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1859 MAUA'S GAS COMPANY FINANCIAL REPORT: A CORNERSTONE OF BRAZILIAN PRIVATE ACCOUNTING

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During the first semester of 2014, Profs. Natan and Fortunee Szuster directed, at the Rio de Janeiro State University (UERJ), a research group at the Accounting Science BSc Program. The subjects varied, but one student (Rodrigo de Oliveira Leite) chose the subject of the Accounting History in Brazil between 1808 and 1860. During the research, the 1859 Financial Report of Viscount of Maua’s Gas Company surfaced as a great finding in the subject of Brazilian Accounting History.

**Background**

The Viscount of Maua is regarded as the first industrialist in Brazil [Caldeira, 1995]. He developed banks, industries, train lines and other investments in the Brazilian infrastructure. By 1867 the total assets of Maua’s holding company totaled over 115 billion Reis, while the total spending of the Brazilian Empire for the fiscal year of 1867 was only 97 billion Reis. In his peak he was regarded as “King of Brazil”, while Pedro II was the official “Emperor of Brazil”.

In 1850 the Commercial Code was established in Brazil, with the aid of the Viscount of Maua [Caldeira, 1995]. The Viscount also influenced the creation of the Law No. 1083 and the Decree No. 2679, both issued in 1860 regulating the financial reports and accounting of Open Companies [Filho and Iudicibus, 2002].

Those regulations made the publication of the financial reports in the press a mandatory requirement and made “approved models” of reports for the companies to use as a guide.

**The Report**

Until that time companies published their financial reports only to fulfill the requirements of the Commercial Code of 1850. The newspapers were filled with tables of numbers, although no explanation about them was addressed.

The Evening Herald (Correio da Tarde) of February 16th 1860 published the “Gas Company Financial Report of 1859”. Unlike other financial reports, the Viscount of Maua wrote a letter to the stockholders, in which he disclosed details about the company operations:

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Number of public lampposts: from 1,487 (1855) to 4,649 (1860)
Residences with piped gas: from 950 (1855) to 4,828 (1860)
In 1860 the company started selling coal to residences
A new gas pipe in Rio de Janeiro was in the final phase of development

Maua perceived that he could use the Financial Report of his company as a “propaganda piece”. He also advertised that the company profits for the second semester of 1859 increased by 4% when compared with the first semester with a total 236 million Reis (236 “contos”). The profits for 1859 were in the order of over 400 million Reis (400 “contos”), a very large sum for the time.

The vision that he was trying to “sell” the Gas Company stocks with this Financial Report publication is supported by the fact that he addressed price growth of the dividends: 12,000 Reis per stock in the first semester of 1855 to 21,000 Reis per stock in the second semester of 1859, a growth of 75% in five years, making the Gas Company a very appealing investment.

**Conclusion**
The Viscount of Maua, in 1860, made the first use of a Financial Report as a “propaganda piece” to attract investors. It is very common in the present time to publish financial statements with the intent of gaining new investors, but in 1860 it was a revolutionary idea that Maua implemented in Brazil.

**References**

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Gary and his wife Cherilyn have three adult children, and so far one grandson and one granddaughter.