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## Editor's Notes: Wavering lines and indefinite edges

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We have just invested a lifetime, or the better part of it, in making obeisance to the exactitudes of accounting only to find that somehow the icons have been vandalized. What looked authentic, the very image of reality, is twisted out of recognition. Reality itself has become suspect and blurred at the edges.

There was a time when we thought we knew an asset when we saw one, or saw its abstraction, on a statement of financial position. Liabilities were similarly identifiable albeit sometimes menacing. Assets and liabilities were, respectively, stores of probable future benefits, or probable sacrifices of future benefits. They still are, only it is a puzzlement just how much, or when, the probabilities will assert themselves. And if you can't be sure how much, or when, it is hard to keep the balance sheet from resembling a politician's speech.

FASB Chairman Donald Kirk has observed that "The asset and liability definitions have generated recognition questions. . . with more immediate impact than the question of whether more current price changes should be recognized."

Citing the shibboleths of matching, and allocation, accountants often have deferred asset costs although future benefits may be questionable or, at best, indefinite. On the other hand, some liabilities that most of us deem crucially real, such as obligations for vested pensions and sick-pay, do not appear on the financial statements. Income tax accounting as prescribed by APB Opinion No. 11 gave rise to a whole array of prepaids and deferrals that have mushroomed into an opaque swirl of doubt for all concerned. At the moment the FASB is trying to clarify the cloud.

Life's two certainties, death and taxes, have both been interpreted, and manipulated, and reinterpreted almost, but not quite, out of recognition. Life's very existence in utero has become a point of debate, as has the right to die. Patients are surgically provided with

new parts for aging bodies; the moribund are fed intravenously and aerated mechanically. Death used to be so much more recognizable. Acceptance of its reality was addressed by religion and philosophy; now our spirits must wrestle with questions about the quality of life in a prolonged infirmity, and we shudder at that greater obscenity than death itself—the not dying.

Less macabre but just slightly less uneasy is our accommodation to instant information from everywhere, high speed computation, tentative experiments with genetic permutation and deep celestial exploration. Children have always been strangers to their parents, usually speaking in a dialect intelligible only to their peers, but now we must admit that computer skills acquired before the age of puberty will widen the generation gap. The home computer invests our youngsters with an indisputable aura of precocity and evolvment that is beyond the reach of all but the most nimble parental minds.

We have grown accustomed to technological change in the office. Robots are replicating human skills in factories. Some careers have been dislocated, even for accountants, but we reassure ourselves that machines can never replace human intelligence. Meanwhile Susan Chace, in the *Wall Street Journal*, reports that "Japan has committed itself to delivering an intelligent computer by 1990 that will do something that hasn't been done; converse easily with humans in nontechnical language."

We concede that even as our nineteenth century ancestors had to adjust from their manual skills and cottage industries when the Industrial Age evolved, so must we integrate our industrial and business skills with what is popularly known as the Information Age. Flexibility is essential; or so we are counseled by such analysts of the emerging trend as Alvin Toffler (*Future Shock* and *The Third Wave*) and John Naisbitt (*Megatrends*). It is just that it is hard to let go of the moorings to our

ordered thought, such as assets and liabilities.

Now that tax season is over perhaps we can find time to catch up on our current reading and learn something about experiments that splice coding information into a strand of living DNA, enabling a microbe to know something or do something that its ancestors did not. Of course the home computer is working a similar effect on our own species. However, the altered microbe will produce generations of new microbes that will be forever encoded with a new life form, without choice, while our own descendants will presumably have some other options available. Genetic engineering is a fact of our time, as much a part of "playing God" as abortion and artificial heart implants and it forces the same soul searching for containment.

If, some rainy Saturday, life on the planet still seems boring in spite of all the Megatrends then one can look into space with highly innovative probes like the Harvard radio telescope which scans the cosmos and videotapes results of its computerized search for E.T., or his counterparts. Actually, it is not E.T. that lures astronomers, but some radio signal of an orderly nature that would indicate an intelligent source. So exotic a find is about as likely as the emergence of artificial intelligence, true creative intelligence, in a computer. Still, it is exciting to look for it and humankind's lust for looking is probably programmed indelibly in our own DNA complexities.

As the scenario shifts around us, blurring our professional concepts of assets and liabilities as well as shifting the definition of many of life's supposed verities, we do remain sure of ultimate death and taxes, and that is so in spite of the most sophisticated deferrals. We are less certain of almost everything else.

*Constance T. Barcelon*