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FOCULTY OF ARTS, SOCIAL AND MANAGEMENT SCIENCES.

DEPARTMENT: ECONOMICS

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QUESTION: Discuss the historical background and development of Accounting as a discipline

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1. **INTRODUCTION**

Accounting was as old as human civilization, records dating back more than 7000 years have been found in Mesopotamia show list of expenditures, and goods received and traded. Accounting history emerged as an academic discipline over the last 40 years within English speaking countries. There is now a critical mass of researchers, dedicated journals and conferences and significant body of literature that is increasing in scope and depth. Various authors have at different times in there writing credited the beginning of the development of modern day of Accounting to the Italian monk ( LUKA PACIOLI ) , recognize as the father of Accounting and book-keeping was the first person to publish a work on double entry bookkeeping , he published a book “ The sum of Arithmetic, Geometry, Proportion and Proportionality”. In the 15th century work everything about (Arithmetic, Geometry, and Proportion) Published in venice, Italy in the year 1494 AD overlooking the long evolution of accounting system in the primordial and medieval eras.

The origin of Accounting can be traced back to every ancient days. Indeed, it is as old as the beginning of the use of money itself. Even under the barter system, some primitive form of accounting existed. For otherwise, how could loss and gain have been calculated? The object of gain has always been the driving force of any exchange and gave birth to the need for accounting. But, still the 13 century, the mode of keeping account was primitive. Books of business were no more than mere note book transactions. A French merchant wrote in his book: ‘Lent 10 gold coins to a man last year, I forgot his name’. In Europe, calculation were made largely in Roman numerals, and sums were very often wrong. Long divisions were regarded as something of a mystery, and the use of the Zero was not clearly comprehended. It is surprising, therefore, that a system of accounting, as we know could not have been developed. However, it did develop in the fifteenth century and its genesis can be traced to the double –entry Bookkeeping which is said to have been fashioned by Fra Luca Facioli (about 1445-1520), the multi-talented mathematician and philosopher of Venice. His treatise Summa De Arithmatica, Geometrica, Preportioni at preportionalita was published in1494, (however, Pacioli is not regarded as the inventor of the system; he is said to have just collected the different aspects of it in a comprehensive tract).

Of course, ofr a considerable time, the double entry system remained ignored in Europe; the people therefore continued what is called Stewardship Accounting, the method of keeping accounts of household expenses followed by stewards. (In our country, it may be called the munim system of accounting. For it was the munims who kept accounts of big households).

1. **LITERATURE REVIEW**

**Accounting during the medieval and modern eras**

**The Medieval Era:** The fall of the Roma Empire interrupted the development of accounting system for over a thousand years. However the Romance through the effort of the church continued to preserve and improve on the existing techniques of receipt and payment bookkeeping. BY 812 A.D, an ordinance known as capitulore div ills containing instructions for the administration of imperial estate was issued by Charlemagne also known as Charles the great or Charles I, who was the king of Franks from 768, the king of Italy from 774, and from 800 the first emperor in western Europe since the collapse of the western Roman Empire. The ordinance prescribed that the account of income and expenditure be kept and rendered. As a result of this development, numerous authorities were delegated by property\ estate owners to actual possessors and users who are expected to give account of stewardship annually or as may be determined by property \ estate owner. This ordinace is a pointer to accounting regulation across international boundaries. Accounting to Edward. Evidence of a more advance characteristics of double entry was found in Florentine bank ledger of 1211 A.D; it shows that the depositors account was debited on one page and credited on another ( liu & Yuan,2011;Edwads,1960), and “In Italy, the journal of a banker was generally considered a public record, which will not be contested in court”

**The Modern Era:** The later end of 15th and the start of 16th century saw the complete transition of record keeping into bookkeeping of today. Business now require the service of bookkeeper who is to maintain permanent financial record and statement of assets and liability and that of income. The growth of partnership and joint stock companies developed accounting reporting from that which is intended for two parties to that of multi-party. This in turn had a direct proportional increase on the number of bookkeepers in employment.

The increasing number of bookkeeping practice gave credence to the importance of accountants in municipal life of the people and indeed business survival. The importance of the accountant in Italy in the later part of the fifteenth century is suggested by the fact that in 1484 Duke Gredaliazzo Maria Visconti, of Milan, granted to Giocanni accountant of Milan. This act is also a pointer to the establishment of the Office of the modern day Accountant-General. Even though the oldest and well preserved accounting record written in English Language is in the pipe roll or great roll of the year 1130-1131 A.D which can be found in the exchequers of England and Scotland, the first record of a complete double- entry system of bookkeeping is found in books of accounts of stewards at genoa in 1340. In 1406, a firm of traders known as soranzo and brothers not only kept ledgers but also income statement and that of capital, and by 1482, the ledger were being closed and profit calculated on an annual basis (Edwards, 1960). We can posit here that complete financial statement were prepared at different interval and that a fully developed double- entry bookkeeping system had emerged at the end of 15th centuries

According to Walker in her article “Is Zero the best”? Has this to say about the invention In the 15 century, The development of accounting may be looked in to the three different dimensions, though one cannot categorically limit any of the dimensions to a particular point in time The dimensions under which this paper is to consider the historical development of accounting vis a vis promotion of international accounting bodies are the Primeval era which dwell on record keeping in form of inscription on tablet of stones, clay and wood, and preserving such inscription as evidence that a transaction has indeed taken place; the Medieval era which saw the development of bookkeeping for the purpose of analyzing, classifying and recording transactions as the means of reporting the financial position and other transactions carried out by an enterprise; and lastly the Modern era which witness advancement in the development of bookkeeping with a lot of refinement into accounting. Liu and Yuan (2011).

Edwards (1960), in his work asserted that “record keeping has its origins in the in the institution of private property and owed its subsequent development both to the growing number and complexity of property transactions and to the creation of monetary system”. Ownership of private property date back to the primordial era, and introduction of monetary unit as a legal means of measurement of value of goods and services created the need for specialization in the art of record keeping which later evolved into bookkeeping.

According to Alexander 2002, a brief glimpse at this period help to illuminate our past in general. But perhaps the most compelling reason is to help explain this phenomenal growth that the accounting profession has enjoyed around the world.

According to (Napier, 2006), researchers face the evidential issue of describing accounting in the past, or at least documenting an absence of accounting in particular contexts. The paper is organized as follows. First, it represents the historical perspective of accounting development from 3350BC in Mesopoamia, before the writing ( symbolized accounting) ;then described the the accountancy history in the period 3500 BC-2000 BC in Mesopotamia (Hammurabi code; price quote for traders); period BC BC-1100 AD, historical development of accounting practices in ancient Egypt, China, Grece, Rome (taxes on the king, use of papyrus, assessment of the efficiency of governments, appearance of metal money, “codex accepti et expensi for hosehold expenses), the historical development of accounting in the period 1130 AD – 1485 AD.

The Accounting in Mesopotamia (3500-200 BC) Five thousand years before the emergence of double Accounting system, accounting records of economic activity appeared in Mesopotamia (today’s Iraq) (Botes 2009). The accountants at that time were called “Scribes”, and they were employed by places, temple, and private firms. The scribes was prestigious profession at that time. During this period, in addition to the description of transaction, the accounting system was highly focused on the deals (contract) made, paying particular attention to the detailed coding of economic transactions (Alexander, 2002).

According to (Rey, 2005): “It is possible that the author of the manuscript taught commercial arithmetic to future merchants and also gave lectures on the most “theoretical” part of the summa to the highly cultivated urban aristocrats with intellectual interest. In the world of Accounting science there is still no definitive answer to the origin of the double accounting system. (Littleton, 1928); (Yamey, 1947); (Gleeson-White, 2012); (Aho, 2005). Some author such as Nigam Lall (1986) registration system was used India hundreds of year before being used in Italy.

1. **CONCLUSION** claim that Bahikhata2 was a forerunner of dual accounting development and that the dual

In summary, investigation into the historical development of Accounting revealed that there have been well organized forms of accounting reporting system and that, if dig deep, there may be more evidence to prove that double –entry bookkeeping may have been more developed in centuries before 1211 A.D. It also revealed that there is no real evidence to show that Luka Pacioli popularized the use of double-entry bookkeeping and that its invention cannot be ascribed to anyone base on the enormous evidence cited earlier in this paper. The various development in view of the transition from record keeping to double-entry bookkeeping and finally to Accounting have been due largely to rapid industrialization and commercialization and also the quest for perfection.

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