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## Public Accounting in Mexico

BY J. LYNDE-LOCKWOOD

The practice of public accounting in the republic of Mexico has its principal seat in the capital, Mexico City. Unlike England and the United States, where accountants are established in every city and town of importance, the number of accountants in public practice outside the capital is very limited indeed.

There is no legal regulation of the practice of accountancy in Mexico, but the courts will recognize only the signatures of accountants holding certificates from the ministry of public education, authorizing them to practise as public accountants.

There is a professional organization, called the Mexican Institute of Public Accountants, whose chief requirements for admission are as follows:

- (a) Possession of an official certificate as a public accountant.
- (b) After obtaining the above-mentioned certificate, to have practised at least four years in a manner judged to have been efficient by the board of directors.
- (c) To have passed an examination before a committee of members of the institute.
- (d) To be at least twenty-four years old and of good reputation.

The Mexican Institute numbers among its members men of great ability. As is natural, Mexican accountants confine their activities to the interests of Mexican clients, whereas the foreign accountants look for an outlet for their energies to the English and American concerns doing business in this country.

The large English and American mining and oil companies, as well as the railways, employ exclusively the services of large accounting firms of international reputation, which have either offices or representatives here.

In order to be able to conduct audits even satisfactorily in this country, a thorough knowledge of the Spanish language is indispensable. According to law, books of account must be kept in Spanish. It is clear, therefore, that without a thorough knowledge of that language it is impossible to perform properly audits or investigations. Another point of the greatest importance is an understanding of the Latin character. Although the clients of a foreign accountant in this country are almost exclusively of English or American nationality, yet the officers and members of

the staffs are in many instances Mexican, and it is vitally important to be able to treat with these employees in such a manner that the relations between the accountant and his clients may be of a pleasant nature. Pleasant manners and a pleasing personality are assets of importance to any public accountant, but the importance of these assets is magnified in Mexico. There is a great deal more sentiment and pleasure in business than most people realize and this, I think, is particularly true of Latin-American countries. It is also of great importance to possess a good knowledge of the stamp and commercial laws and the various taxes, in order to be able to render valuable service to clients.

The work of the foreign public accountant in Mexico includes balance-sheet and detailed audits, both recurrent and occasional, as well as investigations and income-tax work. The services of the public accountant in regard to this latter class of work are not called upon with very great frequency, as the preparation of the returns for the small and medium-sized concerns presents no great difficulty and is usually done by the head bookkeeper. The large corporations, whose returns are complicated and present problems not easy of solution, prepare their returns in consultation with the department itself.

Although, as indicated at the beginning of this article, practically all the foreign accountants practising in this country have their offices in Mexico City, yet a great deal of the work has to be done at the mining camps, oil fields and factories in interior towns. The climate of Mexico City is almost perfect, but one has to be prepared to suffer inconvenience, not only as regards climate but also as regards living conditions, in many of the places one has to visit.

With the exception of English and American concerns, the value and importance of audits by public accountants is not generally recognized in this country. It would appear consequently that there should be a large future for the profession, as better commercial education and knowledge of modern accounting methods should lead to a largely increased demand for the services of public accountants. The members of the Mexican Institute can naturally look forward with confidence that such demand will be for their services rather than for those of the foreign accountants practising here.