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C. P. A. Bulletin, Vol. 4, No. 11, November 1, 1925

National Association of Certified Public Accountants

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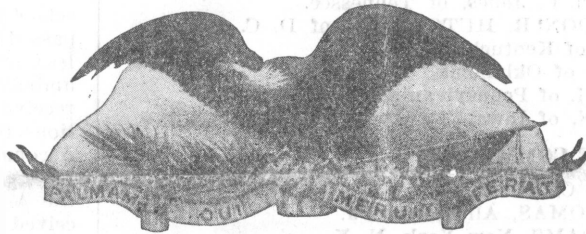
The C. P. A. Bulletin

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Vol. 4, No. 11

The National Association of Certified Public Accountants
945 Pennsylvania Avenue, Washington, D. C.

November 1, 1925



BONDED ACCOUNTANT

MEMBER

National Association of Certified Public Accountants

NATIONAL ASSOCIATION'S BOND PROVED EFFECTIVE

INDEMNITY INSURANCE COMPANY
OF NORTH AMERICA
PHILADELPHIA, PA.

No. 117623

OCTOBER 16, 1925

19

Pay to the order of * * * * * NATIONAL ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS * * * * *
THE SUM OF * * * * * EIGHT HUNDRED THIRTEEN AND 62/100 * * * * * DOLLARS (\$ 813.62)
IN FULL SETTLEMENT AND SATISFACTION OF Claim Nat. Ass'n. of Cert. Pub. Accountants
Item 47

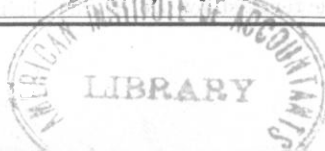
TO INDEMNITY INSURANCE COMPANY
OF NORTH AMERICA
THROUGH
THE CENTRAL NATIONAL BANK
PHILADELPHIA, PA.

F A C S I M I L E

THE ENDORSEMENT OF THIS DRAFT CONSTITUTES A RELEASE AND RECEIPT FOR THE ITEMS OF THE FOLLOWING CLAIM OR ACCOUNT
FILE NUMBER INSURED INJURED

Fid. Sched. 3439 Claim 4888 Nat. Ass'n. of Cert. Public Accountants
PARTICULARS

(Letter from Bonding Co.) * * * We are enclosing herewith check in the amount of \$813.62, which is in settlement of the Mr. Long Claim, as per Proof of Loss attached. * * *



THE C. P. A. BULLETIN

The official publication of the
National Association of Certified Public Accountants
Published monthly by the Association at
945 Pennsylvania Avenue,
Washington, D. C.

Subscription price \$2.00 per year.

BOARD OF GOVERNORS AND OFFICERS

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NORTH DAKOTA'S NEW ACCOUNT- ANCY LAW

Approved March 7, 1925

AN ACT To create a State Board of Accountancy and prescribing its duties and powers; to provide for the examinations of, and issuance of certificates to, qualified accountants, with the designation of Certified Public Accountants; to provide the penalty for violations of the provisions thereof; and to repeal certain sections of the Compiled Laws of North Dakota for the year 1913 and all other acts or parts of acts in conflict therewith.

Be it Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. Within thirty days after the passage of this act, the Governor of the state shall appoint a board of three certified public accountants, which board shall be known as the State Board of Accountancy.

Sec. 2. The members of such Board shall hold office for three years or until their successors are appointed and have qualified, except that for the members first appointed under the act, one shall hold office for one year, one for two years and one for three years. The term of office for each shall be designated at the time of his appointment. Thereafter one member shall be appointed for the full term.

Sec. 3. The board shall organize by the election of one of its members as president, one member as secretary and one as treasurer, provided, however, that the office of secretary and treasurer may be held by one person.

Sec. 4. The board shall keep a complete record of all its proceedings and shall present annually to the Governor a detailed statement of the receipts and disbursements of said board during the preceding year, with a statement of its acts and proceedings and such

recommendations as said board may deem proper.

Sec. 5. The board shall be authorized:

(a) To administer oaths to all applicants or persons appearing before the board in respect to investigations, examinations or the issuance of C. P. A. certificates;

(b) To conduct investigations and examinations and issue certificates to properly qualified accountants;

(c) To determine the qualifications of all applicants;

(d) To establish such rules and regulations as may be requisite to properly carry out the purposes of this act and maintain a high standard of integrity, education and proficiency among the holders of C. P. A. certificates.

Sec. 6. Written examinations of applicants shall be held as often as may be necessary in the opinion of the board, and at such times and places as it may designate, but not less than one in each calendar year.

If five or more persons apply for examinations, the board shall hold an examination for such applicants. Examinations may be both oral and written, at the discretion of the board.

Sec. 7. The written examination shall at least cover four general subjects, with a minimum time allowance, as follows:

- (a) Theory of Accounts, 3 hours.
- (b) Practical Auditing, 6 hours.
- (c) Auditing, 3 hours.
- (d) Commercial Law, 3 hours.

and such other subjects as may be required by the Board. Seventy-five per cent shall be required in each subject.

Sec. 8. Any citizen of the United States, or one who in good faith has declared his intention of becoming such citizens (in which case he may become a citizen within one year after the time allowed by law or the certificate shall be revoked by the board), being

a bona fide citizen of North Dakota, over the age of twenty-one years, of good moral character, a graduate of a high school of recognized standing with a four-year course, or possessing an education fully equivalent thereto, who has had at least three years' accounting experience, two of which shall have been in public practice on his own account or in the office of a Certified Public Accountant in active practice, or who has completed a course of not less than two years in Accountancy in some state institution or some other school of recognized standing, and has passed a satisfactory examination (unless otherwise exempt from such examination as herein provided), shall receive a certificate of his qualifications to practice as a Certified Public Accountant. And it shall be unlawful for any person or partnership, all of the members of which have not received such a certificate, or a corporation to assume such title or the abbreviations, C. P. A., C. A., or any other words, letters or abbreviations, tending to indicate that the person, firm or corporation so using the name is a Certified Public Accountant without first having received said certificate. All certificates to practice as a certified accountant in North Dakota heretofore issued and in force and effect under the existing laws of this state shall remain in full force unless revoked in manner by this act provided.

Sec. 9. The board may, in its discretion, upon application in writing, waive the examination of and issue a certificate to any non-resident Certified Public Accountant, who has the qualifications other than residence in North Dakota required by this act and the rules of the board, provided that such person shall submit to the board such evidence as to qualifications as may be required by and be satisfactory to the board, who, for not less than three years, has had the degree of Certified Public Accountant issued by or under the authority of another state, provided that the standards prescribed by law and the rules of the board are, in the opinion of the board, fully equivalent to the standards maintained in this state. If, for any reason, the certificates or original issue be revoked or cancelled, the board of accountancy of this state shall forthwith revoke and cancel the certificate issued to such person in accordance with this section.

Sec. 10. The board shall have the power to revoke any certificates then in force.

(a) If the holder thereof shall have been convicted of a felony;

(b) If he shall be found guilty of conduct involving moral turpitude;

(c) For fraud or misrepresentation in application for certificate or in the examination thereof;

(d) For failure on the part of the applicant, who, at the time of issue of certificate is not a citizen of the United States, to qualify in accordance

with the provisions of section 8 of this act.

No certificate shall be revoked except after a hearing thereon and by a majority of the board. The Attorney General of the State or an attorney designated by him shall attend and act as the legal advisor of the board. Written notice of such proposed hearing shall be mailed to the holder of such certificate at his last known address at least twenty (20) days before the date thereof, stating the basis for such proposed action or revocation, and appointing a time and place for such hearing. At such hearing, the board shall have the power to compel the attendance of witnesses, to administer oaths, and to examine witnesses under oath.

The board shall keep a complete record of all proceedings with respect to the revocation of any certificates.

Sec. 11. Each application for examination shall pay to the board a fee of twenty-five (\$25.00) at the time of filing his application. In no case shall such fee be returned. If the applicant fails to pass the examination, he shall be entitled to take another examination within one year, at any time at which there are other applicants to be examined, provided he has failed in the first instance in not more than one-half of the subjects covered by the examination.

Sec. 12. The members of the board, to be appointed under this act, shall be paid their necessary traveling expenses while in the pursuance of the duties imposed upon them by this act.

Sec. 13. From the fees collected, the board shall pay all expenses incident to the examinations to be held under this act, the expenses of preparing and issuing certificates, the traveling expenses of examiners while performing their duties under this act, stationery, printing, clerk hire, and incidental office expenses, provided that no expense incurred under this act shall be a charge against the funds of the state.

Sec. 14. (a) Any Certified Public Accountant who shall be found guilty of falsifying a report, statement, investigation or audit shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine of not less than one hundred dollars (\$100.00) or more than five hundred dollars (\$500.00), or by imprisonment for a period of not exceeding six months, or by both such fine and imprisonment, in the discretion of the court.

(b) Any person representing himself or herself to the public as having received a certificate as a Certified Public Accountant, as provided in this act, or who shall assume to practice as a certified public accountant, without first having received such certificate, or if any person having received such certificate, shall hereafter lose the same by revocation, as provided for in this act, and shall continue to practice as a Certified Public Accountant, or

use such title or any other title mentioned in Section Eight (8) of this act, or if any person shall violate any of the provisions of this act, such persons shall be guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not less than fifty dollars (\$50) and not exceeding three hundred dollars (\$300) or by imprisonment for a period of not to exceed ninety days or by both such fine and imprisonment, in the discretion of the court.

Sec. 15. (Repeal.) That Sections 549, 550, 551, 552, 553, 554, 555, 556 and 557 of the Compiled Laws of North Dakota for the year 1913 and all acts or parts of acts in conflict with this act are hereby repealed.

Sec. 16. (Emergency.) Whereas an emergency exists in that the present accountancy law contains no provision for penalty for its infractions, and, under the decision of the North Dakota Supreme Court no protection is now given to the public or those holding a C. P. A. certificate issued by the State Board of Accountancy, it is hereby declared that this act shall take effect upon its passage and approval.

HARVARD BUSINESS REPORTS

Volume I of a Series

[Compiled by the Graduate School of Business Administration, George F. Baker Foundation, Harvard University.]

Five hundred and sixty-one pages. Size 6 x 9 inches. Bound in Library Buckram. Published by A. W. Shaw Company, Chicago. Net \$7.50.

President Coolidge has said: "By science I mean the assembling of facts, their comparison, and their interpretation."

Twenty-five years ago it would have been presumptuous to speak of business as a science. Yet today business can qualify as a science under each of the specifications which President Coolidge sets up. First, assembling facts. Educational institutions, private individuals, and trade associations—all are gathering facts about business. Second, comparison. The Harvard Business Reports report cases in much the same way that legal decisions are recorded. Third, interpretation. The "case system," long established for teaching law, has been applied to business instruction. Therefore, today there is a science of business—and devoted to the extension and practice of that science, the profession of business.

The first requirement of any profession is recorded experience for the interchange of ideas and the establishing of definite precedents. When a lawyer is confronted with a new, perplexing problem, he knows just what to do. He does not try to rely entirely on his own experience, however broad that may be. He does not depend on the off-hand opinion of a friend. Confidently, he turns to his law-reports.

There he finds full accounts of many situations similar to his own in their facts, together with a decision of the court in each case. From a study of these cases, he arrives at an effective answer to his own question.

It is the aim of these reports to build up, as time goes on, a volume of recorded business precedents, similar to the cases in law, which will be readily accessible for business executives. As is well known, law cases are reported as they occur, with no effort at anything but a chronological arrangement. The ability to coordinate new cases with cases decided in the past and to fit the conclusions of the court into legal theory is gained through elaborate indexes and digests. Something corresponding to these court reports and their digests is needed in business, and it is the intention of the Harvard Business School to provide careful cross-indexes of these cases in order to facilitate their use for reference purposes.

In this, the first volume of a series, are published 149 cases selected from over 3,500 cases collected by the Harvard Graduate School of Business Administration through its Bureau of Business Research. Each case has particular importance as an example of current business practice or as a guide to sound business management. The decision stated in each case is that of the business firm; in no instance has the Harvard Business School injected its own editorial opinion.

This series of cases that is being collected by the Graduate School of Business Administration of Harvard University presents a chronicle of precedents which will serve as a stimulus for more thoughtful business management, but it is essential to keep in mind that they should be considered as suggestive only—they do not attempt to set up rules, arbitrary admonitions to do this and not to do that, commercial prescriptions alleged to assure success if taken in liberal doses. What the active business man wants is not rules, but tools. These reports are tools of management.

U. S. STANDARDIZES ACCOUNTING SYSTEM

Washington.—A system of standardized bookkeeping for all Government departments, aimed at saving thousands of dollars annually, has been inaugurated by Comptroller General McCarl, the Treasury has announced.

CUT THIS OUT AND SEND TO US

Kindly send me blank application forms for Membership in the National Association of Certified Public Accountants.

Signed _____
 Street Address _____
 City _____
 State _____

Questions and Answers on Taxation

TIMBER LAND ACCOUNTING

Question:

I am the purchaser of several tracts of timber land with complete equipment for marketing the timber. What accounts should be kept and how should the depletion and depreciation be handled for federal tax purposes?

Answer.

The value of property will be the selling price, assuming a transfer between a willing seller and a willing buyer as of the particular date.

Many factors should be given due consideration: Character and quality of the timber as determined by species, age, size and condition; the quantity of timber per acre, the total quantity under consideration, and the location of the timber in question with reference to other timber.

Each taxpayer claiming or expecting to claim a deduction for depletion is required to estimate with respect to each separate timber account the total units of timber reasonably known or on good evidence believed to have existed on the date of the acquisition of the property, as the case may be.

The allowance for depletion of timber in any taxable year should be based upon the number of units of timber felled during the year and the unit value of the timber in the timber account or accounts pertaining to the timber cut. The amount of the deduction for depletion in any taxable year with respect to a given timber account will be the product of the number of units of timber cut from the given account during the year multiplied by the unit value of the timber for the given account for the year. The depletion of timber takes place at the time the timber is felled.

Each taxpayer claiming or expecting to claim a deduction for depletion and for depreciation of timber properties, including plants, improvements, and equipment used in connection therewith, must keep accurate ledger accounts in which should be charged the costs of property, and the plants, improvements, and equipment, together with such amounts subsequently expended for the administration, protection and other carrying charges, or development of the property or additions to plant and equipment as are not chargeable to current operation expenses. In such accounts, there should be set up separately the quantity of timber, the quantity of land, and the quantity of other resources, if any, and a proper part of the total value of costs should be allocated to each. These accounts should be credited with the amount of the depreciation and depletion deductions claimed and allowed each year, or the amount of the depreciation and depletion should be credited to depletion and depreciation reserve accounts, to the end that when the sum of the credits for depletion and depreciation equals the value or costs of the property, plus the amount added thereto for administrations, protection and other carrying charges, or development or for additional plant and equipment, less salvage value of the physical property, no further deduction for depletion and depreciation will be allowed.

To the return of the taxpayer claiming a deduction for depletion and depreciation or both, there must be attached a map and statement for the taxable year covered by the income tax return. This form requires that a map showing timber and land acquired, timber cut, and timber and land sold; description of, costs of, and terms of purchase or lease of, timber and land acquired; proof of profit or loss from sale of capital assets; description of timber with respect to which claim is made for loss, if any is made; record of timber cut; changes in each timber account as the result of purchase, sale, cutting, re-estimate or loss; changes in the physical property account as the result of additions to or deductions from capital and depreciation; operation data with respect to raw and finished materials handled in inventory; unit production costs; and any other data which will be helpful in determining the reasonableness of the depletion or depreciation deductions claimed in the return.

[Note: The Association maintains a special information bureau service for its members. The officer in charge will endeavor to answer promptly, to the best of his ability and information obtainable, all questions submitted relative to Tax Matters and other Governmental Departments.]

WIRES HIS "REGRETS" HE CAN'T FACE COURT

Telegraphs Traffic Officer Who Arrested Him of Pleasures of "Wet" Canada.

Warrant Officer John McNamara of the Traffic Court reported yesterday to Magistrate Charles A. Oberwager that he had been unable to arrest H. Ely Goldsmith of 2 Pinehurst Avenue, who is wanted by the court for alleged speeding. Instead, he handed to the Magistrate this telegram from Mr. Goldsmith, who is in Montreal, Can.:

An ill-wind for some one else and a God-send to me compelled me to suddenly depart for this benign country, where prohibition is but a nightmare and where a man can openly quench his thirst with malt beverages of suitable strength. I can, therefore, not keep my appointment with you and I must ask for a further adjournment. Will get in touch with you on my return. Should you have any difficulties, show this telegram to Presiding Magistrate Oberwager. Thanks in advance.

H. ELY GOLDSMITH.

Mr. Goldsmith was summoned to court by Policeman John Seebach for alleged driving at thirty-two miles an hour on Riverside Drive between 184th and 189th Streets. The hearing was set for August 27 and was adjourned until August 28. The defendant failed to appear and a warrant was issued.

H. Ely Goldsmith, a public accountant, a few years ago applied to the courts in an effort to stop uncertified persons and firms from advertising that they were public accountants. Last year he criticized New Jersey justices for their method of handling motor law violators and he has found fault with the income tax laws. Mr. Goldsmith advertised in German newspapers in 1922 that he could get permission from the State Department for German and Austrian residents to emigrate to this country. His claim was promptly denied by the Federal authorities.—New York World, Sept. 25, 1925.

BUILDING COSTS AND VALUATIONS

Accountants and auditors are constantly being called upon to analyze and set up cost sheets for building reproduction costs and valuations at a given or stated period. Naturally, this involves some appraisal service. The National Association is evolving a plan by which its members may become acquainted with certain underlying principles of construction engineering, which will enable them to become acquainted with appraisal service. We quote the following from a well known author of appraisal tabulations, on the following page, which should be kept on file for reference from time to time.

BUILDING

Analysis of Reproduction Costs, Depreciation and Maintenance

Classifications	Per Cent of Repro- duction Costs	Per Cent Accrued Depre- ciation	Annual Percentage Rates Depre- ciation	Mainte- nance
STRUCTURE				
Foundation -----	7.5	16	1 2-3	0
Retaining Walls, Areas, etc. -----	3.0	35	3 1-3	.5
Exterior Walls				
Plain Masonry -----	8.	16	1 2-3	0
Cut Stone Main Entrance -----	1.	25	3 1-3	.5
Cut Stone Veneer and Trim -----	1.5	10	1 2-3	.5
Face Brick -----	1.	12	1 2-3	.5
Terra Cotta Trim -----	.3	15	1 2-3	.5
Cut Stone Cornices -----	.7	20	1 2-3	.5
Sidewalk -----	.6	50	5	.5
Structural Steel -----	14.	16	1 2-3	0
Fire Proofing -----	8.5	16	1 2-3	0
Sub-Floor Construction -----	6.5	16	1 2-3	0
Exterior Finish				
Roof -----	.3	60	10	1.0
Skylights -----	.2	30	4	2
Sheet Metal Cornices -----	1.5	40	5	2
Fire Escapes -----	.5	30	3 1-2	1
Smoke Stacks -----	.4	45	5	.5
Total Structure -----	55.5	18.6	2	.14
INTERIOR FINISH				
Partitions				
First Story -----	1.5	35	3 1-3	1.0
Upper Stories -----	7.	25	2 1-2	.5
Finish Floors				
First Story -----	1.25	50	6 2-3	2.0
Upper Stories				
Corridors -----	.75	70	10	1.0
Rooms -----	1.0	30	3 1-3	.5
Trim other than doors and windows -----	2	25	3 1-3	2
Doors with trim, glass and hardware -----	3.5	20	2 1-2	2.5
Windows, trim, glass and hardware -----	2.2	30	3 1-3	3
Stairs—First Story -----	.2	30	3 1-3	1
Stairs—Upper Stories -----	.4	20	2 1-2	1
Toilet Rooms -----	1.1	25	3 1-3	2
Painting and Decorating				
First Story -----	.5	20	3 1-3	5
Upper Stories				
Corridors -----	1.0	30	20	2
Rooms -----	1.5	35	10	5
Elevator Enclosure -----	.6	25	3 1-2	2.0
Total Interior Finish -----	24.5	28.9	5	1.8
MECHANICAL PLANTS				
Steam Plant -----	2	40	5	2
Electric Plant -----	1	50	6 2-3	5
Elevator Plant -----	4	35	5	3
Refrigeration Plant -----	1	40	5	3
Pumps, Tanks, etc. -----	1.5	45	6 2-3	3
Total Mechanical Plant -----	9.5	39.5	5.4	3
SERVICE FIXTURES				
Plumbing				
Piping -----	2.25	40	4	1
Fixtures -----	2.25	35	6 2-3	1
Steam Heating				
Piping -----	1.0	30	3 1-3	.5
Radiators -----	1.5	35	5	1.5
Electric System				
Main Wiring -----	1.5	30	3 1-3	.1
Fixtures -----	1	35	10	1.5
Miscellaneous -----	.5	35	5	3.0
Fire System -----	.5	30	5	3.0
Total Service Fixtures -----	10.5	34.6	5 2-3	1.4
TOTAL OF BUILDING -----	100	24.8	2.4	9.6

CUT DOWN THE HIGH COST OF CONFERRING!

By
HARPER & BROTHERS
Publishers

49 E. 33d St., New York, N. Y.

Dear Reader:—

"Don't ask me to attend a meeting!"
"Don't put me on a committee!"

How many times you have said that, because there are too many meetings. And yet your business, civic, and social activities require hours and hours which must be spent in arranging for meetings, attending them, reporting to them, conducting them.

Are these hours profitably spent?
DO YOU GET FULL VALUE FROM YOUR MEETINGS?

If not, the remedy is at hand. You can make meetings fewer and better. Profit by the experience of literally hundreds of others. Send at once for:

CONFERENCES, COMMITTEES,
CONVENTIONS

And How to Run Them

[By Edward Eyre Hunt]

Here is made available in ready-reference form all anyone needs to know about planning, arranging, conducting, and reporting to meetings. Attention is directed away from mere rules of order to the fundamentals of good management in group activities. Whether the gathering is an executive committee or board of directors of half a dozen persons, or is a sales convention of 50, or is a trade association convention of 500—the practical aids to better meetings are ALL IN THIS BOOK.

Mr. Hunt is an expert in planning, organizing, and directing large and small meetings. In the past four years, he has been Secretary of the President's Conference on Unemployment, Secretary of the United States Coal Commission, member of the National Distribution Conference, member of the Committee on Elimination of Waste in Industry, and Assistant to Herbert Hoover, Secretary of Commerce, in charge of numerous conferences and committees of business men and Government experts.

In preparing this book, he has had the advice and assistance of more than 150 executives of the Government, of trade associations, chambers of commerce, women's clubs, fraternal organizations, technical societies and research bodies.

How concrete and helpful it is will be seen at a glance once you have the book in hand. Get it for free examination ON APPROVAL by writing for order form. It will come to hand by return mail postpaid.

Very truly yours,
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SECOND AND ENLARGED EDITION

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This publication outlines a common sense method of segregation and assembling of Highway Construction cost data; twenty-two feature segregations and 885 item segregations in common use on engineering and construction work. Covering every phase of highway construction and development. Also copies of standard forms.

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WRITE FOR SAMPLE FEATURE ITEMS

THE ROSS SYSTEM COMPANY

SALEM, OREGON

LOSSES AT BRIDGE NOT ALLOWED AS TAX REDUCTIONS

Losses of \$2,770.60 from playing bridge will not be allowed as deductions from the income tax report of M. L. Heide, of New York, for 1919.

The Board of Tax Appeals has so ruled in sustaining a decision of the Bureau of Internal Revenue. In its findings the board explained that three prerequisites to membership in Mr. Heide's club were that the applicant must be a gentleman, must be passed upon by the card committee, and must play a good game of bridge. The board also pointed out that playing bridge for high stakes is illegal in New York, and therefore losses are not deductible from the tax.—Washington Star.

20 PER CENT LIMIT ON SURTAX LIKELY

Mellon Will Urge Congress to Reduce Rates—Undecided on Total Cut

The Treasury is prepared to suggest to Congress that a maximum surtax of 20 per cent be written into the next tax law, but Secretary Mellon has been unable thus far to arrive at a figure which may be proposed as the maximum amount by which the Nation's tax bill may be reduced.

The Secretary and Undersecretary Winston are finding out how much the total tax receipts may be cut and are expected to have statistics ready when the House ways and means committee begins consideration of a new bill. Both officials are to appear before the committee at that time.

There has been no change in the Treasury's views with respect to elimi-

nation of a number of the taxes and for repeal of the publicity of the present law.

The Treasury Secretary is not prepared at this time, however, to give details of his ideas. He said the Treasury would make no formal recommendation, but confine itself to pointing out to the committee the possibilities of revision, in so far as they affect the volume of receipts by the Government.

U. S. TAX RULING HITS 200 INSURANCE FIRMS

Must Pay Government \$100,000 Accrued Is Decision in Test Case Appealed.

Two hundred insurance companies in the United States who have been selling combined life-accident policies were affected in a ruling made by Federal Judge Grubb ordering the New York Life Insurance Co. to pay the United States Government \$100,000 in accrued taxes.

Judge Grubb held that the selling of combined life-accident policies for special premiums rendered the insurance companies liable to taxation against the increased premium.

The New York Life Insurance Co. had appealed from a decision on this point, as a test case. Counsel for the insurance company announced that they will carry the case to the higher courts.

Another income tax installment will be due in December. The American citizen continues to pay his share in the cost of the great war with uncomplaining willingness.

ACCOUNTANT PLEADS NOLO

Raymond Norton, Accused of Holding Himself Out as a Certified Public Accountant in Massachusetts, Has Case Placed on File.

Raymond Norton, a certified public accountant recognized by the State of Maine, was before Judge Bishop in the Suffolk Superior Criminal Court today on an indictment charging him with holding himself out as a certified public accountant in Massachusetts when, as alleged, he was not recognized as such in this Commonwealth because he had not appeared before the State Board of Registration of C. P. As. and given evidence of his qualifications.

He pleaded nolo, and, after some talk at the judge's bench, at which Edwin L. Pride, chairman of the State Board, conversed with the judge, and Assistant District Attorney Maurice Caro said he was satisfied Mr. Norton had no intention of violating the law, his act being more of a misunderstanding than anything else, the case was placed on file.—Boston, Mass. Transcript.

THE BOND

For the past three years the National Association of Certified Public Accountants have been bonding its members. The result has been very gratifying. Beginning with the New Year 1926, all members of the National who pay dues for that year will be bonded through the Association with a Surety

Company. This bond is an honesty bond, and it protects the client, the accountant, and the Association. To prove the value of this bond, we are presenting on the first page of this issue an electrotpe showing the check which was received from the Indemnity Insurance Company covering the shortage of the transactions of our own Mr. Elmer Long. It was fortunate for the Association and its members that Mr. Long was bonded. The average accountant would have said it was not necessary to bond him, as his reputation and character had been first class in every respect. In fact, our own members were well pleased with his ability, and, at the Annual Meeting in 1922, he was elected Treasurer. At the Annual Meeting in 1923 he was re-elected Treasurer. At the Annual Meeting in 1924, he was elected President, and at the Annual Meeting in 1925 he was re-elected President. The record would indicate that his reputation and character was first class in every respect. Nevertheless, he went wrong.

We read nearly every day of some member of the clergy, some member of the bar, some member of the medical profession or some other learned profession who goes wrong; therefore, we must not make an exception and think that the accountant will not go wrong.

The downfall of Mr. Long was evidently due to the stock market and other causes, and, in order to meet his losses, he overdraw his bank account and kept on issuing checks against his overdrawn account. Instead of being

able to recuperate his finances, he gradually lost, and, during his desperate financial spell, he forged the name of one of his clients, in which he secured a small sum of money. Nevertheless, this put him in the criminal class, and a warrant has been issued for his arrest. It was necessary that in order to protect the Association and its members from any further losses, that Mr. Long be removed from the Association and the membership be notified.

Again we say that every accountant should be bonded, not only for the protection for the accountant himself but for his client and the general public. Had Wm. A. Gillespie and Harold B. Dickey, of Baltimore, Md., been bonded they undoubtedly would not have prepared the statement for the Union Finance Company, from which statement the Union Finance Company obtained from \$35,000 to \$55,000 of perfectly good money from the residents of Maryland and the District of Columbia. Neither do we believe that the Accountants from the District of Columbia and elsewhere who O. K'd and approved the Gillespie statement would have signed that statement had they been bonded.

Again from an article in the Richmond Times-Dispatch under date of August 8, 1925, an article pertaining to the indictment of W. L. Elkins, of Richmond, Va. It will be noted in this article that Mr. Elkins is a member of the firm of Elkins & Durham, Certified Public Accountants, and President of the Virginia Society of Certified Accountants.

"Elkins, it is alleged, conspired with one W. S. Nicholas in Richmond last October to defraud the Government by agreeing that a false claim in writing should be prepared, verified and sent by mail to the Commissioner of Revenue, in which it would be falsely made to appear that the net income of Nicholas for the year 1920 was much less than it actually was, and that Nicholas, therefore, would not owe any additional tax, but had overpaid his federal income tax for that year."

Had Mr. Elkins been covered by a bond in favor of his client, Mr. Nicholas would at this time have a great deal less to worry about.

Or, had the firm of William Whitfield and W. D. Whitcomb, of Portland, Oregon, been under bond, the indications are that the statement which they prepared and certified to for the Box Concerns at Portland, Oregon, would have been an entirely different report.

From our own files we could continue to name case after case of accountants who have gone wrong or made false statements and which the client and the investor have been the losers, due to the fact that there was no financial responsibility back of the accountant. Therefore, as heretofore stated, we believe that the time is close at hand when each and every commercial firm will insist and demand that the public

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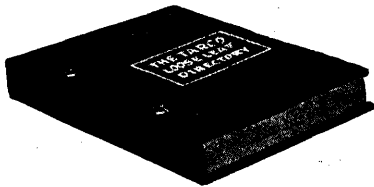
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accountant who prepared his financial report should be under bond. The bond issued through the National Association to its members covers this requirement.

**PROPER PRESENTATION—ITS
VALUE TO THE ACCOUNTANT**

By D. M. Ferrell

It is of great value to the accountant to appreciate the importance of the physical appearance of his installations and audits.

A large amount of time and effort

may be expended in installing a system or preparing an analytical report or statement, yet it will not effectively impress your client if improperly presented.

Now that the small and medium-sized accountants' organizations can secure complete audit report outfits at a modest price, they should, in their own interest, use attractive forms entirely when submitting reports.

The accountant is considered a professional man, and all of his supplies and communications should be in keeping with the status accorded him.

A week or two weeks may be required to set up a system for your client; then you may be seldom, if ever, present. What lasting impression does he have of your services? Your equipment remains as your representative.

Have you installed high-grade equipment—binders that will wear year after year, with little deterioration in appearance, and none in performance? Have you ordered your stock or special forms on a good grade paper with attractive color ruling and clear-cut type? Then you have left a lasting hall mark of quality.

And conversely, binding equipment that is unsatisfactory, or sheets of inferior appearance that quickly tear when inserted or removed from the ledgers, carry an impression of cheapness which is likely to extend to your services also.

Although the better grade equipment is slightly more expensive at the time of purchase, it is less so when considered on a basis of "dollar of cost per year of service."

And a man does not regret having paid a little more for lasting satisfaction, while he is likely to resent any purchase that soon becomes shabby.

Bear this thought in mind and act accordingly:

1. Recommend that your clients purchase the better grade of supplies, or, if the selection of equipment is left to you, do so for them.
2. Submit all reports, etc., on report paper, properly punched and bound in report covers stock, bearing your name.

You will find that this procedure favorably impresses your clients and reflects credit on your judgment as well as your installations.

**ARE YOU IN NEED OF A TAX
ACCOUNTANT?****Appeal Time Expires for Treasury
Clerks**

October 16th was the last day on which the 50 employees scheduled for dismissal from the income tax unit of the Treasury Department could appeal to the personnel classification board from the separation ratings given by their respective officers. With the lapsing of this appeal period, the board began the active study of the cases before it.

Not all of the 50 clerks appealed, but by far the greater portion have sought to have their ratings reviewed and set aside. It is necessary that the personnel board shall approve the compilation of the ratings of employees involved before they can be dismissed. The appeals are to be studied in connection with this survey of ratings. It is expected that it will require a week or more for the board to complete its study of the lists submitted.