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The Kentucky Society of Certified Public Accountants

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U.S. Treasurer To Speak at March 26 Awards Night



Bob D. Cornman

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By the time this goes to print, the fate of House Bill 29 will have been determined in the House of Representatives and possibly in the Senate. We were successful in having the bill reported out of the Committee on Business Organizations and Professions with recommendation for passage. Expression of appreciation goes to Ben Gratzner, Nolen Allen and Ron Geary for their extended efforts in this endeavor.

However, even though we were able to get our bill out of Committee, we were not without opposition. The Kentucky Association of Accountants, and their parent organization—the National Society of Public Accountants, were able to throw stumbling blocks in our way, as well as introduce a bill of their own, HB 258. Their bill would provide for a permanent second class of accountants in the state of Kentucky and be known as "Public Accountants."

The Kentucky Association of Accountants is an organization of approximately sixty-five (65) members, who primarily have public bookkeeping and tax preparation practices. They, with the help of NSPA, have hired a full-time professional lobbyist who has been on the scene in Frankfort attempting to gain support for HB 258. The bill would license the group referred to above, provided they meet certain criteria, such as a college degree, and place a restriction on others attempting to enter this type of occupation in the future. These new licensees would be known as "Public Accountants" and would be able to perform all accounting and auditing functions except to attest to financial statements. They would, however, be able to state the procedures they followed in their "audit" work. They also propose to be controlled by a board of accountancy which would contain three (3) CPAs and three (3) PAs.

The effect of this bill would be to license all college graduates as "Public Accountants" which might include all staff men working for CPAs in the state, everyone who has ever been an agent with the Internal Revenue Service, the Kentucky Department of Revenue, or auditor in the State Auditor's office.

Mrs. Francine I. Neff, Treasurer of the United States, will be the featured speaker at the Friday, March 26 Awards Night Dinner Meeting. The Meeting will be held at the Executive West in Louisville. Cocktails begin at 6:00 P.M., dinner will be served at 7:00 P.M. and the meeting will start promptly at 8:00.

The State Board of Accountancy will present CPA certificates and permits to practice to successful candidates who have completed the CPA examination and their experience requirement. The Society will recognize all successful candidates from the November 1975 examination and will present appropriate awards for outstanding achievement on the examination.

Our speaker for the evening is the wife of a Certified Public Accountant and her remarks should be entertaining as well as informative.

The meeting notice is included with this mailing. Please make your reservations early.

Economics Of Accounting Practice Survey Completed

The survey of the economics of an accounting practice has been completed by the Society's Committee on Accounting Research, chaired by William W. Ecton.

Copies of the Committee's report have been mailed to the firm principal of each firm that responded to the survey questionnaire.

Additional copies of the report are available to our members upon request. Please call or write the Society office if you desire a copy.

1975 CPE REPORTING FORMS

At this date we have received reports from 25% of the membership. Have you mailed yours? If not, do so at once even if it's blank except for your name.

Published by
**THE KENTUCKY SOCIETY
 OF CERTIFIED
 PUBLIC ACCOUNTANTS**

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"Dial-A-Speech"

With the knowledge that our members frequently are called upon to speak on very short notice, the office has secured several pattern speeches from the AICPA on topics of general interest.

If you are called upon to speak to a group and can fit your talk into one of these general areas, just call or write the office and we will duplicate the pattern speech and send it to you. The topics available are:

"Accountants and Computers"

"The CPA's Role in Small Business"

"Should You Become an Accountant?"

"Accountants and Investors"

"What is Income?"

"When Your Tax Return Is Questioned"

"The Average Investor — and Those Magic Words, 'Earnings Per Share'"

Accounting Principles And Auditing Procedures

**Accounting & Reporting by Development Stage Enterprises
 Statement of Financial Accounting Standards No. 7**

Roderick J. Tompkins, Committee Member

In June 1975 the FASB issued its Statement No. 7, *Accounting & Reporting by Development Stage Enterprises*. The following synopsis may be useful as a ready reference; however, any technical reference should be made to the statement.

Financial statements issued by a development stage enterprise shall present financial position, changes in financial position, and results of operations in conformity with the generally accepted accounting principles that apply to established operating enterprises and shall include certain additional information as required by the statement. Identification that the financial statements are those of a development stage enterprise and a description of the nature of the development stage activities in which the enterprise is engaged is required. Special accounting practices and reporting formats that are based on a distinctive accounting for development stage enterprises are no longer acceptable. Generally accepted accounting principles that apply to established operating enterprises shall govern the recognition of revenue by a development stage enterprise and shall determine whether a cost incurred by a development stage enterprise is to be charged to expense when incurred or is to be capitalized or deferred. Accordingly, capitalization or deferral of costs shall be subject to the same assessment of recoverability that would be applicable to an established operating enterprise. For a development stage subsidiary or other investee, the recoverability of costs shall be assessed within the entity for which separate financial statements are being presented.

Provisions of the statement are effective for fiscal periods beginning on or after January 1, 1976.

President's Message

Continued from page one

The Committee on Business Organizations and Professions considered this bill on February 11, 1976, with committee members voting as follows:

In Favor of HB 258

Albert S. Adams, Littcarr

Al Bennett, Louisville

Glenna A. Bevins, Lexington

Eugene Doss, Central City

John J. Isler, Covington

Dottie Priddy, Louisville

Ernie Siler, Williamsburg

James B. Yates, Shively

Passing on the vote was Arthur L. Schmidt, Cold Spring.

Opposed to HB 258

W. D. "Doc" Blair, Paintsville

Norbert Blume, Louisville

Glenn R. Freeman, Cumberland

Phillip E. King, Ft. Mitchell

Bill K. McBee, Burlington

Sam B. Thomas, Lebanon

Dexter S. Wright, Louisville

Terry Mann, Newport

(Chairman)

It is apparent that the sixty-five (65) members of the Kentucky Association of Accountants have gone all out in their efforts to gain licensure. Surely, CPAs in the state who number more than 1,400 have as much, or more, influence on legislative members than was indicated by the voting of the committee. It would, indeed, be a backward step for the accounting profession in Kentucky to have a law such as HB 258 proposes, and we cannot sit idly by waiting for a few to do the work of many. Every professional accountant in Kentucky should look upon the close vote of the committee as an affront to their professionalism and do everything in their power to see that this does not happen again.

Election Results

Ballots which were mailed to all members in December have been counted by members of the Accounting Principles and Auditing Procedures Committee and the results are announced here for the information of the membership.

Elected to serve a three-year term as an at-large member of the Board of Directors, beginning with the 1976 Annual Meeting, were: *Bobby E. Baldwin*, Potter & Company, Richmond; *W. Thomas Cooper, Jr.*, Frerman & Smiley, Louisville; *Louis A. Grief*, University of Louisville; *S. Lewis Guthrie*, Clemens & Guthrie, Owensboro; and *Michael P. Tinker*, Glenmore Distilleries Company, Louisville.

The four amendments to the bylaws included on the ballot were all approved as follows:

—To amend the requirements to qualify for life membership, For—630; Against—57

—To amend the requirements for a balloting of the membership to be valid, For—492; Against—193.

—To allow for Society participation in the Joint Ethics Enforcement Program of the AICPA, For—566; Against—122.

—To provide that all Society members residing in a chapter area shall automatically be considered a member of the chapter, For—560, Against—131.

The bylaws of the Society as amended will be reproduced and copies mailed to all members in the near future.

Kelley Appointed To State Racing Commission

Governor Julian Carroll has announced the appointment of Society member *Harold E. Kelley* to the Kentucky State Racing Commission.

Mr. Kelley is a partner in the firm of Kelley, Galloway & Goolsby in Ashland. He received his CPA certificate and joined the Society in 1951. He served two terms on the Society's Board of Directors in 1956-58 and 1961-63. He was also Secretary of the Society in 1962.

CONTINUING PROFESSIONAL EDUCATION-1976

Listed below is the CPE schedule for the 1976 Society year. Please clip this out and save it for your planning purposes.

<i>Date</i>	<i>Location</i>	<i>Courses</i>	<i>Discussion Leader</i>
5/13-14	Louisville	Tax Problems of Partnerships	William B. Peden
5/21	Madisonville	Annual Accounting/Auditing Updating Workshop	To be Announced
6/ 4		Purchase, Sale or Liquidation/Corporate Business	W. Michael Larkin
6/17-18	Louisville	Estate & Gift Taxation	William B. Peden
7/ 8- 9	Louisville	How to Use Statistical Sampling Techniques/Smaller Audits	James E. Naus
7/26-27	Louisville	Annual Accounting/Auditing Updating Workshop	Harold Hubbard George P. Fritz
8/ 5	Louisville	What the CPA should know about Business Insurance	Baylor Landrum
8/ 5- 6	Louisville	Consolidated Tax Returns	David B. Cox
8/ 6	Louisville	FASB/APB Review	George P. Fritz
8/13	Louisville	Basic Concepts in Estate Planning	J. G. Denhardt, Jr.
8/13	Louisville	Write-Up Services for Small Business Clients	W. Thomas Cooper, Jr.
9/10	Louisville	Minimizing the Corporate Interstate Tax Burden	AICPA
9/17	Louisville	Engagement Letters	Ronald C. Baum
9/17	Louisville	Procedure and Practice before IRS	L. L. Leatherman
9/23-24	Louisville	Corporate Income Tax Returns Workshop	AICPA
10/ 7	Lexington	Pension and Profit-Sharing Plans	Lee Steiden
10/15	Louisville	Unaudited Financial Statements	To be Announced
10/15	Louisville	Estate Planning/Closely-Held Corporation	J. G. Denhardt, Jr.
10/22	Louisville	Financial Statement Disclosure	Alfred K. Carpenter
10/22	Louisville	Sub-Chapter "S" Corporations	William Robertson
11/12	Louisville	Dealing with Insolvency and Bankruptcy	AICPA
11/22-23	Louisville	Individual Income Tax Returns Workshop	AICPA

Around The State

Joe W. Taylor spoke to the Bowling Green High School on January 19; his topic, "Should You Become an Accountant?"

Keith A. George was named Outstanding Young Businessman by the Marion County Rotary Club. He was also named Outstanding Young Man of Marion County for 1975-76 by the Lebanon Jaycees.

Terry A. Hyman was appointed by the Board of Directors of Malkin Instrument Company, Inc. in Louisville to the office of Financial Vice-President and Assistant Secretary.

Jeffery A. Sanford, formerly the Controller of the Mallory Powder Products Company in Indianapolis, Indiana, has accepted the position of Controller for Kwik-Pik Markets, Inc. in Madisonville.

Roger L. Hawkins spoke to the advanced accounting class at Pleasure Ridge Park High School in Louisville on January 19; his topic, "Opportunities in Public Accounting."

Marilyn H. Long was recently elected Chairman of the Richmond Planning Commission as well as Vice-President for 1975-76 of the League of Women Voters.

Dennis F. Joseph, representing the Accounting Careers Opportunities Committee, spoke to the accounting classes of Bryan Station High School in Lexington on January 30.

Gary N. Powell, Randall E. Gordon and Fred A. Higdon led two tax workshops on "The Importance of Adequate Business Records" and "Descriptions and Tax Effects of Various Business Entities" for operators of small businesses sponsored by the Louisville Area Chamber of Commerce.

Robert A. Heuel, Jr. addressed members of the junior and senior classes of Westport High School in Louisville as part of the school's Career Day program.

J. Donald Franklin has been promoted from the internal audit staff of Dart Industries, Inc., Los Angeles, California to Controller of Thatcher Plastic Packaging in Muscatine, Iowa.

Firms and Firm Changes

Ray A. Housel and Donald L. Williams have been admitted as partners in the CPA firm of Monroe Shine & Co., New Albany, Indiana.

Don R. Albrecht has withdrawn from the CPA firm of Howard & Albrecht and will practice under his own name at 113 Bonnie Lane in Louisville. George W. Howard, Jr. will continue his practice under his own name at the firm's original address.

David L. Anneken has announced the removal of his office to Executive 75 Office Center in Ft. Mitchell.

Dennis S. Raisor, formerly associated with Phil Sherman, CPA, in Madison, Indiana, has opened an office for the practice of public accounting under his own name in Carrollton, Ky.

Judson C. Royster has opened an office for the practice of public accounting under his own name in Henderson, Kentucky.

Douglas L. McCord has withdrawn from the CPA firm of R. L. Hitchcock & Associates in Lexington and will practice under his own name at 999 Primrose Court in Lexington.

C. Allen Irvin, formerly associated with the CPA firm of Brown, Stewart & Company, Louisville, has opened an office for the practice of public accounting under his own name at 305 W. Broadway, Louisville.

Joseph F. Lusk and George K. Kapp have formed a partnership to practice public accounting under the name of Lusk and Kapp, CPAs, at 1191 E. Broadway, Louisville.

Meet The New Members

Jhulan K. Chaudhuri was born in Bangladesh, India and graduated from the University of Calcutta. He is on the staff of William D. Hammer, CPA, Louisville.

Lawrence Wayne Drury, born in Louisville, is a graduate of the University of Kentucky. He is employed by the University of Kentucky in Lexington.

Jerome N. Epping was born in Dayton, Kentucky and graduated from Thomas Moore College. He is associated with the firm of Hurdman and Cranstoun, Cincinnati, Ohio.

Alvin John Hollkamp, Jr., born in Louisville, is a graduate of Morehead State University. He is on the staff of Ernst & Ernst in Louisville.

Kenneth K. Kelly was born in Lexington and graduated from Cumberland College. He is practicing public accounting under his own name in Somerset.

Donald R. Leet, born in Owensboro, is a graduate of Murray State University. He is associated with the firm of Shackelford, Goode & Thurman in Murray.

Lee Edward Pieper was born in Louisville and graduated from Bellarmine College. He is on the staff of Coopers & Lybrand in Louisville.

Ollie John Short, Jr., born in Louisa, is a graduate of the University of Virginia. He is practicing public accounting under his own name in Louisa.

ADDITION TO SOCIETY LIBRARY

The Society Library has subscribed to the three-volume *AICPA Professional Standards* looseleaf service published by Commerce Clearing House.

Volume 1 includes Statements on Auditing Standards, Commentaries by the Auditing Standards Executive Committee, Auditing Interpretations issued by the AICPA staff, Statements on Management Advisory Services, and Statements on Responsibilities in Tax Practice.

Volume 2 contains Concepts of Professional Ethics, Rules of Conduct, Interpretations of Rules of Conduct, Ethics Rulings, and the Bylaws of the AICPA.

Volume 3 includes the currently effective Accounting Research Bulletins, the Opinions and Statements of the Accounting Principles Board, Accounting Interpretations issued by the AICPA, the Statements and Interpretations of the Financial Accounting Standards Board, successor to the Accounting Principles Board.