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THE ACCOUNTING RECORDS OF THE EAST INDIA COMPANY

Abstract: The rather extensive and complex collection of accounting and related materials of the East India Company may be viewed in four distinct periods. Paradoxically, the first period (1600-1663) is marked by an absence of account books. The second period (1664-1697), however, provides us with a near-complete set of books. The maintenance of three separate sets of accounting records distinguishes the third period (1698-1712) when three East India Companies (London, English, United) were operating simultaneously. From around 1712 until final liquidation of the Company in 1858—fourth and last archival period—record keeping assumed certain features of modern accounting.

Some 8,600 volumes of accounting records which span a period of nearly three centuries (1664-1955) are in the charge of the India Office Library and Records in London. They constitute the archives of the East India Company (1664-1858) and its successor, the India Office (1858-1955). These records are designated L/AG, *Accountant General*.

This rather extensive collection covers a wide variety of accounting and related subjects, ranging from ledgers and journals to ready reckoners, registers of stock transfers, bullion records, actuarial materials, income tax papers, private trade journals, and accounts compiled for Parliament and the Treasury. Altogether there are fifty-two major, self-contained subject areas each of which is divided into several subsections. From an archival standpoint, this collection of materials is very complex; efforts, however, are being made to improve its present arrangement.*

The accounting records of the East India Company may be viewed in four distinct periods. Even though there are no surviving

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* Mr. S. J. McNally, who was for many years employed in the Accountant General's Department of the India Office, has prepared a guide to this collection. The guide is now being edited and may in part be revised by Mrs. Sally Hofmann, formerly assistant keeper at the India Office Records.

account books—journals, ledgers, etc.—prior to 1664, it is useful to recognize the first sixty-three years of the Company (1600-1663) as a period in its own right. In another archival group designated H, *Home Miscellaneous Series*, the original ledger index of the Third Joint Stock (1631-1642) has been preserved. It contains the titles of approximately eight hundred accounts. Also in this series are several statements of account which throw light on the trade activities of the period. Another auxiliary source of information is the archival group of materials designated B, *Minutes etc. of the Court of Directors and of the Court of Proprietors*.

The second archival period covers the years 1664-1697. The main books of the Company's home accounts are almost complete. During this and subsequent periods, the accounts of commercial transactions originating in India were sent home and the figures taken into the home journals, ledgers, and eventually reflected in the profit and loss accounts. It is relatively easy to trace a ledger entry to its relevant journal, but not the other way around. Each ledger has a complete alphabetical index. The accounts of the Company were maintained on the double-entry system. The ledgers and journals—each of which is approximately 14" wide, 20" long, 4-6" high, and weighs 30-38 lbs.—bear the Company's coat of arms on the covers.

In the last two decades of the 17th century, efforts were made by a group of merchants to promote a rival joint stock company. By the end of 1698, this new body of merchants was granted a charter of incorporation and became known as the English East India Company. Negotiations between the old (London) and the new (English) companies for combination led to the formation of the United East India Company in 1702. From 1698 until 1712 or 1713 there were, in fact, three East India Companies (London, English, United) in existence. In light of this historical situation, it is useful to regard these fourteen or fifteen years as a third archival period. The accounting records for this period are fairly complete. One United Company ledger for the years 1703-1705 appears to be lost. The London Company's ledgers of this period contain many unbalanced accounts and show some *ad hoc* adjustments with the English Company. The simultaneous operation of three East India Companies during this period created some complicated financial accounting problems.

From around 1712 to the end of the Company's trading activities in 1834 and its subsequent liquidation (1858) may well constitute the fourth and last archival period. As in earlier periods, during

this period, too, each general ledger was served by two journals: cash and commerce. In the 18th century the use of subsidiary books became increasingly popular thereby eliminating the old practice of keeping the ledgers and journals in detail. Also during this period it became customary to balance the accounts annually. Annual balances of ledger accounts are first shown in 1756. In the past, the accounts were balanced at the end of each ledger book containing entries for several years. Financial statements were not prepared at regular intervals; rather, whenever deemed necessary.

The archive of the East India Company is a rich source for investigation. It is hoped that the foregoing periodization of the accounting records will be of some assistance to those interested in studying them. While such study may be directed toward any one of several possible objectives, the fundamental challenge seems to lie in the clarification of those principles and concepts which generated the accounting information.