

Accounting Historians Notebook

Volume 37
Number 1 April 2014

Article 3

April 2014

Accounting History Syllabus

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Recommended Citation

Sangster, Alan (2014) "Accounting History Syllabus," *Accounting Historians Notebook*. Vol. 37 : No. 1 , Article 3.

Available at: https://egrove.olemiss.edu/aah_notebook/vol37/iss1/3

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Professor Alan Sangster Griffith University Academy Trustee Accounting History Syllabus

The following is Prof. Dr. Alan Sangster's syllabus for a course taught in Portuguese as a visiting professor at the University of Sao Paulo in 2012.

OBJECTIVES

This course considers the history of accounting and its development up to the present day. Accounting, in particular the position of accounting within business and, thus, within the economy is stressed throughout: the circular means by which accounting aided the development of business and was, itself aided in its development by the development of business is a recurrent theme. Key developments in the history of the discipline are identified and investigated, both the technical advances and the development of accounting within specific regions, including Brazil, Portugal, Spain, Mexico, Italy and of the accounting profession in countries including Brazil, UK, Russia. The development of accounting thought is also covered. In particular, the continuing debate (which has been ongoing for at least the last 100 years) of the influence of accounting and, in particular, double entry bookkeeping, upon capitalism is analysed and discussed. Key figures of the Middle Ages and the Italian Renaissance in the development of accounting, such as Amatino Manucci, Benedetto Cotrugli, and Luca Pacioli are reviewed and their contributions assessed. The contribution of scholars of accounting history over the past 150 years is assessed and, in particular, attention is paid to those working in the first half of the 20th century when much of what we now know began to emerge. The work of those in the past 60 years is considered as debate proceeds to where we are now.

This course focuses on developing understanding of why accounting exists and of why it exists in the form we have today.

By the end of this course, students should be able to:

- Describe the earliest forms of accounting, explain their uses and why they were developed;
- Critically assess why double entry bookkeeping emerged;
- Describe the environment in which double entry bookkeeping emerged and critically assess why it took over 500 years for it to become the dominant form of bookkeeping in business;
- Evaluate the manner in which Portuguese schooling and business ventures impacted the development of accounting practice, especially in Brazil;
- Critically evaluate the contribution of the Italian Church to the development of business;
- Compare, contrast, and evaluate the support for double entry bookkeeping in Portugal

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- and Spain in the 16th to 18th centuries;
- Describe and discuss the development of accounting theory in Italy before and after Gino Zappa;
- Evaluate the relevance of *ragioneria* to accounting practice;
- Critically evaluate the claims that double entry bookkeeping gave rise to capitalism and the literature on this issue;
- Review and discuss the problems and issues relating to conducting accounting history research in the past, present and future.

JUSTIFICATION

In order to understand where you are today and plan for where you hope to be tomorrow, it is necessary to know and understand the past. Nowadays, accounting is often considered in isolation to its function and appears a mechanistic process governed by rules and procedures most students are aware of but which few can justify in anything beyond a superficial reference to regulation and regulatory frameworks. Students fail to understand that accounting is a tool of business which contributes to economic interaction and is heavily subjective and vulnerable to and influenced by social interaction. The world of accounting is far more complex than most realise. Through history, the complexities are revealed and the key issues in the recording of accounting data and preparation of accounting information can be understood. The relevance of accounting to business can be identified and a new purpose instilled in students who no longer see accounting as a mechanistic, rules-based form of transaction record keeping and reporting loosely based on mathematics.

This course promotes additional training of researchers, scholars, practitioners, and doctoral students in accounting, business, and economic history.

CONTENT

What is accounting history? In order to address this question, it is first appropriate to consider what accounting is. The renowned accounting historian, A.C. Littleton described accounting in the following terms:

Accounting is relative and progressive. The phenomena which form its subject matter are constantly changing. Older methods become less effective under altered conditions; earlier ideas become irrelevant in the face of new problems. Thus surrounding conditions generate fresh ideas and stimulate the ingenious to devise new methods. And as such ideas and methods prove successful they in turn begin to modify the surrounding conditions. The result we call progress. [Littleton, A.C. (1933) *Accounting Evolution to 1900*. New York: American Institute Publishing Company. p. 361]

This view of accounting as evolutionary is at the core of this course. Accounting history is defined by Previts et al. (1990) [Accounting history; definition and relevance, *Abacus*, pp. 2-16] as either “narrative” or “interpretational”:

Narrative – to establish and/or describe items of fact. History relates episodes in a particular, specific, non-analytical manner. History is narrative; an interesting story which recognizes that inherent limitations upon the understanding of human history diminish and confound approaches which are rigorously patterned in the investigative style of the physical sciences

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Interpretational – to evaluate relationships and provide interpretations in the manner of a social science.

This course combines these two approaches so as to enable conclusions to be drawn and implications to be found. Previts (1984) [Frameworks of American Financial Accounting Thought: An Historical Perspective to 1973, *The Accounting Historians Notebook*, Fall] suggests that an intuitive justification for the study of history exists by relating what 'was' (the historical state) to what 'is' (the positive state) to what 'ought to be' (the normative state). The importance of studying and understanding issues and concepts from such a *was-is-ought* perspective is the recognition that knowledge is a continuum not limited by temporal or environmental isolation [Hopwood, (1985) The Tale of a Committee that Never Reported: Disagreements on Intertwining Accounting with the Social', *Accounting, Organizations and Society*, Vol. 10, No.7].

As Previts et al. (ibid) state:

History supports contemporary research in policy-making and practice and in standard setting. It acquaints accountants with the individuals, ideas, experiments, and lessons that constitute our heritage. It informs us about how we have reached a particular present-day convention. Accounting history also encourages the thoughtful scholar to consider the interdisciplinary view of accounting and its environmental context.

The syllabus covers the following broad topics:

- Accounting History
- Ancient accounting
- Greek, Roman, Mesopotamian, Egyptian accounting
- Bahi Khata
- Pre-Pacioli
- Education in the Renaissance
- Benedetto Cotrugli
- Luca Pacioli
- The origins of double entry bookkeeping
- Charge and Discharge
- Spain and Mexico
- Portugal and Brazil
- The Italian Schools: *Azienda* and *Ragioneria*
- The accounting profession
- The researchers
- Accounting and Capitalism

For the full syllabus, including the Reading List, please visit the Academy's website.