IN MEMORIAM

EDWARD B. DEAKIN III

Edward Black Deakin III, Price Waterhouse Professor of Accounting, died October 16, 1992. Ed's professional career exemplifies the ideal towards which academicians strive. He achieved national prominence through his achievements in teaching, research, and professional consulting. He was also dedicated to, and performed significant service for, his department, college, university, and the leading academic and professional associations.

Ed was born September 10, 1943, in Washington to Edward B. and Katherine Deakin. He received his A.B. in 1965 from Muhlenberg College, Allentown, Pennsylvania. Upon graduation, he joined Coopers & Lybrand in Philadelphia as a staff accountant. Thereafter, he pursued his M.B.A. at Drexel University, which he received in 1969. At the same time he worked as a systems analyst at First Pennsylvania Bank and, later, as an instructor in the Department of Business at Lehigh County Community College in Schnecksville, Pennsylvania. He enjoyed teaching, and to prepare himself for a university career applied for admission to the Ph.D. program in Accounting at The University of Illinois at Urbana-Champaign.

Matriculating in 1970, Ed Deakin progressed rapidly through the Ph.D. program. While at Illinois he held an appointment as graduate assistant. His dissertation employed sophisticated and innovative statistical procedures to predict business failures. He was awarded his Ph.D. in 1972 and in the same year, upon completing all four parts of the Certified Public Accountancy exam, was licensed to practice as a CPA in Illinois. Also in 1972, Dr. Deakin was offered and accepted a tenure-track appointment as Assistant Professor of Accounting at the University of Texas at Austin. The Texas faculty considered itself extremely fortunate to have attracted Professor Deakin, as he was probably the most highly regarded candidate on the job market in that year.
Professor Deakin quickly established himself as a friendly, cooperative and research-oriented colleague, respected by students and faculty alike, with intense interests in many areas of accounting. Soon after he arrived on campus, his dissertation-based paper, "A Discriminant Analysis of Business Failure," representing one of his major research thrusts for the next two decades, was accepted for publication in the Journal of Accounting Research. This was only the first of many papers to be published in prestigious academic journals. By 1980, he had collaborated with UT faculty members Barry Cushing, James Deitrick, Lowell Dworin, Michael Granof, Charles Smith, Ed Summers, and Glenn Welsch in other successful research projects that resulted in articles that were subsequently cited with frequency. These papers, and others based on research which Professor Deakin performed alone, along with his outstanding teaching and academic service, led to his fast-track promotions to Associate Professor (1976) and Professor (1981). Several of these early papers continue to be cited by accounting researchers.

Ed Deakin quickly developed a national reputation based on both his research and teaching. That reputation was recognized in several important ways, one of which produced a second major thrust in his work. In 1976 the American Petroleum Institute selected him, along with Professor Glenn Welsch, to head its research project to study ways of accounting for mineral resources. At that time, oil companies reported only the historical cost of their reserves. Thus, the users of their financial statements were provided with no indication as to the economic worth of the companies' main assets.

Professors Welsch and Deakin developed a means of reporting oil reserves known as "reserve recognition accounting" that took into account their anticipated sales value. The method did not gain widespread support among oil companies because it required them to disclose more information about their operations than they wished. However, it did win approval by the Securities and Exchange Commission, which required companies to implement it on an experimental basis.

Based on what he learned in the course of the reserve recognition project, Professor Deakin devoted much of his subsequent teaching and research toward oil and gas accounting and taxation. He organized and taught a graduate-
level course in Oil and Gas Accounting, a course that was popular among students from a wide range of academic disciplines.

Professor Deakin was sought after as a consultant by both business and government. In one of his major consulting assignments he assisted the State of Alaska (and, later, several other states) in expanding its oil and gas tax base. He helped develop the argument that a state was entitled to tax the profits of a corporation, wherever those profits were earned, provided they resulted from activity that took place inside that state's borders. This meant that Alaska could levy taxes based on the estimated profit earned from the sale of oil and gas outside its borders, provided the activity to produce the oil and gas took place within its borders. A good summary of Professor Deakin's findings and recommendations may be found in "Income and Investment Flows from Alaska Oil and Gas Producing Activities," a 1988 report to the Alaska State Legislature.

Professor Deakin was recognized internationally as a leading academic expert in oil and gas accounting. He was invited to visit Kuwait University in 1978 and to spend the academic year 1978-1979 as a visiting professor at Stanford University. The American Accounting Association appointed him a member of its 1981 Doctoral Consortium Faculty, a group which annually sets a theme for research topics and methodologies to be considered by senior accounting doctoral students. In 1983, the Graduate School and College of Business faculty honored Professor Deakin with its Notable Contributions to Research Award and also awarded him its Notable Contributions in Literature Award. He became a member of several editorial boards of scholarly publications. In 1984, he was appointed to the Price Waterhouse Centennial Professorship in Accounting; in the same year, the Accounting Graduate Studies Committee elected him its Chair.

In addition to his other scholarly endeavors, Professor Deakin collaborated on two cost-accounting textbooks. *Cost Accounting: Principles and Practice*, 9th edition, co-authored with John J. W. Neuner, was published by R. D. Irwin in 1977; *Cost Accounting*, co-authored with Michael W. Maher, was published by the same company in 1984.
In 1988, Professor Deakin was granted a leave of absence to serve as Distinguished Enterprise Professor and Head of the Institute of Petroleum Accounting at The University of North Texas. He rejoined the UT faculty in 1989. While in Denton, he authored two books: *Survey of Accounting Practices in the Oil and Gas Industry* (1989) and *Contemporary Literature in Cost Accounting* (1988). He also served as an editor of *The Journal of Petroleum Accounting* and of *The Journal of Oil and Gas Accounting*, positions he held until his death.

When Professor Deakin returned to the University of Texas, the Graduate Studies Committee promptly re-elected him its Chair, a position he retained until July, 1992. He remained active as a teacher and researcher for as long as his health permitted.

In addition to his professional life, Professor Deakin vigorously pursued a number of other interests. He was an excellent bridge player as well as a lover of classical music. He often attended opera performances in far-away locations. Professor Deakin also enjoyed traveling, both domestic and foreign, and as a consequence of his personal and professional journeys earned hundreds of thousands of frequent flyer miles.

Professor Deakin is survived by his parents, of Abington, Pennsylvania, and by two brothers and sisters-in-law, David Deakin and Kathy Vannozzi, of San Francisco, California, and Wayne and Susan Deakin, of Carlisle, Pennsylvania.
This Memorial Resolution was prepared by a special committee consisting of Professor Michael Granof (Chairman), Professor Anna Fowler, and Professor Edward Summers.
BIBLIOGRAPHY

BOOKS


Reporting the "Replacement" Cost of Oil and Gas Reserves (University of Texas Press, 1977) with Glenn A. Welsch.

CHAPTERS


ARTICLES


"Supplier Considerations in the Adoption of Just in Time Inventory Systems," Journal of Accountancy (December 1988), 128-133.


"Oil and Gas Accounting: By the Numbers," Discovery (September 1988).

"The Property Concept in Mineral Accounting," *Oil and Gas Tax Quarterly* (March 1987), 397-408.


"Are Windfall Profits Profits?" *Journal of Petroleum Accounting* (Fall 1985), 61-72.

"Taking Care of Unfinished Business: Tackling the ABD Problem," *Doctoral Programs in Accounting* (October 1985), 103-118.

"On the Profitability of Offshore Oil and Gas Ventures" *Journal of Taxation* (March 1983), 59-84, with Lowell Dworin.


"Usefulness, Objectivity or Both: The Trade-Off for the Oil and Gas Industry," *Oil and Gas Law Journal* (December 1977), 203-221, with Glenn A. Welsch.


"Finding Optimal Order Quantities When Quantity Discounts are Offered," *Cost and Management* (May-June 1975), 40-42.


**REPORTS**


*Contemporary Literature in Cost Accounting* (Institute of Petroleum Accounting, Denton, Texas, July 1988).