

12-1912

## Correspondence

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### Recommended Citation

Thym, F. A. and Value, Par (1912) "Correspondence," *Journal of Accountancy*. Vol. 14: Iss. 6, Article 8.  
Available at: <https://egrove.olemiss.edu/jofa/vol14/iss6/8>

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## Correspondence

### "The Third Place"

*Editor, The Journal of Accountancy:*

Sir: The articles of Mr. H. C. Bentley and Mr. Wm. J. Paterson in your September number relating to deferred charges and deferred credits to profit and loss, emphasize more than ever our crying need for a *third place*. Mr. Paterson cries out in alarm: "We have no third place to put an item; it must either be profit and loss account or the balance sheet."

Very true. But why have we no third place? We have no third place because our grandfathers had none—because a third place would upset our pet theory that every debit is either an asset or a loss. We turn a deaf ear to our logic; we alter the meaning of the word "asset," simply for the pleasure of adhering to our pet theory mentioned above.

Suppose the only assets of a bankrupt concern were "deferred charges to profit and loss"—how much dividend do you think the receiver could pay out of those? Deferred expense charges, whose value has been consumed, are not assets and should not be listed as such, no matter how we might like to keep them out of the profit and loss sheet for the period under consideration.

In summarizing the position of a business at a given date, we need three sheets:

1. Profit and loss sheet.
2. Balance sheet.
3. Unclassified debits and credits sheet.

Think of the solution a third sheet would present to many of our difficulties. Think of the blessed hour when we will not be obliged to call capital "reserves" and surplus "liabilities."

The need is pressing. Let us be logical and progressive and face the inevitable calmly.

Yours truly,

F. A. THYM.

[We fear our correspondent's remedy would prove worse than the disease. What a happy retreat the twilight zone of the unclassified debit and credit sheet would prove for items which a company might not wish to charge to profit and loss yet would not dare to classify as assets in a balance sheet.—*Editor, THE JOURNAL OF ACCOUNTANCY.*]

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### "Expert Accountants no Longer Needed"

*Editor, The Journal of Accountancy:*

Sir: In one of the largest cities of the Middle West the municipal authorities have reached a point in their corporate development which

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places them in an entirely unique position. They have so arranged the conduct of the affairs of their town that the work of the accountant has been reduced to a mere matter of routine in which mentality seems to be superfluous.

A great deal of interest should attach to the state of affairs in this western city. It has always been the contention of Utopian philosophers that somewhere and somewhen we shall reach a stage of development wherein all men will be honest and no man need question the acts of his fellows. It is recorded that during the reign of the great Alfred of England, gold chains could be stretched along the streets and jewels could lie on the paths in perfect security—but what is a mere matter of gold and jewels safeguarded by public sentiment compared with that state of whole perfection in which our western city finds itself?

For the purpose of showing how beautiful is the aspect of affairs, I quote from one of the most widely read newspapers in the Middle West, but take the liberty of changing the names of officers mentioned as I am confident that men of so keen perception of virtue would deprecate anything in the nature of self advertisement.

Accounts of officials of the Board of Education will be audited for the last time this year. President Sharp and Attorney Shark have secured the passage of a rule that directs the Superintendent of Buildings and the Custodian to keep their books in such shape that the finance committee of the Board can vouch for the honesty of their accounts.

James Dickinson, chairman of the finance committee, had followed the usual custom and entered into a contract with an accountant to audit the books of the Superintendent of Buildings and the Custodian, but this contract has been repudiated by the board for the accountant will be required to do in three days what he considers a sixty-day job. The President and Attorney Shark lambasted the finance committee for hiring this accountant who is paid \$10.00 a day. Sharp said the whole thing was a waste of money and Shark said his pet theory has been all along to do away with the necessity of auditing the books of the officials of the board. Dickinson says the accountant will be compelled to spend nearly two months investigating the books of these two officials—the Superintendent of Buildings and the Custodian. Sharp says it will take him about three days. The accountant was supposed to have begun work on the books this month but the Board of Education has decided that he would simply be loafing most of the time and Sharp has ordered him to audit the books at the close of the fiscal year or not audit them at all.

There is something dazzlingly beautiful about this Mid-Western Eden and had it not been for the serpent Dickinson, the whole municipal garden would have been a joy forever. Imagine the heartless interference and impudence of this Dickinson who would venture to question the ability of the accountant—mark you one accountant—to audit the books of a considerable department within three days. And think for a moment of the obliquity of the wretch who for his expert services would demand so much as \$10.00 a day.

But fortunately there is a Sharp and there is a Shark and these two beautiful souls working together have succeeded in preventing the introduction of an undesired and unnecessary accountant; and the public will be spared the trouble of reading the result of the accountant's investi-

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gation. The only thing that the public will be called upon to do will be to accept the dicta of Sharp and Shark and rest perfectly content in its several minds that the work of the board of education, although conducted *in camera*, is done in a way which has never been equalled since the modern theory of publicity and openness began to prevail.

Frankly, it is amazing that in this advancing century there should be found in a great city such a state of affairs as that which exists in this municipality not far west of the Mississippi. In the national government the idea of expert investigation carried on throughout the year is increasingly in favor. In every state in the union the wise and the best men are urging and are working for the introduction of sound business methods and publicity. In nearly all the great cities the demand for independent investigation is insistent. Therefore, you may see how more than extraordinary is the beatific isolation of the board of education in this one western city.

At some day in the future—for the sake of all most intimately concerned let us hope that it will be in the far future—Sharp and Shark will have passed to their reward, and Dickinson will have gone out of the sphere of his pernicious activities. In that day it may be that some modern and therefore incredulous reprobate will undertake the presidency of that board of education which so long has flourished under Sharp and Shark. It is sad to think of that day, but when it comes, as come it must—when, to put it otherwise, it becomes the open season for accounts, I envy the accountants who will be permitted to enter the sacred preserves. No such hunting will ever come the way of less fortunate investigators and the bag will contain a variety of game such as we may never see thereafter.

Yours truly,

PAR VALUE.

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## Announcements

Alonzo Richardson & Company, certified public accountants, of Atlanta, announce that they have opened an office in the American National Bank Building, Pensacola, Florida, in charge of Mr. Robert T. Raines.

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### The Virginia State Board of Accountancy

The Virginia State Board of Accountancy held examinations for the degree of C. P. A. on October 16th, 17th and 18th. Two applicants, who came up for re-examination in one subject each, having passed the other three last year, were successful.

Out of six applicants for the entire examination, four passed in two subjects and failed in two, and two passed in one subject and failed in three.