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1925

## Accountancy legislation

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### Recommended Citation

Haskins & Sells Bulletin, Vol. 08, no. 04 (1925 April), p. 29-30

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prepare and enter disbursement checks; foot and balance cash book. If the further precautionary step of having someone other than the cashier make the postings from the cash book about every safeguard possible will have been imposed. The opportunity for stealing cash will have been minimized and very little chance of successful concealment will remain. This situation, of course, is ideal but not without the bounds of reason.

Summing up, the following list of admonitions may be offered as means of preventing loss from theft of cash, of limiting the amount of a shortage, and of facilitating the determination of the exact amount in case a shortage occurs:

Don't let an employe serve in the dual capacity of cashier and bookkeeper.

Don't allow the cashier to have a mixed cash account.

Don't permit the cashier to make currency disbursements out of currency receipts.

Don't let the cashier receive collections

until they have been recorded by some other person.

Don't permit the cashier to fix the amounts of cash discounts and similar allowances.

Don't allow the cashier to make small disbursements out of other than a fixed fund controlled by the general ledger.

Don't let the cashier draw checks to the order of cash.

Don't let the cashier destroy checks that have been spoiled in preparation or cancelled for any reason.

Don't, in case of two or more bank accounts, allow the cashier a choice among two persons authorized to sign checks if both are available at the same time.

Don't permit the cashier to reconcile the bank account.

There are various other refinements of admonition which might be introduced, but with these precautions any cash irregularity may be detected easily and an incipient shortage prevented from developing into one of consequential amount.

## Accountancy Legislation

NEW YORK State may or may not have a satisfactory law governing the practice of accountancy as this is being read. For two successive years legislation has been attempted with a view to bringing some order out of the chaos which has existed. New York State has had a law governing the issuance of C. P. A. certificates since 1896. It was the first State in the country to make such legal provision. The designation of C. P. A. has grown in significance, even though the law of the State has not prohibited the practice of accountancy by those not so designated. State control of those practicing within the confines of New York admittedly has been impossible, because there has been no restriction of practice based on a legal requirement as to license.

Now it is proposed, by a bill before the Legislature, to let down the bars, so to speak, by granting the C. P. A. certifi-

cate to those who have had a certain amount of experience, but without having to meet the educational requirements heretofore imposed by the Board of Regents. This, of course, will admit a large number of individuals whose qualifications for practice are questionable, but it will have the effect of bringing under the control of the State all persons recognized as eligible to practice, to the exclusion of all others except those who in the future are able to qualify for certification by the State Board of Accountancy.

Certified public accountants of standing cannot but view with mixed emotions this proposed action of expediency. There are hundreds of men who have studied diligently and under tremendous handicaps to fulfill the preliminary requirements and to fit themselves to pass the examinations set by the Board. These same individuals have acquired, through years

of grilling service, practical experience which is necessary to properly represent the profession. Therefore, it becomes somewhat difficult to reconcile the mind to a law which admits to the company of qualified accountants men who have not made the sacrifices which have been necessary in the past to meet the requirements of the law.

Those who are in the profession are now called upon to take a broad view of the situation and unselfishly build for the future of the profession. Bitter though the pill may be, it must be swallowed in the interest of years to come, and with the hope that the results to be accomplished will justify what now seem to be undesirable means.

The forefathers in our profession were actuated by high ideals. They saw for the profession a future in which the certi-

fied public accountant would merit the respect and confidence of business. They looked forward to a time when the designation of C. P. A. would stand for education, experience, judgment, and professional ability in matters relating to accounting. Many of their ambitions have been realized, yet the profession as a whole is far from having reached a plane where the letters *C. P. A.* have come to have the full significance which was hoped for them.

The present epoch is but one of a series through which the profession must go in order to accomplish refinement and elevation. The broader view counsels present sacrifice in the interest of the future. Those who have the success of the profession at heart are called upon to make this sacrifice now, and it should be made whole heartedly.

## Differentiating Capital Stocks

**A**NOTHER corporation apparently has been added to the list of those who have been misled as to the precise nature of capital stock without nominal or par value. The evidence is contained in an advertisement of a recent stock offering.

The advertisement in question offers a number of shares of Class A stock of a certain corporation. The company also has an amount of Class B stock outstanding. Both classes represent stocks of no par value. The offering sheet states plainly that "the company has no bonds, preferred stock, or funded debt."

Nevertheless, Class A stock is described as having priority over Class B stock both as to assets and as to dividends. With regard to dividends, Class A stock is entitled to non-cumulative payments of seventy-five cents a share before any declarations may be made on Class B stock. Before Class A stockholders may receive any further dividends, however, Class B stockholders are entitled to a payment equal in the aggregate to the total amount paid Class A stockholders. Any

further dividends are to be divided equally between the two classes.

Somewhat the same provisions are to apply to the distribution of net assets in case of liquidation or dissolution of the corporation. Each share of Class A stock is entitled to twelve dollars before Class B stockholders receive anything. The latter are then to receive, for ratable division among themselves, an amount equal in the aggregate to the total paid to Class A stockholders. The two classes are to share equally in whatever surplus remains, if any. Class A stock is non-voting, except as specially provided. It was offered at \$11.25 per share.

It will be noted that the provisions governing the issuance of the Class A stock bear all the earmarks of a regular preferred issue. Nevertheless, the stock is never referred to as such. It is even stated specifically that the corporation has no preferred stock. The two classes are evidently taken as being slight variations of one class of common stock.

The confusion very probably arose be-