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Certified public accountant

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The Certified Public Accountant

IT is still possible to have some otherwise enlightened person ask bluntly: "What is a certified public accountant?" There are many who do not know the difference between a certified public accountant and a chartered accountant. The field is full of individuals and firms styling themselves "Accountants and Auditors," "Public Accountants," "Auditors and Systematizers," "Efficiency Accountants," "Engineer-Accountants," "Cost Accountants," "Accountants and Industrial Engineers," etc. All of which raises the question: "Why cherish the title of 'certified public accountant' and take pride therein?"

The profession was first recognized in this country when, in 1896, New York state, by enactment of the Legislature, did so. The purpose was as much to protect the public as to elevate the vocation of a comparatively few men to the dignity of a profession. It was to make those who might in the future wish to serve the public in accounting matters realize that something more than "hanging out a shingle" or putting an advertisement in the newspapers would be necessary. It was notice that education, experience, integrity, standing in the community, and conduct becoming a professional person would be required.

The act put upon the state the burden of examining and investigating the qualifications of those who might aspire to service in this field. The examinations in New York have always been severe; the experience requirements exacting; and the investigation of the candidates searching. A New York certified public accountant has an enviable standing among his colleagues in the profession throughout the country.

Most of the states have followed the example of New York, some with laws which perhaps are stronger, and in some respects better than New York; others with laws not so desirable. All have the same purpose; that of recognizing the profession of accountancy and putting it on a high plane. The American Institute of Accountants as a national organization has been an instrument which has made for great value in helping along the cause of accountancy.

There are doubtless some accountants without the title of certified public accountant who are better accountants than some who possess the title. Possession of the title is not an absolute guarantee of ability as an accountant. It is evidence that the person in question has met the requirements of the state. It is a recommendation to those who seek the services of qualified accountants.

It is not improbable that the state will some day surround and protect the profession of accountancy and the public as it has in law, medicine and dentistry, by making it obligatory upon any one who wishes to practice the profession of accountancy that he first become a certified public accountant. It behooves any one who looks forward to a career in accountancy to prepare for such an event.

Drawbacks

THE developing interest in foreign trade and the export field brings to mind a point of contact between accounting and exporting in the matter of "drawbacks."

Many articles manufactured in the United States contain elements which have been imported. Such of the manufactured product as is sold within the United States differs in no respect from any article composed entirely of domestic material. On such of it as is exported, the manufacturer having taken the proper steps, may benefit under the provisions of the tariff law through what is known as a "drawback."

The manufacturer must pay the duty as the foreign articles to be used in the manufacture come into the country. He may upon application to the Secretary of the Treasury receive regulations governing the procedure in handling and accounting for the article and establishing the rate of drawback. These are determined after investigation by a special agent of the Treasury Department and are transmitted to the Collector of Customs at the port from which the exportations are to be made.

The manufacturer, shipper, exporter, or the agents thereof, must file in the office of the Collector of Customs a Notice of Intent to Export. The manufacturer must subsequently make a claim, filing a certificate of manufacture, a copy of the export bill of lading, and a landing certificate of the foreign consignee.

The Collector, after the manufacturer has complied with all the formalities, liquidates the entry and pays to the claimant ninety-nine per cent of the duty paid on the imported materials.

The accountant must needs be on the lookout for these matters because of their effect upon the accounting. If all the materials imported were later to be exported as a part of manufactured goods, the problem would not be difficult. Instead of charging the duty into the cost of manufacture, as would be the case if none of the goods were to be exported, ninety-nine per cent of the duty would be set up as an asset under some such title as "Duty Deposits on Export Materials."

It rarely happens that all of such articles as contain imported elements are exported. In most cases some of the product is sold in this country. It therefore becomes a question of determining with regard to each article what proportion of the quantity is exported. This information is then used as a basis for apportioning the duty on imported material. That portion of the duty which relates to the material to be exported is set up as an asset and withheld from cost while the other portion passes on like any other duty into the cost.

Subsequent adjustments of the "Duty Deposit on Export Material" account will probably be necessary as the actual amount of drawbacks is determined. This adjustment should, strictly speaking, be made the profit and loss account rather than the cost of materials. As a practical matter the adjustment is likely to be so small by comparison that no great damage will be done if the adjustment is made through the regular duty account.

Some concerns pay no attention to the duty on export materials until such time as the drawback is recovered. The amount is then credited to profit and loss. This method is objectionable where amounts large in proportion to the material cost are concerned because of the fact that the true costs are thus obscured.