

# Ancient Accounting

## Mesopotamia

Five thousand years before the appearance of double entry, the Assyrian, Chaldaean-Babylonian and Sumerian civilizations were flourishing in the Mesopotamian Valley, producing some of the oldest known records of commerce. In this area between the Tigris and Euphrates Rivers, now mostly within the borders of Iraq, periodic floodings made the valley an especially rich area for agriculture.

As farmers prospered, service businesses and small industries developed in the communities in and around the Mesopotamian Valley. The cities of Babylon and Ninevah became the centers for regional commerce, and Babylonian became the language of business and politics throughout the Near East. There was more than one banking firm in Mesopotamia, employing standard measures of gold and silver, and extending credit in some transactions.

During this era (which lasted until 500 BC), Sumeria was a theocracy whose rulers held most land and animals in trust for their gods, giving impetus to their record-keeping efforts. Moreover, the legal codes which emerged penalized the failure to memorialize transactions. The renowned Code of Hammurabi, handed down during the first dynasty of Babylonia (2285 - 2242 BC), for example, required that an agent selling goods for a merchant give the merchant a price quotation under seal or face invalidation of a questioned agreement. Thus it is believed that most transactions were recorded and subscribed by the parties during this period.

The Mesopotamian equivalent of today's accountant was the scribe. His duties were similar, but even more extensive. In addition to writing up the transaction, he ensured that the agreements complied with the detailed code requirements for commercial transactions. The temples, palaces and private firms employed hundreds of scribes, and it was considered a prestigious profession.

In a typical transaction of the time, the parties might seek out the scribe at the gates to the city. They would describe their agreement to the scribe, who would take from his supply a small quantity of specially-prepared clay on which to record the transaction. Clay was plentiful in this area, while papyrus was scarce and expensive.

The moist clay was molded into a size and shape adequate to contain the terms of the agreement. Using a wooden rod with a triangular end, the scribe recorded the names of the contracting parties, the goods and money exchanged and any other promises made.

The parties then "signed" their names to the tablet by impressing their respective seals. In an age of mass illiteracy, men carried their signatures around their necks in the form of stone amulets engraved with the wearer's mark, and buried with them at death. Often the seals included the owner's name and religious symbols, such as the picture and name of the gods worshipped by the owner.

After these impressions from the amulets were made, the scribe would dry the tablet in the sun (or in a kiln for important transactions which needed a more permanent record). Sometimes a clay layer about as thick as a piecrust was fashioned and wrapped around the tablet like an envelope. For extra security, the whole transaction would be rewritten on this outer "crust," in effect making a carbon copy of the original. Attempted alterations of the envelope could be detected by comparing it with its contents, and the original could not be altered without cracking off and destroying the outer shell.

## Egypt

Governmental accounting in ancient **Egypt** developed in a fashion similar to the Mesopotamians. The use of papyrus rather than clay tablets allowed more detailed records to be made more easily. And extensive records were kept, particularly for the network of royal storehouses within which the "in kind" tax payments were kept.

**Egyptian bookkeepers associated with each storehouse** kept meticulous records, checked by **an elaborate internal verification system**. These early accountants had good reason to be honest and accurate, because **irregularities disclosed by royal audits** were punishable by fine, mutilation or death.

5 Although such records were important, ancient Egyptian accounting never progressed beyond simple list-making in its thousands of years of existence. Perhaps more than any other factors, **illiteracy and the lack of coined money** appears to have stymied its development.

10 While the Egyptians tracked movements of commodities, they treated gold and silver not as units of fungible value, but rather as mere articles of exchange. **The inability to describe all goods in terms of a single valuation measure** made cumulation and summation difficult and **the development of a cohesive accounting system** all but impossible.

## China

15 Pre-Christian **China** used accounting chiefly as **a means of evaluating the efficiency of governmental programs and the civil servants who administered them**. A level of sophistication was achieved during the Chao Dynasty (1122-256 BC) which was not surpassed in China until after **the introduction of double entry processes in the nineteenth century**.

## Greece

20 **Greece** in the fifth century BC used "public accountants" to allow its citizenry to maintain **real authority and control over their government's finances**. **Members of the Athens popular assembly** legislated on financial matters and controlled **receipt and expenditure of public monies** through the oversight of ten state accountants, chosen by lot.

25 Perhaps **the most important Greek contribution to accountancy** was its introduction of coined money about 600 BC. Widespread use of coinage took time, as did its impact on the evolution of accounting. Banking in ancient Greece appears to have been more developed than in prior societies. Bankers kept account books, changed and loaned money and even arranged for **cash transfers for citizens through affiliate banks in distant cities**.

## Rome

30 Government and banking accounts in ancient **Rome** evolved from **records traditionally kept by the heads of families**, wherein **daily entry of household receipts and payments** were kept in an *adversaria* or daybook and monthly postings to a cashbook known as a *codex accepti et expensi*. These household expenses were important in Rome because citizens were required to submit **regular statements of assets and liabilities**, used as a basis for taxation and even determination of civil rights.

40 **An elaborate system of checks and balances** was maintained in Rome for governmental receipts and disbursements by the *quaestors*, who managed the treasury, paid the army and supervised governmental books. Public accounts were regularly examined by an audit staff, and *quaestors* were required to account to their successors and the Roman senate upon leaving office.

45 The transition from republic to empire was at least in part to control Roman fiscal operations and to raise **more revenues for the ongoing wars of conquest**. While the facade of republicanism was maintained, the empire concentrated real fiscal and political power in the emperor. Julius Caesar personally supervised the Roman treasury, and Augustus completely overhauled treasury operations during his reign.

Among Roman accounting innovations was the use of an annual budget, which attempted to coordinate **the Empire's diverse financial enterprises**, limited expenditures to the amount of estimated revenues and levied taxes in **a manner which considered its citizens' ability to pay**.

## Ancient accounting activity

### SCANNING / INTENSIVE READING

- 5        1. What did early Egyptian bookkeepers do?
2. Why household expenses were important in Rome?
- 10       3. Why did the Mesopotamians not use papyrus rather than clay?
4. What did bankers do in ancient Greece?
5. Give an Spanish equivalent for the expressions *codex accepti et expensi* and *adversaria*
- 15       6. Give an example of a typical transaction in Mesopotamia.
7. What did the *quaestors* do?
8. How were alterations (of recorded transactions) avoided in Mesopotamia?
- 20       9. What did the scribe do?
10. Why did Rome become an empire?
11. What could happen to dishonest bookkeepers in Egypt?
- 25       12. Why did accounting never progress in ancient Egypt?
13. Explain how accountancy became more elaborated from Egypt to Rome
- 30       14. What was accounting in ancient China used for?
15. What important advancements were made by accounting in Greece?

### NOUN PHRASES

- 35       Give their Spanish equivalent underlining their head nouns  
(L 4): Algunos de los registros comerciales conocidos más antiguos.
- (L 5):
- 40       (L 6):
- (L 8): Empresas (negocios) de servicios e industrias pequeñas.
- (L \_\_):
- 45       (L \_\_):