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## Editor's Notes

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# Editor's Notes

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Maritime dwellers, other than those simple creatures like coquina and barnacles and the sidewise-scuttling fiddlercrabs whose very livelihood depends on the ocean's rise and fall, seem indifferent to the tides. They are bored, or at best amused, by the vacationing child whose sandcastle on yesterday's dry ridge of beach has been inundated by today's wet and running sea. Longtime coastal residents whose work is not related to the ocean are oblivious to its semidiurnal cycle, and yet one sometimes hears a certain clearing of throats in an immediate vicinity. "The tide," says a native, coughing slightly, "must be just about to change."

Such insouciance is rare when it comes to the change of seasons, especially in those latitudes where the shift is sharp. Subtle gradations in the drift from Caribbean winter to summer are no match for the sweet scent of spring in the snow country. Beyond the cold and floating debris of massive winter melt we see forsythia buds turning yellow, and know with a sure gladness that is our birthright that summer will come, and be followed in turn by autumn color. Then the haze from burning leaves will haunt the memory and sharpen anticipation for harvest feasts, work well done, and the holidays. For a northerner, spring's fragrant hyacinth, warm and earthy-aromatic summer rains, delicious red apples in October and the intoxication of fresh falling snow are vivid reminders that we are cyclical beings from crustacean to constellation, from seed to star.

Do we, as accountants, think in cycles as an echo of our physical heritage and environment? Are we trapped in a mental resonating chamber full of reoccurrences? It would seem so when we examine the recent pronouncements of our standard setting bodies, the FASB, AICPA, CASB, IAS and on

through the acronyms. This is not the first year for consideration of price-level adjustments, or for that matter this decade does not mark the beginning of a search for a conceptual framework. In 1961 the AICPA published Accounting Research Study No. 1, *The Basic Postulates of Accounting*, developed by Maurice Moonitz as Director of Accounting Research for the Institute. The following year produced ARS No. 3, *A Tentative Set of Broad Accounting Principles for Business Enterprises*, again by Dr. Moonitz in collaboration with Dr. Robert T. Sprouse. Because the accounting profession did not feel comfortable with the academic tone of the two research studies the Accounting Principles Board made another turn around the conceptual problem with the publication, in 1970, of Statement No. 4, *Basic Concepts and Accounting Principles Underlying Financial Statements of Business Enterprises*.

With such a ponderous title APB Statement No. 4 should have settled the matter, but it did not and so now we have another flood tide of research while the Financial Accounting Standards Board develops its *Conceptual Framework for Financial Accounting and Reporting: Elements of Financial Statements and Their Measurement*. The first portion of the Framework, the Objectives, appeared last November. We await the cresting of this new tide which will bring with it separate statements as to qualitative characteristics, basic elements of accounting, basis of measurement and the measurement unit. "Those are matters," says the FASB Discussion Memorandum, "that have been debated for decades." The Board does not project completion of the entire agenda until sometime in 1981 and is being purposefully deliberate in the hope that this time will be the last time.

The accounting profession hopes so,

too. Nevertheless the idea of continuity and recycling is prevalent in our business thinking, as well as in poetry, philosophy and many religions. We sense it intuitively, and seem to be programmed to act out our beliefs and have our beliefs reinforced by our acts. Since that is the pulse of our activities we are probably bound to repeat the sins and graces of our conditioning.

Periodicity, after all, is one of the basic postulates of accounting, reiterated in the new FASB *Statement of Financial Accounting Concepts No. 1* (Par. 42), and evolving logically from our ancestral agrarian economy or from those ocean rovers who put out to sea on merchant ventures.

Classic reoccurrences in accounting are the pronouncements on leases. First treated in the AICPA Bulletin No. 38 (1949), they were further defined by APB Opinions No. 5 (lessees, 1964) and No. 7 (lessors, 1966). In 1976 FASB No. 13 made all of the preceding statements obsolete but has itself been subjected to a dizzying succession of amendments and interpretations. To date we have three amendments (Nos. 17, 22, and 23), six interpretations (Nos. 19, 21, 23, 24, 26, and 27) and drafts exposed for comment during the early months of 1979 on four more proposed amendments to the statement.

Perhaps the mirage of possible precision keeps accountants in a constant flux. Losing a sense of the whole in pursuit of the particular we seek to quantify human endeavor in a moment of crystal lucidity that we call the position statement, only to find that assets and liabilities lose some of their meaning when they are frozen into position. Like those electrons whose motion is part of their measure, at the moment of stillness they lose their truth. So we start a new cycle of research and examination, pronouncement and amendment.

If accounting were the pure science that its numerical tools imply then the route to problem solution might be a straight line, or at least not a course that ebbs and flows. But accounting interprets human activity, is indeed as much an art as a science, and is likely to repeat again and again the rhythm from fallow to flowering.

