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WHAT'S NEW?

Presenting a quarterly roundup of
current developments in the firm.

Antonio Galaz reports that our Mexico City Office recently undertook an engagement requiring Mayhew work. He tells us that Gail Brown, who went down to give assistance, was very helpful both in obtaining the engagement and in the subsequent work. This was Mexico's first use of the Mayhew system.

* * *

The San Francisco Office expanded recently, taking over the entire eleventh floor of the Shell Oil Building for a total of two floors.

* * *

Wayne Mayhew recently completed the revised edition of the Cost Accounting Manual for Fruit and Vegetable Cannerys, and copies will be available soon.

* * *

Mr. M. Anspach of our Belgian associated firm has been elected a member of the International Fiscal Association which has its headquarters in The Hague, Holland.

* * *

Profitability Accounting Is Big Success at AMA Seminar

So many people are interested in Profitability Accounting that a seminar given in New York May 9-13 by Robert Beyer, chairman, and Donald Jennings, co-chairman, was oversubscribed. Now three more seminars are scheduled: October at Saranac Lake; next March in Chicago and June 1961 in New York. Besides Messrs. Beyer and Jennings, the 55 participants heard Merlin H. Birk, Controller of Bucyrus-Erie; Professor R. Lee Brummet, University of Michigan; and Lyle S. Cline, Controller of American Metal Climax. Joseph F. Buchan and Robert G. Stevens of our firm also took part in the seminar.

*Touche, Ross, Bailey
& Smart in Holland*

Front door of our Netherlands associate at No. 11 Jan van Goyenkade Street in Amsterdam carries two nameplates (see cover). Nederlandse Accountants Mattschap also has offices in Almelo, Breda, Rotterdam and The Hague.



Senior partners of our Netherlands associate are shown seated around the conference table below. From left to right they are Mr. D. J. Brandenburg of Breda; Mr. C. Th. Stijl of Rotterdam; Mr. A. Oosthoek of Amsterdam; Mr. H. G. Hootsen of Almelo; Mr. F. Haarbosch of Amsterdam; and Mr. J. W. Sasburg of The Hague. They were photographed at the Amsterdam Office shown in photo above.



What's new?

Introducing SANS — Our New Numbering System

Management Sciences has developed a practical account-numbering method which will keep customer accounts simultaneously in alphabetic and numeric sequence, even with very large increases in the size of the original customer account files. It is equally useful for hand, mechanical, punched card or fully electronic systems and is applicable to any size file. The use of punched cards makes the physical file inexpensive and adaptable for other uses, such as address duplication. Assignment of numbers is simple and fast, and can be done accurately by unskilled personnel.

Called SANS (for Simultaneous Alpha-Numeric Sequencing) it works with blocks of 1000 numbers which are divided into two segments. Most of the block is used for assigning numbers to a small group of original accounts (perhaps seven), allowing a large interval between original account numbers. Each new account is subsequently inserted in sequence halfway between two old accounts. The remaining smaller portion of the block numbers is reserved for overflow. Eventually a new account falls alphabetically between two consecutive numbers and is assigned an overflow number.

ASSIGNMENT OF NUMBERS TO ADDITIONAL ACCOUNTS							
ACCOUNT NUMBER	ORIGINAL ACCOUNTS	ORDER IN WHICH NEW ACCOUNTS ARRIVE					
		1	2	3	4	5	6
4008	BAADE						
4009							
4010			BAAS				
4011				BABALA		*BAATE	
4012	BABBAGE						
4013							
4014						BABCOCK	
4015							BABICH
4016	BABISH						

*NO SPACE LEFT, MUST GO TO OVERFLOW AREA.

What's new?

TRB&S will analyze the distribution of names in a community, predict future shifts in name distribution intensities (more Smiths, fewer Joneses), plan a numbering system to suit these circumstances and report its probable life to our client.

Previous numbering systems have failed largely because of difficulty in manipulation or inflexibility. In some systems almost all new accounts have to go into an overflow file.

For detailed information see Management Sciences Report No. 1-9, Customer Account Numbering with SANS: O'Brien, Sherwood and Trueman.

* * *

How to Audit a Business Game

One of the teaching devices used in the Graduate School of Industrial Administration at Carnegie Institute of Technology is a business game played by six student teams each year. Each team represents the management of a hypothetical company in the soap business.

Now one of these teams made a lot of money and decided to register on the New York Stock Exchange . . . all, of course, hypothetically. This requires an audit, so Professor William Cooper asked our Pittsburgh Office to help out by making as realistic an examination as possible under the circumstances. Accordingly Justin Davidson reviewed the student firm's balance sheet, operating statements, and the system of internal control. His regretful conclusion: internal control was inadequate, with sloppy methods in some areas, therefore TRB&S could not give even a hypothetical opinion on the financial statements without drastically extending the original scope of the audit.

This refusal by a public accounting firm was quite an eye-opener to the student managers, Mr. Davidson reports; apparently they had thought they were doing very well. As a result they agreed to extend the scope of the audit and also agreed to spend some of the firm's hypothetical money to improve the present system of internal control.

What's new?

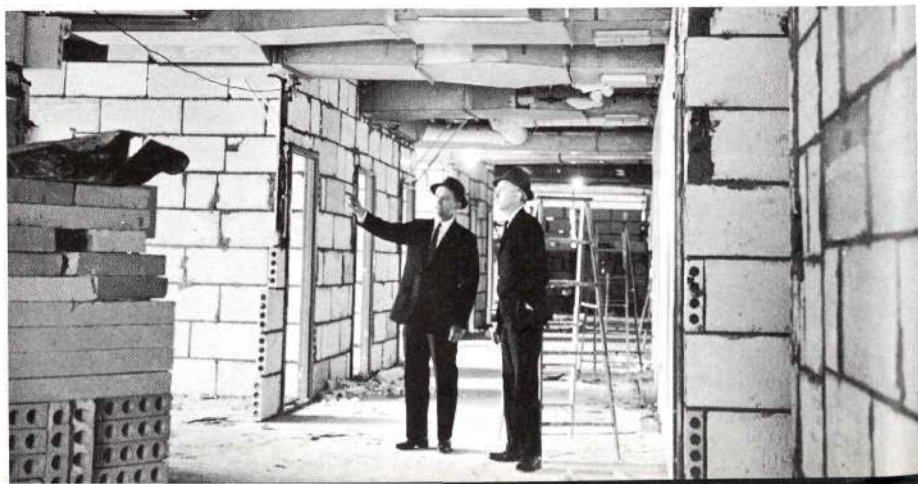


Looking over the new home of our Executive and New York Offices are Willard Clanton, left, and Anthony Daly of New York. Due to a work stoppage, the Executive Office move is now likely to be about August 1.



New York partner's office overlooks Brooklyn Bridge, East River.

Anthony Daly points out work on Executive Office corridor.



What's new?

Here's what TRB&S has published for internal distribution since the beginning of the year:

AUDIT

For Information Only letters were published on the following subjects.

- Company Law and Practice Abroad*
- Booklet on "Business Analysis and Profit Evaluation" Available*
- Bankers Scored on Audit Policy*
- French Law on Auditing*
- Stockholder Activities at Corporation Meetings*
- Electronic Swindle Laid to Broker*
- Deferred Income Taxes: SEC Release of February 29, 1960*
- The Looting of H. L. Green*
- Bank Confirmations—Do's and Don't's*
- Accountant's Report on Additional Information*

The following **Audit Technical Letters** were issued.

- TL NO. 61 (Revised) Cold Review of SEC Filings*
- TL NO. 91 Tax Department Memorandum, a Necessary Part of Audit Working Papers*
- TL NO. 92 Appearance Before Board of Directors and at Annual Meetings of Stockholders*

For information on these letters write to Hans J. Shield, Executive Office.

MANAGEMENT SCIENCES

The following **Management Sciences Reports** were published during the last quarter. Numbers 2, 3, 6 and 7 contain material which was presented at the Management Science Seminar in June 1959.

- No. 1-2 *History of Logical and Computing Machinery and Current Developments: Hydeman, Ackerman, Laux and Pollmar*
- No. 1-3 *Computer Logic, General Programming and Automatic Programming: Hydeman, Ackerman, Laux and Pollmar*
- No. 1-4 *An Installation of SIM (Selective Inventory Management): Radell and Fleisher*
- No. 1-5 *Evaluation of Three SIM Installations: Radell and Mills*

What's new?

- No. 1-6 *Computer Survey (Description of Twenty Computers)*: Hydeman, Ackerman, Laux and Pollmar
- No. 1-7 *Six Case Studies of Computer Systems*: Hydeman, Ackerman, Laux and Pollmar
- No. 1-8 *An Interim Report on Optical Character Recognition*: Sherwood
- No. 1-9 *Customer Account Numbering with SANS (Simultaneous Alphabetic and Numeric Sequencing)*: O'Brien, Sherwood and Trueman

Management Sciences also issues pocket pamphlets which they call Slim Jims, 4 x 7 inch booklets written for distribution to non-Management Sciences people in the firm. They are designed to digest the essential elements of a subject in non-technical language. Three of them are now available.

The Operations Research Department . . . a Dozen Applications and a Half Dozen Techniques

The Computer Systems Department—Some Services and Areas for Applications

A Progress Report on Selective Inventory Management: Crane and Radell

MANAGEMENT SERVICES

The following Management Services Reference Article was distributed in March.

- 3-13 *Analysis of Computer Proposals for Service Parts Inventories* by Donald Wood, Detroit

For information on any of the publications listed above write to Joseph F. Buchan, Executive Office.

TAX

Two new bulletins have been added to the Tax Research File.

January 1960—*Entertainment Expenses and Employees' Expense Accounts*.

March 1960—*Interest on Form 7004 Underpayments*.

Write Donald C. Wiese, Executive Office, for information on these.

What's new?

Joseph F. Buchan has established a Technical Training & Communication Department within the Management Sciences Division. He will coordinate research and development efforts and technical training seminars, review content and literary quality of technical writings, and familiarize all firm personnel with the uses of new management systems and techniques.



Eighteen more CPAs— and one Registered Professional Engineer

Chicago

John Brown
*Royal Cox
John Gessert
Donald Peterson

Kansas City

Herman Woodcock
Charles F. Barnett, Jr.

Management Sciences

*David L. Fleisher
Gerald Demirjian became a
Registered Professional Engineer.

Minneapolis

*Allan E. Fonfara
*Arlen H. Missling
*Delwyn E. Olson
Robert D. McWaine

New York

John C. Emmert
*Robert M. Furman
Eugene K. Malewicz
*Thomas I. Marcossou
*Passed on first attempt.

New York cont'd.

Ronald Segel, who passed all four parts of the examination in Massachusetts last November on his first attempt, as previously reported, has just been awarded the silver medal by the Massachusetts State Society of CPAs. (He was second only to the gold medal award winner). Only five percent of those sitting for the first time passed this examination.

Portland

Robert Archibald, John Streibick, and Robert Cowan all passed the November 1959 CPA examination. To celebrate the event the successful candidates were hosts at a dinner party for staff members at the Multnomah Club.