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Recommended Citation

American Association of Public Accountants, "American Association of Public Accountants" (1888). *Association Sections, Divisions, Boards, Teams*. 177.
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THE
AMERICAN ASSOCIATION
OF
PUBLIC ACCOUNTANTS.

NEW YORK :

1888.

THE AMERICAN ASSOCIATION
— O F —
PUBLIC ACCOUNTANTS.

President, - - - JAMES YALDEN, New York.
Vice-President, - JOHN HEINS, Philadelphia.
Secretary, - - - JAMES T. ANYON, New York.
Treasurer, - - WILLIAM H. VEYSEY, New York.

COUNCIL.

JAMES T. ANYON, New York.
LOUIS M. BERGTHEIL, New York.
WILLIAM CALHOUN, New York.
GEORGE H. CHURCH, New York.
JOHN HEINS, Philadelphia.
MARK C. MIRICK, New York.
RODNEY McLAUGHLIN, Boston.
C. H. W. SIBLEY, New York.
WILLIAM H. VEYSEY, New York.
WALTER H. P. VEYSEY, New York.
JAMES YALDEN, New York.

OFFICES: EQUITABLE BUILDING,
Room 51, 6th Floor,
No. 120 Broadway, New York City.



WHEN the lexicographers gave the definition of Accountant as "One who is skilled in, or keeps accounts," the compilers of the dictionary covered the ground, but in a partial and general sense.

Like the tent of the Arab, which could be made large enough to shelter more than one family, the mere name of Accountant becomes valuable as a refuge to many who claim a correct knowledge of figures and measure experience by the limits of a counting-room.

"Skilled in accounts"—to quote from the definition—and the dangerous latitude of possibility in this gives a significance which is really the key to the mystery of what, to an unthinking person, an Accountant really is.

A person to be feared? No; except when, with integrity of purpose, complete knowledge of his duties, adaptability for an emergency, which comes from experience and confidence, and a maturity of judgment which weighs cause and effect with justice and discrimination, he seeks for and finds

evidence of wrong-doing and fraud which the over-reaching shrewdness of dishonesty has hidden from casual observance.

A person to be respected? Yes; for the responsibility assumed, the untiring application and industry necessary to fitness for the work undertaken, the constant appreciation of the relations to others, against whom he may be searching for damaging evidence, seeking, in many instances, for that which he does not wish to find, and yet with the unerring testimony of the gradually developing facts growing upon the pages before him. Standing as the Mentor whose wisdom and impartiality may check the erring or do justice to the wrongfully accused, he is the safeguard to all.

The skilled Accountant is this; and the credential of unchallenged ability entitles him to the recognition demanded by the requirements of the situation in which he is called upon to act—for that credential must be earned by patience, hard work, perseverance and study, in more than one direction.

The boundary line between the ordinary bookkeeper and the Public Accountant is clearly defined. The general counting-room worker takes the day's transactions in plain details, and puts them, simply as details, in their places. The Accountant takes these

details as the bookkeeper has set them in their places, turns the transactions to their proper use, and weighing the matters carefully and justly, prepares the balance sheets which are to show the indubitable evidence of profit or loss.

The bookkeeper, careful, conscientious and honest, deals with plain facts in accordance with certain rules of bookkeeping with which he may be familiar. The Accountant considers the facts in their specific relations to each other, and from these relations shows a result that cannot be controverted or impeached.

The distinction is a fair one, in which the bookkeeper does not suffer by the comparison. He is right, earnest, capable—so far as he goes. The Accountant has advanced to the degree in that the gravest responsibility is his, and he is able, easily and continually, to bear it.

The bookkeeper is the foundation upon which the Accountant builds his proficiency.

THE PROFESSION OF ACCOUNTANT

has held an honorable place for very many years. So many, in fact, that we find it upon a firm footing in England and Scotland two centuries ago. The auditing of accounts, public and private, was entrusted to men

who made a specialty of the business; and there is a mention in the diary of Samuel Pepys, under date of June, 1667, to accountants, in which the reference is evidently made to public officials. In Scotland, at the same period, accounting was a distinct profession, bearing rank with that of barrister; and in England, half a century later than that mentioned by Pepys, there was a volume in which complimentary words are said of the "professed accomptants."

That the Accountants knew the value of their services, and that the profession should encompass itself with a bulwark which should secure to those practicing in it integrity in themselves and a protection against the intrusive and unwarranted companionship of incompetent figurers, was shown, in Scotland, by the formation of a society for the securing of a high degree of efficiency. And to this end an association, bound by the articles of membership and the covenants of the practitioners, was established. The seed was planted in good ground. It took firm root, and in 1854 a Royal Charter was obtained, and it became a corporate body, the members being designated as Chartered Accountants. This association was formed in Edinburgh, and the incorporation was rapidly followed by similar

charters, obtained in Aberdeen and Glasgow.

In England, as has been shown, the Accountant was a positive quantity in public and private affairs, long ago ; and under the strict scrutiny of Government, and with a demand for their services in innumerable ways, the necessity of a protective association became apparent, in which the example of the Scotch was turned to advantage. This led to the establishment of the INSTITUTE OF ACCOUNTANTS in 1870, and THE SOCIETY OF ACCOUNTANTS IN ENGLAND in 1872, both in London. The SOCIETY OF ACCOUNTANTS in Liverpool was formed in 1870, the SOCIETY OF ACCOUNTANTS in Manchester in 1871, and the SOCIETY OF ACCOUNTANTS in Sheffield in 1877.

With such a number of associations the profession asserted its importance and met with a response not only flattering but merited. The large interests involved in mercantile and financial transactions were quite willing to acknowledge the benefits of a system of accounting-espionage, as it were ; and, under the influence of the members of the associations in the different cities, the custom of regular examinations and auditing of accounts with important corporations and large houses soon obtained a

popularity grown from its positive value as a protection and a convenience.

There were strict discipline and rules of practice in these organizations by which irresponsible persons, claiming efficiency without having it, were soon made known; and the business interests in the large cities, as well as those of distant places, sought assistance from the members of the association, placing confidence where it was deserved, and reaping the benefits of the experience of the men whose aid was invoked.

In a decade the profession had so widely spread, its influence and importance were so well known, that the various associations saw the propriety of concentration. Identity in severalty gave way to mutual interests, and a Royal Charter incorporated them all, in 1880, under the name of

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES.

What the Institute has become, how large its membership, how carefully its interests are guarded by its executive council, how highly it is regarded by the business community and by the Government, how far its influence extends and how great the responsibility imposed upon its members, the English newspapers attest.

In an article in the *London Times* of March 6, 1879, alluding to the importance and value of Accountants' services, we read :

“ Our main trust would be in a greatly increased rigour in the audit of accounts. An honest system of auditing would arrest folly or fraud at the outset.”

This opinion has been voiced not only in the English, but in the foreign press, generally ; and the merchants and financiers bear testimony as to the value of the audit recommended. It has become a rule, in England, that the large corporations shall regularly employ the Chartered Accountants to make examinations of their affairs. And these accountants are recognized by the Courts. In the case of railways and all corporations this is decreed by law. The public and those interested in these corporate bodies know just what figures mean when they are presented in reports. There is no concealment of purposes—no manipulation of accounts to serve the ends of an interested body of officers, for the Chartered Accountant has his own reputation at stake. He cannot afford the risk of lending his ability to nefarious practices and of prostituting his talents to conceal the iniquities of officers and directors. When a balance sheet is drawn up and certified by a professional ac-

countant the stockholders feel sure that it is correct, and that the dividend has been fairly earned.

The Chartered Accountant has legitimately earned his right to practice. Not only the system of accounts, adapted to every kind of business, has been made a study, but points of law bearing upon financial transactions of every kind, corporate and private, have been studied. He is as well versed in these as the barrister; and when he signs a report the signature means more than the mere writing of a name at the bottom of a page of unintelligible figures, which those who have no part in the computations leading to the results named are expected to accept.

The Institute stands sponsor to its members, and the penalty of any transgression, if it be not prosecution by the law, would force the offender to seek other means of gaining a livelihood, under the disgrace of a forfeited position, hard to obtain, and of great value in its retention.

The system of regular accounting is not merely current in the United Kingdom. It is an accepted necessity in European countries, notably in France, Belgium, Switzerland, Germany and Holland. Traders are

compelled by law to keep proper and timely records of their transactions. These must be sufficiently clear to account for all lines of operations, for the event of failure must have no concealment in the accounts presented. The bankrupt must have a clear showing, or suffer the penalty of the law.

THE AMERICAN SYSTEM OF ACCOUNTS

is decidedly various. Private firms have their patronage so far extended, and the credit system is so general, that the necessity for some recognized method of examining accounts is certainly demonstrated. Each State of the Union has its laws bearing directly upon what may be regarded as inter-state relations, and the transactions of many prominent concerns are closely allied to others. The interests involved in the manufacturing districts are very large. The concentration of interests in some lines of trade is obviously advantageous, and all these lead to a multiplicity of accounts in which the methods employed become so intricate as to preclude the proper sifting of the causes which lead to results, except by the intervention of an Accountant who has no connection with the establishments.

The bookkeeper may present the details, but the Accountant must revise this work,

and the Accountant comes to the task clear-headed and free-handed.

Corporations are formed with a variety of objects, the general business being conducted under several administrations, each in its department, and all subservient to the complete organization.

Here the Accountant has a field to work in, where he can fairly solve a problem, or certify to a statement.

Railways grow rapidly, till the network of rails reaching from ocean to ocean and stretching far into the new countries, opens the way to investment which should be profitable. The development of new districts, the advancement of individual and corporate interests, the projects which depend for their success upon the assistance of thousands of investors—all go to make up the sum of aggregate wealth which depends upon honesty of administration for permanency and value.

The English system of railway reports is invaluable to the investors in many instances. Here again is the Public Accountant acknowledged; and well-known bankers in New York will bear testimony that the failure to present proper reports of American railways is a solid argument against confi-

dence in many securities which offer themselves for the investment of foreign capital.

At the "close of the war," there were but three American railway securities listed on the London Stock Exchange. Now there are 185 issues quoted, with a nominal capital of £449,000,000. This alone is an argument, in cold facts, why confidence in the securities which enter into this vast capital should be encouraged by an honest showing, on the English principle of accounting.

The banker who does business with the mercantile houses; the institution which assists trade by the legitimate accommodation upon commercial paper, would find the value of the Accountant's services in prompt examinations of the condition or prospects of the customer, before the loans were made. Losses would be prevented, the care exercised under such examination would be a benefit alike to banker, bank or merchant, and worthy applicants for aid would find readier means of securing help under such a system.

The Accountant has integrity and responsibility as his birthright when he enters the guild, and an independent audit, under similar organization, would disclose the facts, and to a large degree cut short the story of defalcation, irregularity, failure and disaster

which is but far too frequently told in America, and which points its own moral—severe and lasting as it is, to those who suffer.

THE AMERICAN ASSOCIATION OF PUBLIC
ACCOUNTANTS

has been incorporated under the laws of the State of New York and organized by the election of its officers and council, with its office in this city.

It has its inception in the encouragement given by the financial institutions of this country and by the confidence already shown in the employment, in many instances, of its members, some of whom were members of the Institutes which have been taken as models, and of others, who have exclusively practiced in the United States, for many years.

Adapting its forms of practice to the requirements of the American system of organization and methods of business, its members have been for some years familiar with the "way of doing things" on this side of the Atlantic. American laws and American manners have been made a study, and on the adoption of a Constitution and By-Laws and Rules and Regulations which bear a similarity to those so successfully in vogue

abroad, the Association secures protection to itself and insures to the clients of its members a service which commends itself, earnestly and honestly, to the confidence of the business interests of the country.

The certificate of incorporation says :

“The particular business and object of such society is to associate into a Society or Guild for their mutual benefit and advantage, the best and most capable public accountants practicing in the United States, and through such association to elevate the profession of public accountants as a whole, and to promote the efficiency and usefulness of members of such Society by compelling the observance of strict rules of conduct as a condition of membership, and by establishing a high standard of professional attainments through general education and knowledge and otherwise, and to transact such business as may be necessary and incident to the establishment and conduct of an association for the foregoing purposes.”

Extract from Report of United States Consul SHAW (Rep. No. 43, 1884,) dated Manchester, Eng., 27 Sept. 1883.

Public Accountants and Auditors.

“It may be well to further state that the system of ‘Chartered Accountants’ is regarded in England with great confidence and favor. There is a well organized and specially educated class of Accountants whose business consists in supervising the accounts of Private Firms, Public Companies, Banks, &c. By paying a retaining fee to a firm of Chartered Accountants, any one can have the books of any enterprise with which they are connected carefully examined by an expert, without in any way casting suspicions on bookkeepers, cashiers, secretaries, or others. The practical effect of this system is this, that bookkeepers and those responsible for public or private trusts know that, at any time, they may expect a visit from an Accountant, sent by the firm in whose charge, in a sense, the books are placed. This plan has many obvious advantages, which will readily appear to every one. Many gentlemen connected with public or private trusts are virtually at the mercy of bookkeepers and hap-hazard ‘auditors,’ men who are frequently unfitted to exercise the important functions they are called upon to perform. In England the Public Accountants furnish a cheap, efficient and responsible agency whereby the books of any concern, either private or public, can be properly and perfectly examined. It is largely the custom in this country to retain these ‘Chartered Accountants’ to supervise the books of individuals, corporations, &c. The system is well known and highly esteemed, and when an Accountant comes to examine the books, no one regards the professional examination with the least aversion or suspicion. It is a business custom, and as such is looked upon as a necessary and desirable system. I believe that a similar organization in our country would become most useful and popular. There

is a wide field for its operations, and great need of some better professional inspection in a multitude of interests, both private and public. In the belief that this English system of 'Chartered Accountants' is worthy of the fullest examination, and also of being adopted by our people, I have taken the liberty of furnishing these details, and transmitting full data bearing upon the laws, regulations, forms, &c., of this organization."

Licensed Accountants.

Defalcations that seriously cripple rich corporations and ruin beyond recovery delinquent officials, are public evils of very great magnitude. Within a few years they have worked pitiful havoc in this city and in other American cities with great fortunes and good reputations. If any person familiar with our recent financial history will run over in his mind the names of the men who are now in prison for proven misconduct in the discharge of great trusts; or the names of those who have been hurried to the grave by consideration of the evil consequences of their misdoings; or, again, the names of the fugitives from justice who have hurried out of the country—he may readily perceive what a fearful aggregate of wretchedness is involved in these offences. In all these cases it is commonly assumed there is a criminal delinquency somewhere, and perhaps there is; but the criminal delinquency is not often worst at that point where the evil consequence is most felt. In the Fish and Ward case—perhaps in the case of Gray in Boston and in some others—the appearances are that a foolish faith in an inexhaustible good fortune was as much in play as conscious dishonesty. Certainly in all those instances where directors are technically responsible, as in the case of the Chesapeake and Delaware Canal Company, negligence and confidence alone make the field for the dishonest practices of cunning villainy. In all a want of regular,

frequent and proper scrutiny of accounts is the starting point of calamity, whether the calamity be at last produced by negligence or by roguery.

But the practical question is—what shall we do to protect investors, directors, companies, and even the careless or the tempted cashiers and presidents themselves, from this vast and menacing evil. There is a good and simple remedy, and one that has proved in other countries so effective for protection, that though defalcations do occur they occur only in a proportion of one to our ten. This is the system of having all books submitted to the regular examination of licensed and sworn accountants. In London, for instance, the accountants are a guild by themselves. Their occupation is an “art and mystery” to which men are trained as they are trained to any trade, and which they study as men study for the learned professions; and the man who knows this craft does not as, with us, simply look around to utilize his knowledge by obtaining a situation as a book-keeper to a merchant or banker. He obtains a license, puts out his sign and sets up in “practice.” He is a public officer in the same sense in which a notary is; and being employed to examine books or audit accounts it is as much his interest to find fraud, if it is there, as it is a doctor’s interest to cure a disease or a lawyer’s to give sound legal advice. Success is what he works for, and that is the road to it. Corporations that have their accounts regularly scrutinized by those men do not have fraudulent issues of their securities carried over a period of ten years, and a man does not go to bed at night, believing himself worth a fortune, to wake up and find that he is penniless. People know when they are insolvent, and the certainty of early exposure removes temptation from the dishonest. We need to borrow from our neighbors beyond the sea the practice of a regular and extensive application of this system.—*Mail and Express*, September, 25, 1886.

The Expert Accountants.

AN ASSOCIATION TO BENEFIT THEMSELVES AND THE PUBLIC.

Without any preliminary flourish of trumpets or unusual splurge the American Association of Public Accountants has been organized in this city, with James Yalden of this city as President, and John Heins of Philadelphia as Vice-President, and a council, consisting of a dozen public accountants known here and in Boston, Philadelphia and Western cities as thoroughly able and competent men. The organization is formed on the same lines as the Institutes of Chartered Accountants in England and Wales. To conform to American customs the constitution and by-laws of the association are modified as necessary, but the general form is the same. The requirements both for fellows and associate members are as strict as they should be in a body of this character, such safeguards as will protect both the association and the public having been adopted, and the most rigid examinations being necessary even before a candidate can become an accountant's clerk. Three years' service in that capacity is necessary before admission to membership may be had.

The greatest care has been exercised in selecting the charter members, these including the best and ablest men in the profession, men whose integrity is unquestioned. The main object of the guild is to secure safety to clients, a membership in the association being a guarantee to this end. This is insured by a rigid supervision by the council of the association of the work and conduct of all members of the organization. The rigid terms required to get and hold membership, and the guarantee which the association's certificate carries with it should prove especially valuable in the cases of bankrupt estates or cases under Receivership, where the services of a public accountant are required. There may perhaps be less "sweating" of estates, and

Receivers may be held to a stricter accountability for their acts when the services of the professional accountant, with the self-imposed surveillance of their membership in this association, are called into requisition, thus insuring a mutual safeguard to both bankrupt and creditor. The association looks like an excellent thing on paper; it will be in fact if the members live up to their own high standard.—*New York Times*, Feb. 18, 1888.

To Provide Skilled Accountants.

The employment of skilled accountants is a necessity of the commercial interests of the community. In England there is a system by which accountants who have earned the right to practice are protected and their services guaranteed. In Scotland the institution dates back two hundred years and in England and Wales it has successfully existed for a long time.

The American Association of Public Accountants has been formed under similar constitution and by-laws. The classification of members, terms of admission, regulations of conduct, responsibility and penalties are especially adapted to the necessity of American commerce, and the government of the association is vested in a council with full discretion and authority. At a meeting held on Thursday last the constitution and by-laws were adopted, and the principal office located in this city. The council members from New York, and the officers, have all been identified with important examinations, and Philadelphia and Boston are also represented. James Yalden is President, and John Heins of Philadelphia, Vice-President.—*New York Tribune*, Feb. 18, 1888.

An Association of Accountants.

The American Association of Public Accountants has been incorporated. The association has a home office in

this city, and the officers chosen at the meeting on Thursday are James Yalden, President and John Heins, Vice-President. Mr. Yalden has been identified with many important examinations here and elsewhere, and Mr. Heins is well known as a public accountant of ability. A council of eleven members of the association governs the whole. The rules and regulations are very strict. A rigid examination by a special board of examiners is necessary to admission, and the credential to a nomination for membership is a term of several years of practical service. Philadelphia is represented in the organization, Boston has its leading accountant enrolled and the Western cities are well represented.—*New York World*, Feb. 18, 1888.

Organization of Accountants.

A SOCIETY WHICH IS INTENDED TO PROTECT BUSINESS INTERESTS.

The American Association of Public Accountants, modeled after the Institute of Chartered Accountants of Great Britain, has been organized, with James Yalden, of this city, as President, and John Heins, of Philadelphia, as Vice-President. The association aims to protect the business interests of the community by rigid examinations for admission to membership, one qualification being several years' creditable service as an accountant. Suspension or expulsion from the association will operate to preclude employment for the disgraced member, and the punishment will be imposed for any dereliction of duty or dishonest practice. The organization was made as a protection against unfit persons describing themselves as expert accountants. Boston and Philadelphia and most of the western cities are represented in the association.—*Commercial Advertiser*, Feb. 23, 1888.

An Important Association.

The American Association of Public Accountants, similar to the foreign one, was incorporated in August last, under the laws of this State, and the organization completed last week. The by-laws and constitution are adapted to the demands of our own business, and the membership includes many of the most expert and acknowledgedly successful public accountants in this city, Boston, Philadelphia and the West. A council of eleven members governs the association; an examining board makes the entrance of an unwarranted person impossible; the penalties for infraction of the strict rules secure to the public a guarantee of good faith and ability. The association should be a benefit to the public, where large financial interests are considered, in times of doubt or emergency.—*Mail and Express*, Feb. 20, 1888.

American Association of Public Accountants.

The above is the name of a society recently organized to secure the co-operation of the best public accountants in the United States, to elevate the profession, and to promote the general welfare of the members. These are objects deserving every encouragement. Mr. James Yalden, of New York, is President, and Mr. John Heins, of Philadelphia, Vice-president of the association, whose temporary offices are with Barrow, Wade, Guthrie & Co, 120 Broadway.—*New York Journal of Commerce*, February 25, 1888.

The Institute of Accountants.

The Institute of Chartered Accountants, which has existed in Scotland for more than a century and in England and Wales for years, has its kindred organization here in the American Association of Public Accountants, recently incorporated under the laws of this State.

Its officers are James Yalden, President; John Heins, Vice-President; W. H. Veysey, Treasurer; and James T. Anyon, Secretary. The Association aims to protect the public against unscrupulous or incompetent persons who claim to be experts, and the conditions of membership include an examination for admission and the penalty of expulsion for any improper action. A council of eleven fellows of the guild governs the Association. Boston and the Western cities are represented in the Council, and the Vice-President is prominent in Philadelphia. —*Evening Post*, February 29, 1888.

Attention has been for a long time directed to the necessity for some adequate system of examination and accounting in our financial institutions, and in the various interests in which many persons and large investments are represented. The expert accountant who undertakes to unravel the tangled threads of an important enterprise needs to be a man whose fitness for the position and ability to do the work should be unquestioned. This necessity is intended to be met by the American Association of Public Accountants, incorporated under the laws of this State last year, organized here during the last month, and now in operation, with Mr. James Yalden, of this city, as President; Mr. John Heins, of Philadelphia, as Vice-President, and Mr. T. Anyon and Mr. William H. Veysey, of this city, respectively, as Secretary and Treasurer. It has a governing council, in which there are representative men from this city, and from Philadelphia and Boston. The Institute of Chartered Accountants, already successful in England, Scotland and Wales, has a world-wide reputation, and upon a basis similar to the Institute in England the American Association of Public Accountants has been formed, the qualifications for admission being such as ought to secure competency and the penalties for misconduct such as to make a membership worth

having, as a guarantee to any employer, and these regulations should place the profession of Public Accountant upon a footing to elevate the worker, and secure to client and expert a protection of great value.-- *Commercial and Financial Chronicle*, March 31, 1888.

Men of Figures.

PUBLIC ACCOUNTANTS ORGANIZE AGAINST INCOMPETENCY AND DISHONESTY.

There has been incorporated in this city an institution intended to have a beneficial effect upon the methods of conducting business throughout the country. The title is the "American Association of Public Accountants," and it seeks members in all sections of the United States. Its object is to raise the standard of the men who style themselves "public accountants," and to protect the public by bringing all the competent and honorable members of the profession into one body, governed by strict rules. For years experts have suffered by the assumption on the part of ignorant persons of the ability to do the work required of an accountant. Ordinary bookkeepers assumed that they had the knowledge and experience necessary to do the work of public accountants, and the natural result was that the profession fell into disrepute. Merchants, bankers and brokers felt loath to intrust their private affairs to men for whose honesty and ability they had no vouchers. The real experts cast about for some means to elevate and purify the profession. There had been for more than a century in Scotland, and for many years in England, also, an association of public accountants which kept up the reputation of the individual members, and placed its mark of disapproval upon all those who could not pass the moral and mental examinations. The result of this organization in those countries was that business men would not call in accountants who were not in good standing in the association.

The President is James Yalden of New York, and the Vice-President is John Heins of Philadelphia. James T. Anyon, the Secretary, explained in a clear manner the by-laws which govern it. "Our object," he said, "has been to frame such laws as will make every member in good standing deserving of the confidence of the public. To do this we have arranged for an examination of each candidate, which, if he passes, will demonstrate his ability, and have also declared ineligible any person whose conduct has been in any way dishonorable. It is our desire to include in this association all the accountants in the country who are honorable and able members of the profession. We have divided the members into two classes—fellows and associates. The fellows of the order are the experienced and thorough accountants, and every candidate who pays his admission fee and proves to the satisfaction of the management that he has been a practicing accountant in good standing for three years previous to his application may become a fellow. To indicate to the public his standing in the profession, each 'fellow' can use the letters F. A. A. (Fellow of the Association of Accountants), after his name. The associates of the order are newly made accountants, and every person who can demonstrate to the management's satisfaction that he was on January 1, 1888, a clerk in the employ of a public accountant of good reputation, and that he was in such employ up to the time he made application for membership, and who can pass the examination, is eligible for membership, and if accepted can call himself an Associate of the Association of Accountants, and can use the letters A. A. A. after his name.

"The examinations are very strict, and embrace not only questions on professional topics, but also in relation to general matters, for we will not pass a man who has not a good general education, and it is incumbent upon a candidate to prove his efficiency in English composition, geography, arithmetic, and so forth, before he will be allowed to try the professional questions at all.

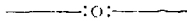
“The by-laws render a member liable to expulsion if he is convicted of felony, misdemeanor, or fraud; if he is proven to have been guilty of any act or default discreditable to a public accountant; if he is adjudged a bankrupt, or makes an assignment, or has his estate placed in liquidation, or makes any arrangement for the payment of a composition to his creditors; or, if he directly or indirectly pays to any attorney, broker or agent any portion of his professional charges, or accepts any portion of the fee received by any of the above designated persons who may be concerned in work in which he is also engaged.

“If the public were aware of how much fraud has been accomplished through ignorant or dishonest accountants they would gladly endorse this association. If a man wants to buy a share in a business he employs an expert accountant to determine the value of this share. If the accountant is in collusion with the seller, or is so ignorant that the latter can impose on him, it can be seen at once how the buyer will be the loser. So, in the settlement of estates, in investigating the action of directors of institutions, in looking into the acts of administrators, in all of these and many more of his important functions, the accountant must be strictly honest and thoroughly competent to do justice to his employers.’
 —*The Sun*, March 18, 1888.

The importance to the business community of a correct and responsible system of accounts scarcely needs argument in a journal like this. Every business must have its bookkeeper, and with the large number thus demanded there are many who find their way into positions for which they are scarcely competent, however good their intentions. Good business management requires that the books of such men should be periodically examined, or, to put it otherwise, that their work should be regularly audited. This gives rise to one branch of

an expert accountant's work. Bankruptcies and embarrassments of a less serious nature give rise to still other divisions, while selling estates and partnerships are still others. Men who have no special fitness for the task sometimes pose as experts, and the natural result is confusion and loss. In every occupation, whether it be mechanical employment or professional work, there is much to be gained by association. There is strength in union and advantage in interchange of ideas. When the men following any line of work meet and formulate the standards which shall determine the character of what they do, and when further they prescribe the qualifications and attainments of those who are entitled to rank as men of their class, much is done that is of value to the business world. These thoughts are suggested by the entrance upon the field of active work of the American Association of Public Accountants, an official announcement of which has very recently been made public. This organization, as our readers already know, has been incorporated under the laws of the State of New York. The conditions of membership are high, and the established standards throughout are far above the average. The integrity secured by the penalties imposed for wrong doing and the responsibilities of the council, which governs the association, for carrying out the general scheme of its founders, are believed by its members to make the organization sure of success. The intent is to follow the general path of the well-known chartered accountants of England, Wales and Scotland.—*The Office, March, 1888.*

What an Accountant Does.



The professional practice of a Public Accountant embraces within its extensive and varied scope the following, viz. :

1. The designing and planning of Books and Accounts, so as to adapt them to the requirements of any particular business, and thereby show the working of the various departments thereof ; also the devising a proper organization to furnish the details necessary to aid the management in obtaining results with the least possible amount of labor, and at the same time insuring correctness in all particulars.
2. The critical examination and auditing of the Books and Accounts of Corporations, including Railroad Companies, Banks and Insurance Companies, Municipal Corporations, Water and Gas Works, and all other public, mercantile and manufacturing companies, as also those of private individuals and firms ; the preparation of Balance Sheets, Trading and Profit and Loss Accounts pertaining thereto for the guidance of Stockholders and others interested therein.
3. The investigation and adjustment of Partnership Accounts, for the determination of the respective interests of partners and their representatives.

4. Examining and reporting upon statements and conditions upon which it is proposed to found commercial, manufacturing, financial and other undertakings.
5. The compilation and examination of Receiver's and Trustees' Accounts for filing in the Courts, and also the accounts of insolvent businesses and the preparation of Statements of Affairs and Deficiency Accounts for the purpose of ascertaining the status of the estate, and so guiding creditors in the determination of their interests.
6. The settlement of Depreciations, Renewals, Discounts, the provision for doubtful debts and contingencies on the closing of accounts at the termination of the fiscal year, and the incorporating of the same in Balance Sheets, preparatory to determining the net profits of the year.
7. The ascertainment of results in questions of dispute; the elucidation of facts from Books, and Accounts in the adjustment of questions of law where accounts are involved.
8. Generally advising and assisting in the organization of offices, in the form of books and other things required for the conduct of business of various descriptions, so that proper safeguards and methods may be adopted to insure correctness with dispatch and the proper classification of details for obtaining results.

