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"Accounting As Seen By The Student" was the title of a talk given by Miss Escarraz at a meeting of the Chicago Chapter of ASWA, as part of a panel discussion on "Accounting's Lifestream"—the theme chosen by the Chicago Chapter for the current year.

ACCOUNTING AS SEEN BY THE STUDENT

VIOLET ESCARRAZ, M.B.A.

Who is the accounting student? Many answers are found to this question. Most obvious is the person who desires an accounting career, but also very noticeable are the vast numbers of persons who intend to become business owners, managers, engineers, or production foremen. Also, there is the more casual student with none of these ambitions who feels that a general knowledge of debits and credits is good and useful to his future.

For purposes of this discussion, although remarks will be made which are applicable to all of the foregoing, I shall confine my observations to the woman accounting student who is an aspirant of an accounting career, either public or private.

What does this accounting student study?

She may begin her perusal with the simple bookkeeping courses offered in many high school curricula. The courses outlined in the advertisements of a business school may become her program. It may be the maze of courses which are offered by a college or university, in which accounting may be the major of the student, but where courses in related fields of statistics, economics, finance, etc., are required. The course of study may be accompanied by a number of liberal arts courses which will aid to round out the personality of the scholar.

In most cases the basic courses will include principles of bookkeeping and theory of accounting with emphasis on particular

problems of preparing balance sheets, income statements, surplus statements, application of funds statement, and their supporting schedules. Other branches which will be studied will include accounting for specific industries, consolidations, and cost problems. The intensity and extent of these courses will depend mainly upon the attitude assumed by the administrators of the school attended in regard to the importance of the specific types of problems.

The accounting courses *per se* will have fuller meaning to the accountant if they are accompanied by courses in auditing, taxation and business law. A certain mastery of these subjects is required of all students who wish to take the CPA examination. In order to apply accounting knowledge efficiently, one must be reasonably sure that she is not violating the general rules of business law and of current taxation requirements. I have heard many bitter remarks of people about audits made on their work—many of which remarks could not have been made by an accountant with any basic knowledge of the requirements of the auditing profession.

The accounting student who wishes to prepare for a successful career as an accountant in the future should master accounting from the beginning. The best advice that can be given to a new accounting student is to wend her way carefully through the basic courses, not letting a single point of the fundamentals escape her

understanding. To start with a poor foundation is to build a structure which will surely crumble. It is better to go at a slow beginning pace until she finds her own power of momentum than to start out by merely dividing the number of accounting courses by the minimum number of semesters desired to attain her goal. The latter system may be good arithmetic, but it is blindness to the realities of the needs in accounting study.

The building of the foundation of accounting knowledge through schooling has three phases.

The first phase is to become familiar with the subject matter by reading and listening to the presentation of the formulae for solving accounting problems and the theory behind the formulae.

The second phase is the actual working of the problems. Herein lies one of the biggest difficulties. Long tedious hours of problem solving (after long, quiet hours of reading) may be trying to the individual who perhaps has a dozen or more other things pressing her for time. However, listening to or merely reading Betty Crocker's recipes for years will not assure a person that she is a good cook. Not until she goes into the kitchen and plays with grease, flour, shortening, etc., will she be sure that she can put the ingredients together in a form which will be digestible and nourishing to those who eat the results. And not until the accounting student juggles debits, credits and miscellaneous data can she be sure that she is capable of producing an accounting statement which will be mentally digestible and nourishing to those who read the results.

The third phase, following the assimilation of the knowledge and the proper presentation of the facts, is the development of her ability to intelligently discuss both her knowledge and her presentation. Accounting, being a man-made "science," is subject to more than one logical interpretation. If she does not develop an ability to defend her choice of method of solving an accounting problem, or if she does not develop the ability to express simply, in layman's terms, what she has written in the technical form, the work which she has done will have little meaning to any one but herself.

To be a good student in accounting alone is not complete preparation for a successful career. Much can be learned by being on the *job* and only by being on the job. I remember hearing a quotation once that for the first six months of employment an individual is usually a liability rather than

an asset to her employer. These first one hundred and eighty days are the period of protegee—the period of orientation in which she acquires the feel for the particular situations which one must meet on the job. After that time, the usual daily routine will be firmly established and the fruits of the student's accounting education may be realized by intelligent application of the learned knowledge—by the inquiry into the special problems which her job presents. The successful student will be able to answer those problems in the light of school-acquired knowledge, tempered by policies of the firm for which she is employed.

While on the job, the interested student of accounting will not entirely rely upon her powers of retention of the subject matter learned on the campus. By perusal of the finance pages in daily journals, current bulletins on taxation and practice, *The Journal of Accountancy*, and *The Woman C.P.A.*, she will continually remain a student in her chosen field. Current text books on accounting will grace her library shelves.

I have been discussing the Woman Accounting Student and thus far emphasis has only been made upon student. We must also consider woman and accountant. No truly successful accountant is merely an accountant. The successful woman accountant is also a good Josephine. She knows more than the field of accounting, and although most of her time may necessarily be spent in pursuit of knowledge earlier described, that same person is also well-read, well acquainted with civic and social problems, and has trained herself to be able to intelligently think about and discuss the topics of the day. If these latter traits do not come innately and naturally to the person, she develops them, for to be successful as an accountant one must and should be successful as a person first.

Moreover, no truly successful woman accounting student or woman accountant loses her identification as a woman. It is true that women in the field may buck much opposition by men, but to attempt to meet that opposition by acquiring masculine habits, manner, dress or language is to lose our banner as women, though we might be accepted as the best of accountants.

The daintiness, the freshness, the gentility, the integrity, the perseverance for right and the continuous search for high standards which are woman's must forever prevail within the woman accounting student in order that she may at one and the same time remain and be recognized as a student, an accountant, and, a woman.

TAX NEWS (Continued from page 4)

Scurlock, Zeller, Rensler, and Collins) involving a total of seven taxable years. The average tax deficiency in dispute was less than \$575 per taxable year, but to each assessment a 5% penalty had been added.

A reading of the decisions will disabuse your mind if you have any idea that the judge was unusually hard on these taxpayers; by implication at least there was a finding that the credibility of the taxpayer-witnesses was not all it should have been, but the judge gave them the benefit of the *Cohan* (39 Fed. (2d) 540, 543) doctrine in allowing them any deductions whatever.

Judge Disney found in each case "that the deficiency is in part due to negligence." Mark our prediction: when the bright boys in the Bureau learn that every deduction on an income tax return that cannot be proved is negligence, the 5% penalty on deficiencies will become as common as 6% interest.

WHOSE OX IS GORED?

Have you ever wondered whether Mr. Justice Frankfurter had any difficulty in the preparation of his Form 1040, or whether Commissioner of Internal Revenue Schoeneman handles his partially exempt interest in strict accordance with his regulations? Or, if your imagination is especially trenchant, have you ever tried to picture an ordinary Grade Nine revenue agent saying, "Listen Mr. President, can you prove that trip to Key West back in 1947 was on business and not for pleasure?" Judge Murdock, in his dissenting opinion in the case of *Willard S. Jones v. Commissioner*, 13 TC —, No. 114, gives us encouragement that even members of the United States Tax Court have their personal expense problems.

Jones was a construction worker, employed at Oak Ridge for 357 days in 1944 and he deducted the cost of board and room at Oak Ridge on the ground that he was away from home temporarily in pursuit of trade or business. The Court disallowed the deduction on the ground that his stay at Oak Ridge was indefinite. Judge Murdock dissented in these words:

"A member of this tribunal was once occupied for a similar time in Los Angeles in hearing a single case, but there was no question of his right to his allowance for board and lodging while away from home, Washington. There as here, a significant fact was that the employment at the one place away from home was temporary. The time was no more

'indefinite' in the one case than in the other. Neither employment was expected to continue for more than a relatively short time, too short to justify moving his home."

MR. WODEHOUSE STEPS UP PRODUCTION

Mr. Pelham G. Wodehouse, creator of *Jeeves*, the perfect butler, and one of the most prolific of modern English writers, is not content to fill our libraries of light fiction—he aspires to filling our tax libraries. He has made an auspicious beginning with tax cases before the Second and Fourth Circuit Courts of Appeal, and one before the Supreme Court.

The plots of his tax cases are as unoriginal as the plots of his fiction, and as stereotyped. We quit reading the fiction when we left high school, but his tax cases all go like this: he writes a story and assigns a one-half interest in the manuscript to his wife. The *Satevepost* buys the American and Canadian rights to the story. The Commissioner says the entire payment is taxable and to Mr. Wodehouse alone. Second Circuit agrees with the Commissioner in part, disagrees in part; held that the entire payment was subject to federal tax but the assignment to Mrs. Wodehouse was recognized, Wodehouse being taxable on one-half of the amount received.

The Fourth Circuit Court of Appeals has now ruled on the case remanded to it by the Supreme Court. Facts were similar to those in the case heard by the Second Circuit, in that there was the same assignment and same publisher (and probably very much the same story) but in a different year. The Fourth Circuit disagreed completely with the Second—only the American rights were taxable to Wodehouse, but there was no recognition of the assignment to his wife.

Mr. Wodehouse may feel that he is repaying some of the money ECA has sent to Britain, but for our part, we hope the Supreme Court writes the finale to these cases, but soon.

LADIES FIRST

Members of the so-called weaker sex are renowned for their skill at holding their place in line. Not even the Treasury Department could marshal Ruth A. Knight out of her place in the queue. The New York Court of Appeals held that her claim for alimony had priority over a claim for taxes against her ex-husband's wages which had been assigned to her as security for her alimony. *Knight*, N. Y. Ct. of App.