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Interesting Technical Programs Add Balance To Annual Meeting Program

The Annual Meeting on May 20-21 at the Executive Inn, Louisville, offers the membership some very interesting technical programs in addition to the normal social events.

On Friday afternoon, Richard C. Rea, CPA, partner, Rea & Associates, New Philadelphia, Ohio, will present a Management of an Accounting Practice session entitled "What Does a Managing Partner Do?" Mr. Rea is the editor of the "Practitioner's Forum" of *The Journal of Accountancy* and his presentation will be of interest to all members in public practice.

Following Mr. Rea, we will hear from Representative Terry L. Mann, from

Newport, Kentucky. Representative Mann is the chairman of the Interim Joint Committee on Business Organizations and Professions. Any legislation affecting the licensing of public accountants that will be introduced in the 1978 General Assembly will be considered by this committee. You don't want to miss this session.

On Saturday morning, Lysle P. Hollenbeck, CPA, from the Washington office of the AICPA will fill you in on the latest developments affecting the profession in the federal legislative arena. Another interesting session which should be of interest to all members.

If you haven't registered for the Annual Meeting yet, do it today using the registration form enclosed with this issue.

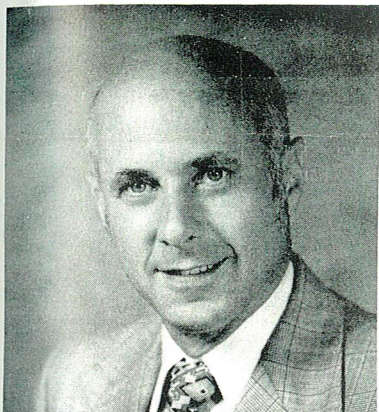
CPE Reminder

June 3—Audits of School Districts
June 4—Working Paper Review
June 17—Problems of Closely Held Corporations

IN MEMORIAM

Louis S. Sorbo
Retired

Lybrand, Ross Bros. &
Montgomery
Deceased, April 8, 1977



BAER FACTS

With this column I make my Swan Song, it is the demise of Bear Facts. Before departing, I wish to bestow a few roses to those who have contributed to our profession during my administration above and beyond the norm.

First, a monetary contribution, the largest ever to our Education and Memorial Foundation, made by Ashland Oil Company. Our gratitude to them for evidencing an interest in upgrading the profession. Also, and it really goes without saying, the efforts of Ben Gratzler, our Executive Director, and his staff, Kathy, Sharon and Debby, are the ones who made it all happen. For those of you who are not aware, our executive committee, meeting monthly, oversaw operations on a current basis, giving me immediate and constructive guidance. On this committee with me were *Ann Moffatt*, *Bob Davis*, *Cliff Kohlhepp* (every president's epitome of a secretary), *Tom Cooper*, *Al Carpenter*, *Bob Cornman* and *Charlie Hays*.

During the year, three of our members served on select governmental committees in an exemplary manner as representatives of the Society. *Dave Sugg* participated on the Governor's Blue Ribbon Committee investigating the leasing of warehouse space by the State, *Harry Peart* served on the State Financial Disclosure Review Committee and *Dave Rose* continued his efforts on the Insurance Advisory Committee for the City of Louisville.

Each of the committee chairmen pulled his own oar, several requesting to remain as leaders of their group for another year to assure completion of projects currently underway. But a few did such an outstanding job, I would be remiss if their accomplishments were not brought to your attention. Specifically: *Doug Kottke*, whose committee developed our most ambitious Continuing Professional Education program ever; *Joe Von Lehman* (the elder), whose Management of an Accounting Practice Committee put their "dog and pony" show on the road to better reach all members of the profession; *Marv Fishman* and *Scott Smith*, who produced one of our most informative and most successful Federal

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**THE KENTUCKY SOCIETY
 OF CERTIFIED
 PUBLIC ACCOUNTANTS**

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Tax Relief For Flood Hit Areas

The following article appeared in the Sunday Courier-Journal and Times on April 17, 1977. It is reprinted here for the information of all members.

"Eastern Kentucky residents forced from their homes when three rivers inundated many mountain towns this month have been given more time to file their federal income-tax returns, the Internal Revenue Service (IRS) said Friday.

"We have gotten approval from Washington for a blanket extension

Accounting Principles And Auditing Procedures

Even More on the Conceptual Framework:
 Part II Qualitative Characteristics

Christopher Dungan, Committee Member

We accountants readily can agree on the qualities which financial statements should have. Studies by the AAA, the APB, the AICPA's Study Group on the Objectives of Financial Statements, and the Standards Steering Committee of The Institute of Chartered Accountants show amazing unanimity in naming such qualities as relevance, comparability, and verifiability, among others. The problems begin when we try to transform these attributes into concrete and useful criteria. How can they be measured? For that matter, how can we tell if they are even present or absent? What do they mean? Can we give examples?

Part II (Chapter 7) of the FASB Discussion Memorandum on the Conceptual Framework suggests the problems. Not many solutions are presented.

The FASB chooses these high level abstractions as qualities for extended discussion: relevance, measurability, comparability, and reliability, including objectivity and verifiability. The reader is invited to suggest other such qualities to the Board. They themselves add to the list of possible attributes one called "desirability of probable economic or social impact." Congress intended the tax effect of the investment credit to stimulate the economy. That effect is partially nullified if GAAP require the credit to be amortized over several years . . . or so some critics argue. In a similar fashion, restricting use of the pooling-of-interests method discourages the merger movement. Questions to be answered are: What economic impact do GAAP have? Are these effects bad? Who decides if they are bad or good? And, of course, should accountants be concerned?

If accountants can agree on relevance as one of the qualities necessary for useful financial presentation, they have not been able to agree that a change, say, from 1.9 current ratio to 1.6 is material and thus relevant. Although most US citizens agree freedom is desirable, they cannot easily agree on the photos in Hustler magazine. It is a problem of translation between high level abstractions — relevance or freedom — and low level abstractions together with concrete examples.

What does all this effort by the FASB mean to a working accountant? It means you had better tell the FASB what qualities you think financial statements should have before they tell you. Also — and this is much more important — it means you should give them guidance if you can figure out the tenuous connection between reliability, verifiability, the audit trail, and a daily print-out of summaries of the transactions handled through an on-line computer terminal. I can't.

The FASB invites you to show how specific definitions of elements of financial statements and specific ways of measuring their attributes contribute to relevance, reliability, freedom from bias, etc. In other words, they need lower level abstractions — consistency, for example, as an element of reliability — and concrete examples — any company adopting LIFO must continue to use it for a ten-year period, as one instance. The public hearing will begin June 27.

for the people in the flood area,' said Bob Kobel, a spokesman for the IRS in Louisville. 'They will not be penalized for filing late.'

He said people whose homes were damaged or who lost papers are eligible for the indefinite extension.

'We are asking taxpayers who are unable to file on time to identify themselves by marking the words "flood victim" on the top of their returns,' said Kobel.

Gov. Julian Carroll already has given Eastern Kentuckians affected by the flood until June 15 to file their state income-tax returns."

Chapters Hold Annual Election Of Officers And Representatives To Board Of Directors

All the Society chapters have held their Annual Meeting and have elected their officers for 1977-78 and their representatives to the Board of Directors. They are listed below:

BLUEGRASS CHAPTER

Chairman - LeRoy Fowler, partner, Eskew & Gresham, Lexington
 Vice-Chairman/Chairman-Elect - Thomas Stivers, partner, Stivers & Associates, Lexington
 Secretary - David S. Jordan, Coopers & Lybrand, Lexington
 Treasurer - Harvey K. Faulkner, partner, Potter & Company, Lexington
 Chapter Director - LeRoy Fowler

CUMBERLAND CHAPTER

Chairman - Russell M. Mercer, Individual Practitioner, Bowling Green
 Vice-Chairman/Chairman-Elect - Spencer A. Coates, James R. Meany & Associates, Bowling Green
 Secretary - Skip R. Campbell, partner, Harris, Love & Poynter, Glasgow
 Treasurer - Jerry W. Shelton, partner, Travelsted & Shelton, Bowling Green
 Chapter Director - John M. Taylor, partner, Gregory, Taylor & Polson, Glasgow

EASTERN KENTUCKY CHAPTER

Chairman - Delmar H. Fraley, partner, Adams, Davis & Fraley, Ashland
 Vice-Chairman/Chairman-Elect - Frank V. Burns, partner, Kimbleton, Blair & Company, Ashland
 Secretary - N. Edward Love, Cauley & Collins, Pikeville
 Treasurer - Robert M. Robinson, partner, Stevens & Robinson, Pikeville
 Chapter Director - John M. Ross, Ashland Oil, Inc., Ashland

GREEN RIVER CHAPTER

Chairman - Ira J. Johnston, partner, Amick & Helm, Madisonville
 Vice-Chairman/Chairman-Elect - William G. Hodge, Jr., partner, Royster and Hodge, Henderson
 Secretary - Ronald F. Leet, George S. Olive & Co., Evansville, Indiana
 Treasurer - Larry R. Alexander, partner, Henninger & Alexander, Madisonville
 Chapter Director - Joseph A. Hancock, Riney, McKee & Co., Owensboro

LOUISVILLE AREA CHAPTER

Chairman - Durbin C. Oldham, partner, Cox & Oldham, Louisville
 Vice-Chairman/Chairman-Elect - Robert E. Lawson, Jr., Peat, Marwick, Mitchell & Co., Louisville

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BAER FACTS

(Continued from page 1)

Tax Institutes; Don Zeman, whose Accounting Principles and Auditing Procedures Committee has been furnishing *The Kentucky Accountant* each month with timely technical information and who have met with Louisville bank personnel regarding confirmation forms; and Don Zeman again, for his efforts on behalf of our upcoming Annual Meeting; and Ron Geary, who has promoted Legislator's Appreciation Night at the chapter levels, attending each meeting as it is held. Finally, a special thanks to Bill Caldwell, our retired Executive Director and until recently our Director of Continuing Education. Bill has served us well as our CPE Director since his retirement from his Executive Director duties in November 1972. His decision to retire from his CPE position with the Society, effective January 1, 1977, was met with deep regret and a hearty thank you to Bill for another job well done.

Around The State

Spencer Coates recently presented a program, "Tips for Taxpayers," to the Bowling Green-Warren County Home Economist Club.

John M. O'Bryan, Jr., formerly with the Western Pioneer Life Insurance Co., Louisville, is now the controller of the James N. Gray Construction Co., Inc. in Glasgow.

Kenneth R. Wolfe spoke to the students of the Holmes High School on April 5, 1977. His topic was "Careers in Accounting."

On March 7, 1977, David A. Sugg addressed the Alpha Mu Chapter of Beta Alpha Psi at the University of Kentucky on the subject of accountant's liability insurance.

Larry P. Becker, formerly with the Louisville office of Flav-O-Rich, Inc., has accepted the position of Group Controller of Flav-O-Rich, Inc. in Hartselle, Alabama.

Nancy Norris recently won the "Young Careerist" speak-off for District 2 in Morganfield. She was representing the Henderson B & PW Club.

Robert T. Counts spoke to students from Walden High School on their March 23, 1977 Career Day.

Richard B. Sipes, formerly associated with Lexington Concrete Products in Lexington, has accepted a position with the John Conti Co. in Louisville.

Centre College in Danville sponsored an estate planning seminar recently. Scott Smith, along with a lawyer and a banker, lead the discussion.

STAFF ACCOUNTANT wanted for medium-sized CPA firm. Requires minimum 2-3 years experience in public accounting. Our employees know of this ad. Reply to Box 77-7, *The Kentucky Accountant*.

NEW - USED - NEW - USED
 Tax Court Vols 1-63
 Cumulative Bulletins
 1919-1974 & 1954-1975
 Write: C. Chuck Hardin
 Box 1304, Lex., Ky. 40501.

Meet The New Members

Jeffrey T. Barber was born in Ashland and graduated from the University of Kentucky. He is associated with Coopers & Lybrand in Lexington.

Francis D. Bowman, born in Brooklyn, New York, is a graduate of Old Dominion University. He is a partner in the CPA firm of Bowman, Upton and Murphy in Virginia Beach, Virginia.

Ben E. Carter was born in Tompkinsville and graduated from Western Kentucky University. He is on the staff of Stiles and Clauson in Elizabethtown.

John Clay, born in Maysville, is a graduate of Georgetown College. He is associated with Tuttle, Morris, Karrick and Ingram in Lexington.

Stephen A. Ford was born in Paducah and graduated from Murray State University. Mr. Ford is on the staff of Williams, Williams & Lentz in Paducah.

Wayne Golightly, born in Paducah, is a graduate of Western Kentucky University. He is associated with George H. Reed & Co. in Mayfield.

Daryl R. Graves was born in Lexington and graduated from the University of Kentucky. He is associated with Potter & Company in Lexington.

Douglas M. Hall, born in Martin, is a graduate of Pikeville College. Mr. Hall is on the staff of Helton, Butler & Wells, PSC, Paintsville.

Karen A. Hayes was born in Louisville and graduated from Indiana University Southeast. She is on the staff of Welenken, Himmelfarb & Co. in Louisville.

Charlie R. Hendrickson, born in Lynch, is a graduate of the University of Kentucky. Mr. Hendrickson is associated with Touche Ross & Co. in Louisville.

Keith A. Hilliard was born in Camp Atterberry, Indiana and graduated from Western Kentucky University. He is on the staff of Cook and Taylor in Bowling Green.

Sidney L. Hymson, born in Evansville, Indiana, is a graduate of the University of Louisville. He is associated with Welenken, Himmelfarb & Co. in Louisville.

Jo Ann Kinker was born in Frankfort and graduated from Eastern Kentucky University. She is on the staff of the Auditor of Public Accounts in Frankfort.

Edward H. Lynch, Jr., born in Frankfort, is a graduate of the University of Kentucky. He is associated with Haskins & Sells, Lexington.

Tim L. McClanahan was born in Pikeville and graduated from Morehead State University. He is a partner

in the firm of Cauley, Bottoms & McClanahan in Pikeville.

Robert M. Magness was born in Batesville, Arkansas and graduated from the University of Arkansas. He is on the staff of Glasgow Industries in Glasgow.

James Mulrooney, born in Louisville, is a graduate of the University of Kentucky. He is currently on the staff of Alexander Grant & Company in Louisville.

John G. Pearce was born in Madisonville and graduated from the University of Kentucky. He is on the staff of the D & K Investment Co., Madisonville.

Sina W. Richardson was born in Indianapolis, Indiana. She is associated with the firm of Richardson & Trevathan in Murray.

Debra S. Sheehan, born in Paducah, is a graduate of Murray State University. She is on the staff of Glen I. Clayton, CPA, in Paducah.

Joseph Sydnor was born in Owensboro and graduated from Western Kentucky University. He is on the staff of Heublein, Inc. in Louisville.

John Whelan, born in Howards-town, is a graduate of the University of Kentucky. Mr. Whelan is associated with Arthur Young & Co. in Louisville.

James E. Wright, Jr. was born in Glasgow and graduated from Eastern Kentucky University. He is on the staff of Welenken, Himmelfarb & Co., Louisville.

Chapters Hold Annual Election Of Officers

(Continued from page 3)

Secretary - Irvin L. Wasserman, partner, Wasserman & Noe, Louisville

Treasurer - H. Sam Strader, Coopers & Lybrand, Louisville

Chapter Director - Alfred K. Carpenter, partner, Ernst & Ernst, Louisville

NORTHERN KENTUCKY CHAPTER

Chairman - James D. Andrew, Wm. H. Mers & Co., Cincinnati, Ohio

Vice-Chairman/Chairman-Elect - John T. McKinley, Aronowitz, Chaiken & Hardesty, Cincinnati, Ohio

Secretary - David L. Anneken, Individual Practitioner, Ft. Mitchell

Treasurer - Kenneth R. Wolfe, Kohlhepp, Von Lehman & Hofacre, Ft. Mitchell

Chapter Director - Norman A. Button, partner, Baudendistel, Button and Company, Cincinnati, Ohio

WEST KENTUCKY CHAPTER

Chairman - J. Bethel Richardson, Jr., partner, Richardson & Trevathan, Murray

Vice-Chairman/Chairman-Elect - Leslie R. Ellis, partner, George H. Reed & Co., Mayfield

Secretary - William B. Byrd, Jr., Schuette & Taylor, Paducah

Treasurer - John A. Thompson, Murray State University, Murray

Chapter Director - Thomas L. Smith, Individual Practitioner, Calvert City

WANTED - Small, Central Ky. CPA firm is seeking CPA with 2-4 years tax and auditing experience. Partnership opportunity for right person. Write Box 77-9, *The Kentucky Accountant*.

MEDIUM-SIZED CPA FIRM interested in person with heavy tax experience to head tax department. Our employees know of this ad. Reply to Box 77-8, *The Kentucky Accountant*.

ESTABLISHED CPA FIRM wishes to purchase small PA or CPA practice in Lexington, Kentucky area. Terms: Cash or deferred. Write in confidence to Box 76-17, *The Kentucky Accountant*.