

A HISTORY OF ACCOUNTING

1086

William the Conqueror promulgates the *Domesday Book*, which contains records of what is due to the king and his lords in such detail that it defies refutation. William instituted feudalism in Britain after defeating the English King Harold, and the system required more record keeping.

1225

The chief magistrate of Milan renders full accounts of goods carried on ships. Early Italian republics have passed laws requiring that public scribes keep track of merchandise.

1374

Poet Geoffrey Chaucer works as the comptroller of customs in the port of London. Chaucer's *Canterbury Tales* includes a bragging merchant and a reeve whom "no auditor could ever win on." By the close of the Middle Ages, commerce is so developed that credit transactions have become widespread, and record keeping (and record keepers) need to be more exact.

1494

Italian monk Luca de Pacioli officially introduces "double entry" bookkeeping in his *Summa de Arithmetica*, a compendium of mathematical knowledge. Pacioli bases his work on procedures that have generally been used in Genoa, Florence, Milan and Venice since about 1350. Double entry bookkeeping made it easier for them to detect errors and provided a fuller picture of business activity—a balance sheet along with an income statement.

1553

James Peele writes what is probably the first original English text on bookkeeping.

1581

The Collegio dei Raxonati becomes the world's first society of accountants. By 1669, no one will be permitted to practice in Venice without being a member of the college.

1600

The East India Company is founded. The trading company introduces invested capital and dividend distributions, creating a great need for accountability to investors.

1651

Johnannes Dyckman is engaged as bookkeeper for New Amsterdam under Gov. Peter Stuyvesant. Dyckman will be replaced one year later because of improperly rendered accounts. The accounting business has already started to grow in America.

1775 to 1783

The American Revolution indirectly causes growth of accountancy in Britain as creditors appoint accountants as trustees during an explosion of bankruptcies. In 1793, more than 20 banking firms in England and Scotland fail, and accountants step in to settle their affairs.

1789

The U.S. government creates the Treasury Department, including a comptroller and auditor. Benjamin Franklin urges businessmen to have training and facility in "accompts." Franklin earned money as a young man keeping books of account, and used those skills later to create the postal service. Thomas Jefferson's two bookkeeping texts are among the first books in the Library of Congress.

1841 to 1850

Expanding railroad empires employ accountants as auditors independent of management.

1850

There are 264 "accomptants" listed in London's directory of professionals. In 1799, there were only 11; in 1840, there were 107.

1854

Scotland formally recognises the profession under the designation of "chartered accountants."

1880

England formally recognises the "chartered accountant", when the Institute of Chartered Accountants in England & Wales was incorporated by Royal Charter in May 1880 following the coming together of six local societies of accountants in London, Liverpool, Manchester and Sheffield. The Institute received a Supplemental Charter in 1948. As a Chartered body, the Institute operates primarily in the public interest and for its members of which there are over 124,000.

1887

The first accounting organisation in the United States is established.

1896

New York state officially recognises the profession under the licence of certified public accountant.

1897

The New York State Society of Certified Public Accountants is organized on January 28. Other states rapidly follow. Charles Waldo Haskins is elected the first president of the NYSSCPA. Haskins already was the first president of the Board of State Examiners of Public Accountants in 1896. In 1900, he becomes the first dean of the New York University School of Commerce, Accounts and Finance.

1895 to 1905

The New York, Ontario and Western Railway Company becomes the first railroad in the United States to issue audited financial statements. United States Steel is the first major industrial corporation to issue an audited report. Equitable Life Assurance Society becomes the first insurance company to have an independent audit. The floodgates were opened for

certified public accountants. Meanwhile, major universities like the University of Chicago and Dartmouth establish accounting courses, though business colleges have been organized to teach bookkeeping and accounting skills since the mid-19th century.

1913

The enactment of the US income tax laws establishes accountants as the premier profession in this arena. At the same time, CPA management expertise catapults the profession as top consultants in boardrooms and on factory floors.

1928

The Institute of Chartered Accountants in Australia (ICAA) was constituted by Royal Charter in 1928. The ICAA now operates under a Supplemental Royal Charter (amended from time to time) granted by the Governor-General on behalf of Queen Elizabeth II on 23 August 2000.

1931

The Ultramares case establishes the principle that auditors have liability to third parties relying on the auditor's report. The American Institute of CPAs eliminates the word "certify" from the report and replaces it with "examined" to emphasise the report was an opinion, not a guarantee.

1933

The Academy of Motion Picture Arts and Sciences chooses Price Waterhouse to oversee the voting for the Oscar awards in 1933, in response to the widely held belief that the awards were rigged. The Academy publicizes the engagement to create public confidence in the Oscar.

1941

The US Securities and Exchange Commission requires the auditor's report to state that the examination was made in accordance with generally accepted accounting standards.

1952

In 1952 the Commonwealth Institute of Accountants (formerly known as the Incorporated Institute of Accountants, Victoria) and the Federal Institute of Accountants, incorporated in Victoria decided to merge and form the Australian Society of Accountants. The Australian Society of Accountants changed its name to the Australian Society of Certified Practising Accountants in 1990 and then several years later changed its name, again, to CPA Australia.

1965

In 1965 the ICAA and CPA Australia established an Accountancy Research Foundation. In 1974 this was reorganised and renamed the Australian Accounting Research Foundation ("AARF"). The Foundation carries out research, produces discussion papers, monographs and guides, and prepares submissions to Government on behalf of CPA Australia and the ICAA. The sole surviving board of the AARF is the Legislation Review Board (after the Australian & Assurance Standards Board was assumed by the Australian Government's Financial Reporting Council) and its present chairman is our own Richard Bobb.

1968

The US Continental Vending Case extends the responsibility of the auditor to include criminal sanctions for having looked the other way when they shouldn't have.

1973

Public awareness of generally accepted accounting standards leads to the formation of the independent US Financial Accounting Standards Board.

1973

The International Accounting Standards Committee ("IASC") was formed at its inaugural meeting 29 June, 1973 in London as a result of an agreement by accountancy bodies in Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom and Ireland and the United States, and these countries constituted the Board of IASC at that time. On 1 April 2001, the International Accounting Standards Board (IASB) assumed accounting standard-setting responsibilities from its predecessor body, the IASC. This was the culmination of a restructuring based on the recommendations of the report *Recommendations on Shaping IASC for the Future*. IASB publishes its Standards in a series of pronouncements called International Financial Reporting Standards (IFRS). It has also adopted the body of Standards issued by the Board of the International Accounting Standards Committee (IASC). Those pronouncements continue to be designated "International Accounting Standards" (IAS).

1977

Founded in 1977, the International Federation of Accountants (IFAC) was established as the worldwide organisation for the accountancy profession. IFAC is comprised of 163 member bodies in 119 countries, representing more than 2.5 million accountants employed in public practice, industry and commerce, government, and academe. IFAC's mission is to serve the public interest, by strengthening the worldwide accountancy profession and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards and speaking out on public interest issues where the profession's expertise is most relevant.

2000

The *Australian Corporate Law Economic Reform Program Act 1999* established the basis for new standard setting arrangements as part of the Australian Government's Corporate Law Economic Reform Program. The legislation formally establishing the new arrangements came into effect on 1 January 2000.

The institutional arrangements for accounting standard setting involve a Financial Reporting Council (FRC) with oversight responsibility for the Australian Accounting Standards Board (AASB), which will deal with standard setting in the private and public sectors and have its own research and administrative staff. This replaced an arrangement under which the AASB worked jointly with the accounting profession's Public Sector Accounting Standards Board and used the services of the staff of the AARF.

2004

The Australian Corporate Law Economic Reform Program (Audit Reform & Corporate Disclosure) Act 2004 provided for the establishment of a reconstituted Auditing and Assurance Standards Board ("AUASB") as an independent statutory body. As the national auditing and assurance standards setter, the AUASB has an important role in developing high quality standards and related guidance for auditors and providers of other assurance services. This Board was formerly governed by AARF until 1st July 2004.