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Actions Not Words

IN the heart of the Adirondack Mountains rests a lake called Placid. It derives its name from its outstanding characteristic—the stillness of the water. It acquires the stillness by reason of being surrounded by mountains, the trees and vegetation on which extend down to the very shores. In the distance rises “Whiteface.”

On the west shore of the lake, and occupying practically the only open space, stands a hostelry which commands an unsurpassed view of Whiteface. The enterprising proprietor extends to motorists and visitors to the locality an invitation to enjoy the view from the veranda.

Visitors are met by a uniformed negro bell-boy. They are escorted through the lobby to the veranda. Chairs are placed for them by the boy. They are given every attention without any annoyance. They are permitted to enjoy the view as long as they will. On the way out they are shown the dining room. If they are motorists they are escorted to their car.

Every act is a silent invitation to remain longer. Every attention bids one come as a guest. The whole tone of the hotel seems to be in keeping with the quiet and refinement of the natural surroundings. The treatment one receives has an attrac-

tion far greater than any blatant advertising. It is a case where “actions speak louder than words.” It creates a strong desire to come and partake of the pleasures which the place offers.

The accountant has a lesson to learn from this sort of thing. To him is denied, by the ethics of his profession, the privilege of advertising, as the term is used in the generally accepted sense. He may not solicit business. He may not urge the engagement of his services.

There is perhaps no profession the proper practice of which requires more preparation or is more exacting in its demands upon practitioners than accountancy. The conscientious accountant may be pardoned therefore if at times he looks askance at the apparent success of those who disregard the ethics and stress the commercial aspect of the profession. His error may be overlooked if, perchance, he asks, “Does this extreme modesty of mine have its reward?”

Ralph Waldo Emerson well expressed the truth when he said: “If a man can write a better book, preach a better sermon, or make a better mousetrap than his neighbor, though he build his house in the woods, the world will make a beaten track to his door.”

The accountant who will attain the

largest measure of success ultimately is he who by the quiet, refined, and thorough fulfilment of each task which he under-

takes silently invites those who may have need for his services to seek them with the confidence that they will be unsurpassed.

Solutions to Problems

PROBLEM NO. I

THE solution to this problem requires only a small amount of thought, but it must be intensive thought. It must be noted first that the errors apply to 1916 and 1917 respectively. Those which relate to the inventory of December 31, 1916, affect the surplus. The adjustments of the inventory of December 31, 1917, affect the profit and loss account of the year ended on such date. The corrections of the errors increase or decrease the surplus or the profit and loss account respectively as the case may be. One of the main points in the problem is to test the candidate's knowledge as to whether or not the errors relating to the inventory of December 31, 1916, affect the profits for 1917.

A further very troublesome point is the item of \$4,000 for material received and included in the accounts payable but not included in the inventory. The suggestion is that the accounts were not in balance. No doubt many a candidate took that position and made a single entry, thereby offsetting the good results of his work up to that point. It is probable that when accounts payable were credited some account like purchases or merchandise was debited. When the books were closed there was made presumably the traditional entry, "Inventory new to Inventory old," or "Inventory to Merchandise or Purchases." The entry was quite proper but the amount was \$4,000 less than it should have been.

The correcting entry would charge "Inventory" and credit "Profit & Loss". The

reason for this is that the previous credit to merchandise on account of goods unsold was too small, resulting in a figure for cost of goods sold which was too large, and consequently a profit which was too small in the amount of \$4,000.

The entries in their entirety, but with explanations omitted for the sake of brevity, appear below:

DECEMBER 31, 1916.	
Inventory	\$ 500
Surplus	\$ 500
Surplus	1,000
Inventory	1,000

DECEMBER 31, 1917.	
Profit & Loss	\$ 2,000
Inventory	\$ 2,000
Inventory	10,000
Profit & Loss	10,000
Inventory	4,000
Profit & Loss	4,000

The net effect of the errors on the profits of each of the two years is shown by the following ledger accounts:

Surplus 12/31/16	Profit & Loss 12/31/17
\$ 1,000	\$ 2,000
500	10,000
19,500	42,000
—————	—————
\$20,500	\$44,000
—————	—————
\$19,500	\$42,000

It is possible that the correct solution