

Accounting Historians Notebook

Volume 13
Number 1 *Spring 1990*

Article 19

Spring 1990

Evolution of the uniform CPA examination

Kent T. Fields

William D. Samson

Follow this and additional works at: https://egrove.olemiss.edu/aah_notebook



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

Fields, Kent T. and Samson, William D. (1990) "Evolution of the uniform CPA examination," *Accounting Historians Notebook*: Vol. 13 : No. 1 , Article 19.

Available at: https://egrove.olemiss.edu/aah_notebook/vol13/iss1/19

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Accounting Historians Notebook by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.

Fields and Samson: Evolution of the uniform CPA examination
Organizational Structure dominates the functional form in diversified firms.

The multidivisional form of organization has replaced the functional form in many large firms, accompanied by development of profit center reporting, transfer pricing techniques, and emphasis on return on investment and, to a limited extent, residual income.

Certain problems plaguing managements of large firms — especially losses in transmissions and coordination difficulties — suggest that the more complicated and varied the business (e.g., number of products, location, technology, marketing channels, government relations) the smaller (in revenues) the size limit for a firm organized functionally and the more likely the firm is to adopt the profit center form of organization and accounting. The product division form of organization

A firm is not likely to adopt profit center accounting if interactivity transfers are not measurable by close surrogates for observable market prices; cost center accounting will prevail. For example, a proprietary product is likely to be transferred from manufacturing to sales at cost rather than a transfer price that yields a profit or loss to manufacturing. Thus, the form of organization is partly determined by information availability.

This series of propositions regarding the influence of firm size, strategy and structure on the development of accounting is presented for examination by others interested in the general area of the development of accounting in firms.

THE EVOLUTION OF THE 'UNIFORM' CPA EXAMINATION

by
Kent T. Fields
Auburn University

William D. Samson
University of Alabama

Motivated by curiosity and by concern with the recently adopted changes to the format of the CPA Exam and also by a desire to understand better what possessing a CPA certificate really means, this paper analyzes the evolution of the CPA Exam from its beginning through the adoption of a uniform content and format. This paper also compares the exams taken by our professional forebears to the modern examination. One motivation for the paper is a curiosity concerning the

level of truth associated with a common perception of many CPAs that the exam is getting progressively more difficult. If this perception is true, then the earliest examinations, when contrasted with current exams, must have been comparatively easy. This look back at the past also is motivated by recently adopted proposals to change the format and structure of the CPA examination for the first time in many years. Finally, a review of the past century of exams provides perspective to

Accounting Historians Notebook, Vol. 13 [1990], No. 1, Art. 19
the profession's most treasured ritual: that of examining candidates' knowledge and competence to be admitted to the guild of Accountancy.

In this paper there are four research issues. First, the developments that led to the institution of the first CPA Exam are identified. Second, the evolution of the earliest state CPA Examinations into the "uniform" CPA Examination is investigated. Third, the early CPA Exams are compared to the current exams as a way of illustrating the impact that these first exams have had, and continue to have, on modern exams. Last, in a very subjective way, the rigor of the early examinations is compared to "modern" examinations in an attempt to draw conclusions about the relative difficulty of the old examinations compared to the modern ones. This level of rigor will be assessed by (1) comparing and contrasting ques-

tions and (2) comparing pass rates. The issues which are discussed include:

Has the level of difficulty of examinations changed appreciably from early exams to more modern ones?

Have the pass rates changed appreciably over the years?

Is the coverage of the exam more (or less) comprehensive now than in the past?

The primary research method employed in this paper is to investigate the old examinations by reviewing *The Journal of Accountancy* issues from the turn of the century. CPA exam information printed in *The Journal of Accountancy* includes reprints of the actual CPA Examinations, articles discussing various aspects of the examination procedure and facts about the pass/failure rates on various exams.

BRITISH ENTREPRENEURS AND INDUSTRIAL REVOLUTION COST MANAGEMENT: A STUDY OF INNOVATION

by

Richard K. Fleischman
John Carroll University

Lee D. Parker

The Flinders University of South Australia

Traditional accounting histories date the advent of sophisticated cost accounting from the mid-1880's and credit American innovators of Frederick Taylor's scientific management movement with conceiving the new practices. However, it is counterintuitive to think the entrepreneurs of the British Industrial Revolution would not have developed costing techniques, given their significant

methodological advances in other economic areas, such as technology, capital accumulation, and marketing structure development. This paper reports the findings from a survey of surviving business records from twenty-five large industrial firms during the 1760-1850 period, concentrated in the dominant textile and iron industries. Substantial evidence of mature cost management has