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Banking Law Journal

Frank Blacklock

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Recommended Citation

Banking Law Journal and Blacklock, Frank, "Accountancy; Accountants' department; Growth of accountancy in England; Profession of accountancy" (1896). *Individual and Corporate Publications*. 131. https://egrove.olemiss.edu/acct_corp/131

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ACCOUNTANCY.

These columns are intended to embrace topics of interest to accountants, and discussions of, and decisions upon, matters of law involved in various branches of accountancy. Cases bearing upon the management and distribution of trust estates and property are published under this head. These are of importance to trust companies, bankers, and all others charged with the management of trust property; as well as to accountants employed to investigate trusts, make reports, and assist in the rendering of accounts.

THE GROWTH OF ACCOUNTANCY IN ENGLAND.

The recent movement in New York to elevate the profession of accountancy, which has resulted in legislation providing for the creation of a distinctive professional class of "Certified Public Accountants," bears analogy to a similar movement in London, some thirty years ago, having the same aim of securing to accountants a recognized status. We take from the "Law Journal," a magazine published in London, a series of articles which appeared during the year 1872, describing this movement, containing much interesting information, and many flattering utterances concerning the scope and dignity of the accountant's calling. Much that is said in these articles is very pertinent at the present time and on this side of the water, and we think they will prove of interest to our accountant readers.

THE PROFESSION OF ACCOUNTANTS.

Of all classes of men whose brains are their sole capital, accountants alone enjoy the prospects of seeing business expand before their eyes. Reform has cut up the great rewards of the clergy and of the bar; attorneys and solicitors see prosperity neither in the present nor in the future; the medical profession has not confidence enough in itself to train its own children in the learning of their fathers. But accountants are a favored race. Comparatively speaking, we may say that their profession did not exist 30 years ago. Within the last two decades trade and the legislature have conspired to enrich the men of arithmetic. Auditing the books of gigantic railway companies, of joint-stock banks, and of joint-stock mercantile companies, liquidating collapsed companies under winding-

up orders, liquidating the estates of insolvent traders as trustees under the Bankruptcy Act, inspecting the account books of divers companies and firms, and preparing statements of their acts, positions, and prospects for divers purposes—these are among the immense, the important and, let us hope the lucrative duties of accountants. Yet all these things are developments of the new era of public trading.

Now when we consider what genuine skill, what experience, what industry, what patience, and, above all, what integrity such tasks as these demand for their due fulfilment, how can we do otherwise than desire that the accountants should among themselves devise measures calculated to raise themselves as a body in public estimation, to protect themselves against the injurious effects of unskillful or dishonest conduct in persons pretending to exercise their profession—in fine, to assure the mind of the commercial world that there is safety in the employment of men to whom it entrusts the secrets of its ledgers and its cash books. This can only be effected by some system which will enable traders using due diligence to distinguish between men who rightly use and men who usurp the name and business of accountants. Such a system can be created only by association in some form or other—by co-operation, not for the purposes of a contracted monopoly, but for the purposes of ascertaining, in the first place, who are fairly entitled to hold themselves out as accountants, and, in the second place, of stigmatizing those who prove themselves unworthy to ask for public employment and public confidence. Undoubtedly difficulties beset associations of this kind where the law renders no help to enforce prohibitions and exclusions, but these difficulties are not insurmountable, for fortunately there is implanted in the vast majority of mankind some respect for the opinion of their fellow-workers in any given field of labor.

Animated as we are by the feelings which we have thus described towards a most necessary and, in the main, most honorable class of men, we note with much pleasure the meeting of

metropolitan and provisional accountants, held last week at the Cannon Street Hotel, for the purpose of founding a national society of public accountants. It was hardly to be expected that a movement of this kind should meet with no criticism and no opposition, and it would have been very strange if unanimity had been found to prevail among a body of men who were up to that point only seeking for a standing ground of brotherhood. Yet the first motion, asserting the necessity of founding a national society under the title of 'The Society of Accountants in England,' was ultimately carried by a large majority; and the principle which the chairman laid down that it was not intended at the outset to close the society against any accountant, whatever might be done afterwards in the way of restriction, also passed muster. The task of selecting members at starting would, we think, be as impossible as it would be invidious and improper. But the society can, when once fairly in working order, weed out those who bring discredit upon their fellows, can set up a standard of competence, and can establish a code of honor. Indeed, these are the things which the society must do if it hopes to benefit either its own members or the public at large.

We are reluctant, in the midst of what is in all respects a pleasant and agreeable duty, to refer to a topic which is the reverse. But the gentleman who moved the first resolution at the meeting, Mr. G. M. Bright (of Simpson, Harper & Bright) cited in the course of his speech from an article which had appeared in our columns relative to the encroachments on the legal profession by persons calling themselves accountants. Mr. Bright candidly admitted the justice of our remarks, and used them as an argument for securing to accountants a recognized status. We made those remarks from a sense of duty towards the legal profession, but we have been the more bold to make them because we were thoroughly satisfied that the proceedings of the persons to whom we alluded were as derogatory to the profession of accountants as they were unjust to the legal profession. There is a wide and an ample field open for energies of the highest and best character in the business which belongs strictly to accountants; and the more the energies of accountants are concentrated on the cultivation of that field, and the less they trespass on what lies beyond that domain, the better will it be for the interests of the whole body of their profession. In what Mr. Bright said he spoke like a wise and honorable

man, and we rejoice to see that his declarations were so well received.—From the "Law Journal," January 19, 1872.

ACCOUNTANTS.

On Thursday, January 11, a largely attended meeting of the metropolitan and provincial accountants was held at the Cannon Street Hotel, to found a national Society of Public Accountants. The chair was occupied by Mr. Joseph Davies, mayor of Warrington. In opening the proceedings, he said the society was intended to promote the acquisition of those branches of knowledge which were essential to the practice of an accountant, to decide questions of professional usage and courtesy, and generally to advance the position and interests of members of the profession. It was not intended at first to close the society against any accountant, whatever might be done afterwards in the way of restriction. The society would bring members of the profession together from time to time, would enable them to know more of each other than they could at present, would assist them to interchange experience and professional courtesies, would weed out those who brought discredit upon them, would set up a necessary standard of competence, and would establish a code of honor, which was demanded from them on account of the large responsibility thrown upon them by the general public. The interests intrusted to them were vitally important and therefore it was necessary that everything they said and did should be accepted and received with implicit confidence. He urged the importance of extending the advantages to be conferred by the society to all members of the profession, because exclusiveness and monopoly would lead to disintegration; and he anticipated that the formation of the society would result in a number of the leading members of the profession being accepted as the arbiters of disputes that were constantly arising in partnerships and commercial transactions. At the same time those who joined the society must distinctly understand that membership was not a royal ladder of success, which must depend upon individual efforts and merits. It was not only the interests of the profession that were involved in the formation of the society; it concerned the public to whose judgment he confidently submitted their proposals. Mr. G. M. Bright (of Simpson, Harper & Bright, London) moved the first resolution, which asserted the necessity of founding a national society, and therefore of establishing

'The Society of Accountants in England.' He quoted a recent article in the Law Journal, which spoke of accountants, agents, and collectors being allowed to prey upon the public and defraud the legal profession, and called upon the Incorporated Law Society to do something to repress accountants. The meeting, he said, could not hear that quotation without pain and the more so that there was some foundation for it; hence, the necessity for securing a recognized status for accountants. Mr. J. Simpson, of the same firm as the mover, seconded the resolution and stated that the number of adhesions to the movement was 428. Mr. Strachan, of Newcastle-on-Tyne, said that if the object were to raise the status of the profession that could not be done by admitting to the society all applicants for membership; and they must therefore begin with some sort of restriction; but it was premature to form a society before the movement was supported by the leading accountants of London and the provinces, whose names were conspicuous by their absence from the list of the provisional committee; and he therefore moved an amendment which after affirming the necessity for a society, expressed the opinion of the meeting that such a society should be formed and that it should include the most respectable members of the profession. Mr. Strachan was interrupted by cries of 'oh, oh!' and he was directly contradicted when he referred to circumstances suggesting that the national society was antagonistic to one already existing in London. He was also told that the gentlemen whose names he missed could 'come in if they liked,' and that they had been invited and had declined. A gentleman, who was understood to give the name of Alexander, produced a correspondence, which he was not permitted to quote without a protest from another gentleman in the body of the meeting, and said it showed that the reason why certain accountants stood aloof from this movement was that they had held a hole-and-corner meeting, had established a guild, and had arrogated a power to which they had no right. Mr. Cox, of Bath, supported the resolution. Mr. Mellor, of Nottingham, recommended the chairman to withdraw the remarks he had made as to the admission of all applicants; but the chairman declined to do so, comparing the society to a funnel with a wide mouth and contracted neck; and the amendment, having been seconded by Mr. Monkhouse of Newcastle, was negatived. Five hands were held up for

it and against the original motion, which was carried by a large majority; but there were still a considerable number present who did not vote. The remaining business was despatched a little more smoothly, but not without criticism. A council of twenty-four (eleven for London and thirteen for the country) was appointed to remain in office until the first annual general meeting; the council was empowered, pending the adoption of rules by a general meeting of the society, to receive and decide upon applications for membership, to fix the amount of and to receive subscriptions, and generally to manage business in accordance with such rules of a committee as may be adopted by the council until the general meeting; and a committee of seven was appointed to draw up rules, on the completion of which the council is to summon a general meeting. It was pointed out that two members of one London firm were on the proposed committee, and this was corrected; it was pointed out that the committee, as proposed, were also on the council; and comments were made on the powers conferred on the council pending the preparation of rules by a committee and their adoption by a general meeting. Trustees, auditors, and a treasurer were also appointed. These resolutions were moved and seconded by Messrs. E. N. Harper, J. Voysey, Geard, Greener (of Newcastle), Tilly, Izard, Sabine, Brett, and H. Watson. The proceedings terminated with a vote of thanks to the chairman.—"Times,"—From the "Law Journal," January 19, 1872.

THE SOCIETY OF ACCOUNTANTS.

We have been favored with a press copy of the Rules and Regulations of the Society of Accountants in England, and we have given to them the careful consideration that the subject demands. Accountants are charged with very responsible duties, and solicitors know better than other men how important it is that an accountant should be a gentleman of skill, experience and high character. Not many years ago accounting was a trade, but it has now become a profession; id est, respectable accountants act as professional men, and discharge duties that are strictly professional. The duties of the solicitor and of the accountant are perfectly distinct. The accountant elucidates the facts upon which the solicitor bases his action. In chancery, in bankruptcy, and sometimes in common law cases the solicitor is materially assisted by the ability and care of the accountant,

whilst any shortcomings of the accountant are of most serious consequence. Speaking in the name of the profession, we repeat we wish the Society of Accountants every success, and we are confident that it will succeed.

Not only the legal profession, but the public at large is deeply interested in the effort now being made to constitute the accountants into a responsible profession. Accountants are generally chosen as liquidators of companies being wound up in Chancery, and upon their conduct depends the realization of the estate. Moreover companies and mercantile firms often need the help of accountants, and it is of great moment that the accountant should be capable and trustworthy. At present any person without capital, without knowledge and without character, can call himself an accountant, and the public have no means of detecting the imposture. Hereafter they will be able to engage men who are duly certified to be qualified. Members of the Society of Accountants will be men who have had experience in the profession, and who conform to the rules and regulations of the society. Although it will still be lawful for persons to practise as accountants who are not members of the society, yet it is not likely that any duly qualified person will fail to join the Society. At all events it will be the fault of the public if they incur the risk of employing an unqualified accountant.

One object of the society is 'to decide upon questions of professional usage and courtesy,' and the names that appear upon the list of the first council are a guarantee that none of those mean, unlawful and disreputable practices which we have so often denounced will be tolerated. There will still be a low class of persons calling themselves accountants, and defrauding people of money under pretence of doing work that can only be done by solicitors, but these persons will not be members of the Society of Accountants. In a short time the public will understand that an accountant who is not a member of the society is either very eccentric or not trustworthy.

Another object of the society is "to promote the acquisition of those branches of knowledge which are essential to the practice of an accountant." Students are to be persons not under eighteen years of age, who are or have been pupils of fellows or associates of the society, and they may continue pupils until they are 26 years of age. We regard the educational department of the society as vitally important,

and we hold that it should be immediately developed. We see no reason for making the examination of students optional until January 1, 1878; and we submit that the compulsory examination of students might commence at an earlier date, the society reserving to itself the right to admit non-students as members until the year 1878; after which no one should be admitted as a member who has not passed the examination.

The society reserves to itself plenary powers over the individual members. If a member is bankrupt, or insolvent he shall cease to be a member, but he may be readmitted if the majority of the council are satisfied with his explanation. The fourth clause is very sweeping.

Any fellow, associate, or student shall cease to be a member—

If he shall commit any act of which complaint shall be made to the council by any member, and the council after due investigation shall consider such act dishonorable or derogatory to the profession of an accountant; or if any other circumstance should arise which in the opinion of the council shall justify such a course, the council shall convene a special general meeting of the society to consider the question of his expulsion, and shall give to the member one calendar month's previous notice of such meeting; and if it should be resolved by the votes of three-fourths of the members present in person or by proxy at such special meeting that the member shall be excluded, he shall thereupon cease to be a member.

Here, no doubt, some change will be necessary. The society seeks a royal charter of incorporation, which we hope it will speedily obtain. Then exclusion from the society will not be merely exclusion from a social or political club, but will involve professional ruin. The accused member ought to have an appeal to some independent tribunal. But this is a matter to be considered when the application is made for a charter.

We know not who has prepared the rules and regulations, but they are remarkable for their exactness and comprehensiveness, and they establish the new Society of Accountants upon a firm and wide basis.—From the "Law Journal" March 15, 1872.

THE INSTITUTE OF ACCOUNTANTS IN LONDON.

On January 19 and March 15, articles appeared in this journal on 'The Society of Accountants in England.' Our attention has been called to the 'Institute of Accountants in Lon-

don,' and Mr. Thomas A. Welton, the secretary, has forwarded to us a copy of the rules and regulations, together with a list of the members. The Institute, like the Society, is a young institution, and at the time we wrote the articles on the Society we were not aware of the objects of the Institute, or we should have named it in connection with the important subject of the profession of accountants.

What we desire is the welfare of the profession, and means taken to put the public on their guard against ignorant and unscrupulous persons who have the effrontery to dub themselves accountants. This can only be effected by the bona-fide accountants uniting, so as to enable the public to know who are recognized accountants.

Now the Institute has this object in view, and its list of fellows and associates includes the names of many of the leading London accountants. It started with 75 fellows and 60 associates, and the entrance fees and the subscriptions for the first year amounted to 3,788 l. 8 s. There is to be an examination of candidates. A library is to be formed. Membership is to be forfeited by engaging in any other business than that of professional accountant; by the non-payment of subscriptions; by bankruptcy or by any act of insolvency; for unprofessional and disreputable conduct. We need hardly remark that being a member of the institute is a guarantee of professional respectability.

There are points of difference between the Institute and the Society. The former is local, confined to the London accountants. The latter is an association for the accountants of the whole country. The former is not of such a distinctly educational character as the latter. The Institute will not receive associates who are not of full age and have not served under articles for five years. The Society will admit at 18, and provides for the education of members. The one is a highly respectable and influential local institution and the other a national institution. Suppose that the Society of Accountants in England obtained a charter of incorporation, and the exclusive privilege of conferring degrees on accountants, and the sole right of granting a diploma to practise as an accountant, the Institute of Accountants in London might still exist and still have a *raison d'être*. We do not presume to offer any advice, but it seems to us that two institutions, with objects so near akin, might advantageously amalgamate. However that may be, we wish the So-

ciety success, because it proposes to form a professional union of all the accountants of the kingdom, and to raise the status of the profession by attending to the education of the junior members and by not admitting members who are not first examined as to their professional knowledge.—From the "Law Journal," May 3, 1872.

The National Federation of Accountants and Bookkeepers will take place at Detroit, Mich., September 17, 18 and 19, 1896.

THE PROFESSION OF ACCOUNTANCY.

Contributed by Frank Blacklock, Expert Accountant, Baltimore, Md.

Many young men of the present day are looking about them with a view to entering a calling that is not already overcrowded and will afford a fair remuneration for the time and labor that must necessarily be spent in the effort to obtain a foothold on the lower rounds of the ladder which leads to the top of the profession they may choose. As the civilization and refinement of the 19th century advances more and more, new avenues are opened and improved methods are demanded in all the varied and complex situations of the industrial world.

The profession of an accountant has had a recognized standing in England for the past century, and of late years the English who are reckoned the most able merchants of the world, have incorporated the public accountant in the body politic, much in the same manner as the lawyer, physician, engineer, and other learned persons have heretofore obtained a recognized foothold.

In these United States accountancy may be termed in its infancy, and the profession here are to be congratulated that that admirably conducted publication, the *BANKING LAW JOURNAL*, has

opened a department which will afford a medium of communication between members of the craft.

In different cities there may be noticed the start and struggle for recognition of what may be called self-made public accountants. Generally, a young man, thrown out of his regular employment, concludes to start as a public accountant, and on the threshold of his new vocation he commences to look for the "literature of the profession of accountancy." If he chance to mention his wants to some banking friend, he will be referred to the *BANKING LAW JOURNAL* as the recognized accountants' medium. From this he will work his way gradually to the English publications upon the subject of accounts, of which there are more than is supposed, all of which are full of practical suggestions. By this time the young aspirant will have either concluded that no one wants his services or will have developed capacity sufficient to pursue his calling. As nothing succeeds like success if he has been really useful to one employer he will soon have another and so on un-

til his time is fully occupied.

It may be asked how can the accountant be educated? Well there is no royal road for the successful public accountant to follow; no college or lectures to attend, and but few text books to be had; yet without any of these assistants, with a good common school education, energy, sound horse sense, above all a reputation for sterling honesty, with a good knowledge of human nature, and the elements of a successful salesman, (for to continue in active practice the public accountant must be able to procure customers for his skill and ability, or he will soon be doing clerical work for the fellow who can get the business)—if he possess these requisites he will be able to make a fairly good living out of the profession.

The suggestion made in the July number of the *BANKING LAW JOURNAL* should be followed by all who really take a pride in belonging to the army of public accountants, and those who can should contribute to the "Literature of Accountancy" and not send those who seek after knowledge to the other side of the big pond.

CLARENCE S. DAY.

It sometimes happens that a man, on picking up a newspaper, will be astonished at seeing the publication of his own obituary; and the next succeeding days are spent in establishing to the satisfaction of sorrowing friends that he is neither dead nor moribund. Newspapers are not infallible and false news will sometimes creep into the columns of the best of them. Akin to the feelings of such a one must be those of the man who, being not only in good physical health but in sound financial condition as well, is startled, upon glancing over his newspaper, to see therein a report of his own financial death. This has lately been the experience of Mr. Clarence S. Day, the well-known banker of 40 Wall street, who on August 12th read the cheerful announcement in the *New York Evening Post* that his failure had been announced on the Stock Exchange. The error in this case

arose from a similarity of names and originated in the local news agency of the Associated Press. The failure was that of Mr. Charles S. Day. Mr. Clarence S. Day's solvency has never been questioned.

It is needless to say that the *Evening Post* made all proper reparation in a succeeding number; but as Mr. Day's business connections and correspondents extend all over the United States mention of the circumstance in these columns in his interest is not inappropriate. Mr. Clarence S. Day was for some thirty years a member of the firm of Gwynne & Day, one of the best known houses in the street, with wide connections in other parts of the country. The firm of Gwynne & Day was dissolved not long since by the retirement of the senior partner, Mr. Gwynne. The high reputation of the house is fully maintained by Mr. Day. The business was established in 1854.