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Annual meeting

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shown, however, as a schedule supporting the balance sheet of the parent company.

At this time there were about a half million dollars in trade acceptances which had been issued by the subsidiary to the parent company, and discounted by the latter at banks. These were shown as a liability in the subsidiary's balance sheet, although no indication was given as to whom the liability existed. In the parent company's balance sheet all notes and trade acceptances discounted were omitted from the assets and liabilities. A footnote was appended to cover the situation, explaining that the balance sheet did not include notes and trade acceptances discounted, in a certain amount, nor the contingent liability therefor. No mention was made, however, either in the balance sheet or in the comments, of the fact that the bulk of this amount consisted of obligations of the subsidiary company.

The attention of the accountants later was drawn to the fact that the statement was incomplete. In view of the financial position of the subsidiary, it was almost certain that the parent company would be forced to meet some of the subsidiary's obligations when they matured. However, no indication was given as to this contingency in the parent company's balance sheet, even though it was especially significant in view of large advances made by the parent company to the subsidiary on current account.

This is a case where accountants went too far in endeavoring to please their client. Although the client's wishes should be acceded to whenever possible, accountants should be most careful to see that no omission or distortion of important facts is permitted, which might result in a misleading statement, and subject them to severe criticism, if not financial liability.

Annual Meeting

THE 1925 annual meeting of members and managers was held at the executive offices on September 17, 18, and 19. The program differed somewhat from previous years, in that the entire first day was given over to informal gathering, which afforded an opportunity for many individual conferences and discussions. The change proved very welcome, since in previous years not enough time has been allowed for this sort of thing.

Another variation from the usual order consisted in holding the golf tournament on the second day, due to the fact that it is not possible to entertain visitors at a golf course on Saturdays and Sundays. The golf tournament has come to be an institution, and is an event to which every one looks forward with a great deal of pleasure, even though it may be followed with personal disappointment in some instances when the scores are recorded.

The prizes were awarded to the following:

Mr. Morris—Low gross

Mr. Jumonville—Low net

Mr. R. W. Peters—Consolation

The third day, Saturday, was given over to professional and business conferences, with Mr. Ludlam presiding at the meetings. Matters relating to practice office management and general administration were discussed first, after which considerable time was devoted to the subject of technical procedure.

Mr. Wildman announced that the second section of the technical procedure manual, which deals with the verification of cash records, is expected to be distributed by about October 15th. He then discussed at some length the method of approach to this subject in the manual, particularly with respect to the classification of situations with which we are confronted in auditing, the variations calling for differences in auditing procedure. He pointed out that the studies which have been conducted by the technical procedure department on the possibilities of perpetration and concealment of fraud,

and the methods of detection under the varying conditions, have eliminated the necessity of haphazard procedure.

The discussion of the detection of fraud led into consideration of the opportunity for the perpetration of fraud which is afforded by loose accounting system and office methods. All agreed that it is our manifest duty to our clients to point out to them any weaknesses in their system or methods as a step toward the prevention of fraud.

There was some discussion of the opportunities for usefulness to the practice offices afforded by the systems division of the technical procedure department, and consideration of means by which this division may be made more helpful. The point was stressed that the division had been handicapped in the dissemination of information among the practice offices by

the failure of the offices to supply information concerning their system installations.

Not the least pleasurable of the gatherings were the social features, consisting of a theatre party on Thursday evening and a dinner and dance on Friday evening at the Garden City Country Club.

The consensus of opinion, as far as can be learned, is that this year's meeting was an outstanding success, since the program was better balanced perhaps than in previous years, combining in the right proportions work and play.

Possibly the greatest value which these meetings have is the inspiration which comes from a gathering. Our annual meetings are always full of inspiration because every one contributes his share of action and enthusiasm in making the meetings successful.

Book Reviews

Stockwell, Herbert G. *How to Read a Financial Statement*. (New York, The Ronald Press Company, 1925. 443 p.).

The purpose of this book is stated as being "to show the business man, in a manner not too technical, how to ascertain the financial condition of a business from its financial statement in whatever form presented, or at least to judge whether or not the statement is a true and frank representation of the facts."

The book is limited to a discussion of the balance sheet. After a brief introduction concerning the various forms in which balance sheets may be prepared, the items of assets and liabilities composing a typical balance sheet are taken up in the order in which they usually appear. There is explanation as to what is comprehended under each item; the way in which it should be set forth in order most clearly to show the facts; and the things to be considered in determining its value with relation to the general financial condition of a concern.

Comparatively little matter is included

concerning statistical ratios and the comparison of balance sheets prepared at different dates.

The latter part of the book is devoted to a discussion of various special features, such as intangibles, different kinds of capital stocks, reserves, surplus, consolidated statements, etc.

The book is designed primarily as an aid to the business man with a limited knowledge of accounting rather than for the professional accountant. As such it fulfils its mission. It is very interestingly written.

Young, Benjamin Franklin. *Statistics as Applied in Business*. (New York, The Ronald Press Company, 1925. 639 p.).

With recent developments in business organization, some sort of statistical service for the use of executives has become essential to the success of an enterprise. The present work describes the procedure in building up and directing such a service, and presents the essentials of elementary statistical organization, in such a way that