

sional associations.

In contrast, the NYIA's bill did not restrict practice to licensees but, rather, established an examination for certifying competency and for identifying those practitioners who had a legal right to hold themselves out as "certified public accountants." But the NYIA's bill also indirectly discriminated against chartered accountants by imposing a citizenship requirement for all prospective licensees. Moreover, the proponents of this bill also wanted the Regents to be vested with the power to appoint the

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examining board, which was understandable given the connections between Sprague, Haskins and Dewey.

State Unity. Leaders of both profes-

sional factions, however, soon discovered their rivalry undermined the prospects of acquiring any professional legislation. The competition between two associations

Joseph Hardcastle: The First Person to Pass the CPA Exam

By Dale L. Flesher, Tonya K. Flesher, and Gary J. Previts

The first CPA law in 1896 in New York provided for a "grandfathering" provision that allowed experienced practitioners to become CPAs without taking an examination. To qualify, a practitioner had to be able to prove he had been in reputable practice as a public accountant since January 1, 1890. According to one source, during 1896 and 1897, a total of 108 certificates were granted under the grandfathering clause, while three people passed the first examination. That first CPA examination was administered on Tuesday and Wednesday, December 15 and 16, 1896. The three individuals who passed that first exam are known; they were Joseph Hardcastle (Certificate No. 104), William H. Jasper (Certificate No. 105), and Edward C. Charles (Certificate No. 119).

The First Certificates

The first group of waiver certificates awarded, consisting of 14 in number, were issued in alphabetical order. Thus, Frank Broaker, by virtue of his surname initial, became the first CPA in America. Based on the order of names, it appears that 14 certificates were granted at the first meeting of the Regents.

The Examination

Hardcastle, whose 1898 office was at 1198 Broadway, had the lowest numbered certificate for a person who passed the CPA examination. He may also have been one of the oldest persons, at the age of 69 years, eight months, to ever pass the CPA exam. One source states that Hardcastle was offered a waiver certificate, but declined so that he could attempt the exam.

The exam Hardcastle took consisted of four parts: Theory of Accounts, Practical Accounting, Auditing, and Commercial Law. Each of the four sessions was of three hours duration. The CPA law provided that all four parts of the exam be passed at one time; there was no provision for partial credit on fewer than four parts. The examination fee was \$25—the same amount required to obtain a waiver (grandfather) certificate. Applicants had to be high school graduates or the equivalent. Since he was

a resident of the city, it is presumed Hardcastle sat for the exam in New York City, although it was also offered in Buffalo.

To give an idea of the types of questions Hardcastle had to answer, the following examples from the first CPA exam are given. The first Theory of Accounts question was:

State the essential principles of double entry bookkeeping, and show wherein it differs from single entry bookkeeping.

The first Practical Accounting question gave a trial balance for a partnership that could not meet its obligations. The CPA candidate had to:

Prepare a statement of affairs, showing the liabilities and the assets with respect to their realization and liquidation; also a deficiency account showing such of the above stated particulars as would account for the deficiency shown by the statement of affairs.

The initial Auditing question asked for "a brief outline of the duties of an auditor, and of his responsibilities." The first question in the Commercial Law section asked the candidates to "Draw the following promissory notes and forms of indorsement:

- Not negotiable;
- Negotiable;
- Negotiable, requiring no indorsement."

The candidates then had to illustrate four different types of endorsement.

Hardcastle's scores on the CPA exam were: 87 in Theory, 80 in Practical Accounting, 85 in Auditing, and 95 in Law. These scores averaged out to 87 for each part, as compared to 85 and 79 for the two other individuals who passed the exam at the same sitting. Thus, were awards given, Hardcastle would have been the first "gold medalist" on the CPA examination.

Background for Success

Joseph Hardcastle was born April 22, 1827, at Skipton in Craven, Yorkshire, England. He attended a free grammar school and received a scholarship to York and Ripon Diocesan Train-

each sponsoring dissimilar bills could only confuse legislators about which set of proposals best served the public interest. Moreover, unity was important because it provided greater political leverage in dealing with the legislature. Belatedly, a public meeting was organized on March 13, 1895, in New York City to unify all factions and elect a committee of fourteen so that the profession could speak with one voice. The committee decided to support the NYIA's bill and instructed its attorney to work with Secretary Dewey

to try to achieve its passage.

Politics at Work. However, this initial drive ended in failure because of the lack of support of Senator Thomas C. Platt, leader of the conservative wing of the state's Republican Party that had won control of the legislature in a landslide victory in 1894. "Boss" Platt's power depended on his ability to extend patronage to his loyal supporters and this drew him into opposition to some of the profession's leaders and their political allies. To increase the range of such opportunities

the senator tried to broaden the scope of state governmental activities within New York City, long a bastion of his opponents, both in the Democratic Party and in the liberal wing of the Republican Party. Haskins, for example, served as an advisor to the fusion administration of Mayor William L. Strong in studying the economic feasibility of merging Manhattan with what then was the City of Brooklyn; and John R. Loomis, a prominent accountant who later served as president of the AAPA, was also closely associated

ing School. By 1858, he had moved to New York City where he passed the examination to become a New York Public School teacher. He taught from 1847 to 1864, including three years in British Honduras (now known as Belize) where he was also superintendent of schools, and six years at Grammar School No. 38 in New York.

Hardcastle quit teaching in 1864 to pursue accounting on a full-time basis. His first client may have been Peter Gilsey, for whom he acted as an accountant for 42 years (including the period as accountant for Gilsey's estate). While teaching at Grammar School No. 38, Mr. Hardcastle had charge of two of the sons of Peter Gilsey. Gilsey had an income tax problem involving sinking funds, which the boys' teacher was able to solve. His mathematical solution was accepted by the Income Tax Commissioners, much to the pleasure of Mr. Gilsey. The result was that Gilsey offered Hardcastle a job.

Hardcastle was active in early professional organizations, including the Institute of Accountants and Bookkeepers (later changed to Institute of Accountants), which he joined as a charter member in 1882. He joined the New York State Society of CPAs in 1897, shortly after that organization's founding, and the American Association of Public Accountants.

Hardcastle's Writings

Joseph Hardcastle was a prolific author. The first edition of *The Accountants' Index* lists 25 articles by him, with the first published in 1890. Another source lists 61 titles dating back to 1882. Some of the articles were seemingly the material for what was intended to become a book. One book published by New York University was actually an accumulation of his lectures on accounts of executors and testamentary trustees. Hardcastle states in the preface of that volume that it is "written primarily for the aid of students. It gives in substance the matter which I present in a course of lectures at the New York University School of Commerce, Accounts, and Finance. For the students who hear these lectures it will serve as a syllabus." He goes on to state:

The book, however, is more than a syllabus, and the general reader will, I trust, find it a source of independent help and guidance in his study of the subject.

I have aimed to make it useful, not only to the teacher, but also to the professional accountant.

The objectives of the book included bringing "the lawyer and the accountant into accord on the subject, so that they may profitably cooperate in their mutual work," and "to give the accountant such a knowledge of both the principles and practice of the law that he may do his work intelligently, leaving, however, the legal guidance, the procedure, and the forms to be attended to by the lawyer."

His Work in Education

Despite the fact that Hardcastle left education in 1864, his educational abilities were recognized in 1882 when he was selected as the first Chief Examiner of the Institute of Accountants. He also chaired the Institute's Committee on Lectures for several years. He apparently was an excellent lecturer himself and was often invited to speak at professional meetings. He reentered education when he taught at Koehler's New York School of Accountants. Finally, in 1901, he joined the faculty of the New York University School of Commerce, Accounts, and Finance as a professor of the Principles and Practice of Accounts, a position he held until his death in 1906. His obituary called him "senior professor of the School." His skills and abilities were recognized by New York University in 1905 when he was awarded an honorary masters degree. The citation accompanying the degree read as follows:

He has taken a prominent part in the elevation of accounting to the rank of a profession. For many years a contributor to the periodicals of his profession and writer of text books recognized as authoritative in their field. Teacher, author, and leader in his profession, he is recommended for the honorary degree of Master of Letters. □

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