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Profiles

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PROFILES

HARRY CLARK BENTLEY (1877 - 1967)

By Edward James Gurry
Bentley College

Background

Harry Clark Bentley was born in Harwinton, Connecticut, on February 28, 1877, to George Daniel and Sarach Louise (Blakeslee) Bentley. He passed away on Sunday, November 5, 1967, in Lenoir Hospital, Kinston, North Carolina. Although he never formally graduated from high school he continued his preparatory education at Robbins Preparatory School, Norfolk, Connecticut, and at Eastman Business College, Poughkeepsie, New York. At the age of nineteen, Mr. Bentley founded Winsted Business College where he served as teacher and proprietor from 1898 to 1901. This college became the third largest in that state. Aware of his lack of academic prowess in accountancy he sold this school and returned to New York University and became a member of its initial graduating class. Married to J. Belle Crasper of East Park, New York, and father to Ina Mai Robinson (late Mrs. Chester Robinson) and Belle Louise Bradley (Mrs. J. Earl Bradley) he set out to remedy his limitations in accounting by working days and studying nights as a member of the first class of New York University's School of Commerce, Accounts and Finance. At the 1903 graduation exercises Mr. Bentley did not receive his degree owing to his lack of a formal high school education. Mr. Bentley's later accomplishments caused the University to mail him his Bachelor's of Commercial Science. Acknowledgment of this degree was infrequently mentioned on his business or personal stationary.

Public Experience

Mr. Bentley began work as a public accountant for Smith, Reckitt, Clarke, & Co., Certified Public Accountants, in 1901. He later helped establish the firm of Bentley, Moyer & Laird which enjoyed a brief two-year existence. He worked for the Audit Co., of New York from 1907 through 1908; he served as chief accountant for a group of

various corporations from 1908 to 1911. In 1911, he was appointed assistant professor of secretarial studies at Simmons College. From 1912 to 1916, he served as founding dean of the School of Commerce and Finance of the Boston YMCA which became the School of Commerce and Finance of Northeastern University where he planned courses, and organized the faculty. He resigned in 1916 to accept appointment as professor and later chairman of accounting at Boston University's School of Business Administration. He resigned this position in 1917 causing such a commotion that it was a featured article on the front page of the then *Boston Post*.

Bentley College

On February 28, 1917, the seminal seeds of Bentley School of Accounting and Finance germinated in response to the requests of Mr. Bentley's former Boston University students that he continue to instruct them in accountancy. This school grew to today's Bentley College, where Mr. Bentley served from 1917 through 1953 as Professor and President, and from 1953 until his passing in 1967 as President Emeritus. The onslaught of two world wars and the Great Depression did not diminish his enthusiasm. He taught, prepared instructional materials, and corrected papers.

Professional Certification

Mr. Bentley was a certified public accountant in Vermont, Massachusetts, Connecticut, California and New Jersey. He was a charter member of the American Institute of Accountants, the fore-runner to the American Institute of Certified Public Accountants. He was also a fellow of the earlier American Association of Public Accountants. He was a member of the National Association of Cost Accountants.

Personal Interests

Mr. Bentley's earlier recreational interests comprised baseball, wrestling, running, and horseback riding. In later years, he took to gardening, the arts, and water colors. He sponsored several American artists during his lifetime. The Museums of Boston and Denver hold works of American painters whom Mr. Bentley befriended. Mr. Bentley's political disposition was Republican and his religious persuasion was Protestant. Mr. Bentley was a member of the City Club, Boston.

Major Works

Mr. Bentley was recognized to be one of the foremost authorities in accounting during the early infancy period of the profession as a result of *Corporate Finance* (1908) and *Science of Accounts* (1911). These were acknowledged as significant contributions to the literature of American accounting. *Corporate Finance* was coauthored with Mr. Thomas Conyngton, a founding owner of Ronald Press. This book assisted Ronald Press in capturing a foothold in the financial market place. Mr. Bentley was requested by Mr. Conyngton to join with him and collaborate on this work. Mr. Bentley wrote only 150 of the 525 pages of this work and in agreeing to forego royalties had his name attached as author. The more significant work, which experienced several successful printings was his *Science of Accounts*. This work established for Mr. Bentley a reputation as an early American accounting textbook writer. He cogently expressed the idea of subsidiary accounts and the logic of *lifo* as the preferred basis for valuation of inventory. His early work on *Cost Accounting Problems* (1917) and *Intermediate Accounting Problems* (1934) document the state of the art as being experienced in the early part of the nineteen hundreds. Another significant contribution of Mr. Bentley was his seven-part article somewhat misleadingly entitled "Standardization of Accounting Forms and Methods," which appeared in *The Journal of Accountancy* from February 1912 through September 1912. In addition to expressing the viewpoint that accounting principles evolve in accordance with the needs of business he singularly expounded upon the entity theory as opposed to the proprietorship perspective. This startling view was appropriately recognized by *The Accountant* in its September 14, 1912, editorial.

We observe that Mr. Bentley declines to regard the relationship of a business undertaking towards its proprietors as one of liability and we further note that he confuses the issue somewhat by referring to the property owned by a business undertaking as its "capital"— . . . no one ever suggested that they were the capital of the undertaking itself.

This series of articles is extensively quoted by Henry Rand Hatfield in later works and clearly had some influence on the refinements of the entity theory as expounded upon by William Andrew Paton. Mr. Bentley's reputation as a cost accountant is supported in the two articles entitled "A Problem in the Distribution of Expense Burden," which appeared in the July and September 1913 issues

of *The Journal of Accountancy*. Dean Emeritus S. Paul Garner has also eloquently acknowledged Mr. Bentley's cost accounting contributions in his work *Evolution of Cost Accounting to 1925*.

Accounting History

Of especial interest to Academy members would be Mr. Bentley's efforts in the area of accounting history. The prodigious bibliography, a pamphlet, *A Brief Treatise on the History and Development of Accounting* (1929), *Vignette on Pacioli* (1937) with Ruth Shaw Leonard, and a brief pamphlet written for the NACA meeting in Boston in the early 1930s demonstrate his commitment in this area. The brief treatise documents the early American teachers and writers of accounting. Mr. Bentley goes to detailed length to demonstrate the Benjamin Franklin Foster's school of accounting was not the first of its day. The *Vignette on Pacioli* contains detailed data on Pacioli which has not been heretofore published. Mr. Bentley's efforts in his writings evidence a deep appreciation for accounting history.

The majority of his remaining works deal with pedagogy and various aspects of teaching methodology. Mr. Bentley claims to have originated the concept of system building in American accounting education. There also exist various series of notes in Mr. Bentley's hand which offer his view of accounting for goodwill where he expresses prior to 1937 the use of the firm's business cycle as the basis for calculation of the future stream of earnings applicable to the quantification of an amount labeled goodwill.

Summary

Mr. Bentley's contribution to the environment of academe and the practice of accountancy are exemplified in his texts, periodical articles, pamphlets, catalogs and his personal service and attributes as well as dedication to the profession of accountancy. Mr. Bentley donated *The Bentley Collection* of early American accounting texts to the Boston Public Library to encourage the appreciation of accounting history and to offer scholars a source to study the beginnings of the profession in America. His two-volume seminal work *Bibliography of Works on Accounting by American Authors* (1937) with Ms. Ruth Shaw Leonard was reissued in 1969 by Augustus M. Kelley Publisher of New York City. The work *Corporate Accounting and Finance* is currently being considered for reprint by Arno Press, a New York Times company.

(Vol 2, No. 1, pp. 12, 7, 1975)

JOSEPH E. STERRETT
(1870 - 1934)

By Barbara Dubis Merino
The University of Alabama

Joseph Edmund Sterrett was among accountancy's most active pioneers. Asked by contemporaries to define or to elucidate positions on ethical, technical and educational issues, he responded competently and progressively. An original and creative thinker, Sterrett focused on the broad social vision accountancy might adopt. In his address opening the 1904 International Congress of Accountants, held at St. Louis, he rejected the notion of an accountant as a ". . . detective whose chief function is to show how a thief tapped the till." He expected accountancy to become the profession of business advice, adding that if "our work is to be strictly confined to the construction and auditing of accounts, our calling can never be a profession." Accountants must foster the highest ideals within the business community "for the slow but sure evolution of society." Professionalization required that the accountant embrace the attest rather than the audit function as his major responsibility and accept the general public as his ultimate "true" client.

Sterrett, born in Brockwayville, Pennsylvania in 1870, entered public accounting in 1891 when he joined the staff of John Francis in Philadelphia. Two years later, at 23, Sterrett became a partner in the firm. Francis and Sterrett led the drive to organize Philadelphia accountants and in 1897 their efforts culminated in the formation of the Pennsylvania Society of Public Accountants. Sterrett was extremely active in the state society serving as Secretary from 1897 to 1901 and as President in 1904-1906. As Chairman of the Committee on Education, he organized the Evening School of Accounts in 1902 and is credited with persuading Wharton School of Finance to assume responsibility for the program two years later. From 1905 through 1916, Sterrett was a member of the State Board of Examiners and he had a pervasive impact on the development of educational standards in that state.

Sterrett's firm merged with Price Waterhouse in 1907 and he became its first American born senior partner. The following year, at 38, he was elected President of the American Association of Public Accountants, which commenced his service in various capacities in the national organization. He served on several committees; his most important work was accomplished as Chairman of the Committee on the Journal (1912-1924) and on the Special Committee on the Form of the Organization (1916).

Among his major aims was to publicize the role of accountants and Sterrett became a respected and effective spokesman for the profession throughout his career. Economists, social scientists, and municipal officers and leaders recognized his abilities; his was a major role in cementing accountants' relations with those groups. He joined the American Economic Association in 1909 and was one of the original directors of the National Bureau of Economic Research in 1919. Sterrett's work for the National Civic Federation enhanced the image of accountants as professionals interested in the public welfare.

Within the profession, he was a progressive and authoritative voice defining conceptual parameters for ethical and educational standards. Sterrett's article, "Education and Training of a Certified Public Accountant," which appeared in the first issue of *The Journal of Accountancy*, clearly outlined the broad liberal base which he felt was essential as a foundation for accounting study. He did not believe that a profession could be established on the basis of a single technical examination for admission.

Sterrett was a strong advocate of the need for practical experience as a prerequisite for obtaining a CPA certificate. His rationale for this requirement was that since much of the accountant's work was based on opinion it was necessary that the young person be exposed to the conditioning environment of actual practice if he were to develop the judicial attitude which he must possess. "The decline of the old preceptor-and-student system is a misfortune and accountancy should revive and insist on it as an essential co-adjutor to the college," he wrote, adding, "It is this way that the young practitioner can best acquire a knowledge of human nature and most of all of the intimate and confidential nature of his relations to his clients."

Sterrett was convinced that the abstract concepts of truth, honor and justice formed the strongest base for professional ethical conduct. "The culture of justice is the accountant's first duty and in it all others are comprehended." If the accountant recognized his duty to all segments of society he must behave ethically. Absolute impartiality and independence were basic prerequisites for public practice. Pragmatically, Sterrett agreed that the Association must adopt certain rules which would insure that certain minimum standards were upheld. In 1907, he acceded to the request of the leadership of the national body and prepared a paper, "Professional Ethics," which was presented at the annual convention. Although he codified certain rules some of which were adopted by the con-

vention, he warned that mere compliance with specific written rules did not guarantee conduct of the highest order. Sterrett noted that "... the word 'professional,' when used in conjunction with 'ethics' does not imply any modification or even limitation of moral principles."

Sterrett believed that an accountant's training and experience qualified him for public service; indeed, to Sterrett public service was part of the practitioner's duties and his own career reflected his convictions almost perfectly.

In 1911 he served on the Board of Consulting Accountants for the President's Committee on Economy and Efficiency in Government; in 1917 he was an advisor to the Treasury Department on the administration of the Excess Profits Tax; in 1920 he journeyed to Paris, France to set up the administration of the Reparations Commission; from 1924 to 1926 he spent two years in Europe as the American member of the Transfer Committee to manage reparations payments under the Dawes Plan. That work earned him international prominence and he was decorated by the governments of France, Germany, Belgium and Italy. In 1928 the International Committee of Bankers on Mexico asked him to investigate the financial condition of Mexico and he co-authored a 274-page report on Mexico's situation. The following year the German Railways Company asked Sterrett to study the management and financial administration of Germany's railroads and to prepare a report recommending necessary changes and reorganization.

By the time of his death in 1934, Sterrett had become an international figure and in 1953 his service to society was recognized by accountants with his election to the Accounting Hall of Fame.

(Vol. 2, No. 2, p. 8, 1975)

PERRY MASON

(1899 - 1964)

By Roscoe Eugene Bryson, Jr.
Georgia State University

Perry Mason was born on June 25, 1899, in Chicago. Dr. William A. Paton was probably most responsible for his choosing accounting as a career. Mason did quality work throughout his undergraduate program at the University of Michigan from which he graduated in 1921.

Early in his career he worked with the accounting firms of Kopanak, Hurst and Dalton (1921-1922); and Paton and Ross (1925-1930). While pursuing the doctorate at Michigan, under Paton, Mason demonstrated ability as a teacher. He received the Doctor of Philosophy degree in 1938. Throughout the 1920's Mason taught at Michigan, except for one year as Assistant Professor at the University of Kansas (1924-1925). He accepted a position as Associate Professor of Accounting at Antioch College in 1930. In 1938 he left Antioch to become Associate Professor of Accounting at the University of California at Berkeley. During World War II Mason worked in the Office of Price Administration as Regional Accountant, and later Regional Economist.

He retired from the University of California in 1954 to join the Research Division of the American Institute of Certified Public Accountants. Mason served as Associate Director of Research under Carman Blough until the creation of the Accounting Principles Board in 1959. In November 1959, he was named Acting Director of Research, and immediately began to build a research staff and make plans for the first group of research studies. When Maurice Moonitz became the Director of Accounting Research in 1960, Mason was designated as his assistant, and served in this position until his retirement in 1963. He died of cancer on January 9, 1964, in Stanford, California.

Perry Mason held CPA certificates in Michigan and California and was one of the few academicians to be selected to the Committee on Accounting Procedure (1951-1954). In 1954 he chaired the AICPA's Committee on Terminology. He served as Vice President and President of the American Accounting Association and was also a member of many AAA committees including those on National Income Accounting and on the Statement of Cost Principles. He wrote two topical indexes of *The Accounting Review*. First, he prepared an index for the years 1926-1950; and then five years later a supplement was published.

Perry Mason's contemporaries describe him as a rather shy man, yet a fairly intense individual, always seeming to be meditating about some aspects of his work. Students were impressed by his ability to make his points understandable by explaining thoroughly each topic. Politically, Mason was a conservative who strongly opposed the New Deal. Unfortunately for accounting historians, Mason was a self-effacing man. He tended to underestimate the importance of his writings to others. Therefore, he left no files for future accountants to study. However, his interest in accounting history is

evidenced by the fact that Peragallo's *Origin and Evolution of Double-Entry Bookkeeping* was one of the few books that he retained after his retirement.

In 1937, his doctoral dissertation, *Principles of Public-Utility Depreciation*, was published by the American Accounting Association as its first monograph. Mason presented a discussion of the conceptual bases for depreciation accounting. The most important points made by him were: depreciation accounting and the problem of financing replacements; depreciation should be accounted for even when there is no net profit. He emphasized that depreciation is primarily a function of use, not physical condition.

Mason had a keen interest in the problem of adjusting financial statements for general price-level changes. In 1950, as President of the American Accounting Association, he proposed that a foundation grant be sought, to support a study of this matter. In 1951, the American Accounting Association received a grant from the Merrill Foundation. Dr. Ralph C. Jones was appointed director of the project and he and Dr. Mason worked closely in this research effort. In 1956, the American Accounting Association published a monograph entitled *Price-Level Changes and Financial Statements* in which Mason explained the techniques for preparing price-level adjusted statements. As a member of the staff of the Accounting Research Division of the American Institute, Mason made a significant contribution to Accounting Research Study No. 6, *Reporting the Financial Effects of Price-Level Changes*. This research study led to the issuance of a statement in which the Accounting Principles Board recommended that price-level adjusted statements be presented as a supplement to the conventional financial statements.

In 1961, the Research Division published Mason's *"Cash Flow" Analysis and the Funds Statement*. He emphasized that the amount of "cash flow" should not be considered as an improvement on net income as an indication of the results of operations. He recommended that the funds statement be treated as a major financial statement, and that the definition of "funds" as "all financial resources" be used in preparing the statement. This research study stimulated much discussion about the funds statement and served as the basis for APB Opinion No. 3, "The Statement of Sources and Application of Funds." On the basis of this opinion, financial analysts began to discourage figures indicating "cash flow per share."

Largely because he was not a forceful person, many accountants are not aware of Perry Mason's work. However, he earned his place in the Accounting Hall of Fame, by distinguishing himself as an

author, lecturer, researcher, and teacher. He made significant contributions to the continuing effort to produce financial reports of maximum usefulness to shareholders and others.

(Vol. 2, No. 3, p. 8, 1975)

ROBERT HIESTER MONTGOMERY
(1872 - 1953)

By Anthony T. Krzystofik
University of Massachusetts

Background

Robert H. Montgomery was born in Mahanoy City, Pennsylvania in 1872. His introduction to accounting began on February 4, 1889, at the age of 16 when he became employed as an office boy for John Heins, a public accountant in Philadelphia. Montgomery was also introduced to professional accounting organizations at this time as John Heins was president of the American Association of Public Accountants and one of the ablest accountants in the profession. Other partners of the firm included William M. Lybrand, T. Edward Ross and Adam A. Ross. Montgomery was admitted to the partnership in 1896 at the age of 23. After ten years of association with Heins, this group on January 1, 1898, founded in Philadelphia the public accounting firm of Lybrand, Ross Bros. & Montgomery. In 1902 the firm opened an office in New York City with Robert Montgomery assuming responsibility of the office. This office was the first of an expansion that was eventually to become the international accounting firm of Coopers & Lybrand.

Montgomery's early accounting education was received on the job and through evening bookkeeping courses. He did, however, receive a law degree from Dickinson College and was admitted to the bar in Pennsylvania in 1900 and in New York four years later. For many years he practiced both law and accounting in New York but eventually abandoned the law practice for accounting. Montgomery along with his partners became a charter member of the Pennsylvania Institute of Certified Public Accountants in 1897. Mr. Heins was the first President. Robert Montgomery received his certificate on June 15, 1899.

Teaching Career

Montgomery's introduction into accounting education was through the teaching of a course in the Theory of Accounting during the

summer of 1902 for the Pennsylvania Institute of Public Accountants. Courses were offered by the Institute in each of the four subject areas of public accounting in an attempt to upgrade the accounting profession. In 1904 Montgomery taught classes which were sponsored by the Institute at the University of Pennsylvania. In 1905-06 Montgomery also lectured at New York University. When evening classes were instituted at Columbia University in 1910, Montgomery assumed the task of teaching the first class and of obtaining instructors to take over additional classes.

In 1912 Montgomery was appointed an instructor in Economics at Columbia University. The School of Business was not established until 1916. In 1919 Montgomery was promoted to Professor of Accounting and made a member of the Administrative Board of the School. He maintained a faculty position at Columbia until 1931.

In Montgomery's autobiography it is interesting to note that he found it difficult to teach accounting and auditing to students who had never seen a set of accounting records. Consequently he established an "Accountancy Laboratory—the connecting link between Theory and Practice." In this laboratory he used actual sets of books from old and bankrupt concerns.

Major Publications

The writings of Robert Montgomery include a long list of articles and books beginning with the publication in 1905 of an American edition of *Auditing: A Practical Manual for Auditors* authored by Professor Lawrence R. Dicksee of the University of Birmingham, England. Professor Dicksee's book, which was first published in 1892 in England, was largely based on English court decisions and therefore of limited application in the United States. Montgomery's adaptation of the Dicksee text to American needs is considered to be the beginning of American literature in accounting. The introduction to this first modern accounting text was written by Arthur Lowes Dickinson, another leading accountant of the period. In 1912 Montgomery wrote the first edition of his *Auditing Theory and Practice* which was to become one of the most influential books in American accounting literature. The motivation for the book as noted by Montgomery was: "During the last few years . . . I have noted in the profession a gradual departure from the principles and procedures enunciated by Mr. Dicksee. More is now expected of the auditor, and, happily, many of the profession have met this broader demand and have shown that the services to the practitioner must extend over the whole field of business activity."

Of special interest to accounting historians is Montgomery's contribution to Columbia University library of his vast collection of old and rare accounting books. The library includes historical collections from the entire world on such subjects as an account book of a slaveship and the record books of kings and queens in the 15th century. Rare books on accounting are added annually to the collection.

Public and Professional Service

Robert Montgomery's public service began as an Army private in the Spanish-American War. During World War I he was commissioned a lieutenant colonel, serving as chief of the section on organization and methods in the Office of Director of Purchase. His post war public service included a number of assignments to governmental agencies and commissions.

He attended the first International Congress of Accountants which was held in St. Louis in 1904 and was an active member of the Congress throughout his career. He was elected President of the American Institute of Accountants from 1912 to 1914 and again from 1935 to 1937.

Montgomery was honored on a number of occasions by the profession and academia. He received the AICPA Gold Medal Award in 1949 and was elected to the Accountants Hall of Fame at Ohio State University.

Personal Interests

As evidence of his broad interests, Mr. Montgomery in his later years devoted his time to horticulture, particularly conifer and tropical trees. In 1938 he founded the Fairchild Tropical Gardens in Florida which grew from an original gift of 25 acres to over 83 acres. His interest in horticulture brought rare collections from around the world to both the gardens in Florida and New York.

Summary

In his book *The Rise of the Accounting Profession*, John L. Carey when referring to Montgomery and his accomplishments uses the word "amazing." It is not difficult to understand why he did when one reviews Montgomery's contributions to the development of accounting philosophy. The publication this year of the pioneer

accounting book that bears his name provides an opportunity for accounting historians to review Montgomery's legacy to accounting.

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