

Accounting Historians Notebook

Volume 4
Number 1 *Spring 1981*

Article 8

Spring 1981

Accounting odyssey

B. G. Harrison

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



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

Harrison, B. G. (1981) "Accounting odyssey," *Accounting Historians Notebook*: Vol. 4 : No. 1 , Article 8.
Available at: https://egrove.olemiss.edu/aah_notebook/vol4/iss1/8

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 ACCOUNTING ODYSSEY

by

B. G. Harrison

*University of Aston Management Centre
Birmingham, United Kingdom*

In the fall 1980 edition of the ACCOUNTING HISTORIANS NOTEBOOK, Professor Louis Goldberg gave an affirmative answer to the question "Did Accounting Antedate Writing?" which had been raised in the Spring issue. He cited the work of Professor V. Gordon Childe to show that the original need for accounting records led to the invention of the earliest system of writing. May I suggest that there is a sequel to this already remarkable discovery, for it appears that accounting also contributed significantly to the development of more sophisticated systems of writing similar to those in use today.

As Mediterranean trade and commerce expanded about 1000 B.C., the need for more numerous and more detailed accounting records stimulated the development of a concise phonetic alphabet and this advance in the art of writing made it possible to set down the traditional poems which had been passed on by word of mouth in earlier ages. A. R. Burn (*The Pelican History of Greece*, Penguin Books 1966, pages 79 and 80) writes-

"... in the commercial world of the Levant, while Greece lay fallow, there had been a whole series of experiments aimed at producing a simpler writing than the old systems, with their syllabic spelling combined with ideograms denoting whole words in Cyprus, men had reduced the 200 signs of Linear B to about forty syllables in which they wrote Greek-though rather clumsily, It was the Phoenicians who produced the best script, with only twenty-two characters . . . and it was this which the Ionians and islanders trading with the Levant . . . took over, at latest before 700.

"The Phoenicians employed their writing for business purposes. So did the Greeks, but they also applied it to poetry. The new letters were so few that anyone could learn them A great step forward was made when some Greeks invented what the Phoenicians

lacked, a set of pure vowels It is quite likely that Homer and Hesiod themselves could write; it may have been the possibilities opened up by writing that stimulated them to their ambitious flights; and it is certain that their works were written down not long after their composition. For this reason, as well as for their merits, their works survived, while all those of the long tradition leading up to them have perished."

Accountants may interpret some passages of Homer himself as acknowledgments of the poet's debt to the original purpose of the written record. In E. V. Rieu's translation of *The Odyssey* (Penguin Books 1945, page 224) there is an inventory of the wealth of Odysseus-

"On the mainland, twelve herds of cattle, as many flocks of sheep, as many droves of pigs and as many scattered herds of goats, all tended by hired labour or his own herdsmen; while here in Ithaca eleven herds of goats graze up and down the coast with reliable men to look after them."

The prizes offered by Achilles to the winners of a chariot race at the funeral games of Patroclus (*The Iliad*, translated by E. V. Rieu, Penguin Books 1950, page 419) are similarly inventorized-

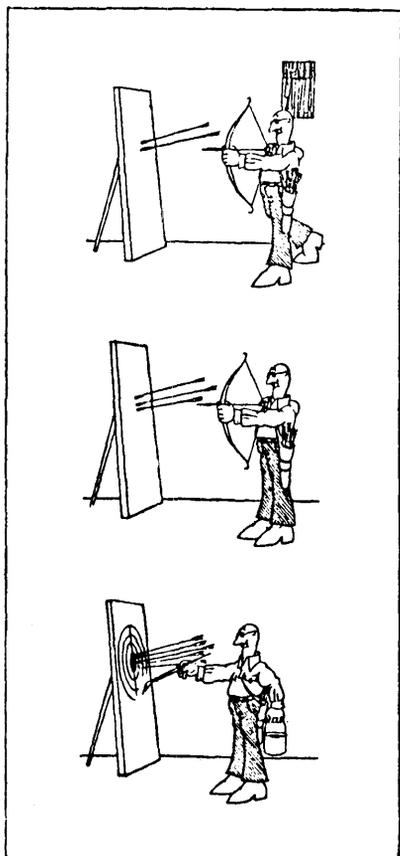
". . . for the winner, a woman skilled in the fine crafts, and a tripod with ear-shaped handles, holding two-and-twenty pints; for the runner-up, a mare six years old and broken in, with a little mule in her womb; for the third man, a fine kettle holding four pints, untarnished by the flames and still as bright as ever; for the fourth, two talents of gold; and for the fifth, a two-handled pan, as yet untouched by fire."

Accounting historians may discover further examples of this kind for themselves by reading or re-reading the Homeric epics. Those who do so will be enjoying one of the advantages which come from an interest in accounting history and which

were recognized by Paul Garner in his introductory article in the first issue of *The Accounting Historian* (Vol. 1 No. 1 January 1974. Reflections on the Uses of Accounting History)-

"The broadly defined student of accounting history will soon find his paths leading to topics and materials in economic history, social and cultural development, semantics, literature, fiction, development of religions"

AN APPROACH TO RESEARCH



Frankfurter Rundschau/Frankfurt

Inventory and Investment Values—One Century Ago

by Kenneth O. Elvik
Iowa State University

At both the beginning and intermediate levels of instruction in accounting, professors typically discuss a number of factors significant to the valuation of inventories. For example: purchase discounts, transportation to the buyer, and obsolescence. Deducting discounts, but adding freight costs is not a particularly recent idea, at least not in the accounting journal literature. Indeed, just one hundred years ago, those notions were put forth most eloquently:

In the valuing stocks of goods their net cost should be set down after taking account of discounts allowed by suppliers. On the other hand, carriage on such stocks from the place of manufacture, etc., to the company's warehouse is a part of the cost, and should be added.¹

The notion of lower of cost or market is not particularly new either, as the same author continues, along with a dash of conservatism:

It is a sound rule to value stocks a little below cost, and uncurrent or unfashionable articles very much below cost.

The recording of an investment in stock at the total price, including a declared dividend subject to subsequent collection, may be compatible with income tax rules, but is not particularly attractive to most accounting professors. This situation, plus a recommended rule to follow, is also identified by our predecessor of the last century. He considers the rights to dividends similar to rights to interest, at least in this context:

Stocks and bonds held often cost a larger sum because when purchased there is a certain amount of dividend accrued on them. This should be severed from the prime cost, and paid out of the first dividend collected, otherwise a door is opened for benefitting revenue at the expense of capital.

All of this century old logic can be concluded with an appropriate quotation:

Confound these thieving ancients for stealing all our modern ideas.²

¹W. A. T., "Audits," *The Accountant*, December 17, 1881, p. 5.

²As quoted by Maurice Moonitz in "Three Contributions to the Development of Accounting Principles Prior to 1930," *Journal of Accounting Research*, Vol. 8, No. 1, Spring, 1970, p. 145.