind must be possessed. It may belong to men and women, and may be cultivated to a high degree.

Practical experience that extends well over the field of business activity becomes an accountant's qualification only after years of contact with and observation and study of various types of business organization. Of course, the woman in practice has not yet accumulated that complete experience in the large sense of this phrase; but she hopes to grow as the years pass, and, on the theory that the fittest survive, she will absolutely need to keep growing in order that she may come up to the required standard of professional efficiency.

The educational and technical training for accountancy involves too much work of a serious nature to hold the woman who is not in earnest, and who is not stimulated by natural love of and interest in this science. The unfit naturally drop out after the first year of study.

It is a long way from the balancing of the books of small shops to the preparation of a complete set of financial exhibits for a large mercantile or manufacturing corporation, but even that distance can be spanned. Constructive work, study, time and experience will do it.

To become an accountant one must know the theory of accounts. The principles of the theory of accounts are fixed, but at the same time are susceptible of different methods of application; and an analytical mind will consider these various methods as worthy of consideration on their individual merits. Specific cases require specific remedies. Several of the best known writers

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on corporate organization and accounting say that in the treatment of many corporate transactions practice—and good practice—is not uniform, although the final result is, of course, the same. This is just as applicable to a partnership or a single proprietorship.

The analytical mind, equipped with technical knowledge, will clearly see the relation of the profit and loss phase of any enterprise to the problem of valuation, or, in other words, the causes affecting net worth, and will reach conclusions in logical sequence.

To cite a few typical examples :

Depreciation, so highly important in its effect on valuation and profit and loss is, in turn, affected by many factors; and these factors enter into the rate and treatment of depreciation. The balance-sheet may show several kinds of fixed assets, such as brick buildings, frame buildings, machinery, etc., each requiring different treatment so far as rates are concerned. It may also show intangible assets, such as patents and leasehold premiums which diminish proportionately to the lapse of time, and assets, such as ore bodies, which diminish proportionately to their consumption as an element of production.

On the other hand stock-in-trade is not regularly affected by depreciation, and it must therefore be valued on a specific basis—that of its purchase or wholesale market price and according to well established practice either at cost or market, whichever is the lower. The equilibrium of relationship between the profit and loss summary and balance-sheet would be maintained, no matter how the stock-in-trade were valued, but valuation at the selling price would result in taking into the current period profits on sales not yet effected—and this is not sanctioned by good practice.

Again, the analytical mind must clearly see the difference between a sinking fund and its related reserve. The fund is actually set aside out of assets, usually added to at regular intervals and accumulated at interest for the purpose of meeting a debt or replacing wasting assets. When accumulated in full, it represents the means of liquidating debt or replacing assets. A reserve, on the other hand, is simply a book account. If it is a depreciation reserve, it is set up before the current profit and loss account is closed into surplus. If it is a sinking fund reserve, it is taken out of the surplus after the closing of current profit and

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loss. It is set up to indicate the need of making provision for payment of a debt and is separated from general surplus so that it may not be considered available for dividends or other general needs.

In addition to understanding principles and seeing through conditions as reflected by various accounts, the analytical mind will focus on the situations it meets and soon learn that each case requires special treatment, and that the accounting methods which would solve the problems of one organization may prove wholly inadequate when applied to different conditions.