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## **Salmagundi\***

The editor invites you to submit items of an interesting nature, including reviews, discussions about accounting theory or practice, responses to past articles in the journal. Perhaps you could find an accounting cartoon? In this volume we've included two submissions, both submitted by Barbara Merino, one, a review by Christopher Colvin of Queens University in Belfast of a book on antitrust. Another, a short on Pacioli found in Bloomberg.net. Our friend Alan Sangster may have a response to this. In both cases we received approval to reprint. Do you have thoughts for or against the convergence of IFRS and GAAP? What do you think of the possible leasing standard? Speaking of theory – why is there so little discussion of it?

\*A mixture or assortment; a potpourri.



## **Some comments concerning ‘How a Medieval Friar Forever Changed Finance’**

As most of us are aware, researching accounting history can be a frustrating, even at times, embarrassing experience. You discover something new, you write about it, you publish it then, a few months later, you discover that what you wrote was incorrect. In my research into the emergence of double entry bookkeeping, its tuition, and, in particular, Luca Pacoili and his treatise, I have encountered many published works where the historiography was incomplete or, quite simply, wrong. Yet, in most cases, this was at no fault of the author of the work in question. Rather, it was the result of information later coming to light that changed the ‘facts’ in ways that earlier authors could not have foreseen.

Yet, many of us are slow to recognise or detect the new information that has materialised – even today, 34 years after Akira Nakanishi (1979) identified the date of Pacioli’s death and his age when he died, people still write (wrongly) that Luca Pacioli was born in 1445. In other cases, we know that evidence exists but we delay in investigating it for so long that we allow incorrect assumptions to flourish – take the case of Genoa (wrongly) being said to be the first place in which a full system of double entry bookkeeping was maintained. It had been known since at least the 1890s that other possible earlier instances had been identified yet it was decades before the *Giovani Farolfi & Co.* books from Sabon (France) were analysed sufficiently and found to be a much earlier example than that of the City of Genoa (Lee, 1977). This erroneous accreditation of Genoa may not have been an example of an error in the historiography but, by virtue of the longevity of period during which the belief remained unchallenged, much was written on the assumption that Genoa was where DEB started.

In short, historiography can be a dangerous game but we do sometimes tend to create many of the problems it subsequently presents for ourselves by under-researching and, quite simply, failing to do our homework, which takes me to the Bloomberg piece by Jane Gleeson-White published in the December 2012 issue of this journal. Last year, I reviewed Ms Gleeson-White’s book on the history and influence of double entry bookkeeping (Sangster, 2012). It is an excellent primer on accounting history but it suffers from two major flaws: the underlying research was, at times, under-developed; and the interpretation placed

upon what has been written previously was, at times, partial and, sometimes, simply incorrect. I still believe it to be an excellent book and I recommend it to anyone with an interest in this topic, so long as they are aware of its limitations (and errors, of which I provide a lengthy list at the end of my review of the book). However, by virtue of its publication and the considerable publicity it has received subsequently, particularly in Australia (where it was published), we are at risk of this branch of history being re-written by future researchers who place too much faith in this book. That would be a pity.

The Bloomberg article is, unfortunately, similarly flawed. Despite the author apparently being aware that the first confirmed instance of a complete system of DEB was in France – the correct date is offered in the article – she asserts that it first emerged in Italy. She also asserts that it was perfected by the merchants of Venice, something for which we have no evidence at all, though there is circumstantial evidence that the bilateral form of presentation originated in Venice. Poetic licence creeps in with the quoted statement that “... all entries in the Ledger have to be double entries...” Pacioli never used this term; and the printing press was certainly not ‘new’ in 1494.

So, not an auspicious start, and the Bloomberg editorial that preceded the article (and was presumably based on publicity material relating to the book or on a reading of the book) is similarly lacking in accuracy. Double entry was not “first codified by... Pacioli”: Benedetto Cotrugli did so 36 years before Pacioli published his treatise. Pacioli is remembered today as the man who was the catalyst for the development of algebra in the 16<sup>th</sup> century as much, if not more, than he is known as the ‘father of accounting’. He was a better mathematician than Leonardo da Vinci, who is not renowned for his mathematical knowledge. Pacioli’s *Summa Arithmetica* was not the first printed book to explain Hindu-Arabic arithmetic. Algebra was not an offshoot of Hindu-Arabic arithmetic – Euclid was writing about algebra over a millennium before Hindu-Arabic numerals first appeared in Europe. Take these errors away and we are left with very little substance. The last two sections of the article rehearse some of the interesting topics from her book. At times they are more journalistic than academic but they represent an interesting perspective that merits following-up by reading her book.

We all start somewhere, but I do feel we all need to be careful about speaking too loudly about things that have not been sufficiently researched. Doing so threatens to create an illusion of authority akin to that of Wikipedia. It is difficult to convince

someone who has found a source that looks credible that it is, in fact, significantly flawed and, at times, downright misleading. The waters of history are murky enough without their being muddied in this way.

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