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Classification of accountancy services

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matters may be an open question, which is entirely beside the point of this discussion. They are entitled to support in matters where they urge representations which permit of no argument on the basis of facts.

It should be said unreservedly that accountants should not be interested in questions of expediency. If a client has title to goods and is liable therefor, the cost of the goods and the liability should go in the body of the balance sheet, even though a three-to-one current ratio may thereby be converted into a four-to-two or a two-to-one ratio.

The accountant is not responsible for the acts of his client. His duty as an auditor is to review the representations made by the client and to say, without bias or

prejudice one way or the other, whether, in his opinion, the representations are true and correct.

A client either does or does not own certain goods. If he owns the goods, he should recognize the fact and acknowledge his liability therefor. If the client fails to do this and asks an accountant to give an opinion in the matter, the duty of the properly qualified accountant should be clear. He should ask, "Who owns the goods?" Before committing himself to an opinion, he should seek and find sufficient evidence, one way or another, to enable him to make up his mind. If he decides that the client owns the goods, there is no course open to him but to include them in the body of the balance sheet.

Classification of Accountancy Services

SINCE July, 1926, the subject of classification has been under consideration by the profession. The idea was put forward originally by the Committee on Education of the American Institute of Accountants as a feature of the report of that committee for that year. In the interval the matter has been considered by the American Society of Certified Public Accountants, and in September, 1930, that body issued a classification, later transmitting it to all state societies for the consideration of those societies.

Recently the New York State Society of Certified Public Accountants has taken up active consideration of the matter together with appropriate certificates, through a joint Committee consisting of members of the Committee on Classification of Accountancy Services and the Committee on Practice Procedure.

What the result will be of having the subject of classification considered by these various organizations is somewhat difficult to predict, but at least it may be said that interest is being aroused and consciousness is being developed of the need for a uniform classification which accountants generally will be willing to

accept. To those who have given the matter appropriate thought, it is obvious that many advantages will accrue from the adoption of a uniform classification.

Probably the most important of these advantages is that a clearer understanding would be had in all engagements as to the purpose, character, and scope, not omitting any limitations of each undertaking by an accountant. Such understandings, removing as they would most possibilities of misunderstanding, would eliminate many of the controversies between client and accountant which now are possible. In addition to this advantage, definition and differentiation would be useful in litigation and in differences of opinion between client and accountant with respect to negligence. Further, a sketch of the whole field of professional endeavor would serve as a basis for dignified publicity. Working contacts with members of other professions and those engaged in related lines of business activity would be made easier and more satisfactory. Administration of accountancy practice would be facilitated and bettered. Lastly, a common language would be afforded concerning the work of professional accountants.