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American Institute of Accountants

CIRCULAR OF INFORMATION—SYLLABUS—BIBLIOGRAPHY

The board of examiners of the American Institute of Accountants has prepared and published a circular of information, including a syllabus and bibliography, which, because of its educational value and importance, is reproduced herewith. Everyone interested in the recent developments of professional accountancy and in the national organization in particular will welcome the publication of this comprehensive summary of information.

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The following information is intended to answer inquiries from persons seeking advice in regard to membership in the American Institute of Accountants.

It is believed that the information is sufficiently complete to answer any reasonable inquiry which may be made.

I. WHO MAY BECOME MEMBERS

Men and women who have been five years continuously engaged in public practice immediately preceding date of application, or ten years in practice not continuously, one year of which immediately precedes date of application, who pass the examinations and are elected by the council.

II. WHO MAY BECOME ASSOCIATES

Men and women who have been four years engaged in public accounting, not necessarily continuously nor immediately preceding date of application, who pass the examinations and are elected by the council. In lieu of two of the four years the applicant may present a C. P. A. certificate of recognized standing or a certificate of graduation from an accounting school acceptable to the board of examiners.

III. APPLICATIONS

(a) Application for permission to take the examinations of the Institute must be filed sixty days prior to the date of examination on forms supplied by the Institute.

(b) No departure from the constitutional requirements can be made. Applicants seeking special consideration will receive no more attention than is accorded to those applying in the proper way.

(c) Applications must contain full details of all employment from time of leaving school.

(d) If applicants are unable to appear when directed to do so, the board of examiners will give consideration to the cause of such failure to appear, and, if the excuse be considered sufficient, appearance may be post-

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poned until a later examination. Notice of inability to attend must be sent to the board of examiners prior to examination.

(e) The Institute does not supply application blanks for state boards. All applications to state boards must be made direct.

(f) An applicant applying to both Institute and a state board must file a separate application with each body.

IV. CANDIDATES FOR CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES IN CERTAIN STATES

(a) Many state boards of accountancy have entered into a plan of co-operation with the board of examiners of the American Institute of Accountants whereby the Institute supplies questions to the state boards and also agrees to grade the papers if the state boards so desire. The Institute keeps a record of all papers graded by its board of examiners.

(b) The Institute will not consent to the examination of an applicant for any state certificate outside the state to which he is applying except in the case of a bona fide resident of such state.

(c) Candidates for certified public accountant certificates in states co-operating with the Institute may simultaneously or subsequently apply for admission as associates of the American Institute of Accountants without further technical examination, provided separate applications are made to the state boards and to the Institute, and provided also that the answers submitted at examinations are forwarded to the board of examiners of the Institute for grading.

(d) Every application to the Institute must be accompanied by full fees for initiation and examination. Even if applicants have already passed examinations conducted by state boards co-operating with the Institute, both initiation and examination fees must be paid when applying to the Institute.

V. PROCEDURE FOR APPLICANTS TO INSTITUTE

(a) In presenting a syllabus and bibliography the board of examiners of the American Institute of Accountants desires to impress upon prospective applicants that the examinations of the Institute are intended to demonstrate the applicant's ability to practise as a professional public accountant. The board feels that without actual accounting experience no one can logically be expected to have a sufficient practical knowledge of accounting to justify him in holding himself out to the public as a professional accountant. Accordingly, examinations are designed to demonstrate the applicant's knowledge founded not only upon text-books and instruction but also upon years of experience.

(b) The bibliography attached hereto is solely for the convenience of prospective applicants. The board of examiners does not recommend any one book especially, but those given in the list are regarded as representative of the authoritative literature on each subject.

(c) The prospective applicant is warned against the error of assuming that any one text-book is in the mind of the examiners in the prepara-

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tion of questions. The board presents questions which are founded upon experience as well as upon pure theory. The syllabus is prepared in the hope of indicating broadly the general scope of examinations in each of the three subjects.

(d) The constitutional provisions concerning qualifications of applicants are as follows:

CONSTITUTION
Article II.

Sec. 2. Members shall consist of the following:

(b) Associates who shall have been in practice on their own account or in the employ of a practising public accountant for five years next preceding the date of their application and shall be recommended by the board of examiners after examination and elected by the council. The determination of who shall be considered as practising public accountants shall be made in all cases by the board of examiners.

(c) Accountants who shall present evidence of preliminary education satisfactory to the board of examiners, who shall have been in practice on their own account or in the employ of a practising public accountant for not less than five years immediately preceding the date of their application, who shall be recommended by the board of examiners after examination and elected by the council.

(d) Accountants in practice who shall present evidence of preliminary education satisfactory to the board of examiners, who shall have been in practice on their own account or in the employ of a practising accountant for not less than ten years, one year of which shall have immediately preceded date of application, who shall be recommended by the board of examiners after examination and elected by the council.

Sec. 3. Associates shall consist of the following:

(b) Persons who shall be not less than twenty-one (21) years of age and present evidence of preliminary education satisfactory to the board of examiners; and

(c) Shall have satisfactory training and experience in public accounting. The last-named qualification may consist of:

(1) Possession of a certificate of graduation from an accounting school recognized by the examining board and a certified public accountant certificate of a standard recognized by the examining board or instead of a certified public accountant certificate employment for not less than two years upon the accounting staff of a public accountant (students not completing the full course at an accounting school shall be given credit by computing the number of years of study satisfactorily completed as being equal to one-half the same number of years employed in the office of a public accountant); or

(2) Employment for not less than two years upon the accounting staff of a public accountant and possession of a certified public accountant certificate of a standard recognized by the examining board; or

(3) Not less than four years' experience in public accounting work either upon his own account or in the office of a public accountant by a person not holding a certified public accountant certificate of a standard recognized by the examining board; or

(4) Possession of an accountant's certificate issued under the

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law of a foreign government of a grade accepted by unanimous action of the board of examiners and one year's satisfactory experience in practice in the United States of America; or

(5) In the discretion of the board of examiners exercised in each case, not less than three years' experience in teaching accountancy subjects in a school of accountancy recognized by the board of examiners.

(6) In addition to the foregoing qualifications, candidates for associate membership shall submit to examination by the board of examiners and, upon recommendation of that board, may be elected by the council.

VI. EXAMINATIONS

(a) Examinations are conducted about the middle of May and November each year. Special sessions for the conduct of oral examination may be held by the board of examiners if desirable.

ORAL

(b) Under the provisions of the constitution the board of examiners is permitted to require candidates to pass written or oral or partly written and partly oral examinations.

(c) The rules of the board of examiners provided that persons who are over 30 years of age or are certified public accountants or possessors of equivalent foreign degrees approved by the board of examiners may be subjected to oral instead of written examination, provided such applicants present evidence of having been in public practice for seven years or in practice on their own account for five years.

(d) Oral examinations are technical in character and are designed to demonstrate the applicant's practical knowledge of accounting. The questions are based upon the questions of the written examinations, but an effort is made to permit practitioners who have been in practice for many years to explain their treatment of principles and cases involved in a somewhat more informal way than would be possible in a written examination.

(e) Each candidate is examined separately, and the transcript of all questions and answers is presented to the entire board for consideration.

(f) Oral examinations under the rules of the board of examiners must be conducted by members of the board of examiners. Such examinations are usually held in the principal centers of accounting activity, such as Boston, New York, Chicago and San Francisco, but special sessions may be held elsewhere in the discretion of the board of examiners.

WRITTEN EXAMINATIONS FOR ADMISSION AS ASSOCIATE

(g) Written examinations can usually be arranged to suit the convenience of applicants without involving a long journey to the place of examination.

(h) Applicants whose applications have been favorably considered by the board of examiners will be notified when and where to appear for examination. They may bring fountain pens, but no further supplies are required.

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(i) The following is a brief syllabus of the written examination:

First Day—First session—Auditing, 3½ hours.

First Day—Second session—Accounting, 5 hours.

Second Day—First session—Commercial law, 3½ hours.

Second Day—Second session—Accounting, 5 hours.

Auditing

(j) Scope: Practice and procedure in the audit of books and accounts of industrial, commercial and financial concerns, municipalities, estates, etc.

Commercial law

(k) Examination covers only fundamental principles of common and statute law applicable throughout the United States.

Subjects:

- (a) Negotiable instruments.
- (b) Contracts.
- (c) Corporations.
- (d) Bankruptcy.
- (e) Partnership.
- (f) Federal income tax.

Accounting

(l) Examination in accounting is not divided into theory and practice. The entire subject is considered as one, and problems in practical accounting and questions in theoretical accounting are contained in the papers of both sessions.

Scope: Preparation of trial balance, balance-sheet, profit and loss account; cost, manufacturing, trading, consolidated, executorship, estate, railroad, public utility, shipping and municipal accounts; foreign exchange, investigations prior to public issuance of securities, stock-exchange practice and banking, interstate commerce commission returns, federal tax returns, preparation of statements for credit purposes, systematizing.

(Optional) Actuarial science, including annuities certain, present worth of future interest payments, sinking funds, etc.

(Questions in actuarial science do not extend to life contingencies. A knowledge of algebra up to and including the binomial theorem and the use of logarithms is essential).

WRITTEN EXAMINATION FOR ADMISSION AS MEMBER

(m) In addition to the written examination set for those seeking admission as associates, applicants for admission as members must present theses at the time of their written examinations.

(n) Each thesis must consist of from 2,000 to 4,000 words upon one of a group of subjects to be proposed by the board of examiners and must be accompanied by an affidavit that it is the unaided work of the applicant.

(o) Associates seeking advancement to membership are required to present theses as above described.

VII. RESULTS OF EXAMINATIONS

(a) The board does not make known its solutions and answers, and does not divulge the actual marks given in any subject.

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(b) Applicants who pass the examinations with peculiar distinction are generally mentioned by name in order of merit.

(c) Because of the great number of states using the Institute's questions and submitting the answers for grading by the Institute's examiners, results of examination cannot be made known, as a rule, within less than two months from date of examination.

(d) Failure in two subjects is regarded as failure in all subjects. Accounting theory and practice are regarded as one subject.

VIII. RE-EXAMINATION

(a) Applicants who fail in one subject are conditioned in that subject, and may be re-examined therein at a subsequent examination upon payment of a fee of \$10.

(b) All re-examinations must be written.

IX. ELECTION

Passing the examination does not necessarily imply election to the Institute. The board of examiners recommends successful examinees to the council, which may elect or reject. As a rule, recommendation by the board is favorably considered by the council.

X. FEES AND DUES

(a) Initiation fees of members are \$50; on advancement from associate to membership, \$25; associates, \$25.

(b) In addition, an examination fee of \$25 is required of every applicant for admission as member, for advancement to membership or for admission as associate.

(c) Annual dues of the Institute are: by a member, \$25; by an associate, \$10.

(d) Copies of past examination questions are obtainable from the offices of the American Institute of Accountants at 10 cents each.

XI. BIBLIOGRAPHY

Suggested texts for reading in preparation for examination

(See Section V., Paragraphs (b) and (c), Page 5)

AUDITING

Title	Author	Publisher
<i>Auditing Theory and Practice</i> , Students' edition (1916-542p.)	R. H. Montgomery	Ronald Press.
<i>Duties of the Junior Accountant</i> (1918-102p.)	W. B. Reynolds & F. W. Thornton.	American Institute of Accountants
<i>Approved Methods for the Preparation of Balance-Sheet Statements</i> , April, 1917.	Federal Reserve Board	Government Printing Office.

COMMERCIAL LAW

Title	Author	Publisher
<i>Elements of Business Law</i> (1917).	E. W. Huffcut.	Ginn & Co.
<i>Business Law</i> (1918).	Thomas Conyngton.	Ronald Press.
<i>Manual of Commercial Law</i> (1898).	E. W. Spencer.	Bobbs-Merrill Co.

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THEORY OF ACCOUNTS AND PRACTICAL ACCOUNTING

Title	Author	Publisher
<i>Modern Accounting</i> (1916-367p.).	Henry Rand Hatfield	D. Appleton & Co.
<i>Accounting Theory and Practice</i> , Vol. I (General practice) (1917-542p.).	Roy B. Kester.	Ronald Press.
<i>Accounting Theory and Practice</i> , Vol. II (Corporation problems) (1918-755p.).	Roy B. Kester.	Ronald Press.
<i>Applied Theory of Accounts</i> 1917-519p.).	Paul-Joseph Esquerré	Ronald Press.
<i>Accounting Practice and Procedure</i> (1917-315p.).	A. Lowes Dickinson	Ronald Press.
<i>Problems in the Principles of Accounting</i> (1915-102p.). (Accounting questions only)	Wm. Morse Cole	Harvard University Press.
<i>Corporation Accounting.</i>	R. J. Bennett.	Ronald Press.

COST KEEPING AND MISCELLANEOUS

Title	Author	Publisher
<i>Manufacturing Costs and Accounts</i> (1917).	A. Hamilton Church	Eng. News Pub. Co.
<i>Expense Burden</i> (1908-116p.).	A. Hamilton Church	Eng. News Pub. Co.
<i>Principles of Factory Cost Keeping</i> (1913-102p.).	E. P. Moxey.	Ronald Press.
<i>Principles of Depreciation</i>	Earl A. Saliers	Ronald Press.
<i>Factory Costs</i> (1911-611p.).	Frank E. Webner.	Ronald Press.
<i>Cost Accounting</i> (1919-576p.)	Nicholson and Rohrbach	Ronald Press.
<i>Introduction to Actuarial Science.</i>	H. A. Finney.	American Insti- tute of Accountants.