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Letter from T. H. Sanders, American Institute of Accountants, to Frederick B. Andrews, re: Mr. Andrews' Objection to Paragraph, "Exceptions to General Pronouncements".

T. H. Sanders

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C O P Y

August 29, 1939

Mr. Frederick B. Andrews
1 North La Salle Street
Chicago, Illinois

Dear Mr. Andrews:

Your letter of August 10th was received in my absence. Since apparently you sent it to the entire committee I am sending them copies of this reply.

I am sorry that this office has been clumsy or inadequate in making clear the basis of our action in issuing the General Introduction. In my own mind I am very clear that all published statements are the statements of the committee on accounting procedure, and that I have no authority to issue anything at all without the express approval and direction of the committee. In the case of the General Introduction this consent was given by unanimous vote at the meeting of June 26th, as you will see from the minutes of that meeting, pages 2 and 3. I think it is true to say that there is nothing in the present draft which was not either discussed or suggested at that meeting, or suggested afterwards by individual members of the committee. Furthermore, it was assumed that members of the committee would express any objection they might feel to any part of the draft. The fact is that, while several amendments were suggested and adopted, you alone of the twenty-two members have made any adverse comment upon it.

Your original objection, stated in the P. S. to your letter of August 1st, was to the paragraph "Exceptions to General Pronouncements". This paragraph was suggested by Mr. Couchman, in a letter dated July 7th, and he authorizes me to quote it as follows:

"I am wondering if it is not desirable to include an additional thought. Since in formulating rules for as complicated and as far-reaching a subject as accountancy it is impossible to give consideration to all cases that may exist or may arise subject to a rule, and since it is the purpose of accounting rules to aid in the truthful presentation of the results of financial transactions with due regard to justice to all parties at interest, it should be understood that any such rule may be subject to exception. However, in claiming exception to an established rule those making such claims must bear the burden of proving that the application of the rule in the particular circumstances would result in a distortion of the truth or injustice to the parties at interest."

Mr. F. B. Andrews

August 29, 1939

I supposed at the time that Mr. Couchman's intent was to reduce or avoid the appearance of dictation and he now assures me that this was his purpose; he added that "it is not the habit of dictators to recognize in advance that there may be exceptions to their own rules". It seems strange that a paragraph put in for the express purpose of avoiding any appearance of "the law of the Medes and Persians which altereth not" should strike you as an example of dictatorship.

This office counts itself fortunate in finding upon the committee members prepared to exercise that eternal vigilance which is the price of freedom. I hope, however, that this letter will convince you that in this instance the democratic principle has not been infringed, nor the committee's authority assumed without warrant.

Yours sincerely

(Signed) T. H. Sanders

THS:rc