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Further changes; Spanish letter; Tax information

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give to each engagement under his charge the time relative to its importance without becoming involved in the details of any particular engagement. He must see his problems through the eyes of both the client and the firm. Either actual or potential executive ability is conducive to success and progress on his part. Something more than ordinary ability is essential to the achievement of this rank.

Precision in Description

THE public generally judges the ability of the professional accountant largely by his reports. He is presumed in each case to have ascertained the facts. He is expected to express himself clearly in setting forth such facts. It is therefore important that he give more than the usual attention to his expressions where there are situations which are unusually complicated. The more complicated the situation the more careful should be the expression.

In illustration of this point may be cited a case which occurred not long since. A certain client of a public accountant had his property, consisting of land, buildings, machinery and equipment, appraised as of December 31, 1916. The accounts were adjusted in conformity with such appraisal. Subsequent additions were charged at cost.

Subsequent credits for property dismantled or scrapped were made either at appraised value less depreciation, or cost less depreciation, depending upon whether the units so dismantled or scrapped were added before or after December 31, 1916.

Adequate provision was made for depreciation and while corresponding amounts were credited on the books to proper reserve accounts such reserves were deducted from the asset accounts before setting up the asset on the balance sheet.

The balance sheet caption appeared:

"Land, Buildings, Machinery, and Equipment—Net Sound Book Value."

The somewhat unusual situation called

for unusual measures in the matter of the caption. It must also be admitted that it is not easy to find a description which fits. "Net Sound Book Value" leaves something to be desired even by accountants who may have occasion to look at the statement. Much less will it be clear to the business man or the layman.

The suggestion was made by the reviewer of the report that it would have been clearer as follows:

"Land, Buildings, Machinery, and Equipment (based on appraisal as of December 31, 1916, and cost of subsequent additions, less depreciation.)"

Precision in description contributes greatly to making reports of value and incidentally adds to the professional esteem in which public accountants are held.

Further Changes

Growth and progress have, during the past month, necessitated two important changes in the personnel of the Executive offices. Mr. Bell has become associated with Mr. Vaughan in the General Report Department; Mr. Gause with Mr. Wildman in the Department for Professional Training.

The necessity for instruction in the matter of reports together with the promotion of uniformity in preparing and rendering them, somewhat accentuated by the opening of new offices, made it imperative that Mr. Vaughan should have assistance in carrying out effectively the work of the General Report Department.

No successor to Mr. Gause as district partner with headquarters at Chicago has yet been appointed.

We are pleased to note the election of Mr. F. H. Sanford, manager of our Pittsburgh office, as a member of the Council of the Pittsburgh Institute of Accountants.

Spanish Letter

We offer below a letter in Spanish prepared by Mr. Domingo Flores for those in the organization who may desire to continue their study of that subject. With the arrival of the busy season it has become necessary to suspend, like the other classes, the class in Spanish. The means employed here may, however, serve to remind those who are interested in Spanish that it is an easy matter to lose the benefit of previous study if contact with the subject is not maintained.

The letter will be translated in a subsequent number of the BULLETIN. Those who are interested and do not wish to wait until such time may obtain a copy of the translation upon application to the Department for Professional Training.

Santiago, 3 de Febrero de 1920.

Señor Don

Rafael Altanura,
Valparaiso.

Muñ señor nuestro:

Tenemos el agrado de contestar su última carta en la que solicita un estado de su cuenta que incluya todas las transacciones del mes de enero. Estas informaciones las encontrará Ud. en el resumen adjunto que ha sido preparado por nuestro departamento de contabilidad.

El saldo deudor de dos mil cuatrocientos pesos, (\$2,400.00), que aparece en este estado, incluye un ítem de setenta y dos pesos (\$72.00) por intereses del 3% hasta el 31 de enero de 1920.

Con nuestros agradecimientos por sus pedidos, somos,

De Ud. attos. y S.S.
Lopez y González.

Tax Information

Our General Tax Department issued recently a fifteen page mimeographed outline referring to data which should be obtained by staff accountants engaged on audits and examinations for clients for whom we are

to prepare Federal Income and Profits Tax Returns.

The purpose of this step is to assist in every way the accountants who are responsible for the gathering of tax data. This does not contemplate relieving them of any responsibility in the matter of such engagements.

Taxes, as is well realized, constitute a subject highly specialized, yet one offering an opportunity for unusual service to clients. The accountants in the tax department concentrate on tax engagements and keep constantly in touch with the changes brought about by such things as amended regulations or treasury decisions. Accountants on the staff, while expected to have a good general knowledge of the law and the regulations, are likely to find it difficult, with the pressure of other matters, to maintain that contact with the refinements of tax matters which is desirable.

The outline in question should prove very helpful in a number of ways. It should help the accountant to keep more closely in touch with the ramifications of the tax situation. Properly followed the information which should result should be of great assistance to the tax department in reviewing returns and in preparing returns in certain cases. Incidentally it should result in considerable saving to clients through the elimination of investigation and analysis on the part of the tax department.

The outline contains specifications for much data which on the ordinary audit engagement where no tax return is contemplated may be included in the working papers without any additional consumption of time. Frequently it is a matter only of arranging the data which would be obtained in any event in such form as to make it available subsequently for tax purposes should occasion require.

We recommend the outline to the members of the staff for study. It should be consulted freely and followed carefully.