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A Short Incursion into the Accounting of the Middle Ages

Elena HLACIUC^{1*}, Veronica GROSU²

Abstract

The present paper is intended to illustrate a period of complete significance in which, from a doctrinal point of view, accounting has been marked by two major phenomena, namely, the definitive setback of the theory centered on the value accounts and on the patrimonial system, therefore the decline of accounting as scientific discipline, and the rise of the business economy, in close connection with renouncing to the patrimony optic and focusing on performance or revenue.

Keywords:

Accounting history, accounting theory, double entry.

Introduction

In the Roman era, education began to spread around 2000 BC. At that time, they were teaching the basics of literature, writing and arithmetic operations; the teaching of Latin, Greek, grammar and literature, in general, was also planned. For sure, education was still a privilege, and poor families could not afford it, however, it led to a remarkable evolution of techniques, arts, architecture, and so on.

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We must not forget that the territorial expansion has meant an extraordinary expansion of the trade and of the market activities that have, always, led the economy evolution and the methods of accounting revelation.

Control over the Mediterranean guaranteed the predominance of commercial shipping, faster than land-based ones. The territorial area offered the possibility to impose taxes and tributes on the subject population; this has led to the public administration and an accounting practice capable of presenting, and able to record, tremendous treasury values.

So, it would be thought that Romans knew well-structured forms of accounting and inventory; this is the source of various debates on knowing the accounting writing with double-entry by the Romanians.

Turning to the Roman economy, the growth of population in cities has favored market formation in cities, banking activities and particular productive forms such as workshops. The latter, we can imagine them as current equivalent of small family crafts, that their master was also the owner of production, of the productive processes and he was supervising the apprentices or assistants. Here were made the products with the highest added value; crafts began to generate a substantial portion of revenue and production in urban society.

The rural economy was marked, on the one hand, by the great owners, led by the wealthy Roman families of the Patricians, carrying out agricultural activities by exploiting slavery; on the other hand we find small landowners, peasant families characterized by closed economic systems based on their own consumption, with absent market transitions or subsistence savings.

We have considered and described these economic mechanisms, such as rural-peasant shops and small nuclei, or the small landowners, the future standard of all the productive and agricultural activities from this time to the end of the Middle Ages.

Accounting theories in the era of Roman civilization

The art of keeping accounts in Roman civilization was already in fashion since the time of the seven kings of Rome. In the early age of Regia, Rome was administered with a monarchical system. Sources of the period are not safe because the first manuscript dates back to centuries; in fact, the Gallic people demolished the capital in 390 BC. and most of the scriptures have not escaped this devastation. In addition, the remaining documentation was lost in time or stolen [1].

All high-class families have possessed and made accounting records; in fact, the economic events of private management have been reported in the writings of the so-called *Paterfamilias*.

It has been shown that the Roman accounting first developed in the private sphere and then spread and refined at the state level in public administration.

Prior to the annexation of Egypt to the Roman Empire, years 30 BC, the accounting was kept on beeswax tablets called *tabulae*. Thus, the people were used to erase the beeswax on the old tablets containing dated information so they can reuse them by updating. If we consider the properties that the same beeswax has over time, it is easy to guess how difficult it is to find a complete *tabulae*.

With the Egyptian annexation, after using tablets in beeswax and clay for centuries, the writing on parchment and papyrus has spread. Despite this, even this type of supports was consumed by the time passing, but some very rare manuscripts reached to us. Therefore, one of the most important discoveries dates back to the 2nd century BC; meaning the paper *Karanis* in which some accounts seem to be written in double entry.

Historians have succeeded in rebuilding the Roman accounting complex and to return to the books used at that time due to some discoveries. Referring to such accounting records, it is necessary, first, to distinguish between private books relating to management and public and commercial books. Several researchers claim that the interest in territorial domination was not a purely extinct prerogative; this has invested the entire Roman political scene, to which both the Senate and the plebs have joined. Advance to the south was urged economic and cultural conditions that would have led to the contrast with the Macedonian civilization, which had a high military and political level capable of resisting the Roman expansion [9]. As for the invading peoples, during Lombard's subsequent Italian domination, they tried to replace their culture with the Roman one even in the administrative forms of the state, changing the order of things. However, administrative accounting remained in part similar to the past, but it has become much more inadequate and disorderly; however, it did not change either under the Ostrogoths or under the Lombards and later under the Byzantine [10].

The origin of double-entry

In the High Middle Ages and Early Middle Ages, no books or accounting works were written, but only some papers and accounting records

prepared by the monks or papal abacus. In these agglomerations, one of the main causes that has led mankind to develop arithmetic and counting methods from which the first rudimentary accounting systems were born were related to survival, hunting and the harvesting of fruit and berries, the latter for the supply and distribution of food resources in small communities [6].

However, after publishing *Liber Abaci*, some commercial mathematics manuals began to appear towards a request for accounting detection methods from the traders' side; these textbooks were soon used in the many abacus schools which emerged in those trade cities like Venice, Genoa, Milan or Florence. Speaking of these accounting records, it is necessary first of all distinguish between private books, related to the management of the owners, and books of a public and commercial nature [4]. The fact remains that it is not possible to confirm or deny the possibility that the Romans knew the double-entry method, already in the second century BC., even if, according to Coronella, it would be very unlikely [5]. This was a decisive year for both mathematics, economics and accounting; in fact, *Liber Abaci* was also a five-chapter mercantile computerization manual dedicated to commercial mathematics where purchases and sales transactions, currency exchanges, swaps, depreciation, distribution of profits between members, and management loans with interest; the interior is also an example of keeping an account related to the operating costs of a ship, with illustrations of how to keep a cost book [10].

the various works, were recorded over thirty manuals of arithmetic and abacus applied to commerce; this shows us how the attention granted to commercial mathematics and accounting investigations has been of particular interest and diffusion between the fourteenth and fifteenth centuries. However, as Brambilla reminds us, the lack of documents does not imply the non-existence of facts it can be assumed that this population adopted some simple methods of accounting [3].

Fabio Besta reminds us several known abacus names in Venice; the oldest is the Labacho Centile (in some documents in 1304). Other many consecrate names between the years 1340 and 1470 are: Michael de Bononia, Jachobi de Labacho, Filippus de Pisis, Alvis de la Karte. Similarly, Federico Melis [7], [8], and Bariola [2] remind us some teachers especially of Fiorentini origins.

The Venetian method

We have seen that the oldest Venetian accounting document is Mastro della Frontera dei Soranzo in 1406. However, in Genoa, Milan and

Florence, there were found older documents; this is one of the main facts that make scientists skeptical towards who invented, for the first time, this method.

However, we know that between the fourteenth and fifteenth centuries, the investigative double-entry was known as the "Venetian method" and was qualified as such in several documents of the aforementioned cities.

In fact, within the Strozian collection in the historical archive of Florence, can be seen a register of 1382 in which, on the front page, we find:

"This book was written by Folcho da Firenze [...] In it I will write who is indebted and who will receive [...] and I will write it in the Venetian method.

The same authors who first pictured the double entry, Benedetto Cotrugli in 1458 and Luca Pacioli in 1494, indicate the books keeping and the writing type as "the Venetian method"; on the other hand, the first manuscripts on the double-entry survey were first published in Venice.

In the lagoon city, Pacioli completed his arithmetic studies and published the famous *Summa de Arithmetica Geometria, Proportione et Proportionalita*. In *Tractatus XI - Distinctio IX*, Pacioli describes the double-entry scripts on the Venetian method, which he considered to be the best of all the methods he had encountered on his journey.

In the same way, Domenico Manzoni and Alvise Casanova refer to the Venetian method by writing:

"... it will be my greatest joy to know that this work will be appreciated by noblemen, experts and merchants, without worrying whether a particular nation, considered to be more expert in counting out loud, destroys the beautiful order of keeping the books in the Venetian method [...] Because they do not know the theory we are studying. Because they do not know what is most confessed, namely that the Venetian nation has found the true way of keeping registers and of routinely handle any account manipulation."

Conclusions

Unlike continental empires, Venezuelan expansionist ambitions were mainly driven by the expansion of trade and the expansion of commercial routes.

One example was the failure to take the Doge Vitale I Michiel initiative at the Pope's invitation to intervene in the first crusade in 1095. Later, when the doge achieved the advantages the crusade provided to the

rival of the Maritime Republic of Pisa, who ensure routes and commercial alliances, decided to organize an expedition, primarily against the Pisan near Rhodes and then in Jerusalem. Participating in the other three crusades was an adventure for Venice: thanks to the transport of fighters, commercial traffic and the establishment of Fonteghi in various Mediterranean cities, the city was enriched and gained prestige, gaining new markets for eastern trade.

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