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THE AMERICAN EXPERIENCE WITH ACCOUNTING PRINCIPLES

An Address By

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While I claim no particular expertise with regard to the experience of other countries in the effort to develop accounting principles, I think I can say with some confidence that perhaps in no country has that effort been characterized by as much controversy, as many starts, as profound complexity or as much difficulty as in the United States. I say this with no pride and with no satisfaction; perhaps rather I say it with a note of annoyance and impatience. The reasons why this effort has the characteristics which I inventory lie partially in our society, partially in the peculiarities of our law, partially in the nature of the profession in America, and partially in the fragmentation of authority with regard to financial matters.

We are now in the midst of the third formal effort to develop in systematic fashion a body of accounting principles. Prior to the commencement of the first such formal effort, there had been considerable discussion of the desirability of developing some systemization of accounting principles and auditing practices. This manifested itself in somewhat fragmentary fashion in bulletins issued by the Federal Reserve Bank in 1917 and 1929. Largely under the leadership of George O. May, then the managing partner of Price, Waterhouse & Co., liaison was established between the principal accounting organization and the New York Stock Exchange, the principal securities market in the United States, looking toward the development of accounting and auditing

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standards for companies listed on that Exchange. This eventuated in 1934 in a document entitled Audits of Corporate Accounts which unquestionably had profound impact upon the development of accounting principles. Given its origin, of course, this publication was strongly shareholder oriented. Among other things, this introduced the terms “accepted principles of accounting” and “accounting principles,” established a standard form of auditing report and incorporated in it the term “present fairly” and eliminated the words “we certify” in favor of “in our opinion.”

This significant effort bracketed governmental events which in large measure created the atmosphere in which further efforts would be made to develop accounting principles. In 1933, largely as a consequence of the dramatic disclosures of corporate misconduct, particularly in connection with the distribution of securities, during the period prior to 1929, Congress enacted the Securities Act of 1933. This statute was designed to mandate fulsome disclosure by issuers proposing to make public distributions of their securities and it established a framework and instrumentality through which such disclosure would be made and enforced. Administration of the statute was given to the Federal Trade Commission and the means principally relied upon to secure the required disclosure was the registration of securities prior to their offering and sale. From the standpoint of accounting, this statute did several things. First, it set forth with some particularity the financial statements which had to be included in registration statements filed under it; these included a balance sheet not older than 90 days, together with a profit and loss statement for the three most recent fiscal years, plus an interim period in certain circumstances. Secondly, the Commission was given broad power to define accounting terms. And, finally, it was given extensive power to determine the manner of presentation. The statute said:

“Among other things, the Commission shall have authority, for purposes of this title to prescribe the form or forms in which required information shall be set forth, the items or details to be shown in the balance sheet and earning statement, and the methods

to be followed in the preparation of accounts, in the appraisal or valuation of assets and liabilities, in the determination of depreciation and depletion, in the differentiation of recurring and nonrecurring income, in the differentiation of investment and operating income, and in the preparation, where the Commission deems it necessary or desirable, of consolidated balance sheets or income accounts of any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer; . . .”

In 1934, Congress further extended federal involvement in the trading of securities by adopting the Securities Exchange Act of 1934 which, among other things, established a system of periodic reporting for all companies listed on securities exchange (in 1964, these requirements were extended to virtually all issuers which had securities traded over-the-counter). This statute set up a new five-man independent regulatory agency called the Securities and Exchange Commission to take over the jurisdiction of the Federal Trade Commission under the 1933 Act and to administer the 1934 Act. This Commission, vested with the FTC’s powers under the 1933 Act concerning accounting matters, was given substantially the same powers with regard to accounting matters involved with the periodic reports required to be filed under its terms. Again, as would be expected from the caveats which gave rise to the legislation, the legislative approach placed emphasis on deadline to shareholders.

Rather clearly, the Securities and Exchange Commission was given the power to establish accounting principles if it chose to exercise that power. For a period of four years, 1934 to 1938, the Securities and Exchange Commission and the accounting profession, in effect, sparred with each other concerning this. Prominent accountants repeatedly expressed concern over the possibility that the Commission would exercise the powers to push for a then near universally dreaded uniformity in accounting practices, while Commissioners and members of the staff frequently expressed their impatience with the efforts that were being made by the accounting profession to better the quality of

financial reporting. I recently had occasion to read a catalog by the esteemed accountant who was the Chief Accountant of the Commission during the 1930's of the reporting practices which characterized many of the financial statements filed with the Commission and I must say there appeared to be considerable cause for Commission alarm and distress. The issue reached a culmination in 1938 when the Commission, by a vote of 3 to 2 (the majority supported by the Chief Accountant), adopted Accounting Series Release No. 4 which stipulated that the Commission would accept for filing financial statements prepared in accordance with principles of accounting for which there was "substantial authoritative support" if the position of the Commission had not previously been expressed in rules, regulations or other official releases, even though there might be a dispute between the Commission and the issuer as to the proper principles of accounting. Two of the Commissioners favored the Commission adopting the role of final and complete arbiter with regard to accounting principles and urged upon their fellows that the Commission exercise to the fullest the power which Congress had given it (incidentally, one of those two Commissioner is still living and is a Justice of the United States Supreme Court, William O. Douglas). In the eyes of some commentators, this decision represented a gross and unwholesome abdication by the Commission of a responsibility which had been given it by Congress and in their eyes has been responsible for the confusions and difficulties which have ever since characterized the elaboration of accounting principles in the United States. On the other hand, it has been almost universally applauded by the accounting profession as an appropriate recognition of that profession's responsibility for the elaboration of accounting principles.

In 1940, the Committee on Accounting Procedure was established by the dominant organization of practitioners for the purpose of dealing authoritatively with accounting principles and practices. Its efforts over an 18 year period were primarily focused on the articulation of existing accounting practices and on pragmatic solutions to

specific problems. Less concern was evidenced with the development of a coherent conceptual structure.

In 1959, The American Institute of Certified Public Accountants replaced it with the Accounting Principles Board which endured until 1973. This effort was conceived as a dual one, including both the elaboration of a conceptual framework and the development of positions with regard to specific accounting principles and practices. Once again, despite expressed intentions and desires to the contrary, increasingly the emphasis was upon the pragmatic and the conceptual effort took a secondary role. It became apparent that, difficult as was the development of positions on specific problems, agreement upon postulates and concepts was even more so. The pronouncements of the Board became increasingly lengthy, detailed and subject to controversy. All the while the research effort lagged woefully, with often many years expiring between the time a research project was authorized and commenced and its completion. The result was that the Accounting Principles Board Opinions became less and less animated by theoretical concepts and more and more by the pragmatic necessities of gaining a two-thirds majority of the Board. The Board, incidentally, was dominated by practicing accountants, with a smattering of financial executives, analysts and academicians.

The storm clouds reached their darkest with the controversy that arose out of the conglomerate phenomenon which infected American business during the 60's and early 1970's. During this period innumerable business acquisitions were accomplished, frequently with the use of various kinds of paper: common stock, preferred stock, convertible preferred stock and debentures, debt, and various combinations of these with cash. The controlling guideline was the product of the old Committee on Accounting Procedure, Accounting Research Bulletin No. 48 which sought to establish standards for determining when a business combination would be regarded as a "pooling", with a consequent carrying over onto the financial statements of the acquiring company of the values reflected on those of the acquired company, and when the acquisition would be

regarded as a “purchase” with a new basis of accountability established. The standards established in Accounting Research Bulletin No. 48 were gradually eroded until they reached a state of practical meaninglessness; transactions were easily manipulated to gain the benefits of “pooling” and the potential it afforded for displaying sharply accelerating earnings. As the abuses consequent upon the “pooling” practice multiplied and became the subject of widespread discussion, the pressures on the Accounting Principles Board for a definitive resolution of the problem mounted. Eventually, these absorbed almost the full time of the Board for a period of over a year during which various proposals were thrashed out among the members. Finally, in August 1970 Accounting Principles Board Opinions Nos. 16 and 17 with respect to Business Combinations and Intangible Assets (principally goodwill) were published with the approval of barely sufficient majorities; as a matter of fact, the matter was broken down into two opinions because of the apparent impossibility of securing the requisite two-thirds majority for a single opinion.

By this time, demands for the replacement of The Accounting Principles Board with a more effective instrumentality for the establishment of accounting principles had mounted to a deafening roar, and there were numerous voices which suggested that efforts to establish accounting principles in the private sector had failed and, therefore, the chore should now be undertaken either by the Securities and Exchange Commission or by some new governmental body accorded that responsibility. The American Institute of Certified Public Accountants responded to these criticisms and established a committee under the chairmanship of Francis M. Wheat, a former member of the Securities and Exchange Commission, to make recommendations with regard to the resolution of this problem. The recommendations of this committee were promptly effectuated by The American Institute of Certified Public Accountants and The Financial Accounting Standards Board was created as a consequence. This Board exists under the Financial Accounting Foundation which has as its Board of Trustees people from a variety of involvements concerned with financial reporting. The FASB consists of seven

members (all of whom were trained in accounting) who serve full time and are required to sever all previous affiliations, business and accounting. Four are former practicing accountants, one is an academic, one is from government service, and one is from industry. They are, by most standards, rather generously paid and are supported by a substantial research staff. The entire endeavor is financed principally by the accounting profession to the extent of approximately three million dollars a year. The Board completed its organization and commenced activity in April of 1973 and, after what to many seemed like a slow start, has gradually accelerated its activity until it now has an agenda consisting of some eleven items, many of which are uncommonly thorny.

The procedure of the Board is designed to assure a maximum opportunity for all interested parties to express themselves and for thorough research, analysis, thought and expression. When an item is added to the Board's agenda, a task force is organized consisting of anywhere from 10 to 25 persons drawn from various interested segments. A typical task force will have representatives from industry, accountants, lawyers, analysts, economists, academicians in the accounting field, and others as well. A task force does not make recommendations; rather, its purpose is to think through the problem with the Board's research staff and to develop a "discussion memorandum" which is a thorough analysis of the problem, a discussion of various approaches to its solution, and a summary of viewpoints. These documents are characteristically thorough, extensive and informative. These are then widely circulated to interested parties, after which the Board holds public hearings for the purpose of securing public input. After this, an exposure draft is prepared setting forth the tentative conclusions of the Board with regard to the matter. This, then, is also circulated widely, comments are received in written form, these are then assimilated and considered by the Board and thereafter the final determination of the Board is issued. These determinations, like those of the Accounting Principles Board during its latter days, are considered to be authoritative

support for an accounting principle and it is considered a violation of the AICPA's Code of Professional Ethics to give an opinion with respect to financial statements prepared in accordance with principles which are inconsistent with those which have been accorded approval by the FASB.

This procedure has resulted in the issuance of two opinions to date, the first on the disclosure of translation of foreign currency information and the second on accounting for research and development costs. The FASB has on its agenda these items: accounting for leases, accounting for business combinations, price level accounting, materiality, foreign currency translation, accounting for contingencies, reporting business segments, accounting for interest, accounting for companies in the development stage, accounting for start-up and similar costs and pension accounting. In addition, it is considering the implementation of the so-called Trueblood Committee Report on the Objectives of Financial Statements. This Committee, also a creation of the American Institute of Certified Public Accountants, was chartered to develop conclusions with regard to objectives of financial reporting, the identity of the users of financial statements, how financial statements should be designed to satisfy the needs of those users, and related matters. This obviously was a massive undertaking which concluded with a provocative and far-reaching report that undoubtedly will influence the development of accounting principles and practices for many years to come.

Late in 1973, the Securities and Exchange Commission took the unusual step in Accounting Series Release No. 150 of specifically and firmly endorsing the Financial Accounting Standards Board as the established body for the development of accounting principles. Despite this, and despite the fact that the Commission and its staff have since the inception of the Board until the present time, accorded not only in word but in act support to the FASB, nonetheless it is generally realized that the ultimate power for the determination of accounting principles to be used in connection with filings with the Securities and Exchange Commission (and I think by everyone's agreement the

principles and practices with regard to those financial statements are almost universally followed in other statements as well) lies with the Commission and it is assumed that in the event of an irreconcilable disagreement between the Financial Accounting Standards Board and the Commission with regard to proper accounting principles and practices, the Commission has the statutory authority to prevail. However, there is no expectation on the part of anyone that such a situation will develop. The formal and informal procedures of the Board provide ample opportunity for the Commission to make its viewpoints known and to apprise the Board of its conceptions of its public responsibility.

Obviously, the line of demarcation between the activities of the Financial Accounting Standards Board and those of the Commission are not clear and shining. In general, the Commission has taken the approach that the function of the FASB is the development of rules for the measurement of economic data and the continuing responsibility of the Commission is for the implementation of sound disclosure policies. In some instances, it has appeared to members of the FASB that the Commission has crossed this line and sought to develop standards for measurement, notably with respect to the requirements adopted a year ago concerning disclosure of additional data concerning financing leases. I think everyone has now concluded that the energies of the two bodies are better spent dealing with specific problems than in trying to define philosophically areas of responsibility. That approach, I am confident, has reduced and will reduce in the future, the potentials for collision as we work out problems on a one-by-one basis.

Far more of a danger to the independence, the integrity and the endurance of the FASB is the danger that when it has taken positions with regard to controversial issues, such as business combinations or the accounting practices in extractive industries, it will become, as the Accounting Principles Board was, the target for sustained and hostile attacks by businessmen and professionals who disagree with its conclusions. If this occurs, there are many who believe that the inevitable consequence will be the

withdrawal from the private sector of the responsibility for the establishment of accounting principles and the location of that in some governmental body.

During all this ongoing effort to establish a mechanism for the efficient, expeditious and reasonable establishment of accounting principles, the Commission has not been quiescent or inactive. During this period, it has been an active force in the development of accounting, although as indicated it has largely eschewed the role of active arbiter of accounting principles. As indicated earlier the Securities Act of 1933 requires that registration statements filed in connection with the distribution of securities contain specified financial statements and it prescribes several of the particulars which must characterize such statements. These statements, with limited exceptions for “stub” period income statements and related balance sheets, must be certified by an independent public or certified accountant. These requirements are waived only in most limited circumstances and then only because of extraordinarily good reasons. By and large it can be said that financial statements filed under the 1933 Act must be certified.

Similarly, the financial statements contained in the annual reports required to be filed with the Securities and Exchange Commission on Form 10-K must contain certified balance sheets for the last two fiscal years and related certified profit and loss and source of application and fund statements for such years. While the Commission has historically been quite insistent that these reports contain certified financial statements, nonetheless, because of the circumstance that the filing of these reports, unlike a registration statement under the 1933 Act, is mandated by statute and is not a voluntary matter (albeit a registration statement is a necessary preliminary to the public distribution of securities in most instances), the Commission has been somewhat more tolerant in accepting the existence of overriding circumstances that preclude appropriate certification.

The Commission has insisted virtually since its inception upon high standards of independence of the auditors whose opinions accompany statements filed with the Commission. Until the last three years or so, these standards were generally higher than those which were established by the professional organizations; however, in the last three or four years there has developed a greater congruence between the profession's standards and the Commission's. Under the Commission's standards it does not take much to defeat the independence of the auditor: he may not have any direct investment in the client or any material indirect investment; he may not be a director or officer of the client and he may not have been such during any period covered by the statement; he may not have done any "write-up" work (with limited exceptions); various business and family relationships may also be sufficient to defeat independence.

In addition to the requirements which I have described for documents filed with the Commission, the Commission also requires that annual reports to shareholders include financial statements for the two most recent fiscal years likewise certified by independent accountants. While these financial statements are relieved of the necessity of some of the detail required for financial statements filed with the Commission, nonetheless they must either be prepared in accordance with the same principles and practices as those contained in filings with the Commission or any departures from that identity must be explained. This requirement grew out of a notorious case in which the issuer, in accordance with Commission filing requirements, filed consolidated financial statements which disclosed a significant loss, while it reported parent only statements to its shareholders which disclosed a purported substantial profit.

The Commission has developed over the years an extensive series of rules concerning the form in which financial statements for filing with the Commission must be prepared. These are set forth in Regulation S-X. This Regulation sets forth with considerable particularity the manner in which various items in the financial statements

shall be categorized. There are specific rules with regard to various kinds of issuers, e.g., life insurance companies, management investment companies, commercial and industrial companies and so on. These rules, based on recommendations by the accounting staff, must be approved by the Commission itself in accordance with procedures that are set forth by statute. These procedures assure that all interested parties have an opportunity to comment upon them prior to final adoption, and based upon my experience of 16 months on the Commission, I can assure you that frequently these comments are the occasion for significant changes in the proposals.

The Commission periodically makes known its views with regard to various accounting matters through so-called Accounting Series Releases. Frequently these will discuss a particular case which has come to the attention of the Commission involving accounting matters or it may provide the occasion for the Commission to state its viewpoints with regard to matters of current importance. For instance, near the end of last year, concerned with the potential significant overstatement of profits as a result of inventory appreciation, the Commission published an Accounting Series Release which recommended, though it did not require, that issuers include in their financial statements as supplementary information the extent to which their profits reflected inventory inflation. I am sorry to say that it does not appear that many issuers have followed this suggestion. It is likely that in the not distant future mandatory procedures will be established.

Increasingly members of the accounting profession have been the targets of litigation initiated either by private parties or by the Commission itself; in rare instances they have been the defendants in criminal proceedings. The Commission has the authority to institute proceedings, generally seeking injunctive relief, against anyone whom it believes has violated or is about to violate the federal securities laws. These laws are stringent with regard to the necessities of full, fair and accurate disclosure in connection with securities transactions, whether they occur in the course of distributions

or in the trading markets. In many instances the Commission has, as a consequence of investigations, concluded that there appeared to be reason to believe that auditors, in the course of carrying out their professional responsibilities, had violated these laws. When this has appeared, the Commission has, albeit with reluctance, but nonetheless in the belief that its public responsibility required it, sued individual accountants and firms as well, a number of them being of international fame. These suits have not been brought based simply upon professional errors of judgment, but rather have only been initiated when it appeared that the auditors had failed significantly in carrying out his responsibilities and in cases where his departure from accepted auditing standards or the application of accounting principles had been so gross as to suggest a high degree of carelessness, if not downright willfulness.

Another means by which the Commission exercises control over accountants and accounting practices is through its disciplinary powers. Under its Rule 2(e) the Commission may suspend or bar from practice before it any professional whom it finds does not possess the requisite qualifications to represent others, or who is lacking in character or integrity or who has engaged in unethical or improper professional conduct or has willfully violated, or willfully aided and abetted the violation of, any of the federal securities laws, or the rules and regulations thereunder. In the case of an accountant, the consequences of such a suspension or bar are that during its period opinions from him are not acceptable to the Commission for filing; he may not participate in conferences on behalf of clients with Commission personnel and he may in no other way participate in any business with the Commission; obviously this can be a severe penalty for one of his profession. The Commission has used this power with considerable diffidence and with very few exceptions such disciplinary proceedings have been aimed at individuals rather than firms.

In the United States, as you probably know, we have a mode of litigation referred to as the “class action” by which one member of a large group may initiate action for damages and other relief on behalf of all members of the group. As a consequence of the availability of this litigating mechanism, numerous suits have been brought against auditors on behalf of large groups of shareholders of companies in which the allegations have been that as a consequence of negligence or other misconduct the shareholders have suffered loss at the hands of the auditors. In a number of these cases settlements have been arranged involving substantial payments by the auditors or their insurers and there are presently pending in the United States many dozens of such actions. In at least three cases members of prominent accounting firms have been indicted for alleged criminal misconduct. In two of those cases convictions were secured and in a third, two of the defendants were acquitted, and with respect to the third there was a hung jury. Obviously the misconduct charged in a criminal proceeding is much more serious than that involved in civil proceedings, with the result that happily these actions are extraordinarily scarce.

In one criminal case, United States vs. Simon, the Court of Appeals for the Second Circuit, regarded by most as the most knowledgeable commercial court in the United States, concluded that it was not a defense to criminal charges that a footnote disclosure was consistent with generally accepted accounting principles; rather the Court stated that in addition to conformity to those standards, the auditor must also be concerned with the overall fairness of the presentation. This decision, coupled with similar suggestions in literature, has caused considerable concern to the accounting profession. Many have indicated that this standard, sounding more in ethics than in law, is too vague to be of operative significance and many estimable members of the profession have suggested that an auditor’s responsibility has essentially defined by a determination that generally accepted accounting principles had been followed in the preparation of the financial statements. While the arguments of those espousing this viewpoint have sound validity, nonetheless, I think it is fair to say that the trend is

strongly in the direction of placing upon auditors some responsibility for ultimate determinations of fairness.

At the present time in the United States there is considerable continuing discussion concerning the extent to which auditors should be responsible for various matters, including the detection of fraud. In one recent case¹ a Federal Court of Appeals indicated that if in the exercise of ordinary care in carrying out appropriate audit procedures an auditor might reasonably be expected to discern the existence of management fraud, then he might be held liable if he failed to detect it. This case has been a source of considerable controversy and consternation to the accounting profession since, as I am sure you know, most accountants are of the opinion that their auditing function does not embrace responsibility for the uncovering of fraud. In an effort to better develop concepts with regard to responsibility of auditors, the American Institute of Certified Public Accountants has recently appointed a committee, headed by Manuel F. Cohen, a former Chairman of the SEC, to investigate what the public expects of auditors, what their responsibilities should reasonably be and to what extent changes of procedure should be adopted to effectuate these responsibilities and satisfy the reasonable expectations of society. It will probably be a year and a half or two years before the report of this group is available, but it is expected that it will have significant impact on the profession.

As I remarked at the beginning, the development of accounting principles in the United States has been influenced by circumstances peculiar to American society and government. This effort has been primarily in the private sector, but it has been done there under the sometimes benign countenance, sometimes the near anger of a legal body which has the power to supersede the private sector in its entirety in this effort. There has

¹ Hochfelder v. Ernst & Ernst, CCH Fed. Sec. L. Repts., ¶94,781 (7th Cir., August 30, 1974).

been for forty years a tradition of restraint on the part of the Commission although during that time there have been periodic suggestions by legislators and others that a matter as important to the economy of the country as the establishment of accounting principles should properly be vested in a public body; we have had that suggestion made to us as recently as three weeks ago by a prominent Member of the United States House of Representatives. During this period of concern over the profits of international oil companies, there has been a flurry of interest and concern on the part of Congressmen with regard to the adequacy of financial reporting by these companies and questions have been raised as to the sufficiency of Commission oversight.

There exists, and there will probably continue to exist indefinitely, a form of dynamic tension between the Financial Accounting Standards Board and the SEC. This, I think, is inevitable. The Commission has a public responsibility and that is to assure that the disclosures in connection with the distribution and trading of securities are adequate, are accurate, are fair, and are informative, and obviously with this mission the Commission cannot be indifferent to the extent to which accounting principles serve those objectives. I would suggest that the dynamic tension will not reach the breaking point but rather, as has been the consistent pattern of the past, with very few exceptions, the Commission and the accounting profession, through its appointed body, will continue to resolve any controversies in a fashion that is consistent with the public interest.

In conclusion, a brief comment on some well-established and some still fluid matters of importance may be in order. The first accounting principle recognized by the Securities and Exchange Commission, and one to which the Commission and the profession have given staunch adherence ever since is that of accounting on the basis of historical cost. Reconsideration of the all-pervasive dedication to this principal started prior to the onset of our present rampant inflation. As one of its original undertakings, the Financial Accounting Standards Board put price level accounting on its agenda, a discussion paper has been published on the subject, and public hearings have been held.

It is not clear what the ultimate outcome of this effort will be. Still at controversy is whether supplemental information should be presented reflecting general price level adjusted data, replacement cost information, or both. On this issue the Chief Accountant of the Commission has publicly stated his preference for replacement cost data. As indicated earlier, the Commission near the end of 1973 urged companies to supply as a part of their financial statements information concerning the impact of inflation on profits, but very few responded to this exhortation.

The conventional form of reporting, both to the public and to the Commission in the United States, is through consolidated financial statements. This having finally become fully accepted, the so-called "conglomerate era" introduced a new problem: financial statements frequently obscured information about the operations of very diverse lines of business, information which increasingly analysts indicated was essential for proper evaluation of these enterprises. As a consequence, in the late sixties strong pressures developed to compel disclosure of the sales and profits of significant lines of business. After an extensive study by a foundation organized by the financial executives in the United States, the Commission adopted rules with respect to the disclosure of this information, but provided that it need not be included as a part of the financial statements on which auditors expressed their opinion. This issue is now being studied by the FASB.

Notwithstanding the complexity of the process and the dynamics of the relationship between government, profession and business, considerable progress has been made in reducing the number of alternative accounting practices. Where once strong forces within the accounting profession fought bitterly efforts to bring a measure of uniformity into accounting principles and practices, now there is a fair degree of unanimity that alternative approaches should be reduced in number or eliminated entirely and that similar transactions, at least within the same industry, should be similarly treated.

Hopefully, the present constructive and warm relationship between the Commission and the profession will yield this benefit.