

## DOMINION ASSOCIATION OF CHARTERED ACCOUNTANTS

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Reports were received from constituent societies in Montreal, Ontario, Manitoba, British Columbia, Nova Scotia, Saskatchewan and Alberta. There was no one present representing New Brunswick. The report of the Montreal society referred to the incorporation at the last session of the legislature, of the "Accountants' Association." British Columbia extended an invitation to the Dominion Association to hold its 1921 convention in that province. Several of the provincial societies referred to the question of professional fees, steps having been taken to charge a higher scale; Alberta already has a new scale drafted, with the consent of practically all the members, and will endeavor to secure the approval of the lieutenant-governor-in-council.

Another subject on which some of the provincial societies had taken action during the year was the employment by the Dominion government of the Chicago firm of Griffenhagen and Company for the purpose of reorganizing the civil service. Letters of protest had been forwarded to the government, which had in reply pointed out that this firm had had experience in work of this kind in the United States, and was therefore better qualified for the purpose than any of the firms in Canada.

The question of the admission of Orientals had also come up in British Columbia during the year, and the other societies had been consulted as to whether this should be permitted. It was decided that there was no reason why the membership of the societies should be restricted to British subjects. The Chartered Accountants' Society in New Zealand had during the year also asked the British Columbia Institute for reciprocity in membership privileges, but after examining the papers, etc., it had been decided not to extend membership reciprocity at present.

### Address on Bankruptcy Act

G. T. Clarkson, of Toronto, addressed the meeting on the new Dominion Bankruptcy Act. "Accountants knew nothing about this act," he said. "until after its first reading. Committees were then formed, and about 50 amendments were asked for, almost all of them being adopted. This shows the importance of the service rendered by the accountants' committees.

"Under the terms of confederation, the Dominion government has control over insolvency and bankruptcy. Acts were passed, but later repealed, and there has been no Dominion law of this kind since 1880, apart from the Companies' Winding Up Act. The provinces accordingly passed assignment acts, which were held to be *intra vires* so long as there was no Dominion act of this kind. There was therefore, a variety of practice in the different provinces. The Dominion Winding Up Act itself is surrounded by formalities, and procedure under it is costly."

Mr. Clarkson then gave a summary of the new act. The procedure, he pointed out, does not differ greatly from that under the provincial assignment acts. Building societies, loan companies, insurance companies, railways and banks are exempt from its provisions, these being covered by the Companies' Winding Up Act. Since the act was passed it has been found that there is no provision to give shareholders notice of creditors' meetings. A Bankruptcy Court, presided over by a judge of the Supreme Court, was created.

Under the assignment acts, said Mr. Clarkson, the provincial powers are in the hands of the creditors, and the rest in the hands of the inspectors. Under the Dominion Act this condition is reversed. Trustees are under the instructions of the inspectors. Security held by a creditor may be redeemed at a value set by the creditor, or at market value, instead of at a bonus of 10 per cent., as was the practice under the assignment acts. Claims for salaries and for rents are limited to three months. The fees of trustees

and of their counsel, said the speaker, are limited to 5 per cent. of the receipts. This was quite satisfactory in most cases, and was usually more than was received, but it meant that there would be a class of estates, such as where the assets have been dissipated by fraud, which it would not pay a trustee to handle.

In conclusion, Mr. Clarkson said that the Bankruptcy Act will be a benefit in that a uniform procedure supercedes a variety of methods under the provincial assignment acts. Honest debtors will not be penalized by creditors, nor will a dishonest one be tempted to compound with his creditors. The procedure must be kept as simple as possible, and must not be surrounded by formalities which would tend to increase the expense.

### Society of Cost Accountants

The inaugural meeting of the Society of Canadian Cost Accountants was held on Wednesday, many of the delegates to the chartered accountants' convention being present. The feature of the meeting was an address by J. Lee Nicholson, C.P.A., author of Nicholson's "Cost Accounting," and president of the National Society of Cost Accountants. Cost accounting, explained Mr. Nicholson, served to show where a profit was made by a firm and where a loss is sustained. It showed the cost of the production of an article, and it was from the results thus obtained that the price of the article was arrived at.

### Cost Accounting Pays Well

"If a cost system is merely used to ascertain the cost it is not worth the money spent on it," he said, "but a properly conducted system is always a paying proposition. The profit made during six months, it has been proven in a number of cases, under a proper system, has been sufficient for the maintenance of the system for twenty-five years.

"Three elements entered into the working of a cost system, and these are material, labor and overhead, and the second is, perhaps, the least troublesome. The big fault is the lack of appreciation that material represents money and is as valuable as the actual cash. The loss in material in manufacturing is due mainly to waste and defective work. Lately the introduction of by-products has done away with a lot of the loss in manufacturing. Some firms make more out of their by-products than they do out of their more established lines of goods. The question of saving material through by-products is a big one, but it is being considered by all large firms now.

"The cost of labor is more a human element than a mechanical one. From my experience I am a firm advocate of some sort of bonus system for the workers. Every human being is in need of an incentive, although these are sometimes different. There are all sorts of bonus plans, and the best, in my mind, is that of profit-sharing, which is growing rapidly throughout the United States. After deducting the working expenses and a definite percentage for the shareholders, the rest of the profit is divided equally by the workers on one hand and the shareholders on the other. It has been very successful, and is the best effort of the present day to bring the workers and capital together. It shows that the capitalist is willing to give part of the profits to the man who makes the profit possible, and the worker sees that the capitalist is not trying to get it all. Every effort made towards profit-sharing with the workmen will save this and all countries from much future trouble between capital and labor."

### ONTARIO INSTITUTE OF CHARTERED ACCOUNTANTS

At the annual meeting of the Ontario Institute of Chartered Accountants, which was held in Toronto on July 17, the following officers were elected:—President, R. J. Dilworth; first vice-president, Rutherford Williamson; 2nd vice-president, Arnold Morphy; secretary, T. Watson Sime. The executive council includes these and past presidents George Edwards, E. Gunn, A. Coreff, and Bryan Pontifex, and also R. E. Burns, G. T. Clarkson, J. W. Eddis, F. G. Jewell, F. P. Higgins, G. M. Mulholland, and A. A. Crawley.