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Accounting For The Vernacular

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curred to compute EPS. This Opinion was adopted with only ten unqualified affirmative votes from the eighteen member board. *APB Opinion No. 16*, "Business Combinations" virtually eliminated the popular "Pooling of Interest" method of accounting for business combinations.

⁷FASB Discussion Memorandum "Accounting for Leases," (Stamford, Connecticut: FASB, July, 1974).

⁸*Accounting Principles Board Opinion No. 5*, "Reporting of Leases in Financial Statements of Lessee," (New York: AICPA, September, 1964), and *Accounting Principles Board Opinion No. 7*, "Accounting for Leases in Financial Statements of Lessors," (New York: AICPA, May, 1966).

⁹*Accounting Principles Board Opinion No. 31*, "Disclosure of Lease Commitments by Lessees," (New York: AICPA, June, 1973).

¹⁰"Report of the Committee on Research Impact," American Accounting Association, July, 1978.

¹¹Financial Accounting Standards Board, FASB Statement No. 13, "Accounting for Leases," as amended and interpreted through May, 1980.

¹²"Report of the Committee on Research Impact," p. 11.

¹³*Ibid.*, p. 11.

¹⁴Harold Williams, "The Accounting Profession and Self-Regulation: Plans and Progress," speech before the American Accounting Association, August 22, 1978, Denver, Colorado.

¹⁵American Accounting Association Mid-Atlantic Regional Meeting (University of Maryland: April, 1979).

¹⁶Financial Accounting Standards Board, "Exposure Draft" (Revised), Foreign Currency Translation," (Stamford Conn.: FASB, June 30, 1981), para. 11, 13.

¹⁷"SEC Withdraws Internal Control Reporting Proposal" (Deloitte Haskins and Sells, TWIR, May 30, 1980).

¹⁸Exposure Draft: Proposed Statement on Auditing Standards, "Reporting on Internal Accounting Control," (New York: AICPA, December 31, 1979); adopted July, 1980, as SAS No. 30, "Reporting on Internal Control." Also, see Auditing Standards Board, "Statement on Auditing Standards No. 30: Reporting on Internal Accounting Control," (New York: AICPA, July, 1980).

¹⁹Roland L. Madison and Wayne A. Ross, "Responsibility for Fraud Detection Requires Immediate Clarification," *The Practical Accountant*, April-May, 1980, pp. 38-39.

²⁰"Justice Department offers advice on whether payments are illegal," *Journal of Accountancy* (May, 1980), 14.

²¹*Internal Control in U.S. Corporations: The State of the Art* (New York: Financial Executives Research Foundation, 1980).

²²"Legislation Introduced to amend the FCPA," *The CPA Letter*, June 23, 1980.

²³"SEC will abide by Justice's Enforcement Determination on Proposed Foreign Payments," *Journal of Accountancy* (October, 1980), pp. 10, 12.

²⁴*Corporate Accounting Reporter*, March 1, 1981, p. 2.

²⁵"Reagan Team Urges New Direction For SEC," *The Wall Street Journal*, January 22, 1981, p. 27.

Accounting For The Vernacular

By Anita Hunter

Our community college recently offered a potpourri of "outreach" classes, and after debating over the merits of aerobic dance versus a creative writers' roundtable, I settled on Accounting 101. My previous experience was limited to balancing the household budget, and frantically gathering assorted slips of paper each year when I tackled the income tax. Perhaps I would at last become financially organized, and even, with a little application, a fount of wit and wisdom in the realm of numbers.

My first day of class held an inkling of the eye openers ahead, with new meanings at every turn of the textbook pages. There was *equity*, which I had always thought was a group to which actors belonged. Then there were *liabilities*, which were what we were currently paying an arm and a leg for in our car and home insurance policies. *Assets* were no longer curly hair and straightened teeth. *Principles* and *concepts* were more than just what you stand on and think of. The *realization principle* seemed symbolic of the concept that I was in over my head. But I was determined to conquer this challenge to my brainpower, and to discover what made CPAs and writers of yearly corporation reports tick.

Soon our class was *recording transactions* — not to be confused with paying for a Linda Ronstadt label. I knew right off that *debit* was not what courting frogs said, and that *credit* was not what you gave someone for having enough sense to avoid trouble. Speaking of the latter, we soon learned to *locate* our numerous *errors* and *how to correct* them.

Trial balances were yes and no — a trial, yes, balanced, no. There was a great deal of adjusting. Our instructor threw us encouragement by pointing out a recent multi-million dollar embezzlement scheme that worked for months because the per-

petrator knew how to manipulate the numbers, and got caught only because he went on vacation and someone else looked at the *accounts*. Actually, I had not really planned to use my newfound knowledge in so crass a manner.

The chapter in the text on *work sheets* was of the utmost importance, and to think, before my enlightenment, those words might have indicated denim bed linens. I hope the teacher never finds out that the nearest I had previously been to *closing entries* was locking the front and back doors of our house. An *income statement* was when someone said, "I'm broke!"

Looking ahead in the textbook, I can see that I will have to rearrange my preconceived notions that *code numbers* are only for secret agents, the telephone company, the post office, and the grocery store. Obviously, *reducing posting labor*, does not mean making it easier to ride horseback, and of course I know that *columns* were not used by Greeks to hold up their buildings, but are also the very backbone of bookkeeping.

Perpetual inventories (sounds like those cans of soup on the top shelf of my pantry) and *allocating depreciation* may throw me yet, but it is upward and onward, making sure the *bottom line* is double. Next term, Accounting 102.Ω



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