

MIDYEAR REPORT OF THE SPECIAL COMMITTEE ON RESEARCH PROGRAM

To the Council of the
American Institute of Certified Public Accountants

Gentlemen:

The Special Committee on Research Program (that is the name the group has chosen for itself, not having been given one by its parent) wishes to make this brief report of progress.

The committee was appointed in December 1957 to consider a new approach to accounting research. This action followed an address by the present President of the Institute at the annual meeting in New Orleans in October 1957, in which he reviewed some of the difficulties involved in the profession's present approach to this problem, and suggested a possible alternative.

One of our members, Marquis G. Eaton, was taken from us by death soon after the committee was organized. We wish to express our profound sorrow at his passing, and to acknowledge our great loss because of his absence from our deliberations.

Our activities to date, as would be expected, have been largely exploratory. We have reviewed the work of the present committee on accounting procedure and that of the research department of the Institute insofar as it concerns the committee on accounting procedure. We have inquired into the organization of several other groups having research programs. We have had an exchange of views among ourselves through correspondence. Finally, we have had one meeting, a two-day conference in New York on March 24 and 25, attended by

all of the members of the committee and by Perry Mason of the Institute staff.

We are in agreement on several points. We think the Institute should take a firm lead in the development and promulgation of accounting principles, and we believe a change in the present approach to this matter is needed. We think the research program should be a planned one. Possibly the first step could be the determination of the basic principles or postulates upon which accounting procedures are based, as a framework of reference for the solution of detailed problems; next might come the preparation of a fairly broad set of coordinated but not detailed principles, similar to the statements of the American Accounting Association; and finally could follow a consideration of more detailed matters, such as those covered by the present accounting research bulletins, but in relation to the basic broad principles.

We have before us several specific proposals, including that made by Alvin R. Jennings in New Orleans last fall, as to the means whereby accounting research should be undertaken, accounting principles should be promulgated, and adherence to them should be secured. We are studying all of these, but our consideration of them has not yet reached a point where the answer to our problem is clear in our minds. We are in agreement, however, that any new approach should provide for greater staff participation in research, more effort to ascertain and lead public opinion in uncertain and controversial areas, and closer attention to means of obtaining general acceptance of pronouncements on accounting

matters, than there has been in the past.

We plan to proceed as fast as we can. Our next meeting is to be held in Chicago on May 12 and 13. We now think it not impossible that we may be able to complete the task assigned to us and present a final report at the time of the annual meeting in Detroit in the fall of 1958. At least that is the goal towards which we are working.

We invite the members of the Institute who have comments or suggestions they would like us to consider, to submit them to us.

Respectfully submitted,

Andrew Barr
Carman G. Blough
Dudley E. Browne
Arthur M. Cannon
Paul Grady
R. K. Mautz
Leonard Spacek
William W. Werntz
Weldon Powell, Chairman

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