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ACCOUNTING IN AN ENGLISH MEDIEVAL ABBEY

By

Brother George F. Malecek

St. Mary's University

We often tend to think of ourselves as discoverers, as innovators, as inventors. Yet, occasionally, our admiration of our achievements is tempered, when we become aware of the truth, or at least, a partial truth, in the adage of the ancient sage that "There is nothing new under the sun."

For example, we may admire our ability to develop an accounting system which will bring together a multiplicity of complex transactions and, our additional ability to reduce this complexity to a series of relatively simple financial reports. However, a study of accounting history reveals surprising sophistication in the methods of our forebears.

To illustrate this thesis, let us consider the accounting problems for an abbey, a monastery, one of the prominent social institutions of the middle ages, a center for many activities: religious, social, cultural and economic. More specifically, let us center on the activities of a relatively large abbey near the coast of southern England, Beaulieu Abbey in the year 1269. The activities of this abbey would not seem strange to some of our modern rancher-oilman-financier entrepreneurs of South Texas. The modern rancher-farmer may have, in addition to his agricultural activities, some oil and/or gas interests, some financial interest in the local bank, etc. Most of these activities, and more were familiar to the monks governing a large medieval abbey.

An abbey—as a place where men sought to isolate themselves and give praise to God by work and prayer—usually started out simply enough. A small band of monks with vows of poverty, celibacy, and obedience, given a tract of apparently useless land, drained and cleared the land, erected a church, their living quarters, a variety of workshops and barns, cultivated the land, and prayed. With the passage of time, by dint of hard work by the monks, by the grace of God, and frequently by the grace of kings and nobles, as well, the abbey could prosper and grow. Just as in the sixteenth century, many lands and properties were

expropriated by the crown, taken from monks and clergy who had fallen from the king's good favor, and given to newly created nobles, so in an earlier era, lands and properties belonging to nobles who had fallen into disfavor with the king were confiscated and frequently donated to churchmen—bishops and abbots, for example—as benefices or endowments, and, probably, with the hope and expectation that the churchmen would remember to pray for the soul of the generous donor.

These properties were often at some distance from the central abbey—at times in excess of one hundred miles, a considerable distance in the thirteenth century—and in a variety of conditions. Thus, in one instance, a manor, complete with residential buildings, granaries, shops, herds, and surrounding lands might be bestowed on the abbey. Or cleared land without any man-made structures might be donated. At still another time, forest land could be given as a gift. The land, however acquired, was used for crops, stock-raising, forestry or simply rented.

Monks from monasteries and abbeys situated close to the sea brought in fish to provide variety in their regular diet or the diet prescribed by religious canons. Here, again, the almost incidental fishing might expand into a fishing fleet, a fishing industry.

While the monastery might flourish and increase its worldly goods, it did not usually or as readily acquire an adequate supply of low cost labor in the form of volunteers—monk-recruits—seeking the spiritual goods of another world. Thus, the monastery administrators had to hire labor—permanent as well as seasonal—and being forced to deal with workers not under the vow of obedience, found themselves faced with the labor problems of any modern manager: payrolls, fringe-benefits, work slowdowns and even strikes.

One of the ideals of the monastery was that it be self-sustaining to as great an extent as possible. Thus, it had its own

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AMERICAN ACCOUNTING ASSOCIATION
Accounting Historians Notebook, Vol. 2 [1979], No. 1, Art. 5
1979 REGIONAL MEETINGS

Southwestern
Houston, Texas
March 14-17, 1979

Chairperson: Hans V. Johnson, The University of Texas at San Antonio

"The Development of the Short Form Audit Report in The United States," by Tonya K. and Dale L. Flesher, University of Mississippi.

"Accounting in an English Medieval Abbey," by Brother George F. Malecek, St. Mary's University.

"Early Efforts by the SEC to Develop Accounting Principles," by Leslie L. McNelis, The University of Texas at San Antonio.

Discussant: Charles B. Handy, Iowa State University

Midwest
Chicago, Illinois
April 5-6, 1979

Chairperson: Kenneth O. Elvik, Iowa State University

"Comments on Accounting Disclosures In the Baltimore and Ohio Annual Reports, 1828-1849," by Richard Vangermeersch, University of Rhode Island.

"Asset Valuation Practices Among Nineteenth Century Railroads," by J. L. Boockholdt, University of Houston.

Discussant: David B. Vellenga, Iowa State University

Mid-Atlantic
College Park, Maryland
April 5-7, 1979

Chairperson: Horace R. Givens, West Virginia University

"Accountants in the Post-Civil War History of the City of Baltimore," by James Jones, Certified Public Accountant.

"The Past in Present Day Auditing Procedures," by Helen M. Cloyd, George Mason University.

Discussants: Priscilla Welling, The George Washington University; Jay Coats, West Virginia University

Southeastern
Miami, Florida
April 26-28, 1979

Chairperson: A. R. Roberts, Georgia State University

Theme: Post-WWII: Public Accounting in a New Setting.

"The Profession and Post-WWII Accounting Developments," by Paul Grady, Partner, Price Waterhouse & Co. (Ret.)

"The SEC and Post-WWII Accounting Developments," by Andrew Barr, Chief Accountant, SEC (Ret.)

Discussants: Gadis J. Dillon, University of Georgia; Richard F. Taylor, University of Alabama

THIRD
CHARLES WALDO HASKINS
ACCOUNTING HISTORY
SEMINAR

On April 20, 1979, "an historical and contemporary review of the development of international accounting" will be the theme of the Charles Waldo Haskins Accounting History Seminar to be held at the Atlanta Hilton Hotel. S. Paul Garner, Dean Emeritus of The University of Alabama, will present a paper entitled *An Overview of International Accounting*. W. T. Baxter will follow with *A View from the Past into the Present* and Anthony Hopwood, London Graduate School of Business Studies, will present the final paper, *A View of the Present and a Look to the Future*. The seminar is co-sponsored by The Academy, Georgia State University, and the Atlanta Office of Deloitte Haskins & Sells.

The Accounting Historians Notebook

The Academy of Accounting Historians

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HELP

The Editor asks your assistance in providing information on accounting history meetings or other noteworthy items. Please send them along to: Notebook, Box 6999, University, AL 35486.

AMERICAN
ACCOUNTING ASSOCIATION
1979 ANNUAL MEETING

Honolulu, Hawaii

Accounting History

Session I
Wednesday, August 22
3:45 - 5:15 p.m.

Theme: Historical roots of contemporary accounting practices.

Chairman: Edward Coffman, Virginia Commonwealth University

"Taylor's System of Cost Accounting,"
by Rosita Chen and Sheng-Der Pan,
Shippensburg State College

"The Contributions of Judge Learned
Hand to the American Federal Tax
System," Tonya Flesher, The Univer-
sity of Mississippi

"Development of Auditing Standards in
Australia," Robert Gibson, Deakin
University

Discussant: Jack Truitt, Washington State
University

Session II
Saturday, August 25
8:45 - 10:15 a.m.

Theme: Varieties of accounting history.

Chairman: H. Thomas Johnson, Washing-
ton State University

"Historical Development of the Patonian
School of Accounting Thought,"
James Fox, James Madison University

"Did the 'Pre-Regulatory' Era Exist?: An
Empirical Review of the Adequacy of
the SEC as a Response to the Stock
Market Crash," Barbara Merino, New
York University

"Human Resource Accounting in Ante-
bellum Mississippi," Dale Flesher, The
University of Mississippi

Discussant: Gary John Previts, The Uni-
versity of Alabama

PROGRAM COMMITTEE

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University (Chairman)

Horace R. Givens, West Virginia Uni-
versity

Felix Pomeranz, Coopers & Lybrand

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HISTORICAL POTPOURRI

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The following quotations are once again taken from *A Guide to Success, with Forms for Business and Society* (being a most complete and universal hand-book for business, legal and social guidance) by J. A. Dacus, Ph.D.

STREET ETIQUETTE

No gentleman may smoke when walking with a lady. He should even decline to do so, though he may be asked to continue smoking.

No lady will be guilty of the vulgarity of sucking the head of her parasol in the street.

TABLE ETIQUETTE

It is a bad habit to put large pieces of food into the mouth. It appears greedy, and if you are addressed suddenly with your mouth so filled, you are obliged to make an awkward pause before answering, or to run the risk of choking by swallowing the great mouthful too hastily.

When you discover insects, a hair, or any other troublesome object in the food, make no display of the fact, but remove to one side very quietly.

SHOPPING

It is rude to sneer at and depreciate goods. You owe courtesy to salesmen as well as to any other class. Use no deceit, but be as honest with them as you wish them to be with you.

CONVERSATION

Nicknames are abominable, and are never allowed in good society. Call people and things by their right names, and avoid affectation of all kinds.

If your friends become the subject of conversation, never compare one with another, or mention the vices of one to add to the lustre of the virtue of the other. Find something pleasant to say of each, that you may not earn the reputation of a backbiter.

NEW PUBLICATION

The Academy proudly announces the publication of *The Academy of Accounting Historians Working Papers 1-20, Volume 1*. The cost is \$5 to members and \$7.50 to non-members. Copies can be obtained by mailing a check payable to The Academy of Accounting Historians to:

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Department of Accounting
School of Business
Virginia Commonwealth University
Richmond, VA 23284

ARTICLES

"Austen Chamberlain's Budget of 1920" by B. E. V. Sabine, *British Tax Review* No. 5, 1977, p. 302.

"British Men of Account" by R. H. Parker, *Abacus* Vol. 14, No. 1, June 1978, p. 53.

"Cost Functions of Postbellum National Banks" by John A. James, *EEH, Explorations in Economic History* Vol. 15, No. 2, April 1978, p. 184.

"The Early Development of Cost-Benefit Models" by Gautam Pringle, *Journal of Agricultural Economics* Vol. 29, No. 1, January 1978, p. 63.

"Marx on Accounting" by D. T. Bailey, *The Accountant* Vol. 178, No. 5372, January 5, 1978, p. 12.

"Portfolio Management and Profitability in Early-Nineteenth-Century Banking" by Donald R. Adams, Jr., *Business History Review*, Vol. LII, No. 1, Spring 1978, p. 61.

"The Profitability and Performance of British Railways, 1870-1914" by R. J. Irving, *The Economic History Review*, Vol. 31, No. 1, February 1978, p. 46.

"The Rise of 'Economic Consequences'" by Stephen Zeff, *The Journal of Accountancy*, December 1978, p. 56.

"Sampson and Jacob Mears, Merchants" by Robert Cohen, *American Jewish Historical Quarterly*, Vol. 67, No. 3, March 1978, p. 233.

"There Is No Future for Business History!" by Michael Turner, *Business History*, Vol. 20, No. 2, July 1978, p. 235.

"The Transfer of Shares in Scotland 1700-1820" by R. C. Michie, *Business History*, Vol. 20, No. 2, July 1978, p. 153.

"E & E's Diamond Jubilee" no author, *E & E People*, Fall 1978, p. 6.

"A Short History of Budgeting" by Tonya K. Flesher and Dale L. Flesher, *The Woman CPA*, January 1979, p. 12.

BOOKS

Economic Arithmetic: A Guide to the Statistical Sources of English Commerce, Industry, and Finance by Stanley H. Palmer, New York: Garland Publishing, Inc., 1977. Reviewed in: *Business History Review*, Vol. LII, No. 3, Autumn 1978, p.434.

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Essays in British Business History Barry Supple, editor, London: Clarendon Press: Oxford University Press for the Economic History Society, 1977. Reviewed in: *Economic History Review*, Vol. VXXXI (Second Series), No. 3, August 1978, p. 477.

Essays in Honor of William A. Paton, Pioneer Accounting Theorist Stephen A. Zeff, editor, Ann Arbor, Michigan: Division of Research, Graduate School of Business Administration, University of Michigan, 1979.

The Evolution of Accounting in Canada by Harvey Mann, Montreal, Quebec: H4V IHB: Chaag Co., POX Box 37, Cote St. Luc Station, 1976. Capsule Commentary in: *The Accounting Review*, Vol. LIII, No. 2, April 1978, p. 596.

History of Public Accounting in the United States by James Don Edwards, University, Alabama: University of Alabama Press, 1978 Reprint of 1960 Copyright. Reviewed in: *The Journal of Accountancy*, October 1978, p. 108.

The Quantitative Approach to Economic History by C. H. Lee, London: Martin Robertson, 1977. Reviewed in: *Economic History Review*, Vol. XXXI (Second Series), No. 2, May 1978, p. 320.

Research in Economic History: An Annual Compilation of Research Volume 2 Paul Uselding, editor, Greenwich, Connecticut: JAI Press, 1977. Reviewed in: *Journal of Economic History*, Vol. XXXVIII, No. 3, September 1978, p. 831.

Written Contributions of Selected Accounting Practitioners, Volume 1: Ralph S. Johns V. K. Zimmerman, editor, Center for International Education and Research in Accounting, University of Illinois at Urbana-Champaign, 1978. Reviewed in: *The Accounting Review* Vol. LIII, No. 2, April 1978, p. 594.

Written Contributions of Selected Accounting Practitioners, Volume 2: Paul Grady, (see above). Reviewed in: *The Journal of Accountancy*, October 1978, p. 108.

As you find interesting examples of Accounting History in Print, please share with your colleagues by sending the reference to:

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et al.: Accounting historians notebook 1979, Vol. 2, No. 1 (Spring) 1980

farms, its own herds, its own craftsmen: fullers, millers, brewers, bakers, carpenters, blacksmiths, masons, etc. An abbey might operate stores where it sold some of its produce (grain, flour, and wool), but some produce was taken to market towns. Such products as were needed, or desired, but which were unavailable locally—spices, iron, salt, for example—were brought to the monastery from the towns. These trips to market required a transportation system: horses, wagons, carts, drivers. Further, transportation was necessary to deliver bread, beer, grain or flour, meat and other products to monks and workers living miles distant from the central abbey and to bring some of the produce to the central abbey which served as a kind of entrepot.

The abbey, being a center of civilization in an otherwise wilderness area, became the guest center, the inn, the caravansary, whatever you will, for many travelers, or at times simply a place for a religious retreat for the nobility, traveling hierarchy, or others.

Thus, the abbey, with all of its local and distant departmental operations, engaged in farming, stock-raising, land-renting, forestry, milling, selling, buying, manufacturing, taxing, tithing, establishing fairs, transportation, hotel-keeping and, at times, financing select clients. The treasurers and administrators were faced with a complexity of activities which would make even a modern day CPA shudder and wince. Had the abbey been subject to taxation, it would have required a staff of tax accountants to assuage the probable implacable demands of a 13th century IRS.

How did the monk-managers control all these conglomerate, or perhaps home-office and branch, operations? Through an information system, which however primitive, however dictatorial, must nevertheless be admired. Beaulieu Abbey in southern England, according to its account book, received reports from about 80 distinct departments. The Brother, or Father, Treasurer of the Abbey provided the functionaries, branch or factory managers, in charge of each of these 80 departments with a set of twelve rules, or guidelines (the monastic equivalent of generally accepted accounting principles, GAAP). The rules dictated the frequency and the content of the reports, the manner of valuation and measurement of inventories, and the basic format of the reports.

Rule 1 required quarterly reports: at Christmas, at Easter, on the feast of the

Nativity of St. John the Baptist (late June) and an annual report at Michaelmas, September 29. Rule 2 specified accounting for receivables and payables, a primitive accrual basis accounting, in effect. Other rules, inasmuch as they specified which monies could be spent or not spent, required the creation of what we would now refer to as expendable and non-expendable funds.

Some of the rules referred more to financing problems than to accounting problems. Rule 4, for example, required that if a department manager had incurred expenditures in excess of receipts during the fiscal period, then the excess of expenditures had to be paid before new expenditures for assets or expenses could be made.

Rule 5 stated: "Certain prices that the officials are to use are reckoned in the tables." The tables might be considered as analogous to standard cost sheets but without provision for analysis of variances: one gave the prices to be used for inventory and other asset valuation, the other was a listing of the amount of wages to be paid for differing types of labor.

A carcass from a cow or a bull was to be reckoned as valued at six shillings, while a calf's carcass was valued at only two shillings. Lambskins and sheepskins were valued at a penny.

In the listing of values for certain commodities, we detect a class, or social, structure at odds with the expected ideal of egalitarianism that "all men are brothers." For we find differing prices for various grades of bread and beer. The highest quality beer, reserved for the religious at the monastery, and visiting dignitaries, perhaps reflecting a philosophy that the best is none too good for the Brothers and Fathers, was valued at 16 shillings a tun. Beer for the working Brothers and others on the farm was only worth 10 shillings a tun, while beer for the hired help (part of their fringe-benefits) and ordinary guests, was valued at only six shillings and nine pence.

In brief, salt, grains of various kinds, spices, hides, iron, wax, breads (4 grades) and a large assortment of other products each had a specified value.

The Abbey Treasurer also served, unilaterally, as the chairman of the management-labor group and provided departments with a wage-scale dictating the amount of wages to be paid for specified jobs: herder, harvester, carpenter, brewer, and so on.

While the reports themselves were structured, they were basically written re-

(Continued on Page 6)

ports and gave ample opportunity to the managers to express themselves. Each report had two basic divisions: one for reporting money and money changes, one for reporting quantities and changes in quantities of assets: inventories, buildings, herds, and other assets. Shades of funds flow!

The length of the reports varied. Some department managers were the soul of brevity and their reports fill a page or two; others labored over their explanations and filled page after page.

The basic structure of the cash report was this: the cash balance at the start of the period, a report of receipts, a report of expenditures and the balance on hand at the end of the period. Inasmuch as receivables and payables were also reported, we see a rudimentary cash-accrual basis accounting. Revenues which had to be reported by source were, in reality, usually receipts from all sources: from sales of the departments, from gifts, and from other sources.

"Expenses," expenditures really, were divided into several categories: necessary and unnecessary. Primary operational costs of the department were the expenditures usually listed under "necessary" expenses, although we find that some capital costs—construction of new, or expansion of old, buildings, barns, and dams—are also listed under expenditures.

A second category of expenses, unnecessary expenses, contains many items which we would call "overhead" today. In this latter category we find the monks reporting some odd items which reflect, again, the social and cultural life of the times as well as some of the personal feelings of the monks. For instance, several monks reported as unnecessary expense the amounts paid to the abbot to help him defray his travel costs when he made his occasional visits. The attitude of those monks differs little from many twentieth century religious who feel that too much money and time is wasted on travel by the latter-day counterparts of the thirteenth century abbot. One monk reported as unnecessary what appears to have been a bribe paid to an ecclesiastical court, feeling perhaps, that the monks should have had a greater spirit of faith, a greater trust in God, to pray rather than pay for a favorable decision.

Other items listed as unnecessary were the cost of feeding Lady Eleanor's dogs (Eleanor of Castile who became the Queen of Edward III), entertainment of the king and/or members of the king's court, hospitality extended to peripatetic

clergy, hierarchy and other social dignitaries, *Accounting Historians Notebook*, Vol. 2 [1979], No. 1, Art. 5

All departmental reports, varying as to quantity of detail, were sent to the abbey where the treasurer, or his surrogate, totaled the reports. Evidently the clerks in the sundry departments were not all equally well versed in arithmetic for their totals do not always equal the sum of the parts. The status of the abbey and its operations were reported to its "general chapter" (a body somewhat analogous to a board of directors in today's corporation) by the Abbey council (a group analogous to our present-day executive committee).

To sum up: the concepts of funds flow, accrual basis accounting, departmental operations, standard costs, a set of accounts, a uniform system, generally dictated (if not necessarily accepted) accounting principles, branch operation, even a crude double-entry system—all these existed, at least germinally, 700 years ago.

If you are gifted with patience, read *The Account Book of Beaulieu Abbey* published by the Royal Historical Society, London. It's tedious and difficult, written as it is in a colloquial Latin, an admixture of classical Latin, latinized Anglo-Saxon and Old French.

Even a rough translation of the book, however, exudes a charm and yields, as well, a touch of humor.

(Editor's Note: This paper was presented at the Southwestern Regional Meeting in Houston but was not included in the Proceedings.)

PROFILE — FOOTNOTES

¹This and many other facts contained herein were obtained from an obituary to Major Jerome Lee Nicholson, *The Pace Student* X, No. 2. (January 1925): 27-8.

²J. Lee Nicholson in his opening address to a conference in Buffalo, in 1919, that he called for the purpose of considering the feasibility of organizing an independent association of cost accountants.

³As quoted in: Sowell, Ellis Mast, *The Evolution of the Theories and Techniques of Standard Costs* (University: The University of Alabama Press, 1973), p. 74. "Review of J. Lee Nicholson's *Factory Organization and Costs*," *The Journal of Accountancy*, VIII (July 1909): 222.

⁴Chatfield, Michael, *A History of Accounting Thought*, Rev. ed., (N.Y.: Robert E. Krieger Publ. Co., 1977): 168.

⁵Major Jerome Lee Nicholson, *The Pace Student*.

⁶National Association of Cost Accountants, *Yearbook 1920*, (N.Y.: J. J. Little and Ives Co., 1921): 6.

⁷Major Jerome Lee Nicholson, *The Pace Student*.

JEROME LEE NICHOLSON

by Richard F. Taylor
University of Alabama

Born in 1862, Jerome Lee Nicholson, often called the "father of cost accounting," entered the professional practice of accountancy in New York in 1889, under his own name. The firm name was later changed to J. Lee Nicholson and Company when he took in others as partners. Nicholson's firm specialized in the development of cost systems and procedures for manufacturing organizations.¹ For thirty-five years this firm was his base of operations for the accomplishment of his personal goal in accounting—convincing the business community and the practicing accounting profession that "cost accounting is perhaps the most fundamental proposition in all manufacturing."² Mr. Nicholson firmly believed that no wise manufacturer would attempt to market his product without sufficient cost data. To this proposition he devoted his life-work and in the process had a profound effect on the practice of cost accountancy in this country perhaps more than any other individual.

J. Lee Nicholson after receiving a common-school and business-college education started as an office boy for the Keystone Bridge Company. He was rapidly promoted to the engineering department where one of his responsibilities was to draw up plans for the company foreman and superintendent. It was in this department that Mr. Nicholson developed his interest in cost accounting. It was a fortunate coincidence that Mr. Nicholson, forced to support himself at an early age, found a job in a department that, at that time in the development of shop accounting and management, was responsible for estimating the cost to manufacture.

While employed at the Keystone Bridge Company Mr. Nicholson, in his spare time, studied accountancy. In 1884, he accepted an accounting position with the Pennsylvania Railroad Company where his duties included determining the cost of water used in the tenders of locomotives of the Pennsylvania Railroad system.

In addition to public accounting practice and industrial consulting, J. Lee Nicholson made substantial contributions as: an educator, an author, an active member in and leader of accounting societies, and as an army officer in the Ordnance Department during the First World War.

In the field of education, Mr. Nichol-

son served, in 1911, as a lecturer on cost accounting at New York University and as an instructor and lecturer on cost accounting at Columbia University from 1912-1917. In 1920 he established the J. Lee Nicholson Cost Accounting Institute in Chicago, apparently the only known school in this country, up to that time, that was devoted exclusively to the teaching of cost accounting.

As an author Mr. Nicholson published in the trade journals numerous articles explaining the intricacies of cost accounting. His major written contributions were his three books which were widely used as textbooks in schools and as reference works within the business community. His *Nicholson in Factory Organization and Costs*, published in 1909, presented for the first time a unified treatment of the "estimated cost system." A review of this publication in *The Journal of Accountancy* in 1909 suggests the recognition that was given this work at that time.³

The first American treatise on cost accounting proper, dealing with the subject from an accountant's point of view. The author, though keeping to the front in his treatment of important accounting principles applicable to the subject, has nevertheless written the book in clear and untechnical language.

While it may be questioned whether the author has been successful in preparing a text-book for students, he has undoubtedly accomplished his prime object, that of supplying the manufacturer with a thorough treatise on a subject in which he is vitally interested, and that of giving professional accountants and cost specialists a valuable reference work.

When Nicholson published his second book, *Cost Accounting Theory and Practice*, in 1913, he employed the same methods for determining inventories, cost estimates, and analysis of cost of sales but he varied his verification technique. This book probably shows the results of his teaching experiences at New York and Columbia Universities. It is interesting to note that Mr. Nicholson also recommends, in this book, a method for estimating cost of sales at current prices which foreshadowed LIFO.⁴

(Continued on Page 8)

Nicholson's third book published with John F. D. Rohrback, in 1919, reiterates many of Mr. Nicholson's previous cost accounting principles but included some new concepts with respect to estimated costs.

During the war years Mr. Nicholson served first with the Federal Trade Commission and then with the Ordnance Department where he was commissioned a major, a title he was to retain until his death. Because of his extensive knowledge of costs he is credited with helping in clearing up the scrambled cost-plus contracts that were executed during the war.⁵

Major Nicholson was always active in accounting societies. For more than twenty years he was a member of the New York State Society of Certified Public Accountants and served, for several years, as its First Vice-President. He was once a member of the American Association of Public Accountants and was a member of the American Institute of Accountants at the time of his death.

Prior to the First World War, Major Nicholson proposed that an association of individuals interested in cost finding techniques be formed. In 1919 he called a conference for October 13 and 14 in Buffalo for the purpose of considering the feasibility of organizing an independent association of cost accountants. Thirty-six men and one woman attended the conference. In addition to those present 51 applications were made by men who could not be present and who wished to be enrolled as charter members, so that the total number of Charter Members of the Association was 88.⁶ Major Nicholson was chosen temporary chairman of the meeting and was later elected the first president when the National Association

of Cost Accountants was formed. In an address before the meeting, he said, "The speaker is optimistic enough to believe that this organization is going to be one of the largest and most successful organizations of this kind in the country, especially because of the great need for the spreading of cost accounting knowledge." He was more than prophetic. By the first annual convention of the National Association of Cost Accountants held in Atlantic City on September 23-25, 1920, 2,000 applications for membership had been received. This and the subsequent growth of the National Association of Accountants is amply testimony to the ability of Major J. Lee Nicholson, a man of strong convictions, to recognize the need for a national organization to promote cost accounting principles.

Major Nicholson died suddenly on November 2, 1924, in California. Even when ill this determined accounting original promoted management accounting. He had moved to California because of failing health but, instead, opened an industrial engineering consulting firm in Los Angeles and was in the process of opening another in San Francisco when he was fatally stricken.⁷

Today, the National Association of Accountants (the word Cost was dropped in 1957) continues to work, to develop information about management accounting, promote discussion, and exchange of ideas among all members, encourage acquaintanceship and fellowship among members and unite into such fellowship all persons interested in management accounting matters. Major Jerome Lee Nicholson—the Old Roman—as he was sometimes called, did accomplish what he set out to do, convince us all that "cost accounting is perhaps the most fundamental proposition in all manufacturing."

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