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Correspondence: This Blessed Language; Treatment of Bond Discount

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CORRESPONDENCE

This Blessed Language

Editor, THE JOURNAL OF ACCOUNTANCY:

DEAR SIR: I am getting a lot of pleasure out of This Blessed Language department and all of us who are desirous of improving our English are going to profit from following it. The editor has undertaken a gigantic task and if he did not know it when he started, he knows it now.

Your readers who had the good fortune to read the famous writers in their youth will appreciate Mr. Richardson's statements as to the pleasure to be gained from such reading. It is probable that adults who did not read them early in life will find it very difficult to become interested in them as a means of improving their use of English for practical purposes. The works of Shakespeare, Milton, Arnold, Addison, and the others are a source chiefly of cultural value; their style may be found unadaptable to prosaic reports and briefs. I make no pretense to authority on this subject as my formal schooling ceased at the age of thirteen after a year in a "higher-grade" school in England.

It seems to me that we are forced into the use of a certain general type of English. Many words in use have come to have a legal restricted significance in the sense in which used not only by the accountant, but by others. It may be appropriate for an accountant in a personal letter to an executive of a business to make allusions to the Bible or Shakespeare; the same allusions would, under present circumstances, appear to be inappropriate in a report.

The references in the June issue to *Merchant of Venice* and *Macbeth* are good examples of the power in Shakespeare's English. I think it may be a compliment to the masters that they cannot be followed for business conditions. Their language appeals to the heart first, not the head, like poetry and music. The following of Cardinal

Wolsey in *Henry the Eighth* is rich in philosophy, but do not try writing in that style:

Cromwell, I charge thee, fling away ambition:
By that sin fell the angels; how can man then,
The image of his Maker, hope to win by't?

Is that better English than the following from Justice Holmes in the decision (*Norman v. Baltimore and Ohio R. R.*, 294 U. S. 240) upholding the validity of the Joint Resolution of Congress with respect to the gold clauses of private contracts for payment of money?

Contracts, however express, cannot fetter the constitutional authority of the Congress. Contracts may create rights of property, but when contracts deal with a subject matter which lies within the control of Congress, they have a congenital infirmity. Parties cannot remove their transactions from the reach of dominant constitutional power by making contracts about them.

Who is to judge the correctness of English? I know a number of successful professional men who speak and write good English, yet their styles differ in speech and writing. Even a piece of music may be played differently by different players. Matthew Arnold deplored the fact that England did not have an institution similar to the French Academy and quoted a paragraph from Addison as an example of good English, but Herbert Spencer took the paragraph and after applying grammatical rules to it, the result read like nonsense. Perhaps the beauty of the thoughts in the old masters dulls our critical grammatical sense.

It is a question of standards, "In the Kingdom of the Blind—" Gulliver among the small people was a colossus; among the giants he was a manikin. By the way, Swift takes a fling at the language in Gulliver. In the alleged letter from Gulliver to Sympson, he says that he has found the sea-Yahoos, like the land ones, to become new-fangled in their words and each time he returned from

a voyage, he and they couldn't understand each other. Swift recognized, as we all do, that our language is a living force; it has a common root with painting and sculpture and probably goes back further than the symbols of the Egyptians. Fortunately, today a critic of the language is not afraid to offend the pundits of literature, who at one time might have felt like treating as sorcerers or heretics all who did not accept their opinions.

A session of the C.P.A. examinations should certainly be devoted to a thorough test in English, both written and oral. From a practical standpoint, the one who speaks decent English will command respect because the ability to do so indicates generally a high order of intelligence. Writing good English probably goes with correct speech, but the latter is much more important to a professional man whose activities entail personal contacts. In my experience, the most skillful accountants have been proficient in the use of correct English; I have not met many men poor in knowledge of English who ranked high as accountants. The ornamental in education has unfortunately not entirely been discarded in favor of usefulness. Lord Macaulay said in one of his addresses in Commons that a man absolutely proficient in the speech, grammar, and poetry of the Cherokees would be mentally superior to one who did not have this knowledge.

Each one has limitations on what can be accomplished after the school years and the fault lies in too little emphasis on essentials in the schools. It is difficult to acquire knowledge late in life. The psychologists once made a discovery worth many years of a person's life and it is that repetition is the secret of acquiring good habits. Any good models, such as certain editorials and the writings of some authors, if copied verbatim and repeated frequently and reconstructed in one's own words should not only create a new interest in English, but it should improve one's use of it. Language has followed the evolutionary pattern; it has gone from the simple to the complex; words in their applications have changed in relation to other words and in relation to objects they

signify; new words are being rejected—new words are required to express new conditions. While it is a hard uphill road to study late in life, there may be over the hill a landscape which will be sufficiently delightful to repay us for our efforts to improve our knowledge of This Blessed Language.

Yours truly,

NATHANIEL B. BERGMAN

New Rochelle, N. Y.

Treatment of Bond Discount

Editor, THE JOURNAL OF ACCOUNTANCY:

DEAR SIR: Regarding the letter of Mr. Thomas York dealing with the treatment of bond discount printed in the August issue of THE JOURNAL, I wish to take exception to some of Mr. York's remarks.

I do not know of any authorities who advocate the deduction of bond discount from the face value of the bonds on the liability side of the balance-sheet. Nor do I believe such treatment of bond discount on the balance-sheet could be considered "in conformity with generally accepted accounting principles." The understatement or overstatement in a balance-sheet of a fixed and determined liability, even though full explanation of the facts is made, should not be condoned. The Securities and Exchange Commission in their instruction book for form 10-K require debt discount to be shown on the balance-sheet as a deferred charge.

There is one essential difference, which I think Mr. York has overlooked, between bond discount and interest when considered as a capital expense—that interest will only be payable after certain periods of time have elapsed and the interest is earned, whereas bond discount may be payable immediately if the bonds are called or redeemed for any reason. Accordingly, it is apparent that the full amount of the bond issue is the total fixed and determined liability whereas the interest is somewhat of a contingent nature and is only set up as a liability after the passage of time.

Yours truly,

A. F. REYNOLDS

New York, N. Y.