

S4E30: Toby York

SPEAKERS

Toby York, Peter Margaritis

Peter Margaritis

Hey, welcome back everybody. My guest today is Toby York. And he's not your stereotypical public accounting lecturer, accounting instructor over in the UK at Middlesex University. Toby looks at the way accounting is taught. We need some work to do to kind of clean it up so the students can have a better understanding. And what we're trying to communicate, and what they can do with the power of accounting, as well as businesses, business managers who don't have that accounting background. But first and foremost, happy afternoon to you, It's, I think, it's like 3:14 in the UK with 9:14 here. Nope, that was six hours. It's 2:14.

Toby York

It's just coming up to quarter past two.

Peter Margaritis

Yeah, I could tell by your eyes, you know, you don't know your time zones, Pete. 4596. But thank you for taking time out of your schedule to be on my podcast today, Toby.

Toby York

Well, thank you for having me, Peter. It's, it's a delight to be here.

Peter Margaritis

We go back about two months, formally meeting. We've met kind of through the Color Accounting sphere. And I've heard your name, nauseous amounts of time from everybody there, just singing your praises and loving everything that you do.

Toby York

Did you say nauseous amounts of time?

Peter Margaritis

I did. Just for a little humor, for a little laugh. And we were in a course in a group, and after hearing you in this, I just became fascinated. You get it. You get back that way we teach accounting to non-accountants in the business world and non-accountants at university level. It's like were trying to make more CPAs. So, But I get ahead of myself. Thank you for taking time out their busy schedule to be with me. It's a pleasure. I think I just did that twice. That's okay. I'm just happy that you're here, Toby.

Toby York

Me too. I'm delighted again to be here.

Peter Margaritis

I think I've got a case of nerves. What's going on with me today. Just lack of asleep. One of the three.

Toby York

Maybe I'm intimidating. I've been told I can be intimidating. I'll try and I'll try and relax too.

Peter Margaritis

I've never been told that and thank goodness, because I kind of scare myself. I don't wanna scare others. So, in this Color Accounting world, in your role at Middlesex University. And also, the curator of Accounting Cafe. You talk about this issue of why are we, why we teach accounting, the same way we did basically the 70s and 80s and 90s. With jargon and just not really looking at what it really is. So, can you expound on that?

Toby York

Well, that's a kind of PhD. Isn't it, Peter?

Peter Margaritis

You're at a university. That's close enough.

Toby York

Well, if I look back at the way I was taught accounting, it was taught very much as a functional skill. And, you know, we were taught, you know you debit this and you credit that. And I remember asking questions like, well why does that have a debit and this one has a credit? And, you know, he never really got a straight answer as to why certain things were debited and other things were credited. And I remember one teacher saying, listen, debit the window, credit the door. You know, because the window was on the left of the classroom and the doors on the right, and that was a that was about the extent of the explanation that you got. And I think if, you know, if we want to have meaningful learning, there has to be some kind of understanding of the why. You know, it's not just about what and how. It's the why. Why, why are these things the way they are? Why is the accounting framework such as it is? Why are debits on the left and credits...I mean there isn't a good answer for debits on the left, credits on the right. But why are they, why are there these two sides? And, and what do they mean? And I think being an accounting educator in the broadest sense of the world...word is exploration of of how to deliver that in engaging in meaningful ways for whoever is interested.

Peter Margaritis

So, how did you discover Color Accounting? I think I heard that you have a conversation with a colleague, and you got a little frustrated and went out searching for something.

Toby York

Well, I was my... most of my teaching career has been spent at the other end of the student journey. Most of it has been spent with post graduates or who's just about to graduate. And I was getting a little bit sort of cobwebby with all of that. I was thinking I need a bit of a change. So, I asked my head of department can I teach entry level accounting. I'd really like to teach the first years before they know

anything. That's what I want to teach. And she arranged that for me. And I, as part of my preparation, I started playing around with this idea, and I was talking to a colleague and we were saying, but there's just five boxes. Isn't there? There's just five boxes. Really this is just an organizing system, and you just have to decide which of the five boxes, does something, end up in, when you're recording. And it was on the back of that that I started doing a bit of Googling, and I came across the Color Accounting learning system. And to be honest, it didn't mean a huge amount to me but I thought, 'Yes, that's what I meant.' You know what it's like when you've had a good idea and you see somebody else got there first, it becomes yours. And so I said, "Well, that's what I meant so therefore it's fair if I use that." So, I downloaded that and I repurposed it. I sort of created some PowerPoint slides, using, using the Color Accounting learning system, accounting framework. Took it into the classroom without really much sort of planning or preparation or thought. And then after a few weeks, this thing started getting under my skin. I was thinking, 'Ooo there's, there's more to this actually.' This is Orthodox. This isn't just a way of presenting it. This is it, you know, and it started, it really started growing on me. So, I gave, I gave Peter Frampton, our good friend, I gave him a call and I said look, Peter, I've been using your accounting framework system, and blah blah blah and, you know, I've just leaked it basically. Stolen it. Pinched it. And, you know, he was very, very generous. He said, Well that's fantastic. That's really good news so happy to hear that it's being used in classrooms. Here's a lot more material. Let's keep the conversation going. And I'm now about to start my fourth year of running Color Accounting in a quite a big undergraduate program. So, generally speaking, we have about 500 students a year, going through the Color Accounting program at Middlesex, in its various campuses.

Peter Margaritis

Having spent time in higher education, how were you able to get Color Accounting embedded into the beginning of the accounting class, that probably had big books and this is the way we've always done it. How did you how did you sell this to the university?

Toby York

Well, you've went to the University, haven't you, Peter? So, these things have to be done with huge amounts of perseverance and stealth. Initially, we just used online materials, PowerPoint slides and whatever. I then persuaded my head of department, who's been amazingly supportive, to use the large majority of her learning and development budget for the department to buy Color Accounting packs. And we did that, I think for one or two years and then she said look, that, you know, Toby, we can't keep using the whole development budget on your packs for your students. It's for the whole department. And again, we actually have quite a progressive and forward looking library. I mean, as you know libraries and universities are actually pretty important departments. They're, they're headed by generally pretty high caliber people. They have huge budgets. So, I went to the library and I said, "Look, this is what I want to do," and they said, "Great, that's fine." So, now the library buys the packs. The library buys an electronic version of the book, 'The Joy of Accounting,' and we're up and running. We're away. Every student, we post out a packet to them at the beginning of term when we're online, or they come on campus, and they pick up their pack when they're with us. And we work through the we work through the pack during induction. I have about two or three hours over two days on each of those days. Deliver them, deliver the majority of the program, and then the rest of it is embedded. So, we use it throughout our accounting programs. When we're doing financial analysis, we're still using the

accounting framework. We're doing consolidations. We're using the accounting framework. So, we have a kind of big star, and then it's got a long tail.

Peter Margaritis

That's great. I mean because it's only five, it's only four or five places, four or five buckets. So, I can still see myself when I saw the demonstration in Maryland, and Mark Robilliard was leading it, and Craig was there. And I started bouncing. I've got a Master's Degree in Accounting and I started bouncing in my chair. And Mark says, "Are you okay, Pete?" I went, "You found the secret sauce," because same thing. It started growing immediately. It just started growing because no one had ever taught me in my years of accounting this way, and this is a simple way of looking at a very complex.... and we just make a very complex because it's jargon stuff. But they were able to cook it down to its most basic, simple needs, and explain it to almost anybody who will just listen and get past that Accounting has a very bad image. Students would rather have a root canal without, without Novocaine instead of take an accounting course. It's getting past that hurdle and not making it so fearful, and they've actually done it.

Toby York

Yeah, they have, and it's really interesting to hear them talk about it because now they talk about it almost as if they've discovered it. Which is like all great things, you know.

Peter Margaritis

Right.

Toby York

And, you know, I've had time to sort of reflect quite deeply using it in an educational setting. And as you know I've looked at various aspects of this from an educational psychological point of view. Looking at, you know, why it's so successful. And there are good pedagogical reasons why this works. We were talking about one earlier which was this idea of dual coding, which is which is a powerful educational tool that we can use where you combine pictures with words and, you know, the psychology of this is that words and pictures are stored differently in your brain. And therefore if you use words and pictures, it strengthens long term learning and it improves the speed at which people can pick up complex concepts. And I think that's something that's been very underrated in the world of accounting. What's the picture? Show me the picture. And I think one of the other issues with with the Color Accounting learning system, it almost looks too simple. You sorta to look at it and you kind of go, "Nah! Whatever." Yeah, yeah, yeah, I understand that. Well once you use it once you see people discovering accounting with it in commercial training courses or in taking it into high schools or in universities, it's powerful. It's very, very powerful.

Peter Margaritis

Yeah, I think I shared the story with you that a colleague of mine I was explaining to her that I brought her account in my business product. So, I told her, I'm not going. What do you mean? I don't like accounting. I need to know if I like it. I'm terrible math. You hear that all the time. And I made her a bet. Take the course, two hours a week for three weeks. That's six hours. If you've got absolutely no value, I'll refund your money plus 10%. We went to the first two hours. In the beginning of the class of the

second...at the beginning of the second class, I said any comments. And she goes, "I've woken up every morning thinking about my balance sheet. What in the hell have you done to me?" So, this person who really didn't think she could ever understand accounting, got through the six hours, and she wants to learn more. And she's blowing her mind away by when... and she started, she started asking the right questions to her CPA. Asking the right questions with her financial planner. Or, or say look, you're speak in a foreign language. Tell me in English. Tell me in plain English what you're trying to say. And she said like a whole world had just opened completely up.

Toby York

Yeah, yeah.

Peter Margaritis

It's that's image of accounting, and you see it in action in a classroom. You see it in action all around, and you write about it. You speak about it. And if you want to... it's the Accountingcafe.org?

Toby York

Right.

Peter Margaritis

Right. So, go to accountingcafe.org and root around, especially if you're an accounting educator. Root around and look at his, look what Toby's and his group have been posted out there. And he does have monthly like seminars or webinars when he brings guests in to have this conversation online.

Toby York

Yeah, I mean, look, it's difficult teaching accounting. You need a willing student. In commercial training, generally you've got willing students. Not always. In higher education and high school settings, less so. So, I think one of the tools that you need is enthusiasm. And when it comes to accounting, as people who know me, I mean I know this, this is actually... this is a bit sad to admit, I love accounting. You know, I'm very very enthusiastic about it. You know, one of the interesting things about accounting is that it's, it's probably one of the most important social technologies we've ever invented. The other really interesting thing about accounting, according to an academic, Charan Besserer, she's an archaeologist funnily enough. I mean this is typical. It actually takes an archaeologist to tell accountants how important accounting is. She was doing some work on these little small play tokens. I don't know if you've come across her book before writing. It's a wonderful book. She came across these small play objects, and they're spread all the way from Turkey, all the way to what's modern day, Syria, Iraq, Iran, right away across the band. And she said there are just too many of them. They'd always been written off as like, sort of, oh, they must have been play tokens or maybe they were some kind of coinage or whatever. She goes, nah, nah, nah, no. She posited that actually they were, they were accounting tokens. So, these tokens themselves, they date back, about 10,000 years. So, in her book what she's saying is that these tokens reflect an archaic mode of concrete counting. So, you'd have so many clay objects of a particular type that would represent so many sheep in the field or cartons of oil or whatever it was that wanted to account. So, what's extraordinary about accounting is that it probably predates literacy and numeracy. In fact, it was out of accounting that numeracy became a necessity, and it was out of numeracy that literacy became a necessity. So, of all those massively important social

technologies, reading, writing, arithmetic, it's the reckoning, the accounting that started. And I think that's pretty exciting. I think there's quite a fun thing to think about.

Peter Margaritis

I am going to post this video on YouTube, and for those of you who are listening right go watch the video and listen to this conversation. His eyes are sparkling. He's got this great big smile. He loves accounting. And I'll put it to you this way, if I was taught in my undergraduate program this view of it from the Color Accounting approach, I would have loved it as well. But I dropped out of the accounting once I got to intermediate. And when I went back and got my master's degree in accounting, I had to take out the undergraduate level. But I was never in love with it. I could do it, because I could study. I studied a lot. But there was never that real love, but now that it's crystal clear the power of it what it can do and it can be taught to anybody. I'm right there with you.

Toby York

Also Peter, the other thing is, it's important that it's taught to everybody. You know, this is, this is, you know, it's no accident that these instruments of civilization came out of accounting. And now we kind of disregard it. It's a poor cousin to other disciplines. You're gonna get a kind of oh I don't know what to do. Oh, I'll do accounting. Now but actually accounting is fundamentally important to how you relate to the world. I mean, I'm not saying that, you know, our economic being is the only kind of being that matters, but actually if you have a good sense of accounting, you have a good sense of financial literacy. You know, you don't really understand financial literacy. You don't really, you know, pensions, interest rates, Whatever it might be, unless you have a foundational understanding of accounting. And I think that, you know, this accounting framework that we keep talking about has a really important application to applying it to yourself. You know, your personal assets, your personal obligations and equity becomes your personal wealth. And what activities are you doing that are increasing your wealth? And what activities you incurring that that decrease your wealth? You know, it these are important social skills that, that everybody should be aware of. And so, accessibility and enthusiasm and engagement are important things as part of making that come true.

Peter Margaritis

And Color Accounting does have a financial literacy arm to it headed by Mark Robelliard is trying to get that word out, in essence.

Toby York

He's getting accounting literacy out as a, yeah, yeah with with the Accounting Literacy Foundation. Yeah. Yeah.

Peter Margaritis

And you're right, we talked about business acumen. He had great business acumen, but in order to have business acumen, you have to have a foundation of accounting acumen. Right? And then, of that grows, financial acumen. Financial literacy. And once you have those two, then you can put the business acumen. Because pretty much everything else that your doing from the organizational perspective. And we talked about we want to grow our business acumen. But most people don't know how to do that. And it really starts this... taking the time starts with the basic foundation, and growing it

into financial understanding. What I've always said that numbers don't move by themselves.....No, people move the numbers. There's a story inside those numbers. We'll find it. We'll tell the story. That's part of business acumen. Built to tell that story. No one else who understands, who can understand what you're trying to communicate.

Toby York

I think that's something that you understand really well, Peter. Isn't it? But actually, you know, account is another word for story. If you ask somebody to give an account, you're asking them to tell the story. And, you know, that that kind of gets lost. Again, we restrict accounting. We're focused on accounting standards, and whether it should be treated this way or that way. It's a functional or technical skill, and we've forgotten the art of storytelling. Financial statements tell stories. Accounts tell stories that's, you know. And what, you know, as you know, that's what humans love. Humans love stories. Everybody can love accounting if you love the story you love accounting.

Peter Margaritis

Especially if you're in a business. You're running a business responsible for some part of the budget of your business. You should, you need to learn basics, foundation of this in order to be one of the stewards to the organization. Because your responsibility as that steward of that organization is to grow the assets and keep those assets safe. Think about that for a moment first. And then, your responsibility, and then go in and understand so you can tell that story. It's a great story. I think take about, you know, I love teach...I used to love teach financial analysis. I didn't say financial statement analysis. Financial analysis, which includes the financial statement but it's also kind of that business acumen. We get to look at our industry look at the trends, look at the economy. And then, now let's look at the numbers, and that becomes part of the decision making, but not the sole part of the decision making. You have to understand those numbers in order to tell the story.

Toby York

I was having this very conversation last night. I was with a, with a small group of entrepreneurs. And one of them was asking me, they were saying so, you know, how do you know when you're looking at a set of financial statements whether you're doing well or doing badly? What do you look at? And that's actually a really good question. It's a really, really good question, and it goes to the heart of why this is so important. Because if you don't really understand the accounting, you don't really understand the financial statements, you're not going to be able to do any meaningful analysis. You're not going to be able to ask the right questions that require you to act, to change the numbers in the way that you want them changed.

Peter Margaritis

When somebody asks you that question, I go, it depends. They go, what do you mean it depends? It depends on how we did last year. Now, it depends on what we did two years ago, we compare, once we have the numbers, and we put in, we use a percentage of the kind of balance a level playing field, giving you the whole numbers. Then, okay now I can't tell you if I did better this year than last year or vice versa. But just on the face of it, just because we're showing a profit. If I don't have that to compare to.

Toby York

Not, not necessarily just looking at historically, but comparing it to your, to your vision or your intention. I run a program with entrepreneurs, postgraduate entrepreneurship and innovation program. And these students are very different to the type of student who come to who want to become accountants. And they come with business ideas. They're a little bit more mature. They've come with business ideas. They've come with a vision. And I actually take them through the Color Accounting process, and the output of their module is they have to create an Excel model which has a P&L, a balance sheet, and cash flow statement that all integrate with, with a variables table. Sales go up 20%. Costs go up 20%. You know, volumes do this, and everything was, you know exactly what you're just saying what actions might you take there's going to change the numbers. And remember, these are people who haven't had any financial background or expertise. They all, 90% of them, managed to produce a working financial model. And what's really interesting about that exercise is they start looking at the financial statements, not as some kind of historical thing, technical thing, but actually they're looking at and saying, ' Well, what do I want my business to become.' You know, they'll come to me and you'll look at their overheads and there's no overheads. They go well I'm not going to pay myself. No, well, why are you doing it? Are you serving the business or is the business serving you? You know what, what's it for? You know, put some big overheads in. Now, what do you need? So, you can actually help... a good understanding of accounting and help you create, and actually materialize your vision. I'm not saying you can just sort of sit there and make a spreadsheet, you're going to become rich, because you stuck in in a spreadsheet. But, you know, you can actually go through the analysis and say, what do I need in order to realize my vision? If you produce low numbers, you can look at it and say that's never going to become my vision. I've got to do something here.

Peter Margaritis

So, being a banker in a previous life, I had a number of entrepreneurs who would come to the bank and borrow money on a pro forma or forecast that was lack of a better term malarkey. The assumptions were so they were not even heard of. They weren't even so liberal. They're very enthusiastic. They believe in what they do, but if they would know numbers just a little bit better, then they can make a more realistic forecast on what they think they can do.

Toby York

Yeah, I, I completely agree with you, Peter. You know, we're a similar age. That's how we think business works, but apparently not anymore. You go in with a ridiculous business plan. You say well this is going to take, you know, \$8 billion before we breakeven. And like, they go, "Yeah, yeah that sounds like a good plan."

Peter Margaritis

Well put.

Toby York

I don't understand business valuation anymore. Students ask me what's this this is about? I go, "I've got no idea." And, you know, that's an important point. You know, I love accounting. I'm an enthusiast for accounting, but it is defective. You know, it's not good measuring what the value of a business is. It's really not. And it's got much worse than it was when we were building factories, and we were building

widgets, and we were turning things out, you know, by the million, as physical objects. Now, we've moved into this sort of intellectual capital world or social capitalism. It's very difficult. Accounting is a little bit behind.

Peter Margaritis

You're giving it too much... from a business valuation perspective, it's very much a higher end. And just for the record, we're both 35 years old. If you couldn't tell our age. I remember, I don't know, it was back in the late 90s, early 2000s I was teaching this... it was middle 2000s, I was teaching financial statement analysis course in the Wall Street Journal, there was an article about how Playboy was underrated. Undervalued. Undervalued. Because one, the logo was nowhere on that balance sheet. It's internally generated. Number two, between the artwork and everything else, they said this company is no underrated but primarily because of the money. And finally, we report things on a historical basis. But now, I have seen enough of IFRS that they will allow you to mark up your fixed assets to fair value. Whatever that is.

Toby York

Yeah, look it's difficult. I mean I think there are I think there are very deep rooted problems with current financial reporting, because of the nature of assets. I mean if you take if you take, you know 100 years ago, an asset would be a factory or a building or some plant or some machinery. Whereas the most valuable asset that you might own today is an algorithm. You know, Netflix says it gets 80% of its views from having suggested something that they, you know, somebody watched the previous time around. So, if you look at how did that algorithm get built? Well, it got built by programmers programming. Where is that all reflected? It's expensed. So, all the value creation is now being expensed. There's a really interesting interview that I think Investors Chronicle did with Barack Clev, and he's a, he's an academic who believes quite strongly that financial reports have become irrelevant. And he talks about this quite extensively. This idea that value creation is now sitting within expenses. And again, going back to that conversation about how do you advise people? How do you tell people how to look at a set of financial statements? I think we've got to be really careful about advising people not to incur expenses. We in our language say expenses are transactions that reduce the value of equity. They're value sacrificing activities if you like. But actually, if you're creating an algorithm or you're creating a social platform or you're creating a marketing platform, actually, that's where you're creating value. It becomes very problematic. There's this fuzzy edge that sits between assets and expenses. And I'm not sure we've quite got the answer to that yet.

Peter Margaritis

Wow, okay you just blew my mind. Because it's deep accounting stuff there. I'm following it. And I hear you, the values found on the expenses because we aren't capitalizing. Putting it as an asset on the balance sheet because the vendors, seller says we can't.

Toby York

Look at it this way. Look this way. Again right back to the classroom. Debit the window, credit the door. Why are assets and expenses on the same side of the accounting framework? That's a good question, because expenses surely they're, they're using up value and the assets are the value. So, how come they sit, how come both a debits? How come they're both on the left side of the accounting framework?

And one of the ways that you can sort of conceptualize that is to say well it's a fuzzy edge, isn't it? Is the value that I'm using creating more value, or is the value that I'm using being expended and going out the door. If somebody comes in and buys books, and they take those books and they leave your shop, happy with the books. Sure, there's no value. But if you're paying a member of staff wages and salaries, whatever, what they're doing is creating value. Is that an expense? Or have they created value for you. It's tricky.

Peter Margaritis

But how do you measure that value that they've created?

Toby York

Okay, but I mean, how do you, yeah, how do you measure that value? Well, the way the way accountants always measure things by historical costs. You know, if you, what's the value of the Netflix algorithm? Well, from an historical cost accounting point of view, the hours that every single programmer put into it at around greater pay plus all the add on costs. You know, that's how we value inventory. That's how we would value, you know, that's the value...the value, but that's that's the historical cost.

Peter Margaritis

That's the accountant's value of the assets not the market value of what it's generating back to the organization into the, into the...

Toby York

Yeah well, you know, that this leads on to a whole new argument, doesn't it? About what are financial statements for? I have a colleague who believes very strongly that balance sheet should reflect as far as they can, the fair value of the assets within the business. My view is, I'm quite happy with historical cost accounting. Let the stock market worry about valuation. And that's what the stock market's for.

Peter Margaritis

And the finance people. In order to keep them employed, they have to least understand the basics of accounting, and then how do we, you know, value it in the marketplace, which is, you know, it's like getting an appraisal on the house. Give me three. We're going to take the middle one. And the appraiser's going, what do you want the number to be?

Toby York

Right, exactly.

Peter Margaritis

Yeah, so there's a little bit of fuzziness there. However, I still contend that just having that basic knowledge from a business and personal perspective of accounting, literacy, it will help you manage your investments better.

Toby York

Undoubtedly. Absolutely. Undoubtedly.

Peter Margaritis

It will help you become a better steward to the organization because now you're able to make financial decisions on ideas or on projects that you're considering to put into play, and be able to articulate that to whichever decision maker is going to put the ultimate stamp of the okay on. But a lot of times, now we go, we want this buy this new piece of machinery, what's the return on investment? What's, what's that? No, what's the ROI? What's that? Return on investment. Again what's that? I can, I don't know. But just having that knowledge, and they can start to assess, oh maybe this isn't as good as investment as the salesperson is trying to tell me from the vendor company.

Toby York

I completely agree, Peter. I mean, all sorts of decisions that can help you. You know, some, you know, you come from a banking background, you know, sometimes entrepreneurs are too reluctant to take on debt. Was actually taking on debt would be a really, it would add fuel to their business and they would, they would get to their vision much faster than they would otherwise get without the debt. No, debt is not a bad thing. It can be it can be badly managed. It's not inherently a bad thing. And again, I think, I think a fundamental understanding of accounting and accounting framework and the balance of debt to assets, and debt to equity, and all of those good things can give entrepreneurs confidence and knowledge to make better decisions. Definitely.

Peter Margaritis

And have better conversations with your CFO, or as I like to call them the CFNo.

Toby York

Well, of course, you know, accountants are inclined to shroud themselves in a sort of priesthood, don't they? We haven't touched on language, but one of the reasons accounting is so inaccessible to people is because accountants quite like it that way.

Peter Margaritis

Yeah.

Toby York

You know, if we if we truly honest about it, you know, accountants, you know, we're not quite doctors, are we? Well, we're not exactly...not we're not lawyers. You might say that's a good thing. We're not veterinary surgeons. You know, so, accountants, I think are inclined to say, you know what we do is actually quite difficult. It's not that difficult. It really isn't that difficult.

Peter Margaritis

Those ones who are doing it are a lot older than us, by the way. Because they'd like to make them sound smart. They want to be super super smart, because it's super super easy. It's not about you, it's about balance.

Toby York

Or the really stupid thing that accountants have done, is that what happens in other realms, is they create their own vocabulary. So, they'll come out with something like quantum physics or quarks or electrons or whatever it might be. A very specialized term. What accountants do is they take everyday language and give it a specialized meaning, like expense or income. And then all of a sudden everyone think, 'Oh yes I know what that is.' When accountants go, 'No, no, no, no, that's not what an expense is.' And so, so we're taking very common language and using it in very specialized ways, which just adds to everybody's confusion. And quite a lot of accounting education is about unraveling those common terms and saying okay, you think you know what an expenses, but actually, this is how accountants are using that term. And that's why you can have more meaningful conversations with your accountant, because you actually understand how they're using language, common language in a peculiar way.

Peter Margaritis

You say depreciation to a non-accountant, they go, oh that's the value I lose my car when I drive a new car lot. No, no, no it's a systematic allocation of an asset over time. Arrooo. What the heck? Yeah, you're right we take an everyday language, and made it difficult as it relates to our world, versus just using....

Toby York

Yeah, yeah.

Peter Margaritis

Somewhat plain English, and in the Color Accounting through that process, we rarely talk about debits and credits, because that gets people all turned around, and they start thinking, oh, but my checking accounts the different way. Well, it goes from what perspective, are you looking at this? From the organization's perspective, when use perspective will be the opposite but yeah those are some of the many hurdles that we still have but I think, I think one of the tools we have, we have a lot of passion for this thing called accounting. Especially the way it's presented from the other expounding learning system. We could go on, but I know that you need to get to a meeting here soon, so I don't want to keep you... A pretty big meeting. I don't wanna make you late because then you won't be on my podcast again.

Toby York

I'd love to carry on, Peter, there's lots to talk about.

Peter Margaritis

We will carry on my friend. I do appreciate your time. This has been an absolute blast, and I'm glad we finally met a couple months ago. And let's keep this conversation moving forward, and whatever I can do to help you and your class. Ask.

Toby York

Oh, thanks so much, Peter. I've enjoyed it. It's been a lot of fun. Thank you.

Peter Margaritis

It has been. And um, is it tea time there yet or is it...

Toby York

I'll be putting my kettle on before I go to my next meeting, but that's only because it's 10 before the hour. That happens every, every waking hour.

Peter Margaritis

Perfect. Toby, have a great day. I can't wait till someday our paths will cross in person versus over Zoom.

Toby York

Can't wait. Great. Thanks, Peter.

Peter Margaritis

I want to thank Toby for his time and discussing the importance of understanding the fundamentals of accounting in your professional life. Go out and learn. Say yes. Explore. Find. Absorb. And take your businesses to levels that they may have never seen. I will conclude with an improv quote that's fitting for this interview. "There are people who prefer to say yes, and there are people who prefer to say no. Those who say yes, are rewarded by the adventures that they have. And those who say no, are rewarded by the safety they attain. Be safe out there.