

7-1914

## Editorial

A. P. Richardson

Jos. French Johnson

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### Recommended Citation

Richardson, A. P. and Johnson, Jos. French (1914) "Editorial," *Journal of Accountancy*. Vol. 18: Iss. 1, Article 6.

Available at: <https://egrove.olemiss.edu/jofa/vol18/iss1/6>

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# The Journal of Accountancy

Published monthly for The American Association of Public Accountants by THE RONALD PRESS COMPANY, 20 Vesey Street, New York. Thomas Conyngton, President; J. M. Nelson, Secretary; Hugh R. Conyngton, Treasurer. Office of Publication. Cooperstown, New York.

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A. P. Richardson, Editor

Jos. French Johnson, Consulting Editor

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## EDITORIAL

### Modern Methods of Instruction

American institutions of learning, especially those concerned with instruction in accounting, business administration and kindred subjects, are making rapid progress both in popularity and in standards of education.

The much abused word "efficiency" may be employed to describe the point toward which the colleges are aiming, and it is reasonably certain that the students who enjoy the privileges of present-day instruction will be peculiarly well qualified for the work of life.

It is eminently gratifying to see that some of the foremost colleges are keenly alive to the necessity for development in their curricula. Every year an improvement in the average standard of instruction may be noted and the men responsible for the commercial departments of many of our schools are exerting themselves to the utmost to discover methods whereby the student may obtain greater proficiency and more actual experience. It is inevitable that as the methods of instruction improve the graduates of our colleges will be better and better fitted for a business career.

An instance of the introduction of modern ideas is the ac-

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countancy laboratory, described in the preceding issue of **THE JOURNAL**, which will be installed at Columbia University.

The fault to be found with commercial instruction in the past has generally been an insufficiency of practical training. Theory there has been in abundance; but, as the results of examinations have shown, practical accounting has been a thing which has been very inadequately acquired by the average student. By means of the accountancy laboratory at Columbia (which will be begun under the direction of Mr. Robert H. Montgomery) the students will have opportunity to see something of actual work and will not depend solely upon their theoretical or book knowledge when they leave the university.

We are very much mistaken if it be found that the result of this idea is not immensely beneficial to the student and therefore to his future employer or client, as the case may be.

Another valuable innovation is to be undertaken by the New York University with the same object in view, namely, to give students actual practice. The plan to be adopted at this university is one proposed by Mr. John R. Wildman. In brief the plan is to establish a system of practical accounting at the university in which the students shall be called upon to do accounting work under the supervision of duly qualified certified public accountants. The work which they will do will be concerned with the audit of various charitable organizations which as a rule find it impossible to afford the necessary expenditure for an audit by public accountants and yet are in sad need of investigation and the installation of proper methods of accounting. The idea at the New York University is to give certain charitable organizations an opportunity to employ the university to conduct audits and investigations without charge. By this means the city will be well served in that its charities should be better conducted, and the students of the university will receive a practical training which will be of the utmost service to them.

We regard the introduction of these new and admirable methods as a most signal mark of progress. Accountants everywhere will watch the results with peculiar interest.

## The Fit and the Unfit

In a recent issue of *The Journal of Commerce* (New York) appeared a short article from which we extract the following paragraph:

A movement has been started by leading New York banking houses to eliminate the employment of the less reputable certified public accountants. In recent years, and particularly since the passage of the corporation tax law, there have sprung up a great many accounting and auditing firms which employ questionable methods and charge exorbitant prices for their services. Statements put out by mercantile concerns desiring credit are frequently accompanied by accountants' certificates, and banks which buy commercial paper look with disfavor upon certificates issued by accountants unknown to them. It has been found desirable to educate merchants to select accountants of good standing.

It seems almost ridiculous that it should be necessary to make assertions such as are contained in the foregoing excerpt, and in one way we believe that the statement in *The Journal of Commerce* is incorrect. There have been many accounting firms created within the past few years but it is not correct to say that many of these have employed questionable methods or have charged exorbitant fees. As a matter of fact the number of disreputable firms is small and the fees, particularly in the large centers, are in a measure standardized.

But with the broad statement of our contemporary there is no possible quarrel. Every accountant of standing and repute will welcome anything which will tend to raise the standards and to eliminate the unfit. The American Association of Public Accountants is doing a splendid work in this field and as time goes on there will probably be a considerable reduction in the already small number of undesirable accountants.

The root of the difficulty, however, will not be found by any such methods as are suggested in the above quoted excerpt. It rests with the public itself to use ordinary discretion in the selection of accountants. It would be considered foolish to suggest that those who are ill should use care in the selection of a physician, or that those who desire to enter into litigation should be cautious in the choice of an attorney. The obligation to exercise common sense is supposedly universal and it seems superfluous to ask that the business public should use ordinary business sense.

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It is conceivable of course that an unworthy accountant might obtain employment now and then, but the moment his unworthiness became apparent there should be no further need to warn against him or his methods.

A few years ago when accountancy was more a novelty than at present the untrained or dishonest accountant had a far better chance to deceive the business man, but we do not believe that there is any further excuse for calling in accountants of an inferior quality.

The public should have a sufficient knowledge of the fit and the unfit to be able to make its own selection. If it fails to do so the result must be on the public's head.

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## Commercial Credits

Attention is directed to an article which appears elsewhere in this issue of THE JOURNAL OF ACCOUNTANCY, entitled *The Public Accountant and the Credit Man*, by Joel Hunter, certified public accountant.

This article was prepared by special request, and readers will do well to consider carefully the opinions of credit men given therein and the conclusions reached by the author.

Heretofore credit men and accountants have recognized that there was a strong bond of union between them and that their work lay along closely parallel lines, but in comparatively few cases has the ordinary commercial credit man been able to demand the assistance which only a public accountant can give him. In extending credits he has been compelled to rely upon the statements of those seeking credit, and in the competition of business has not felt justified in asking that certified statements of condition be submitted by all those in search of new lines of credit or extension of old lines.

Great progress has been made in the movement to bring about compulsory certification of borrowers' statements submitted to banks, and in course of time this practice will probably become almost universal. There is an equally great opportunity for development in the matter of commercial credits; and the opin-

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ions expressed in Mr. Hunter's able article are clear indications that the possibilities are recognized by credit men. This is a subject which should be fully discussed, and THE JOURNAL OF ACCOUNTANCY will be glad to receive the opinions of accountants and credit men as to the way in which the desired results can be obtained.