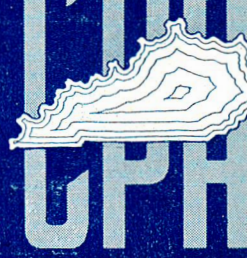


THE *Kentucky* ACCOUNTANT



BULLETIN OF THE KENTUCKY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

VOL. I

JANUARY, 1949

No. 1

It is Indeed a Pleasure . . .

to present to you, on behalf of President Gordon Ford and the other officers and directors of the Kentucky Society of Certified Public Accountants, the first issue of the *Kentucky Accountant*. We have been honored by the receipt, as we go to press, of the following congratulatory letters:

Dear Mr. Ford:

On behalf of the American Institute of Accountants, may I extend my heartiest congratulations to the Kentucky Society on the publication of the first issue of your new monthly bulletin. The activities of the state societies are the foundation stones on which we have built a strong profession throughout the nation. This new publication of your society is therefore important not only to your own members, but to all certified public accountants who take pride in professional progress.

Sincerely yours,
(s) PERCIVAL F. BRUNDAGE
President,
American Institute of Accountants

Dear Mr. Ford:

I am delighted to have this opportunity to congratulate the members of the Kentucky Society on publication of the first issue of your monthly bulletin. There are now twenty-seven state societies which publish newsletters or magazines for their members, and there could be no better proof of the vigorous interest which certified public accountants take in the development of their profession. Felicitations and best wishes from all of the Institute staff.

Sincerely yours,
(s) JOHN L. CAREY
Executive Director,
American Institute of Accountants

We hope you find your bulletin informative, interesting and readable. Your comments, criticisms and suggestions will help to keep it that way.

FEDERAL TAX RETURNS BEING COPIED BY STATE

Kentucky Commissioner of Revenue H. Clyde Reeves, speaking to eighty-two Society members, staff men and guests at the Seelbach Hotel, Louisville, on January 18th, announced that photostatic copies of 1948 Federal income tax returns filed with the Collector of Internal Revenue at Louisville were being made by the State for comparison with Department of Revenue files.

Pointing out that his Department sought to collect the amount of taxes legally due from each taxpayer, and no more, and that certified public accountants were likewise concerned with the proper determination of tax liability for their client-taxpayers, Reeves made several specific proposals for cooperation, and invited recommendations for constructive changes in the income tax law. Calling attention to the State's numerical filing system, he asked those present to use the taxpayer's number on each client's return. This number always appears on the return sent to the taxpayer from the Department.

Nelson Perry, Revenue Department official in charge of all field agents, accompanied Reeves to the meeting.

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EARLE B. FOWLER, Editor
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The KENTUCKY SOCIETY of CERTIFIED PUBLIC ACCOUNTANTS

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New Members

Fourteen new members of the Kentucky Society received their membership certificates this month, Albert S. Christen, Chairman of the Committee on Admissions, announced. They are as follows:

**Arthur L. Ashcraft
*Ray E. Gayheart
*Benjamin Goldfarb
*William J. Mayer
**J. Terry Noland
*Charles O. Rice
**Robert W. Romer
Hughes V. Sewell
*Robert J. Titzl
Clough C. Venable
*Wallace Wallen
Vernon Fay Watson
Fonda G. Williams
Horace D. Woodcock

*Elected to membership, American Institute of Accountants.

**Applying for membership American Institute of Accountants.

Southern States Accountants Conference Scheduled For Louisville, May 29—June 1

On Tuesday, December 28, 1948, President Gordon Ford and Secretary-Treasurer Waller Grogan conferred with Conference Committee Chairman William Cotton, Mr. L. C. J. Yeager and your executive secretary on preliminary arrangements for a 10-state gathering of certified public accountants in Kentucky on May 29—June 1. Cotton, who was elected President of the Conference at its last biennial meeting at San Antonio, Texas, in 1947, stressed the tremendous value of this regional get-together to all member state societies, and expressed his earnest hope that every member of the Kentucky Society will help to make this Conference one which our guests will thoroughly enjoy and long remember.

Personal letters of invitation will be sent to all certified public accountants of the member states from the Conference Committee Chairman. The program will include speeches, technical sessions, and social events. Representatives of Kentucky colleges and State government officials will be invited to attend, and Kentucky members may want to invite clients and friends to some sessions of special interest.

Details of the program will be announced later. Kentucky members of the Southern States Accountants Conference Executive Committee are President Cotton (ex officio), Robert Miller and L. C. J. Yeager.

State Board Grants Nine Certificates

The State Board of Accountancy of Kentucky met at Louisville on January 11, 1949, and announced that nine of the sixty-nine candidates who sat for the certified public accountant examinations last November had qualified for certificates. The successful candidates were: James Curtis Cecil, Jr., Bardstown; Walter F. Behler, Covington; Medard F. Rafalske, Covington; William W. Thorp, Lexington; Marvin L. Churney, Milton H. S. Cooper, Hudson L. Hatcher and Warren G. Von Roenn, all of Louisville, and George A. Dodson, Paris.

Rafalske, Thorp, Churney, Hatcher and Von Roenn were licensed public accountants who will now be entitled to the prefix "certified" and, along with the others who successfully passed the examinations, may style themselves "certified public accountants".

The Board also took action on other routine matters, including the consideration of applications for certificates by reciprocity, reported violations of Kentucky's accountancy law and related subjects. A revised set of regulations, to be published in mimeographed form pending the printing of the 1949 Register of Certified Public Accountants, was adopted.

Members of the State Board are Espy Bailey, Covington, President, L. C. J. Yeager, Louisville, secretary, and John S. Petot, Sr., also of Louisville.

Brown Addresses Lumbermen

Members of the Kentucky Retail Lumber Dealers Association held their annual convention at the Brown Hotel, Louisville, on January 11, 12, and 13, 1949. On the second day J. B. Brown, Louisville, addressed the group, stressing the need for a conservative view of business conditions. "Competition is more evident in all business," Brown declared. "Keep in-

State Board Holds Preliminary Hearing

A special meeting of the State Board of Accountancy of Kentucky was held on December 16, 1948, in the Kentucky Home Life Building at Louisville to hear evidence pertaining to the alleged unlawful practice of public accounting by an unlicensed practitioner. It appearing that the unlicensed practitioner had acted without actual knowledge of the fact that he was violating the law, and that he would immediately desist from his unlawful practice, the Board concluded that no formal action need be taken with respect to the instant violation. The practitioner has now ceased his practice and the case has been closed, L. C. J. Yeager, Secretary, announced.

Board members present at the meeting were Yeager and John S. Petot, both of Louisville. Board President Espy Bailey, Covington, was unable to attend.

Accounting Advice Given in Government Booklet

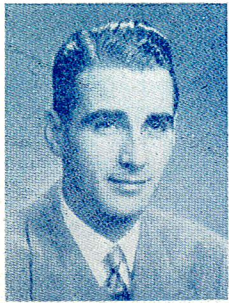
The U. S. Department of Commerce has issued Economic Pamphlet No. 70 "The Small Business Man and His Financial Statements", designed primarily for proprietors of new businesses and for those that classify as small operating units. Sample forms of statements and a classified set of ledger accounts are included in the booklet.

The price is 15c. For copies call or write Mr. Prentiss Terry, Manager, U. S. Department of Commerce, 631 Federal Bldg., Louisville 1, Kentucky.

ventories down or you may lose profits of previous years."

Brown is chairman of the Society's Committee on By-Laws.

The Presidents Page . . .



Gordon Ford

Publication of the first issue of the *Kentucky Accountant*, bulletin of the Kentucky Society of Certified Public Accountants, represents a significant advance toward more effective unification of the accounting profession in our great Commonwealth. During the past year, an office of the Society has been established and an executive secretary has been employed. All of these things have been discussed for many years, but due to the small number of members, lack of money and other factors, they had not been feasible. Your officers and directors feel certain that you share with us justifiable pride in seeing these projects begun at this time, and that you are pleased with the progress which the accounting profession is making in Kentucky.

We hope that you will contribute to the development of this bulletin as an authoritative source of information for and about the accounting profession in Kentucky by sending in items of news, interesting case studies involving your work or the work papers and other tools which you have found helpful, references to books and periodicals which contain valuable aids to the accountant and other information which may be of interest to fellow members of our profession.

From time to time some CPA who is not a Society member or some member who lives out in the State inquires "Why should I belong to the Kentucky Society? What do I get for my dues?" In my judgment, every Kentucky CPA should be a member of the Society.

While every CPA has an obligation to the Society, the Society also has a very definite obligation to the CPA's of Kentucky, and in their efforts to fulfill this obligation, all of your officers and directors are motivated by a desire to accomplish, to the greatest possible extent, the purpose of the Society, as set out in the by-laws. These are:

"... to unite for common purposes the certified public accountants under the laws of Kentucky; to promote and maintain high professional and moral standards; to safeguard the interests of the profession; to advance the science of accountancy; to develop and improve accountancy education; to secure proper recognition of the practice of accountancy as a profession; and to encourage cordial relations among accountants."

Because the American Institute of Accountants has done such outstanding service for the accounting profession at the national level, it seems to us noteworthy that the stated purposes of our State society are almost identical with those of the Institute. If we succeed in serving the accountants of Kentucky as well as the Institute has served the accounting profession throughout the nation, we shall feel that we have kept faith with you.

Right now and for many months past, a Society committee of "top drawer" CPA's has been working with a committee from the Bar association on a working agreement between the two professions. Progress is being made. Society committee's work is invaluable to the individual CPA, yet it is but one of the many services of the Society to its members.

The all-embracing obligation of your professional society to you as a member is implied in these words of John L. Carey, in his book "Professional Ethics of Public Accounting":

(Continued on following page)

Directors Hear Pleas To Sponsor Fund Drives

At a meeting of the Society's directors, held immediately before the members' meeting reported elsewhere herein. Society member John W. Kercher, Louisville, presented a proposal that the Society ask its members to contribute a total of \$1,500 to the Committee for Kentucky, a non-profit, educational organization with civic objectives. President Gordon Ford reported that a similar request had been made to the Society by the National Conference of Christians and Jews, which is currently initiating a fund-raising drive in Kentucky. After a thorough discussion it was agreed that formal action on these requests would be incompatible with established policies of the Society, but that they should be reported to the members with the suggestion that each one investigate the worthiness of the respective organizations and decide for himself whether or not he should contribute to them.

The passing of Society member E. B. Fontaine was noted with regret, and the executive secretary was directed to send to his family a resolution expressing the sense of loss felt by the Society at his death.

The application of J. R. Meany, Bowling Green, for membership in the Society was accepted, and the application for reinstatement of Frank J. Dooley, Middlesboro, was tentatively approved. Resignations of several members who had left the practice of public accounting were accepted.

The Presidents Page, Continued . . .

"The very existence of the accounting profession depends on public confidence in the determination of certified public accountants to safeguard the public interest."

That great obligation is to build and maintain public confidence in certified public accountants.

Two basic factors enable us to approach our task with complete assurance: (1) Kentucky Law, administered by the State Board of Accountancy, requires that any person granted a Kentucky certificate must be well-qualified, and (2) rigid adherence to high ethical standards has been characteristic of the accounting profession in Kentucky since the first certificate was issued in 1916. Logically, then our program is: (1) To defend the legal status of the CPA certificate from attack by individuals or groups who may seek to weaken it by lowering the entrance requirements, and to make positive recommendations for improving our law when advisable, (2) To encourage mem-

bers of the Society to become thoroughly familiar with the code of professional ethics and to assure the maintenance of ethical standards by taking prompt disciplinary action with respect to any reported violations of the code, (3) To encourage Society members to give more time to public service and civic activities, and (4) To engage in a public relations program designated to bring about greater public understanding, appreciation and recognition of the purposes and program of the Society and the achievements of its members.

Your officers and directors are counting on your support for these aims during the remainder of this fiscal year. Working together, we shall grow together, improving ourselves in the interest of the public which we serve.

If you are inclined to ask, "What do I get for my dues?", think over the things I have summarized here. These are some of the many reasons why you belong, or should belong, to the Society.

Gay Fraternal Fun Again at Annual Dinner and Dance

Bosses, staff men and secretaries, with their wives, husbands and sweethearts, merrily trooped down to the Pendennis Club on Friday night, December 10, 1948, for the CPA's annual holiday party. Our free bar was freely utilized for one hour from 6:30 P.M. A delicious dinner was served promptly at 7:30. The snappy, neatly-costumed dancers and other floor-show artists were well received by the persons present, who asked for, and got, several encores. From 9:30 till 1:00 everyone danced, or visited at the bar or at tables, to their heart's content.

President Ford commended Entertainment Committee Chairman, Wilbur R. Williamson, and committee members John Corder, Harold Glore, George Howard, and Robert Lancaster for a job well done. The committee was fortunate, too, in having the unofficial but energetic help of Mrs. Williamson, whose artistic touch and hard work turned the great Pendennis ballroom into a neatly decorated, holiday-like place for our party.

Your officers and committee members are constantly trying to make each annual dinner and dance better than the last. You can help by writing President Ford or the Society office, expressing your thoughts and making suggestions. Your Entertainment Committee will be grateful to you for any such advice and counsel which you may be inspired to contribute.

Partnership Formed

J. O. Boswell and F. L. May announce their association as partners under the firm name of Boswell & May, with offices in the Holland Building, Owensboro, Kentucky. Boswell, First Vice President is a member of the Board of Directors of the Society.

Society Representatives Address Bankers' Meetings

At district meetings of the Kentucky Bankers Association held at seven Kentucky cities on December 7, 8, 9 and 10 and December 20, 21 and 22, "the auditor's certificate and credit-granting" was the subject of an address by members of the Society. Jess C. Paris, Lexington, spoke at London and Paintsville; James G. Warren and L. C. J. Yeager, Louisville, addressed meetings at Madisonville and Paducah, respectively; bankers who assembled at Munfordville and Paris were addressed by the Society's executive secretary.

A brief talk by the Society's representative at each meeting preceded an interesting discussion of recent changes in Federal tax laws, led by Robert J. Theobald, Louisville tax consultant.

Participation of Society members in this series of meetings resulted from arrangements made by J. A. Hunter, Louisville member, with Mr. Ralph Fontaine, executive secretary of the Kentucky Bankers Association. Charles M. Wheeler, Louisville, chairman of the Society's Committee on Cooperation with Bankers and other Credit Grantors, has written Fontaine offering to work with the Bankers Association during the coming year in any other joint activities which may be of interest to both groups.

Luker Serves on Mayor's Committee

President Gordon Ford reported at the November 23rd meeting of the Society that Maurice Luker, Louisville, had been appointed by Mayor Charles P. Farnsley as a member of a special committee to study plans for a pension system for city police and fire department employees.

Luker, a past President of the Society, is active in civic, religious and fraternal groups, and has served as water commissioner in his home district.

Public Service Goals Give Us Strength

During the current fiscal year of the Society activities have proceeded at a stepped-up rate, and suggestions for an expanded program have come thick and fast. Of first importance, from the standpoint of professional prestige, as well as public service, is a proposal that the Society cooperate with the State Department of Revenue in a program for equitable assessment of real property throughout Kentucky. The Jacobs Report, published this month, calls for action to secure a complete inventory and description of lands, and supplementary property record cards describing the type and character of buildings on the lands. It has been suggested that the Society might serve as a group of volunteer consultants on procedure, when and if this program is initiated.

The need for a standard audit procedure for Kentucky municipalities has been highlighted since the enactment of KRS 92.405, which requires that all cities of the second, third and fourth classes be audited by qualified public accountants. It is proposed that the preparation of a manual for this purpose be undertaken by the Society as a service to the municipalities and to our profession.

Cooperation with Kentucky colleges and universities has been urged by many members, both in the development of technical courses for undergraduates and in the conduct of "practicing accountancy" institutes for public account-

ants and staff members seeking to obtain Kentucky certificates. For the latter, it is proposed that a teaching staff be recruited from among the members of the Society, with rotating personnel to prevent the placing of an undue burden upon any member or group of members.

All of these suggestions have merit. It is to be hoped that each one will become the basis for a public service project which will bring honor and recognition to every member of the Society. But these things do not just happen. They can be accomplished only if we, as a group and as individuals, are willing to give the time and effort required, and to carry them on to completion.

The practice of accountancy is recognized today as a profession which demands of its adherents the utmost in integrity and competence. Only the technically trained and experienced practitioner can pass the stringent examinations given by the State Board of Accountancy, and only one of meritorious character can survive the Board's scrutiny when he makes his application to sit for the examination. Thus, high standards of professional practice are established.

Rigid policing may preserve the high standards we have established. But a policeman is no stronger than the public opinion which supports him. Help make our Society strong by helping to prove the worth of our profession to the public. In the process you will gain more than will those whom you seek to serve. This is the rule of practical philosophy which we all apply in other phases of our lives. Let's make it our work in our professional organization, too.

--Editorial.

Pamphlets Available On Personnel Selection

Reprints of "A New Yardstick for Accounting Skills", an article published in the December issue of **The Journal of Accountancy**, are being distributed by the American Institute of Accountants. A limited supply of these reprints are available at the Society office and copies will be sent to members on request.

It has been suggested by Harold R. Caffyn, Chairman of the Institute's Committee on Selection of Personnel, that professors of accounting, controllers of leading corporations, editors and financial writers are among the more obvious persons who might be interested in reading the article. To help secure full distribution, ask for a few copies to send to your friends—or the Society office will mail them direct for you if you wish.

Copies of the pamphlet, "What does an Auditor's Certificate Mean" will also be mailed on request to anyone whose name and address you furnish to the Society office.

FAIR Group Hears Christen

A new association, the Kentucky Association of County Fairs, was addressed by Society member, Albert Christen, Louisville, on the second day of a two day meeting at the Brown Hotel in Louisville, January 6-7, 1949.

Christen, who is Chairman of the Society's Committee on Admissions, was asked to speak as an authority on the accounting problems of fairs.

Variety Keynote of Monthly Meeting

Meetings of the Society were held on September 8, October 14 and November 23 at Louisville, and on November 5 at Lexington, since the beginning of the current fiscal year. Speakers have included Wallace M. Davis, Vice President of the Citizens-Fidelity Bank and Trust Company, Louisville; George S. Olive, of George S. Olive & Co., Indianapolis, and Merle E. Robertson, President of the Liberty National Bank and Trust Company, Louisville. Davis spoke on cooperation between bankers and accountants, Olive gave his impressions of Bulletin 23 of the American Institute of Accountants' Committee on Auditing Procedure, and Robertson dealt with the economic outlook for 1949. Olive is a member of Council of the American Institute and has long been prominent in national accounting affairs.

Members have shown an increasing interest in the Society's activities during the curing fiscal year. Average attendance was 96 persons. The Lexington meeting attracted 105 Society members and guests.

Accounting Books Wanted

Members of the Society who have books of current interest to the accounting profession which they have finished reading are invited to donate them to the Society library. Recent additions to the library include the **Fiftieth Anniversary** publication by Lybrand, Ross Bros. & Montgomery, donated by Paul Halloran, **Accounting Concepts of Profit and What the Figures Mean**, both donated by the author, Stephan Gilman.