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Joy of accomplishment

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The Joy of Accomplishment

THE busiest man often is the man who has time for one more thing. His is the will to stretch his capacity for work as occasion demands. Capacity in most cases seems to be a matter of physical endurance and disposition.

A prominent physician once said that no other machine in the world, under like circumstances of attention received, gives such good service as the human body. While this may be a fact it should not constitute sufficient reason for gambling on the endurance possibilities of nature.

Melvil Dewey's philosophy is more to the point. Dewey's theory is that hard work never will hurt any person provided that person does not continue at work too long without interruption.

What with all the notions and observations concerning human behavior, it is recognized generally that physical endurance comes of adequate rest of the right sort, proper food taken in moderation, and physical exercise, even though the amount is limited.

But something more than physical ability is needed for that added piece of work. The picturesque dandy who suns himself on a bale of cotton usually has plenty of physical ability. His difficulty

is that the sweetness of life would disappear entirely if he were required to exercise it.

The force that does the extra job, or that accomplishes the unusually difficult task, is generated by the will. With the inclination to do, the intelligent individual usually finds a way. It may not be Galbraith's "one best way," but it is a way. In this process, temperament plays an important part. The disposition to undertake, and do it cheerfully, is second only to the will to accomplish. The man who believes he can work out of a complicated situation is the man who is likely to succeed.

The busy season for the accountant is a season of drive for everyone concerned. It is a season when pleasure, recreation, and the ordinary diversions have to go by the board; when everything has to be subordinated to work. If during this season the accountant is required to have added physical stamina, it is well that he should give heed to his rest and food and exercise. If he is required to play a part of good nature under trying circumstances, let him cultivate cheerfulness and poise.

The ability of the accountancy profession to respond to the seemingly impossible is measured by the ability and capacity

of its members. If devotion to a cause necessitates some discomfort and added hard work during a certain season of the year, these obligations have to be met

cheerfully even though their fulfilment involves some personal sacrifice. There is no keener joy than the joy of accomplishment.

Holding Company Accounting

IN a country where industrial expansion has occurred in unparalleled fashion, especially in corporate form, and in a generation which has seen the development of the automobile, aeroplane, radio, etc., until new inventions merely form a part of the day's news, it is no small wonder that the rapid growth of the holding company should be accepted as naturally as the growth of a single child in a large family. The many advantages attending the use of the holding company device, principally in the functions of management and finance, have given this form of organization a secure place in the industrial world. The chances are it will be displaced only by a more advantageous type of business organization; not by legal restraint. In the public utility field alone approximately seventy per cent of the billions of dollars invested in electric, gas, street and interurban railway companies is controlled by holding companies and their subsidiaries.

In contrast to the rather well established procedure in most phases of corporate accounting, there is as yet no standard form of accounting for holding companies. Operating companies in the public utility field ordinarily follow lines prescribed by regulatory bodies; however, pure holding companies in the utility field may employ different methods of accounting in preparing their annual reports.

A holding company is a legal entity in that, in the absence of fraud, a right of action against a subsidiary company cannot be enforced against the parent company, and vice versa. From the legal point of view, therefore, the balance sheet of the holding company by itself would suffice.

However, looking beyond the legal fiction of the separate corporate entities and viewing the related companies as a single organization, it becomes desirable from a business point of view to have information in addition to that contained in the balance sheet of the holding company.

There are three principal methods which are used to present such information concerning the subsidiaries: (1) to submit statements of each subsidiary individually; (2) to submit combined statements of the holding company and all subsidiaries; (3) to submit consolidated statements of the holding company and all subsidiaries.

The first method is feasible only where the number of subsidiaries is very small. Advantage lies in the fact that individual analysis permits of discerning the weak members of the group. Where there are many related companies, however, it would be difficult to visualize the situation as a whole by viewing a large number of individual financial statements.

Combined statements of the holding company and all subsidiaries sometimes are prepared to show total investments, but such statements are inclined to be misleading. A combined statement merely shows the aggregate, without elimination, of the intercompany balances according to the individual statements of the related companies. A consolidated statement includes the total of the holding company figures and all subsidiaries with proper elimination of intercompany items. It is doubtful as to what proportion of prospective investors are aware of this distinction between a combined and a consolidated statement. In one instance the combined net income, as exhibited in the