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American Institute of Accountants. Committee for Placements

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“What Will You Do After Graduation?”

The committee for placements of the American Institute of Accountants has prepared a pamphlet entitled WHAT WILL YOU DO AFTER GRADUATION? for distribution among students at the leading universities and colleges of the country. The Institute reserves all rights of publication of the contents of the pamphlet either in whole or in part. The following is the text of the committee's message to students:

College graduates may be classified in three groups comprising respectively those who intend to enter the so-called learned professions, such as engineering, medicine, writing, etc; those who are “going into business”; and the fortunate few who have the time and the money to supplement their college education with further study.

This booklet is written for all three classes to tell them something of the profession of accountancy which offers opportunity for an honorable and remunerative career.

In order that qualified candidates for positions as junior assistants may be immediately placed, the American Institute of Accountants has organized a bureau for placements which will function without fees from applicants. Through it a number of accounting firms have agreed to take into their organizations each year as junior assistants for training and development a definite number of college graduates.

The unusual opportunities offered by this training are such that to a wide-awake young man they should be at least equivalent to a postgraduate course at a school of business administration, a course which would be impossible except to the few who are able to expend the necessary time and money.

These firms will agree with the men selected to employ them for a period of three years and will pay them a definite salary (minimum \$125 a month) with stated increases at the end of each year. Needless to say these firms will be eager to make mutually satisfactory arrangements to retain promising men in their employ at the end of the training period.

The men to be placed by the bureau will be selected on the basis of their scholastic record and extra-curriculum activities and after personal interview.

WHAT ARE THE OPPORTUNITIES IN ACCOUNTANCY?

The opportunities in accountancy are as great both for service and reward as in law, medicine, engineering, or any of the other professions, and the field is far less crowded. To qualified men, staff positions carry liberal compensation which compares favorably with the income of lawyers, engineers, and physicians during the early years of their practice. Partnerships in representative accountancy firms usually are open to progressive staff men, and such successful professional practitioners compare favorably in the matter of income with the higher executive positions in the business field.

Furthermore, whereas a training in other professions tends to confine the student strictly within the bounds of his chosen profession, a training in accountancy fits him for the entire field of business management as well as for his profession. Office managers, chief accountants, auditors and comptrollers, generally are chosen from the ranks of those trained in accountancy.

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The executive who directs the destinies of a business or a corporation must have before anything else a capacity to analyze its financial phases. This is exactly what accountancy makes possible. As a result, there is now a tendency to select as the heads of large enterprises men who have had such training.

It is well to state at once what accountancy is and is not. Putting it briefly, accountancy is the profession whereby business is served in matters of, or relating to accounting. It is not bookkeeping; it is not merely accounting; it is not merely business interpretation in terms of figures. It involves, in addition to a knowledge of bookkeeping and accounting, familiarity with economics, finance, business organization, business law, and various other subjects.

Probably no better definition of accountancy can be quoted than that by Sir Arthur Lowes Dickinson, a member of the American Institute of Accountants, in an introduction to the first American edition of Dicksee's *Auditing*:

The question is daily asked—What is a public accountant? And the answer that best defines his place in the world of commerce may, perhaps, be expressed as follows: A public accountant is a person skilled in the affairs of commerce and finance, and particularly in the accounts relating thereto, who places his services at the disposal of the community for remuneration. This definition calls for three main qualifications:

1. Skill in the affairs of commerce and finance.
2. Special skill in the accounts relating thereto.
3. The application of this skill to the affairs of the community, and not merely of one corporation or firm, for remuneration.

WHAT ARE THE REQUIREMENTS FOR THE PROFESSION?

The first requirement is the desire to succeed, together with the knowledge that there is no royal road to success in accountancy. Public accounting will appeal only to the serious minded and to men who are willing to progress slowly at first and are not discouraged by periods of what may seem tedious work. In this respect accountancy does not differ from any other profession.

Broadly speaking, the following qualifications are necessary to true success in public accounting:

1. The highest standards of honesty in thought, word and deed.
2. Good appearance, agreeable personality, keen sense of arrangement, good deportment.
3. The capacity to work diligently and to engage in detail work without loss of perspective of the work as a whole.
4. Great respect for mathematical accuracy and speed in simple mathematical calculations.
5. Ability to make accurate and rapid analyses of problems into their components.
6. Ability to express ideas concretely in correct English in a form which will be easily understood.
7. Ability to meet and analyze new problems.

College graduates who have taken advantage of their opportunities should meet all these requirements. Their minds should have been trained to think intelligently; they should have acquired poise and breadth of view which will make their contact with men of affairs agreeable. They are further fortunate

if they have taken scientific courses such as physics, chemistry, etc., which are especially useful in disciplining the mind in exactness and analysis. Knowledge of subjects such as economics, finance, business organization and commercial law will prove of practical value as they advance in the profession. Such courses in accounting as they may have completed in the institutions which they have attended will naturally be of substantial benefit to them.

THE WORK OF THE ACCOUNTANT

Business enterprises need for their success organization and management. Success in management depends among other things upon knowledge, proper interpretation, and use of financial facts. The world's commerce and industry and all business relations are founded upon financial transactions. Those who are responsible for the management of a business must have before them from time to time a clear cross-section of the results of the business in financial units with an equally clear exposition of the relation of these units to other financial facts. When business units were small the responsible executive could inform himself of what had happened from memory and from personal observation of the simple records which were maintained. That is not the case today. The magnitude of modern business enterprises conducted by corporate ownership, with the resulting complexities of organization, imposes limitations upon the power of the business executive to acquire information by personal contact and makes necessary some outside means by which this information may be obtained. Accounting is the medium through which financial facts are furnished and their relations are interpreted to those who are interested.

Consider these factors of modern business; the use of borrowed capital, the delegation of proprietary control, the establishment of bank credit, trusteeship, suretyship, distribution of financial duties, agency involving the handling of funds, miscellaneous contractual relations, absentee ownership, and, in general, the use and control of funds belonging to others.

These financial factors can be subjected profitably to periodic verification by independent investigators who are thoroughly conversant with all phases of business organization, operation and management, and competent to apply the principles of accounting to all financial relationships. This necessity for independent review and verification has created the profession known as accountancy.

There must be an understanding of the difference between accountancy and accounting.

Accountancy is a profession, the purpose of which is to offer a definite technical service to the business world. Accounting is a subject comprising the principles which govern the preparation and presentation of financial data.

The accountant in private employment differs from the public accountant. The former confines his activities to one organization and usually is limited to the collection and presentation of financial data. The field of the public accountant is much broader. It often includes not only the collection, presentation, verification and interpretation of financial data for many different organizations, but in addition, consultation and advice on general business affairs.

In verifying—or auditing, as it is commonly called—the accounting records of financial transactions, the public accountant not only must see that the actual

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transactions were properly recorded, but also must determine the propriety of the transactions themselves, including acts of the highest officers of the organization. His function is that of a judge and requires absolute integrity and sufficient mental acumen to detect the true significance of transactions.

In interpreting financial data the public accountant must prepare a report which will be intelligible to the layman. This phase of his work requires sound judgment, accurate analytical ability, a thorough knowledge of business fundamentals, the ability to see the enterprise from the viewpoint of those who are interested and the ability to express himself so that he will be understood.

The man who is trained as a public accountant becomes familiar with the methods employed in many different kinds of business and in many different enterprises engaged in the same business. He spends much of his time in his clients' offices and is thus in constant contact with important executives. The fund of business knowledge thus acquired during a period of years makes his advice on general business policies of great value to his clients.

There are comparatively few enterprises of magnitude which do not engage public accountants to conduct regular audits or investigations, but it is probable that not more than one business out of every three of small or medium size in this country has adopted the principle of independent audit. Consequently, the undeveloped field for accountancy is immense.

In nearly all important public offerings of securities the accountant plays a vital part in examining the records and reporting the financial facts. There is seldom an investigation or a case of litigation involving financial matters in which accountants are not concerned. They have an important part in mergers, consolidations and purchases and sales of property. They conduct examinations of banks and trust companies in all the large cities of the country. They are extensively engaged in preparing and reviewing federal and state income and other tax returns, contesting tax assessments and prosecuting tax claims, making accounting surveys and devising and installing general accounting and cost-finding systems. And in addition they render a variety of other services, such as acting as receivers in bankruptcy and other court actions involving financial matters, as trustees in liquidation, arbitrators or umpires in accounting controversies, giving expert testimony and opinions in accounting and many other miscellaneous matters.

In order to insure proper qualification of public accountants in education, training and experience as well as to bring such persons under the control of governmental agencies, laws regulating the practice of accountancy have been enacted by all the states of the United States, by the District of Columbia and by three of the territories. In Great Britain and the British dominions these matters are under the jurisdiction of quasi-governmental bodies known as institutes or societies.

THE HISTORY OF ACCOUNTANCY

The profession of accountancy is of ancient origin. As early as the year 831 A.D. the term “rationator” (accountant) was used in an Italian deed. From 1164 to 1484 frequent references were made in Italian documents to accountants who served hierarchies, ducal courts and the commune. In 1484 the post of accountant to the Duke Galeazzo was extended to include the function of accountant to the city of Milan and carried with it the right to hand down the title.

Venice, apparently, should be credited with having been the cradle of accountancy, since it was there that the first society of accountants seems to have been founded in 1581. This Collegio dei Raxonati (college of accountants) evidently grew in strength and influence, as in 1699 no one was permitted to act as an accountant without having first become a member of the college.

The requirements of the college at that time are of interest. The aspirant first was obliged to obtain a certificate from a magistrate as to his general fitness. Next he was required to serve six years in the office of an accountant, after which, having obtained a certificate for service and a statement as to his legal attainments from a magistrate, he presented himself for a series of examinations before a board of examiners and the governing board of the college.

To George Watson, born in Edinburgh in 1645, is generally accorded the distinction of having been the first professional accountant in Scotland. The first institute of accountants was organized at Edinburgh in 1853. England followed in 1870 with the Incorporated Society of Liverpool Accountants. As the result of various amalgamations of local societies the representative bodies in Great Britain at the present time are the three Scottish Chartered Societies, the Institute of Chartered Accountants in England and Wales, the Irish Institute of Chartered Accountants and the Incorporated Society of Accountants and Auditors.

In the United States the first important society was the American Association of Public Accountants, which was organized in 1887. New York was the first state to recognize the profession by passing the public accountants act in 1896 creating the designation, "certified public accountant." Similar laws have been enacted by all the states. The American Institute of Accountants, the representative body similar in character to the national engineering and medical societies, was founded in 1916 as a continuation of the American Association of Public Accountants. Local societies of certified public accountants have been formed in many states. The American Society of Certified Public Accountants was organized in 1921.

The practice of accountancy today is conducted almost exclusively by individuals and co-partnerships, although in a few instances a corporate form of organization continues. The tendency is away from the corporate form because the confidential relations between an accountant and his client might be jeopardized in certain circumstances if the practice were carried on as a corporation. The activities of a few firms extend over the entire United States and some have attained international proportions.

Today there are public accountants, many of whom occupy positions of trust in the community, practising in all cities and towns of any commercial importance.

HOW TO ENTER THE PROFESSION OF ACCOUNTANCY

The unusual opportunities offered in this booklet to obtain training in accountancy may lead to applications in excess of the number of positions available. If this should happen applicants may be required to sit for competitive examinations in subjects to be announced later.

Students wishing to apply for positions should write to the American Institute of Accountants, Bureau for Placements, 135 Cedar Street, New York, for further information. A form of questionnaire will be mailed to each applicant. When

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this has been returned the applicant, if apparently satisfactory, will be granted a preliminary interview at his college or with a representative of the bureau in New York. Applicants who make a favorable impression at the first interview will then be given opportunities to meet representatives of the accounting firms by whom junior assistants are to be employed. Applications for employment during subsequent years may be filed at any time by underclassmen, but applications for 1926 should be presented at the earliest possible date.

Men completing their college courses this year may enter employment immediately after graduation or about November 1st, depending upon the method they wish to pursue in acquiring their preliminary technical training. This training is comparatively simple. It may be obtained at vocational accounting schools approved by the bureau in one of two ways. Those men who can afford to spend about four months attending regular day sessions before taking up their positions will be permitted to do so. Others who wish to begin work shortly after graduation from their regular college courses may acquire technical training at late afternoon and evening classes in the vocational schools. The former plan is less arduous than the latter, but either should give satisfactory results.

It is necessary to place emphasis upon one point: Men who dislike simple mathematics or lack the imagination to look upon a tedious period of close attention to detail as a preliminary to more interesting work will not be happy in the profession of accountancy.

To college graduates who take pleasure in mathematics and have the vision to regard hard preliminary training as means to an end, this proposition offers an unusual opportunity for preparation, while being paid, to enter an honorable and lucrative profession.