HAT is the American Institute of Accountants? What are its objects? What has it accomplished?"

These questions, of course, are not asked by the great majority of successful and experienced accountants, public and private, throughout the country. They know all about the Institute. Many of them are members of it and are rightfully proud of their membership, for it is no mean distinction for an accountant to be authorized to write "Member of the American Institute" after his name.

On the other hand, the Institute is something of a mystery to a great host of Accountancy students and of young accountants who are just beginning to test out the worth of their theoretical training in the field of practical affairs. It is to these two classes of persons that this article may be of special interest.

The American Institute of Accountants is a professional society, national in scope and activities. Its headquarters are at 1 Liberty Street, New York City, where A. P. Richardson, the secretary, is constantly at the service, through letters or personal interviews, of every member of the Institute, whatever the state he lives in.

There are two classes of members—Members and Associates. According to the constitution and the by-laws of the Institute, Members shall consist of the following:

1. Fellows of the American Association of Public Accountants (the predecessor of the Institute) who shall be such at September, 1916.

2. Associates who shall have been in practice on their own account, or in the employ of a practising public accountant, for five years next preceding the date of their application and shall be recommended by the board of examiners after examination and elected by the Council. The determination of who shall be considered as practising public accountants shall be made in all cases by the board of examiners.

3. Accountants who shall present evidence of preliminary education satisfactory to the board of examiners, who shall have been in practice on their own account or in the employ of a practising public accountant for not less than five years immediately preceding the date of their application, who shall be recommended by the board of examiners after examination and elected by the Council.

"Associates shall consist of the following:

1. Associate members of the American Association of Public Accountants at September 19, 1916.

2. Persons who shall be not less than twenty-one (21) years of age and present evidence of preliminary education satisfactory to the board of examiners; and

3. Shall have satisfactory training and experience in public accounting.

"The last-named qualifications may consist of:"

“(a) Possession of a certificate of graduation
from an accounting school recognized by the examining board and a certified public accountant certificate of a standard recognized by the examining board, or, instead of a certified public accountant certificate, employment for not less than two years upon the accounting staff of a public accountant (students not completing the full course at an accounting school shall be given credit by computing the number of years of study satisfactorily completed as being equal to one-half the same number of years employed in the office of a public accountant); or
   
   "(b) Employment for not less than two years upon the accounting staff of a public accountant and possession of a certified public accountant certificate of a standard recognized by the examining board; or

   "(c) Possession of an accountant’s certificate issued under the law of a foreign government of a grade accepted by unanimous action of the board of examiners, and one year’s satisfactory experience in practice in the United States of America; or

   "(d) In the discretion of the board of examiners exercised in each case, not less than three years’ experience in teaching Accountancy subjects in a school of Accountancy recognized by the board of examiners.

   "(e) In addition to the foregoing qualifications, candidates for Associate membership shall submit to examination by the board of examiners and, upon recommendation of that board, may be elected by the Council.”

For the past three years, no applicant has been admitted to the Institute as a Member or an Associate without examination by the board of examiners and election by the Council; and the same is true of advancement from Associate to full membership—a policy that will be rigidly observed in the future.

On the basis of the above requirements, the Institute now has over eleven hundred and fifty accountants in full membership and approximately one hundred and fifty in associate membership, almost all engaged in the professional practice of Accountancy, and representing nearly every state in the Union. The majority of the members, as would be expected, have their business or professional connections in the large cities—for example, New York, Philadelphia, Chicago, and Boston.

The Institute maintains twelve regular standing committees, all of which are steadily active, some of them particularly so. These committees are: executive, professional ethics, arbitration, budget and finance, constitution and by-laws, education, ethical publicity, federal legislation, meetings, nominations, publication, and state legislation.

The activities of the committees on education and professional ethics are worthy of special discussion.

The Institute, properly regarding itself as a professional body, takes the same high viewpoint as do legal and medical associations toward their respective professions in respect to the education, training, and practical experience which are necessary to insure an approved professional rating.

The low educational standards for the granting of the C.P.A. degree which have unfortunately prevailed in several of the states have been an object of justly persistent attack by the Institute during the past three years. In order to standardize the profession of Accountancy and make “accountant” imply the same rigorous training and productive experience wherever the word is used, the Institute, through its board of examiners, decided to set its own examinations for admission to its membership, regardless of the state examinations for the C.P.A. degree.

Then the Institute set out to get the states to substitute the Institute examination (which is by no means an easy one) for their own. This was a delicate task which called for tact, argument, and persuasion of a high order. Thus far, the results have been remarkably successful, twenty-five states having already been won over to the plan. In the opinion of the secretary, only a few years will elapse before the Institute examination will be given in practically all the states in lieu of the respective state examinations.

The examination papers of all candidates for the C.P.A. degree in states holding the Institute examination may be graded, if the state boards so request, by the Institute under the supervision of its board of examiners. Passing the Institute examination automatically carries with it the right to apply for admission as an Associate of the Institute, provided the requirements as to practical experience are complied with.

The Institute also maintains a unique library and personal-aid service to such of its members as desire to avail themselves of it, no matter in what part of the country they may be situated. This service has been amply endowed, approximately one hundred and fifty thousand dollars having been already subscribed by members of the Institute for its maintenance and extension.

It is a service that serves. For example, a
M ASTERY of Accountancy is almost a sure-fire means of attracting the notice of big business men," pitifully remarked one of the best-known practising accountants of New York recently when asked his opinion as to the marketability of training in accounting and law.

"I know what I am talking about," continued this man, "because I have personally had any number of opportunities during my professional practice to tie up with all sorts of business concerns as controller, or as a high official of some kind. More than that, I've had many a man on my staff who, after getting a certain amount of practical experience, has attracted the favorable notice of a client and been given so tempting an offer that he couldn't afford to turn it down."

All of the above is borne out by the business careers of hundreds of Pace students and graduates, among whom is Bradley A. Dusenbury, the subject of this brief sketch. Mr. Dusenbury, who recently graduated from the Pace Course in Accountancy and Business Administration, was elected only a few months ago controller of The Liberty Electric Corporation, P. R. Mallory & Co., Inc., Abendroth Brothers, and The Independent Wireless Telegraph Company, Inc., all affiliated companies, with manufacturing plants and offices at Port Chester, New York.

The Liberty Electric Corporation manufactures radio and electrical equipment. This company provided a substantial amount of radio apparatus for the Federal Government during the war, and is still engaged upon post-war Government contracts.

P. R. Mallory & Company, Inc., manufactures tungsten and molybdenum wire, a large amount of which it markets in various foreign countries.

Abendroth Brothers, established in 1840, are well-known manufacturers of gas and coal stoves and ranges, heaters and boilers, soil pipe and fittings, and quantity custom foundry work.

The Independent Wireless Telegraph Company, Inc., installs, equips, operates, and maintains wireless apparatus on steamships and in coast stations.

It will thus be seen that Mr. Dusenbury's duties as controller are no sinecure. A review of Mr. Dusenbury's business career, however, reveals qualities that practically insure his success in his new work, responsible and onerous though it is.

Mr. Dusenbury was born in Albany, New York, thirty-one years ago. He attended the Albany Public Schools till 1902, when his parents moved to Cobliskill, New York. There he finished his public-school studies, and attended high school for two years, making an exceptionally good record as a student.

Bradley A. Dusenbury

He then secured a clerical position with The Farmers and Merchants Bank, Cobliskill, with which he remained for eleven years, from 1905 till 1916, filling the positions of clerk, bookkeeper, and assistant teller.

His training along banking lines was much broader and more diversified, because of his employment in a small bank, than is ordinarily the case in a large bank where the work is highly specialized. Consequently, Mr. Dusenbury regards his connection with The Farmers and Merchants Bank as having played a very important part in his business development.

While living in Cobliskill, Mr. Dusenbury was appointed deputy county treasurer of Schoharie County, New York—a position which he held from 1905 till 1916. His duties were chiefly accounting in character, in that he had to settle with town tax collectors and make reports to supervisory state departments and to the board of supervisors of Schoharie County. He did most of this work during evenings and holidays.

Mr. Dusenbury had long cherished the idea of becoming an accountant, and with that purpose in view, he enrolled in the Pace Extension Course. When he was well along in his studies, he took advantage of an opportunity to come to New York as a junior on the staff of A. S. Fedde & Company, certified public accountants, the firm later becoming Fedde & Pasley, certified public accountants.

Immediately upon arriving in New York, in 1917, Mr. Dusenbury entered the New York Preparatory School and by evening attendance there, supplemented by home study, finished his remaining two years of high-school work in eight months' time. During this period he also completed Semester A by Extension.

Then in the fall of 1917, he entered Pace Institute, New York, beginning with Semester B. He finished the complete course in July, 1919, receiving the highest rating among the students who passed the rigorous Final Examinations in June.

All this time Mr. Dusenbury was connected with Fedde & Pasley, at first as a junior and then as one of their most valued seniors. His first contact with the concerns of which he is now controller came about while he was engaged in auditing the books of The Liberty Electric Corporation, as one of Fedde & Pasley's clients. His professional work was of such an order that an unsolicited offer was made him by the directors of this corporation to become controller—an offer which he accepted with the full approval of Fedde & Pasley.

Mr. Dusenbury's experience as a result of his mastery of Accountancy should bring a message of interest and inspiration to young men who are casting about for an economic lever with which to pry themselves out of routine positions. It is an experience which suggests at least one form which business opportunity is wont to take.
The modern accountant needs be a many-sided person; a very substantial part of his present-day work consists of the preparation of tax reports for big and little business. To perform this kind of work effectively, he must have a working knowledge, not only of the Federal tax laws, but of the laws of the state wherein he works, as well. Moreover, he must be constantly alert for amendments to those laws, and he must determine the effect of such amendments upon his clients' business.

The utility of the corporation for most forms of business has been well established; and corporations comprise so large a percentage of business enterprises that it is well, at this time, to point out to the accountant-in-the-making the general scheme and the important features of the present income tax imposed by the state of New York upon corporations, organized, or doing business within its boundaries.

There has been a franchise tax on corporations in New York state for many years. The state legislature of New York, in 1915, appointed a joint legislative Committee on Taxation. This committee reported to the legislature in 1917, and from its recommendation sprang the Corporation Franchise Tax Law which was approved in June, 1917. This law, as amended in May, 1919, now constitutes the Corporation Income-Tax Law as it exists today.

There are two well-defined schemes of taxation in the law: first, a tax of four and one-half per cent. on the entire net income of every "business" corporation, either organized or doing business in the state of New York, upon business done in the state (chapter 726, laws of 1917, as amended, sections 208-219L); second, a tax upon those corporations not defined as "business" corporations, based upon the dividends paid by such corporations or upon the value of their capital stock, and sometimes called a capital-stock tax. (Tax law, sections 181-197.)

The need of money by the state made it necessary that the tax reach out and touch all corporations engaged in business in this state, whether organized here or in some other state and carrying on business in this state. The term "business corporation," therefore, includes many corporations that are, in a restricted sense, engaged, not in business, but in personal-service pursuits. Among the corporations of this character are advertising, bonding, garage, warehouse, steamship and ticket agents, restaurant, hotel, collection, insurance, brokerage and investment, and many others.

This four and one-half per cent. tax is levied on all corporations engaged in business in this state with eight exceptions, as enumerated in the Act, namely:

1. Steam surface railroad, canal, steamboat, and other transportation corporations.
2. Corporations owning or operating elevated railroads or surface railroads which are not operated by steam, water-works companies, gas companies, and electric or steam heating, lighting, and power companies.
3. Insurance companies.
4. Trust companies.
5. Investment companies.
6. Savings banks, including banks, savings banks, institutions of savings, title guaranty, insurance or surety corporations.
7. Corporations engaged wholly in the purchase, sale, and holding of real estate for their own account.
8. Corporations whose principal income is derived from holding the stocks and bonds of other corporations.

All corporations subject to this tax are required to pay it annually, beginning November 1st. The tax is computed upon the entire net income for the calendar or fiscal year directly preceding, as indicated by the income-tax return filed by the corporation with the United States Government under the Federal Income-Tax Law. A minimum tax of not less than ten dollars is levied upon every corporation, and not less than one mill upon each dollar of that portion of the face value of the capital stock issued. The tax on stock having no par value is based upon such portion of its paid-in capital as its real property and tangible personal property, located or used in the state, bears to the whole of its real and tangible personal property.

Corporations subject to this tax must file a report with the State Tax Commission on or before the 1st day of July each year, or thirty days after filing its Federal Income-Tax return for the tax year beginning December 1st following. Payment of the tax must be made on or before January 1st following, or within thirty days after receipt of notice from the State Tax Commission.

The tax is based upon the entire net income of the corporation, and the question that at once suggests itself is, What is the entire net income? Mr. Justice Woodward has said: ‘The ‘net income’ of a corporation is, of course, the
amount of its income after paying its expenses; its overhead; its interest on borrowed money; its labor and material costs; and these, in the absence of statutory provision, include money actually paid out for taxes."

The entire net income of a corporation, as defined by the Act, means the total net income before any deductions have been made for taxes paid, or to be paid, to the United States on either profits or net income, or for any losses sustained by the corporation in other fiscal or calendar years, whether deducted by the United States or not.

The term "tangible personal property" means corporeal personal property; as, for example, goods, wares, merchandise, machinery, tools, and implements; it does not include money, deposits in banks, bonds, shares of stock, credits, or evidences of debt. The words "personal property," as used for the purpose of exemption from taxation, include any movable equipment and machinery used for manufacturing, not essential for the support of the building, structure, or superstructure, which may be removed without material injury thereto; these words do not include boilers, ventilating machinery or appliances, elevators, plumbing, heating, lighting and power, machinery, shafting; equipment for the furnishing of light, power, heat, liquids, and gases; nor do they include structures which need no machinery for their operation.

Penalty

The penalty for failure to file a report as required by this law is a fine not exceeding five thousand dollars. The making of a fraudulent return or statement by any officer of a corporation, with intent to defeat or evade the payment of the tax, renders that officer liable to a fine not exceeding one thousand dollars.

Turning to the second phase of this law, we find that the corporations subject to it are most of the corporations heretofore referred to as being exempt under the first phase. Such corporations include the following: Corporations engaged in the purchase, sale, and holding of real estate for their sole benefit; holding corporations, whose main income is derived from holding the stocks and bonds of other corporations; steam surface railroad companies, canal corporations; steamboat and ferry corporations; express and navigation corporations; baggage and transfer companies; pipe-line corporations; telephone and telegraph corporations; and palace- and sleeping-car companies.

This tax is payable in advance; the report for the same shall be made between November 1st and December 15th, and is "computed upon the basis of the amount of its capital stock, employed during the preceding year within this state, and upon each dollar of such amount."

The section of the law covering this form of tax is obscure in its outline, and it is difficult to classify the section, except in a general way. The Court of Appeals has grouped corporations paying this tax into two great divisions. The first includes those corporations paying dividends of six per cent. or more, which are taxed at the rate of one fourth of a mill for each per cent. of dividends declared upon the par value of the capital stock. The second includes corporations declaring a dividend of less than six per cent. This second division is again divided into: (a) those whose capital is impaired—that is, whose assets do not exceed the liabilities, or those in which the average price of the stock sold during the year did not equal or exceed the par value; and (b) those whose capital is not impaired—that is, whose assets exceed the liabilities by an amount equal to, or in excess of, the capital stock, or in which the average price of the stock sold during the year equaled par or over. Corporations coming within subdivision (a) are taxed at the rate of three fourths of a mill on each dollar of capital employed in this state. Corporations coming within subdivision (b) are taxed at the rate of one and one-half mills on each dollar of capital stock employed in this state.

The law also includes corporations paying no dividend, and corporations paying dividends less than six per cent., where no stock was sold during the year, and where the assets exceed the liabilities, but not by an amount equal to, or greater than, the capital stock, as in (b); and corporations paying dividends on two classes of capital stock, or paying dividends on one kind, and no dividends on the other.

Corporations paying no dividends are taxed at the rate of three fourths of a mill on the appraised value of the capital stock employed within the state, at its actual value.

Corporations paying dividends of less than six per cent., where no stock was sold during the year, and where the assets exceed the liabilities, but not by an amount equal to, or greater than, the capital stock, are taxed at the rate of one and one-half mills on the actual value of the capital stock.

Corporations paying dividends on two classes of capital stock, or paying dividends on one kind and no dividends on the other, are taxed on the percentage of dividends paid, or on the valuation of the stock, or on both, as the facts appear.
HIS Department does not publish answers to all of the questions received, but only to those which we deem to be of general interest to our readers. A communication, in order to receive attention, must contain the name and the address of the person asking the question.

Q A MANUFACTURING concern has been paying $200 a month rent for their factory. They recently increased their capital stock, and from the proceeds bought the factory site for $25,000—$20,000 for the building and $5,000 for the lot.

Is it proper, or an advantage, to continue charging a certain sum against operating expenses for rent; if so, what name would you enter the charge under, and what account would you credit? I do not see where there would be any advantage, except that the net income would be cut down and the corporation would not have so much income tax to pay.

A The item would not be allowed as an expense for income-tax purposes.

The question as to whether rent on owned property should be charged against manufacturing cost or expense is a mooted point among accountants and engineers. Many favor such a charge and many are opposed to it.

The question is analogous to charging interest on investment as a cost. In our opinion, it is usually the better practice not to include these items as costs of manufacture. Costs are usually maintained for the purpose of aiding efficiency through the analysis afforded. As a matter of actual fact, the enterprise, when it owns the premises, pays no rent, and the inclusion of a rent charge in the manufacturing expenses is therefore incorrect, as a statement of fact.

It often becomes desirable, however, to compare the results with results of outside performance—with a theoretical standard, etc. Sometimes, the results with which the figures are compared include a rent charge, in which case, in order that the two sets of results shall be comparable, it is necessary to adjust the figures to include an item equivalent to rent.

It has been well said by an accountant of our acquaintance, that “the matter of proper inclusion of rent as a manufacturing cost depends upon the definition of cost.” The same accountant has advanced the proposition that “cost is that portion of income which is turned over to others for their share in producing the income.”

If this definition of cost is accepted, and we see no reason why it should not be accepted, then rent on owned premises is not properly to be included, since it is not a portion of the return which is turned over to somebody else as a reward for his share in producing the return.

REFERRING to the Average Due Date Q Proposition in your May, 1919, issue, would it not have been simpler to have chosen January 31st as the focal date, inasmuch as the note was to be given on that date? What is the rule by which to determine whether to count backward or forward from the focal date, and how is this affected by the excess products being on the debit or credit side of the account?

When figuring the average due date on a number of items in an account, it is customary to take the first or last date in the series as the focal date, since it makes the calculations easier.

A A rule in connection with figuring the average due date is as follows: Select a basic or focal date, preferably the first or last date in the account, although any date may be used. Multiply each item by the number of days intervening between the basic date and the date of the item. Determine the sums of the products on each side of the account, and divide the excess of products by the balance of the account. The quotient will be the number of days to be added to, or subtracted from, the focal date.

If the excess of products is on the same side as the balance of the account, and if the first date is used as the basic date, the result in days must be added to the basic date; if the last date is used, the result in days must be deducted from the basic date.

If the excess of products and the balance of the account are on opposite sides, and if the first date is used as the focal date, the result in days must be subtracted from the focal date; if the last date is used, the result in days must be added to the focal date.

OUR company recently issued checks in payment of a dividend. The checks bear on their face the statement, “In payment of dividend declared July 31st to stockholders of record.” Please explain just what that means. I thought a stockholder was a stockholder, and did not know there was any special kind of stockholder.

A “stockholder of record” is one whose name appears on the corporation’s books as being the owner of a certain share certificate or certificates. A “share certificate” contains on the re-
Question and Answer Department
(Continued)

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verse side a form of assignment. When a stockholder sells his stock, he should fill in the assignment on the reverse side of the form to show the name of the person to whom he has transferred the stock. The certificate should then be sent to the corporation's office, and the corporation records on its books the transfer of ownership to the new holder. The old certificate is then canceled and a new certificate issued.

It may happen that the original owner of the certificate will sell it to a second person, but the certificate may not be surrendered to the corporation to record the transfer. The second man may transfer it to a third, and so on. The last purchaser is, of course, the real owner of the share certificate, but on the books of the corporation, the original owner's name still appears as the stockholder of record.

Dividends, correspondence, etc., are sent to the shareholder of record, since the corporation has no notice of any change in ownership. It will be seen that the stockholder of record is the one in whose name the ownership appears on the corporate books. The stockholder of record is not necessarily the true owner, since he may have transferred his ownership without having the transfer recorded on the corporate books.

Q Our accountant has prepared a Balance Sheet for our corporation and shows among his assets an item of "Treasury Stock." This item is not clear to me. Will you please explain its nature?

A "Treasury Stock" represents capital stock of a corporation, which was originally issued to a stockholder, but which the corporation subsequently reacquired. Some accountants prefer the form followed by your treasurer, showing such treasury stock on the assets side of the Balance Sheet, and showing the total outstanding capital stock, including this treasury stock, on the liability side of the Balance Sheet.

The form in more general use, however, and one which meets with the approval of many accountants, is to consider the treasury stock as a reduction in the amount of capital stock outstanding in shareholders' hands, showing the respective items on the liability side of the Balance Sheet as follows:

CAPITAL STOCK:

Issued .................................. $xx
Less: Treasury Stock .................. xx
Net Capital Stock Outstanding ........ $xx

Treasury stock is also sometimes considered in the light of the following: A corporation will be authorized by its charter to issue a certain amount of capital stock—say $100,000. An entry will be passed on the books, as follows:

Treasury Stock .................. $100,000
To Capital Stock .................. $100,000

If, for example, $25,000 of stock is sold, an entry is passed, as follows:

Cash .................. $25,000
To Treasury Stock .................. $25,000

The Treasury Stock Account, under these circumstances, records the stock authorized, but never issued, as distinguished from the Treasury Stock Account in the preceding illustration, which records stock originally issued and subsequently reacquired.

In the second illustration, there is, in our opinion, no justification for carrying the so-called treasury stock into the books.

T H E president, secretary, and treasurer of our company control about 75 per cent. of the outstanding stock. The president has devoted much of his personal overtime to corporate affairs, and the three officers have decided that he is entitled to $5,000 extra compensation for this work. The treasurer has paid the president this $5,000 and has charged the $5,000 to Dividends. In presenting our annual Balance Sheet and Profit and Loss Account, how should I show this item?

The charging of this $5,000 to Dividends Account is incorrect. A charge to Dividends can be made only after proper authorization has been received by an action of the board of directors. All stockholders in any class are entitled to pro rata shares in dividends declared, this pro rata portion depending upon their relative stock holdings. The board of directors are empowered by law to declare dividends out of surplus profits. The three officers acting in a capacity other than as the board of directors have no right to distribute the corporation's funds as dividends, since such declaration would be trespassing upon the rights of the directors, and would be violating the principle which requires that all shareholders in any one class share ratably.

If children turn out bad, it is usually the fault of the people they live with while young and plastic. If our immigrants become Bolsheviki, it is mainly our fault by the same token.

Make your mind work like a threshing machine—shaking out the chaff from the grain. And don't bother about what becomes of the chaff. In other words, focus your mind on essentials.
ACCOUNTANTS and Accountancy students will be interested in this organization chart of the Income Tax Unit, Bureau of Internal Revenue. This chart was developed by group conferences of the executives of the Income Tax Unit.

It will be noted from the chart that the principal work of auditing, in which nearly one thousand accountants are engaged, is carried on under the direction of the Chief Auditor in the Audit and Administration Division. The audit work is conducted by sections that deal with particular classes of industry or commerce, as, for example, the Manufacturing Section, the Trading Section, the Public Utility Section, and so on. Each of these sections is subdivided to conform to various branches of the industrial or commercial classification.

The Technical Division includes, generally speaking, the tax specialists and experts who are capable of passing judgment upon intricate problems. In this division various difficult and special classes of audit are made. In addition, the Technical Division reviews and tests the audit work of the Audit and Administration Division, conducts research work, formulates new rules for consideration, and supervises contacts with taxpayers, contacts both by correspondence and by personal interviews in Washington.

The Personnel and the Training Divisions are closely associated and conduct the work of selection and training of employees. Many courses of study are available to the employees, all of which are given after business hours. The courses are taught without compensation by employees who are specially fitted to give instruction. The Personnel Division assists in the selection of employees and studies each employee's qualifications and record with a view of aiding him in his development and advancement.

The Claims Division reviews and passes upon claims of various classes. The Statistical Division carries on the very important work of compiling the facts required by the Congress and by the Commissioner in the administration of the work.

A careful study of the chart will reveal many interesting facts in relation to the coordination and direction of the vast important work of this division of the Treasury Department.

APPROVED
April 2, 1922
HOW these articles came into being is explained in the note to the first article in the August number of this magazine. To forestall any misconception of the writer's intention, it may be well to say that his purpose was not to present a connected series, but to give an occasional article of some special interest and of practical use to students.

That certain elementary principles are too well known to need explanation is an assumption not warranted by the facts, as it is undeniable that not a few graduates of high schools and colleges are deficient in a knowledge of many things they are supposed to have learned in their student days. This being so, no apology is needed for the rudimentary nature of what is especially intended for students.

The principal object is to be of some little assistance to aspiring students, and should these articles prove helpful in only a small measure to but a few of the many students of the Pace School, the writer will feel amply repaid for his efforts in their behalf.

As a knowledge of the methods of construction of tables greatly facilitates their use, it may not be amiss to give an explanation of the tables of compound interest, annuities, etc., that are in general use. Such tables are usually five in number, arranged as follows:

1. Amount of $1 at compound interest.
2. Present worth of $1 due at a future time.
3. Amount of an Annuity.
4. Present value of an Annuity of $1.
5. Sinking fund, or annual instalment to provide for a debt of $1 due at a future time, without interest.

Tables vary as to the number of rates, as to time, and as to the number of decimal places. Some tables give values for one to fifty years; others, from one to fifty years, consecutively, then at intervals of five or ten years, from fifty to one hundred years; and others run from one to one hundred years consecutively. The latter are, of course, the more useful. However, the time can be extended readily in the manner to be explained hereafter. It is desirable that tables give values to at least six decimal places.

Table One, or the amount of $1 at compound interest, is the most important of all, as from it the other tables are derived. The first item in this table gives the amount of $1 for one year, which is one plus the rate of interest; the second item is the amount of the first item multiplied by itself; and the third item is the second multiplied by the first. Multiplying the amount for any year by the amount for the first year gives the amount for the year following. Furthermore, multiplying the amount for any number of years by that for any other number of years gives the amount for the sum of the years. Thus, the amount of $1 for thirty years is the same as the amount for twenty years multiplied by the amount for ten years. Hence, if the table extends to fifty years only, and the amount for fifty-four years is required, all that is necessary is to multiply the amount for fifty years by that for four years.

The sum of the several amounts in this table is equal to the compound interest divided by the rate of interest and multiplied by one plus the rate. Thus, the amount of $1 for twenty-five years at 4 per cent. is $2.66584, and the compound interest is this amount less one, or $1.66584. The latter amount divided by .04 and multiplied by 1.04 equals $43.31173, which is the sum of all items from one year to twenty-five inclusive, allowance being made for small differences in the last figure of each item. The importance of knowing the sum of several items will appear when Table Three is considered.

Table two, or the present worth of $1 due at a future time, is the reciprocal of Table one; that is to say, if we divide one by the amount in Table one, we obtain the present worth of $1 for the corresponding year. Thus, the amount of $1 for twenty-five years at 4 per cent. is $2.66584, and one divided by this gives .37512 as the present worth of $1 due at the end of twenty-five years. The amounts in this table are arrived at in the same manner as in the first table; that is, by multiplication of the amount of any year by the amount for the first year. Multiplying the amount for any number of years by that for any other number of years gives the worth for the sum of the years. For example, the worth for twenty-five years multiplied by the worth for fifteen years gives the worth for forty years.

The sum of the several amounts in this table is equal to the compound discount divided by the rate of interest. For instance, the present worth of $1 for twenty-five years at 4 per cent. is .37512, which deducted from one gives .62488 as the compound discount, and this divided by the rate equals $15.6208. The latter amount is the sum of the worths for the years from one to twenty-five, inclusive, allowance being made for small differences in the last figures. The use to be made of this knowledge will be seen when Table four is considered.

Table three, or the amount of an annuity of $1, is derived from Table one by taking the
compound interest and dividing this by the rate of interest. We have seen, in considering Table one, that the sum of the amounts for one to twenty-five years at 4 per cent. equals \$43,311.73, and that this is the compound interest divided by the rate and multiplied by one plus the rate. Hence, \$43,311.73 divided by one plus the rate equals \$41,645.91, which is the amount of an annuity for the same time and rate, but this is the same as dividing the compound interest (\$1,665,836) by the rate (.04), which is the proper method.

If the table is not of sufficient scope to include the required time, it can be extended readily. Suppose the table extends to fifty years only, and that the amount is required for sixty-two years. Multiply the amount for thirty-one years by one plus the amount of \$1 (Table one). Thus, the amount of an annuity of \$1 for thirty-one years at 4 per cent. is \$59,328.34 and the amount of \$1 for the same time and rate is \$3,373.13. Adding one to the latter amount we have \$4,373.13, and multiplying the first amount by this gives \$259,450.54. This is .00019 less than the actual, which is owing to there not being as many figures in the multiplier as in the multiplicand. But we can obtain the amount of \$1 to more decimal places than are given in Table one by multiplying the amount of the annuity by the rate and adding one to the product. As shown above, the amount of an annuity of \$1 at 4 per cent. for thirty-one years is \$59,328.34, which multiplied by .04 gives \$2,373.136, and adding one to this we have \$3,373.136.

Instead of thirty-one years, we could have taken the amount of an annuity for fifty years, multiplied this by the amount of \$1 for twelve years (Table one), and then added the amount of an annuity for twelve years. For example, the amount of an annuity for fifty years at the rate of 4 per cent. is \$152,667.08, and the amount of \$1 (Table one) for twelve years at 4 per cent. is \$1,601,032. The product of these two amounts is \$244,414,92, which added to \$15,025,81 (amount of an annuity for twelve years) gives \$259,450.73, as the value for sixty-two years.

The present value of an annuity of \$1 for the given time and rate. Should it be necessary to extend this table, it can be done in this manner: The present value of an annuity for sixty years is equal to that of an annuity for thirty years multiplied by one plus the worth of \$1 (Table two) for the same time. Thus, the present value of an annuity for thirty years at 4 per cent. is \$17,292.03, and the worth of \$1 for the same time and rate is .3083187. Multiplying the first amount by .3083187 gives \$22,5349, which is the present value of the annuity for sixty years.

The result would be the same if we were to multiply the value of an annuity of fifty years by the worth of \$1 for ten years and then add the value of an annuity for ten years. The several items in this table, added, equal the difference between the last year and the value for that year, divided by the rate. This will be explained more fully hereafter.

Table five, or the sinking fund for \$1, is the reciprocal of Table three, or the rate divided by the compound interest. For instance, the compound interest on \$1 for twenty-five years at 4 per cent. is \$1,665,84, and .04 divided by this gives .024072, which is the sinking fund for \$1 for the given time and rate. This table can be extended to double the time by dividing the sinking fund for the given time by one plus the amount of \$1 (Table one) for the same time. Given, that the sinking fund for \$1 at 4 per cent. for thirty years is .017,830, and that the sinking fund for sixty years is required. The amount of \$1 for thirty years is \$3,243,40, and one added to this gives \$4,243,40. Dividing .017,830 by 4,243,40 gives .004202, which is the sinking fund for sixty years.

But when the required number of years is uneven, we cannot take one half. In such cases, the procedure will be this: The sinking fund for sixty-one years is equal to that for thirty years, divided by the same amount added to the amount of \$1 (Table one) for thirty-one years and for one year. Thus, the sinking fund for thirty years at 4 per cent is .017,830, the amount of \$1 for thirty-one years is \$3,373.13, and for one year it is \$1.04. The sum of these several amounts equals 4,430,96, and .017,830 divided by this amount equals .004024, which is the sinking fund for sixty-one years. This method for extending the time, which was devised by the writer, is superior to the usual method, in that it obviates the necessity of first extending Table one.

Some tables give the amount of the annual installment required to pay off an interest-bearing

Table Four

Table Four, or the present worth of an annuity, is derived from Table two. The value for any number of years equals the sum of the worths in Table two for the same number of years. We have seen that the sum of the worths in Table two equals the compound discount divided by the rate. For example, the present worth of \$1 due at the end of twenty-five years at 4 per cent. is .37512, and that the compound discount is .62488, which divided by .04 equals \$15.622, which is the value of an annuity of \$1 for the given time and rate.

October, 1919

[Forward to page 173]
PUBLIC accountant makes or breaks his reputation on his technical reports.” This significant remark was recently uttered by a highly successful practising accountant whose firm has branches in many of the large cities of the United States. It may, therefore, be worth while to point out a few considerations which public accountants should bear in mind in the preparation of reports.

Intelligibility! The sole reason for the employment of public accountants by any kind of business enterprise is that a helpful analysis of the status and trend of the business may be secured. “Helpful,” is the important word—“helpful” to the executives in charge, “helpful” to the directors, “helpful” to the stockholders, “helpful,” it may be, to the public. If a report is to be helpful, it must be intelligible—not only to the professional accountant, but to the proprietors and executives.

Many reports fail in this exceedingly important respect. They are likely to be unnecessarily technical in content; too involved and complex in method of presentation; too heavy and circumlocutory in style. Reports defective in these respects, no matter how handsomely bound, will be of little practical use to the persons receiving them. In compiling reports, therefore, the really able and experienced public accountant will be guided more by a desire to render a permanent service to his clients than by a desire to display the full breadth and depth of his own technical knowledge.

In order to attain this main objective of intelligibility, there are several auxiliary objectives which must first be visualized and attained.

Findings and Recommendations! An error which inexperienced accountants, however complete their technical knowledge, are prone to make consists in jumbling together in the same paragraphs the facts which they report upon and the recommendations they would make upon the basis of such facts. This practice confuses the mind of the client.

One of three things should be done. First, in the consideration of each division of the report, the recommendations should follow the findings. Second, if the report is fairly long, it may be divided into two parts, the first part containing all the findings and the second part all the recommendations. Third, if the report is very comprehensive, it may properly end with a succinct recapitulation of the recommendations that have already been made here and there throughout the report. Whichever method is followed, findings and recommendations should always be kept separate and distinct.

Orderliness! Intelligibility usually comes at once, if the report is compiled in an orderly, step-by-step fashion. Often a report, even though it may contain many helpful statements and recommendations, seems neither to begin nor to end anywhere in particular. This very serious fault can be obviated if a preliminary outline is carefully thought out and adhered to. This outline may follow any one of various methods of procedure—the chronological method, the cause-and-effect method, the general-and-specific method, the schedule-by-schedule method, and the like. Accountants find that a combination of the chronological and the schedule-by-schedule methods fits the majority of cases.

Schedules and Exhibits! As regards schedules and exhibits, the accountant should do is to attach them to the report without any key as to where they fit in—an error that is often made by young accountants. If the schedules and exhibits are few in number and not too complicated, they may often be advantageously incorporated within the report itself, preceded by an introduction and followed by words of comment. Or, if they are so many in number and so large that attachment to the report rather than incorporation within it is made desirable, they should be so plainly keyed that the client knows at once which part of the report they belong to. It should be unnecessary to add that all schedules and exhibits should conform in technique to the best accounting practice.

Style! So far as reports are concerned, style means four things—paragraph structure, sentence structure, word and phrase usage, and what, for lack of a better term, may be called tone.

Paragraphs should be neither so long as to make it difficult to grasp the central idea, nor so short as to give the impression of a fragmentary development of the thought. In many paragraphs, short topic sentences, sentences of summary, and sentences of transition can be used to advantage. Long, round-about sentences should be avoided. Short, simply framed sentences are the easiest to understand, though as to the length of sentence, the principle of variety should not be lost sight of; and, of course, there should never be any question about the grammatical correctness of a sentence.

As for words and phrases, the principle of simplicity obtains here as well. Heavy, polysyllabic words and cumbersome turns of phrase should give way to simple idioms and Anglo-Saxon words wherever possible. Colloquialisms and slang, it is needless to say, are always out of place in a report. Simplicity of style never requires the use of an expression that is not in reputable standing. Then, too, a midway course should be steered between prolixity of style, on the one hand, and undue brevity, on the other. The facts should be made clear, but in as few words as possible.

As respects the tone of a report, a few cautions may be helpful. Sarcasm and flippancy lower the tone of a report and should always be avoided. Dignity and impersonality of tone are to be striven for; and these qualities can be secured only when the accountant expresses himself in his report succinctly and directly, and in accordance with the canons of good taste. It is facts, not the embellishments of facts, that clients look for and must have if they are to mend their technical and managerial mistakes of omission and commission.

The following excerpts from reports illustrate the points made above in connection with paragraph structure, sentence structure, simplicity of expression, and dignity of tone:

"We have made tests of the monthly footings of the Purchase Register and have found them to be correct. It was necessary to make adjustments on the inventories as shown in the General Ledger at January 1, 1918, and at December 31, 1918. These adjustments were caused by the fact that the inventory amounts as shown in the General Ledger were arrived at by the addition of purchases and the deduction of cost of sales, the resulting amounts being taken as the book..."
inventories. Inventories shown on Exhibit B, however, represent the cost values of actual inventories taken at the close of business on December 31, 1918."

"We had considerable difficulty in working out many of the items. The books of the company were not in such condition that the figures shown in any account could be accepted as correct. It was necessary for us to analyze those accounts whose general nature indicated that items involving cost of construction or maintenance of the building might have been charged. This analysis consisted of a complete transcription of the accounts and verification of each entry therein by means of vouchers, cash-book entries, and other supporting papers."

Suggestions! Three suggestions which may be of benefit to the inexperienced accountant in connection with report writing are given by way of conclusion. First, study intensively reports that are admittedly good enough to serve as models; note the character of the introduction and the conclusion, the method of presentation, the style, and the like. Second, take a practical course in English at some reputable school if you feel that you are weak in respect to a knowledge of sentence structure and paragraph building. Third, cultivate the habit of thinking a thing through from beginning to end before you put pen to paper, for logical thinking is four fifths of the basis of a good report, just as it is of any other piece of writing.

short time ago the Institute received a request from one of its members in Montana for information about stock-raising accounts. The secretary of the Institute (who, by the way, has an intimate personal knowledge of the professional equipment and experience of most of the members) at once got in touch with a member in Texas who is an expert on stock-raising accounts, and within a few days the information which the Montana member sought was on its way to him. Such requests for aid, covering during the year nearly all the specialized aspects of accounting, come to the Institute on an average of about two a day; and in every case they are handled as outlined above.

The manner of professional ethics is one on which the Institute holds rigid views. It frowns upon printed advertising and publicity propaganda, unless conducted very conservatively; and even then it gives only a grudging assent. The Institute maintains by precept and example that the proper way for accountants to get new business is by performing their professional duties so acceptably that their work speaks for itself—precisely the viewpoint taken by the representatives of the highest standing in any of the older professions. The following significant sentence appears in the latest report by the committee on professional ethics of the Institute:

"Among all reputable accountants, however, we believe opinion has been almost unanimous in its opposition to the unseemly methods so frequently employed by some of the members of the profession in exploiting the purely commercial side of what all practitioners agree to be a professional vocation."

The governing body of the Institute is a Council consisting of thirty-five members in practice (not more than six of whom shall be residents of the same state) and the following officers: a president, two vice-presidents (both of whom shall not be residents of the same state), and a treasurer. The secretary is elected by the Council. In addition, there are special committees which have already been enumerated.

The Institute holds an annual meeting on the third Tuesday of September of each year. The annual meetings of 1917 and 1918 were held in Washington in accordance with the provision of the constitution of the Institute that "all annual meetings shall be held in the District of Columbia, with the exception of every third year when meetings may be held elsewhere as determined by the Institute at the meeting of the preceding year." The annual meeting for 1919 was held at Cincinnati.

During the war, the Institute proved its stalwart, simon-pure Americanism at the very outset of hostilities. It at once made its organization available to the Federal Government. Many of its members at great personal sacrifice gave up their professional practices in order to serve the Government as auditors, cost analysts, controllers, tax consultants, and financial executives. Some accounting or managerial problems were too complex or exacting for them to cope with. They played a highly productive part in the activities of the home arm, made necessary for the support of our fighting men at the front. Many members joined the American Expeditionary Force and saw active service overseas.

And now, with the post-war period gaining headway, most of the members of the Institute are grappling with a new set of gigantic problems—economic, executive, and financial, as well as accounting. Upon their analyses, conclusions, and recommendations, the stability and the progress of American commerce in no small measure depend.

Accountants, public and private, have come into their own at last. There is no type of business concern that can afford to be without their services in a directive or consulting capacity. And there are indisputable evidences, because of this general awakening of the need of the services that only trained accountants can give, that Accountancy, despite its noteworthy achievements thus far, is still in its infancy as a profession.

The dangers that usually accompany the rapid development of a profession—low standards of admission, insufficient training and experience, questionable ethics—scarcely need to be mentioned in connection with Accountancy; for behind this new profession, stimulating it, supporting it, guiding it, correcting it, if necessary, stands the American Institute of Accountants.

Interest and Annuity Tables (Continued)
Two fundamental things are required of every member of my staff," remarked a well-known certified public accountant, recently.

"The first requirement is, of course, technical ability—an understanding of accounting principles, legal rules, and business methods and procedures."

"The second requirement is what I call, for lack of a better term, professional bearing. It is just as important as technical ability, because it makes technical ability available for use on the part of my clients."

"My experience has been that men and women who apply for positions on my staff are more apt to be lacking in professional bearing than in technical ability—and by 'professional bearing' I mean the effect which is produced by dignity, courtesy, promptness, proper dress, the use of good English, and the like."

The views of this accountant on professional bearing are sound. They are worth analyzing for the benefit of all students of Accountancy, and especially those who aspire to enter the practice of Accountancy either as an opportunity for training or as a permanent occupation.

The professional man, whether lawyer, physician, engineer, or accountant, usually serves his client in a confidential capacity. His advice is sought and valued. His appearance, speech, and manner, therefore, must be such as to encourage the establishment of the confidential relation at once, and to maintain and strengthen it as time goes on.

Wearing apparel that is in accepted use by professional men, subject to slight modifications, of course, on account of the age of the individual, becomes the uniform for the young practitioner to copy. Professional men, as a rule, do not affect striking colors, unusual combinations, extreme styles, especially prominent jewelry, and the like. Of course, as a matter of fact, the broker, the merchant, the manufacturer, and many others, allow themselves a considerably greater latitude in this respect than do the majority of professional men.

Within the professions there are, of course, certain distinctions that arise. Many attorneys and physicians with entire propriety wear afternoon coats. So do a few accountants, without violating any principle of good taste in clothes; but many accountants wear sack coats, similar to those worn by business men. The reason is obvious—the accountant travels a great deal, and is apt to visit factories, foun-
dries, warehouses, and stores, as well as business offices; and the sack coat is much more practicable for his uses. The accountant's manner of dress, in fact, is merely such a dress as is commonly used by the conservative business man—gray or dark clothes in preference to pronounced checks or stripes, quiet colors in ties, with carefully selected incidentals, such as shoes, hosiery, shirts, and jewelry.

Closely related to dress, are personal cleanliness, habits, and hygiene. It seems almost unbelievable that a young man with teeth unbrushed, with hair unduly long or improperly combed, with rusty shoes, with fingers stained and odorous from excessive cigarette smoking, with gum in his mouth, with a newspaper sticking out of his coat pocket, or with a sweater on beneath his coat, would attempt to meet clients on behalf of an accountant—yet all these things happen. A single instance of this kind may prejudice, not only the future of the young accountant concerned, but also the interest of his principal. There is only one rule, the one made famous by Punch—"Don't!" The young accountant should make a very careful survey of all these matters, and immediately begin to school himself in order that he may avoid giving offence to others and breaking down the confidence and respect which form the basis of all relations between professional men and their clients.

Speech, of course, is one of the most important factors in creating a favorable impression. We have here to consider not only the technique of English itself—grammatical construction, enunciation, and word usage—but the use of judgment in respect to what should be said and should not be discussed.

The ability to use correct English is highly important. If the young accountant is defective in this respect, he should lose no time in beginning such study of the subject as will remedy his deficiency; and he should take training in public speaking, not only to perfect his ability to speak well before boards of directors and assemblies of one kind and another, but also to improve his manner of speech in private conversation. A study of English and public speaking may very properly be carried along together. Proficiency in English helps, too, in the preparation of professional reports and statements.

Aside from the technique of English construction and speech, the rule for the accountant should be to speak too little rather than too much. When he is in doubt about what to say, he had better confine his conversation to technical discussions with his senior accountant or with his principal, and to such small and incidental matters as may be necessary for a dignified and courteous relationship with the client.

Above all things, the accountant, young or old, should not forget his dignity to the extent of indulging in flippancy or in the exchange of pleasantries which often pass under the name of "joshing." These things ill become the professional man when he is acting in his professional capacity, and should be completely got rid of.

The young accountant sacrifices his professional bearing when he becomes intimate or unduly familiar with the subordinates of his clients. The world is large, and it is better to establish social relations entirely outside the circle of the client's employees. The accountant must perform his work in an impartial manner, and he must have in mind at all times that the client is apt to judge his capacity in this respect very much by the personal relations which he bears to the people under review.

Accountants, when off duty, are not expected to mention the names of the clients whom they are serving. Senior accountants from different firms who meet socially do not exchange confidences in regard to their respective assignments of work. If they have a question of principle to discuss, it is nearly always stated in some hypothetical form, rather than as an actual case. These things are all done as a matter of habit—a matter of professional bearing—in order to protect the client and to sustain the confidential relationship.

So much then for a brief review and analysis of the meaning of the term "professional bearing" as applied to accountants—particularly those who are just entering the profession of Accountancy. The points made in this article reflect the viewpoint and the practice of reputable accountants everywhere, and, for that reason, they are points that every young accountant should bear in mind when he begins the practice of his profession.
Two or three illustrations of the workings of this tax will help to fix the law in mind. A corporation having a capital stock of $200,000 wholly within the state, and paying a dividend of twelve per cent., must pay a tax of one fourth of a mill for each five per cent. of dividends par at, or three mills on the $200,000 capital stock, which would amount to $600.

If said corporation’s capital is $200,000, all of which is issued, if the corporation is engaged in business both within and without the state, if its assets in the state are $225,000, and if the assets without the state are $25,000, the proportion of the capital stock in the state would be $225,000 divided by $250,000, or nine tenths of the capital stock of $200,000, which would equal $180,000. If the dividend paid on the capital stock was twelve per cent., the tax would be three mills on $180,000, or $540.

If a corporation has a capital stock of $200,000, if it pays no dividends, if it has gross assets of $250,000, liabilities of $190,000, net assets of $60,000, and if it sells its stock at an average price of $80 a share, the valuation of the stock would be $160,000, and the tax would be, at three fourths of a mill, the sum of $60.

“Corporations formed for steam surface railroad, canal, steamboat, ferry, express, navigation, pipe line, transfer, baggage express, telegraph, telephone, palace-car or sleeping-car purposes, and every other transportation corporation . . . . an annual excise tax or license fee which shall be equal to five tenths of one per cent. upon their gross earnings within this state . . . , but shall not include earnings derived from business of an interstate character.”

Elevated railroads, or surface roads not operated by steam, must pay an annual tax which shall be one per cent. upon their gross earnings from all sources within the state, and three per cent. upon the amount of dividends declared or paid in excess of four per cent. upon the actual amount of paid-up capital employed by such corporations.

Every corporation formed to supply water or gas, electric or steam heating, or for lighting or power purposes, shall pay to the state an annual tax which shall be five tenths of one per cent. upon its gross earnings from all sources within the state, and three per cent. upon the amount of dividends declared or paid in excess of four per cent. upon the actual amount of paid-up capital employed by such corporations.

H. T. CAMPBELL, Semeter B, Pace Institute, New York, recently died of pneumonia at his home in Richmond Hill, Long Island. Mr. Campbell, who was statistician for Phelps, Dodge & Company, was an unusually able student. The deep sympathy of the entire Pace Organization goes out to Mrs. Campbell and her children.

THEODORE A. CRANE, a graduate of Pace Institute, New York, in 1914, recently passed the New Jersey State examination for certified public accountant. This examination was given under the auspices of the American Institute of Accountants, and passing it entitles the recipient of the professional degree to membership in the American Institute. Mr. Crane is a senior accountant on the staff of The Eastern Audit Company, New York City.

Francis A. Duffy

"Private Francis A. Duffy, with exceptional courage and devotion to duty, on the morning of September 21, 1918, while attached to Company M, Three Hundred and Tenth Infantry, for duty, remained in the front line trenches in the woods at Thiacoort, under heavy artillery and machine-gun fire, and cared for the wounded. His absolute disregard of personal danger while ministering first-aid treatment to more than forty wounded, and the cheerfulness with which he performed his work, set a fine example of loyalty and courage to the men of the command; again, about October 16, 1918, while the troops were advancing between St. Juvin and Grand Pré, Private Duffy followed immediately behind the first wave, under heavy enemy artillery and machine-gun fire, caring for the wounded as they fell."

T'S a far cry from nominal accounts to the gruelling test of the modern battlefield—a range that tests one’s flexibility and gameness to the limit. Many a Pace student has stood that test—one, at least, has received official recognition for conspicuous gallantry. Francis A. Duffy, a student in the Pace Courses at Rider, Moore and Stewart School, at Trenton—quiet, modest, unassuming—received the Croix de Guerre for heroic service to his wounded comrades. Fellow student, we are very, very proud of you! The citation tells its own story.
Accountants
must take the soundings;
the Post-war era demands
safety as well as progress—both require

—frequent determination of profit and loss results
and financial condition

—accurate costs of production, including depend-
able inventories

—understanding of capital needs, including per-
manent and working requirements

—knowledge of markets, domestic and foreign; of
financing procedures; of compensation and bonus
plans; of sound and progressive management

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