Philosophy of accounting historical research

Ernest Stevelinck

Follow this and additional works at: https://egrove.olemiss.edu/aah_notebook

Part of the Accounting Commons, and the Taxation Commons

Recommended Citation
Available at: https://egrove.olemiss.edu/aah_notebook/vol5/iss2/1

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Accounting Historians Notebook by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.
The generalized study of accounting history is of recent origin. We have hardly made a beginning in interpreting the history of accounting and it is time that a broader synthesis be attempted. Many accounting professionals, preoccupied with fiscal and judicial questions, still consider accounting history as unimportant, helpful only to occupy the leisure time of professors and retired businessmen. It is necessary to convince these critics that they are wrong and that a philosophical approach to accounting history is not only possible but desirable. The philosophy of accounting history is, in fact, the logical extension of accounting history.

In the study of accounting history several roads are possible. One method is to gather facts from accounting history and to interpret, classify and make comparisons to determine the paths of developments in accounting theories. Another method will be preoccupied with evolving an explanation of the evolution of accounting theories through the study of customs, practices and institutions with particular attention to mutations or interferences caused by them in the changes of accounting and legal practices. Other methods can be forwarded but all have similar characteristics of these two approaches.

To leave the heights we attain philosophically and return to subjects more commonplace, let us consider the major periods of accounting history. One may say that in order to follow the historical method of study it is necessary to segregate data into different periods. If, for instance, we take the history of humanity it is possible to establish four major eras: prehistory, middle-ages, modern time and contemporary time. However, these periods overlap and established dates are necessarily arbitrary. There is a continuity of thought from Antiquity to the Renaissance and there is no gap between the philosophy of the middle-ages and modern philosophy.

Relating this to accounting history we must recognize that we can validly consider it only within
the European civilization. The civilizations of the
Oriental countries were too different from the
European for the accounting historian to have a
perceptive understanding of them. However, it is
important to know as much as possible about the
Oriental civilizations for such knowledge will lead,
through comparisons, to a better understanding of
the Occidental world.

With regard to historical periods, they are chiefly
convenient for the teaching profession but those
mentioned above harmonize rather well with
reality. To change the terminology slightly we
might divide accounting history into three eras:

* Antique period - from the origins to cl200
  A.D.
* European period - from cl200 to cl900
  A.D.
* World-wide period - from cl900 to the
  present.

The Antique period can be subdivided:

* Pre-accounting period - historical data
  limited to records of the census, inventories,
  statistics and barters.
* Accounting period - after the beginning of
  formal account keeping.

The invention of money and the keeping of the
cash book greatly assisted in the birth of
accounting. All things considered, the cash account
alone offers all the peculiar properties of a
complete bookkeeping system including entries of
receipts and payments and a balance which can be
verified with the quantity of money on hand at any
time. The concept of credit developed from the
invention of money and the cash book. Accounting
also assisted in the beginnings of banking with the
opening of debitors' and creditors' accounts.

The European period saw the origin of the
capitalistic system, the early beginnings of which
began with the division of the ownership of land
(latifundia, fiefs, provinces, shires, marquisates
and so on) but really commenced with the
discovery of the new world.

With capitalism came the concept of patrimony
and the protection of wealth by the use of secret or
private accounts. Commercial bookkeeping
brought investment accounts, merchandise
accounts, customer's and suppliers' accounts (one
for each customer or purveyor), the profit and loss
account and the stock account. With the advent of
capitalism we find factor bookkeeping emerging.

In factor bookkeeping, at its beginning, the
principal purveyor (or supplier) was the master
until the factor freed himself from responsibility.

Representing the master, the factor was both
customer and supplier in so far as he bought spot
merchandise for the account of his master or sold
spot merchandise he had received from him. Both
transactions required record keeping and rendering
reports to the master.

Next developed the concept of the legal person
(the firm as opposed to the proprietor); the
partnership, the corporation and the association.
There were also commercial operations of short
duration which required joint or separate
accounting, such as joint ventures or temporary
partnerships at fairs, sea ventures and in the
exploitation of mines. These associations required
an accounting more complete and exact than the
accounts kept by a trader for his private use.

In the early 19th century (one can find some
examples earlier) industrial accounting had its
beginnings with culmination in cost accounting
and the introduction of new accounts such as the
reserve for depreciation and suspense accounts.
From this movement date also were the subsidiary
accounts for accounts receivable, accounts payable
and for various cost accounts.

The World-wide period began with the
1914-1918 War and continues to unfold before our
eyes today. There developed during this period
technological improvements for gathering data
more quickly (tracing-accounting with carbon
paper, mechanized accounting and electronic
accounting). Other developments include
analytical accounting, management accounting,
price level accounting, social accounting,
micro-economical accounting and so on.

Without holding this accounting history scheme
as perfect, may it not serve as a basis for more
extended discussions and developments. Such is
the Author's wish.

MANUSCRIPTS AND SHAGGY DOG STORIES

Anyone wishing to submit article manuscripts,
short notes, cartoons, shaggy dog stories, letters to
the editor, or other filler to THE ACCOUNTING
HISTORIANS NOTEBOOK should send the
material to the editor, Dale L. Flesher, School of
Accountancy, University of Mississippi, University,
MS 38677.