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Challenge to accountants

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A Challenge to Accountants

ACCOUNTANTS, it has been said, with their fifty years or more of professional existence have yet to develop a single fundamental economic principle. The explanation given was that attention has been focused too much upon individual business operations and experiences and not enough upon the underlying principles of which these are but tangible expressions.

Economics under the old school was made up chiefly of classical theory and generalizations. Very little attention was given to the application of such theory to practical situations.

Today, the method of approach is through the observation and collection of numerous facts, then to measure them, analyze them, and apply the conclusions reached wherever they are applicable. The result is that the new theory depends for its validity, not upon its true deduction from given principles, but upon its relevancy as a generalization of existing facts.

The works of Smith, Ricardo, and Mill attempted to explain economic life as observed by those men, but they were handicapped by the limited amount of data available. Economic theory must be revised from time to time since the world

which it endeavors to explain is changing continually. With the wealth of information which is available today, it should be possible to make a clearer exposition of economic principles than has ever been made before.

For the observation of facts the opportunities of the accountant are unequalled. The accountant is at all times in close contact with business transactions, the very foundation of our economic life. His ability to analyze, his impartial point of view, further qualify him for the task.

Accountants have not overextended themselves in the lines of discovery and research. The doors are still wide open. Even in the development of the technique of accounting procedure, specialized studies of a research nature have had too little a part. The need for a systematic approach to the problems of the day increases as our economic organization becomes more complex. The world is an ever-changing one. Research is an invaluable aid to proper adaptation, lest we fall behind in the general progress of events.

An interpretation of economic theory which would be understandable to accountants, business men, and others not specializing in economics, is much to be

desired. Such a theory will, by its very nature, have the merit of being in more direct contact with modern economic life. Accountants possess the necessary facts.

Accountants are in a position to analyze them. Is this not a challenge that they shall produce their share of the results of research?

Uniform Sales Invoices

STANDARDIZATION has been one of the outstanding characteristics in the economic development of the United States. For the most part, however, this standardization has been confined to the field of production. Notwithstanding the fact that for nearly a decade there have been in existence uniform invoices of one kind or another, a glance at a day's receipt of invoices in many of our business concerns today would indicate that there is still considerable room for improvement in the use of standardized forms.

John Smith may render his bill for electrical supplies on a white invoice, seven inches wide and very long. Bill Jones may send his bill for repairs on a green invoice, six inches wide and four inches deep, ruled with red lines, and ornamented with fancy lettering. The A. B. Machinery Company will have an invoice, of odd size and extremely heavy paper, with pictures of its factories all around the border. William Wong, the laundryman, renders his bill on a small scrap of brown paper, the writing on which is made up of Chinese characters, so that only the amount is legible to the average person. Not only is there dissimilarity in the size and form of invoices, but there also is considerable lack of uniformity in the arrangement of the items. Customer's order number may be on the left side just below the address in one instance and in another it may be located in the upper right-hand corner. Add to this the partial obliteration caused by the purchaser's rubber stamp or rider and it practically is inevitable that the handling of invoices should result in some confusion.

In some organizations hundreds of invoices are received in a day, including many of different sizes, with differences in arrangement and wording, and diversity of appearance, with the result that the concern is almost precluded from dealing with such invoices in any systematic manner. The excessive time and effort necessary to check, audit, approve, file, etc., such invoices may be considered an economic waste. Various estimates have been made as to the amount of saving that could be effected with the use of standardized invoice forms. Suffice it to say that there is considerable opportunity to cut down the expenses attendant upon the handling of sales invoices.

With this in view conferences were held under the sponsorship of the National Association of Purchasing Agents, for the purpose of standardizing the sales invoice form. Efforts began in 1919 and in 1921 the national standard invoice was adopted and recommended for use by several trade associations. In January, 1925, the Division of Simplified Practice of the Department of Commerce endorsed the national standard invoice form and presented it to all branches of industry and commerce as a means of eliminating waste in office procedure. The principal features of this invoice form were the standardization in the size of the form and the uniformity in the arrangement of the information to be placed thereon. The information for the vendor and customer was grouped so conveniently as to eliminate the necessity for either a rubber stamp or an invoice rider.

The problem of combating the heter-