

THE PHILOSOPHY OF ACCOUNTS

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The philosophy of accounts by Charles E. Sprague

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CHARLES E. SPRAGUE

**THE PHILOSOPHY
OF ACCOUNTS**



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By

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PUBLISHERS' PREFACE

Econ.
It is now a dozen years since Colonel Sprague issued his first edition of "The Philosophy of Accounts," and a number of years since death terminated his career of unusual activity and achievement. As the years pass by the truly fundamental nature of his teaching and writing along lines of accounting and investment becomes more clear. In the subject of accounting particularly, which has developed with giant strides in that interval, it is surprising how accurately his logical mind outlined fundamental points of theory accepted as common enough now, but hardly more than mathematical generalizations when they were advanced by him. It has been well said that Sprague stands as the first American writer on the subject of modern accounting theory.

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Volumes
Colonel Sprague's work on "The Philosophy of Accounts," therefore, stands today as a classic of American accounting literature. Even in its fragmentary form of a twenty-one chapter discussion with two short monographs on the Cash account and the Merchandise account, it presents a most remarkable and complete piece of consistent logical reasoning. Other writers have elaborated the principles so clearly set forth by Colonel Sprague, and the development of technique has moved far beyond anything that was thought of in the days when "The Philosophy of Accounts" was written. Nevertheless, the principles will stand as he set them forth, and every accountant whose professional training is complete is supposed to have read this work in its original form.

For these reasons the publishers are bringing out this edition of "The Philosophy of Accounts." Preceding the text of the discussion are four short tributes from men who knew Colonel Sprague well when he was still actively engaged in educational work. Following this is the discussion proper. The spelling of

some of the words which originally appeared in the simplified spelling form, of which Colonel Sprague was a great advocate, has been changed in this edition to the conventional forms of spelling, as this renders reading somewhat easier. The wording and sense of the book, however, have been in no way changed.

THE RONALD PRESS COMPANY.

INTRODUCTORY NOTES

I

I shrink from trying to make a sketch of Colonel Sprague. He was one of the finest men I ever knew and his face and personality live vividly in my memory. He was a gentleman of the old school, courtly, sensitive, tactful; a man of wide culture with a genuine love for beauty in art and literature; a scholar without pride of attainment, but insistent in his love of scientific accuracy; a soldier, and you felt that in a battle he would be a brave fighter; and, in addition, a banker, an accountant, and a square, honorable business man.

Very few realize what an important part Colonel Sprague played in the organization and development of the School of Commerce, Accounts and Finance of New York University. He was one of the first to pass the state C. P. A. examination. He realized the necessity of the right kind of education if the profession was to occupy that position in economic life to which it was entitled. When the New York State Society of Certified Public Accountants appointed a committee to consider the question of professional education, Colonel Sprague made himself an unofficial member of that committee. Their labors resulted in a report presented to the Society in December, 1900, in which the members of the Society were advised that New York University had agreed to establish a school for the purpose of training men for business. The progress made in twenty years is strikingly shown by comparing the curriculum of today with the outline of courses incorporated in that report.

University administrators are conservative by nature and the organization of a frankly professional school of business was an innovation. Not only was it looked at askance within the Uni-

versity itself, but the so-called practical men of business as well as administrators of other colleges opposed the movement. It was not to be expected that Chancellor MacCracken of New York University would view the matter differently from most college presidents. He was a man of vision and the process of conversion was more easily undertaken on that account, but he knew that the proposed school would have no endowment and he clearly saw that he could not safely add to the financial burdens under which his institution was laboring.

When things appeared darkest and when it seemed as though the project was likely to fail, Colonel Sprague decided to adopt unusual measures as an unofficial committee of one. He rented the house of one of the University professors for the summer vacation. In this way, he was bound to meet the Chancellor on the campus, and during their frequent walks together, they discussed the project that was nearest to the Colonel's heart. We cannot measure the extent of the influence which Colonel Sprague brought to bear upon Chancellor MacCracken through this unusual step. He made his own opportunity; the method was novel; the Colonel's quiet and modest manner was effective, and he communicated something of his own firm conviction to the Chancellor. Although no endowment was provided, the Chancellor was assured that no deficit from operation would result. Whatever may have been the effect we know that the Chancellor finally gave his approval. The Colonel was a member of the original faculty and served the University until his death.

Colonel Sprague was the first member of the faculty of New York University School of Commerce whom I heard speak from a lecture platform. It was in the winter of 1900-1901. I was then connected with the University of Pennsylvania and was spending a few days in New York in attendance on some convention. I had heard of New York University's new School of Commerce and, under the escort of Dean Charles Waldo Haskins, two of my colleagues and I paid it a visit. Colonel Sprague was