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ACCOUNTING IN AN ENGLISH MEDIEVAL ABBEY

By

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We often tend to think of ourselves as discoverers, as innovators, as inventors. Yet, occasionally, our admiration of our achievements is tempered, when we become aware of the truth, or at least, a partial truth, in the adage of the ancient sage that "There is nothing new under the sun."

For example, we may admire our ability to develop an accounting system which will bring together a multiplicity of complex transactions and, our additional ability to reduce this complexity to a series of relatively simple financial reports. However, a study of accounting history reveals surprising sophistication in the methods of our forebears.

To illustrate this thesis, let us consider the accounting problems for an abbey, a monastery, one of the prominent social institutions of the middle ages, a center for many activities: religious, social, cultural and economic. More specifically, let us center on the activities of a relatively large abbey near the coast of southern England, Beaulieu Abbey in the year 1269. The activities of this abbey would not seem strange to some of our modern rancher-oilman-financier entrepreneurs of South Texas. The modern rancher-farmer may have, in addition to his agricultural activities, some oil and/or gas interests, some financial interest in the local bank, etc. Most of these activities, and more were familiar to the monks governing a large medieval abbey.

An abbey—as a place where men sought to isolate themselves and give praise to God by work and prayer—usually started out simply enough. A small band of monks with vows of poverty, celibacy, and obedience, given a tract of apparently useless land, drained and cleared the land, erected a church, their living quarters, a variety of workshops and barns, cultivated the land, and prayed. With the passage of time, by dint of hard work by the monks, by the grace of God, and frequently by the grace of kings and nobles, as well, the abbey could prosper and grow. Just as in the sixteenth century, many lands and properties were

expropriated by the crown, taken from monks and clergy who had fallen from the king's good favor, and given to newly created nobles, so in an earlier era, lands and properties belonging to nobles who had fallen into disfavor with the king were confiscated and frequently donated to churchmen—bishops and abbots, for example—as benefices or endowments, and, probably, with the hope and expectation that the churchmen would remember to pray for the soul of the generous donor.

These properties were often at some distance from the central abbey—at times in excess of one hundred miles, a considerable distance in the thirteenth century—and in a variety of conditions. Thus, in one instance, a manor, complete with residential buildings, granaries, shops, herds, and surrounding lands might be bestowed on the abbey. Or cleared land without any man-made structures might be donated. At still another time, forest land could be given as a gift. The land, however acquired, was used for crops, stock-raising, forestry or simply rented.

Monks from monasteries and abbeys situated close to the sea brought in fish to provide variety in their regular diet or the diet prescribed by religious canons. Here, again, the almost incidental fishing might expand into a fishing fleet, a fishing industry.

While the monastery might flourish and increase its worldly goods, it did not usually or as readily acquire an adequate supply of low cost labor in the form of volunteers—monk-recruits—seeking the spiritual goods of another world. Thus, the monastery administrators had to hire labor—permanent as well as seasonal—and being forced to deal with workers not under the vow of obedience, found themselves faced with the labor problems of any modern manager: payrolls, fringe-benefits, work slowdowns and even strikes.

One of the ideals of the monastery was that it be self-sustaining to as great an extent as possible. Thus, it had its own

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farms, its own herds, its own craftsmen: fullers, millers, brewers, bakers, carpenters, blacksmiths, masons, etc. An abbey might operate stores where it sold some of its produce (grain, flour, and wool), but some produce was taken to market towns. Such products as were needed, or desired, but which were unavailable locally—spices, iron, salt, for example—were brought to the monastery from the towns. These trips to market required a transportation system: horses, wagons, carts, drivers. Further, transportation was necessary to deliver bread, beer, grain or flour, meat and other products to monks and workers living miles distant from the central abbey and to bring some of the produce to the central abbey which served as a kind of entrepot.

The abbey, being a center of civilization in an otherwise wilderness area, became the guest center, the inn, the caravansary, whatever you will, for many travelers, or at times simply a place for a religious retreat for the nobility, traveling hierarchy, or others.

Thus, the abbey, with all of its local and distant departmental operations, engaged in farming, stock-raising, land-renting, forestry, milling, selling, buying, manufacturing, taxing, tithing, establishing fairs, transportation, hotel-keeping and, at times, financing select clients. The treasurers and administrators were faced with a complexity of activities which would make even a modern day CPA shudder and wince. Had the abbey been subject to taxation, it would have required a staff of tax accountants to assuage the probable implacable demands of a 13th century IRS.

How did the monk-managers control all these conglomerate, or perhaps home-office and branch, operations? Through an information system, which however primitive, however dictatorial, must nevertheless be admired. Beaulieu Abbey in southern England, according to its account book, received reports from about 80 distinct departments. The Brother, or Father, Treasurer of the Abbey provided the functionaries, branch or factory managers, in charge of each of these 80 departments with a set of twelve rules, or guidelines (the monastic equivalent of generally accepted accounting principles, GAAP). The rules dictated the frequency and the content of the reports, the manner of valuation and measurement of inventories, and the basic format of the reports.

Rule 1 required quarterly reports: at Christmas, at Easter, on the feast of the

Nativity of St. John the Baptist (late June) and an annual report at Michaelmas, September 29. Rule 2 specified accounting for receivables and payables, a primitive accrual basis accounting, in effect. Other rules, inasmuch as they specified which monies could be spent or not spent, required the creation of what we would now refer to as expendable and non-expendable funds.

Some of the rules referred more to financing problems than to accounting problems. Rule 4, for example, required that if a department manager had incurred expenditures in excess of receipts during the fiscal period, then the excess of expenditures had to be paid before new expenditures for assets or expenses could be made.

Rule 5 stated: "Certain prices that the officials are to use are reckoned in the tables." The tables might be considered as analogous to standard cost sheets but without provision for analysis of variances: one gave the prices to be used for inventory and other asset valuation, the other was a listing of the amount of wages to be paid for differing types of labor.

A carcass from a cow or a bull was to be reckoned as valued at six shillings, while a calf's carcass was valued at only two shillings. Lambskins and sheepskins were valued at a penny.

In the listing of values for certain commodities, we detect a class, or social, structure at odds with the expected ideal of egalitarianism that "all men are brothers." For we find differing prices for various grades of bread and beer. The highest quality beer, reserved for the religious at the monastery, and visiting dignitaries, perhaps reflecting a philosophy that the best is none too good for the Brothers and Fathers, was valued at 16 shillings a tun. Beer for the working Brothers and others on the farm was only worth 10 shillings a tun, while beer for the hired help (part of their fringe-benefits) and ordinary guests, was valued at only six shillings and nine pence.

In brief, salt, grains of various kinds, spices, hides, iron, wax, breads (4 grades) and a large assortment of other products each had a specified value.

The Abbey Treasurer also served, unilaterally, as the chairman of the management-labor group and provided departments with a wage-scale dictating the amount of wages to be paid for specified jobs: herder, harvester, carpenter, brewer, and so on.

While the reports themselves were structured, they were basically written re-

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ports and gave ample opportunity to the managers to express themselves. Each report had two basic divisions: one for reporting money and money changes, one for reporting quantities and changes in quantities of assets: inventories, buildings, herds, and other assets. Shades of funds flow!

The length of the reports varied. Some department managers were the soul of brevity and their reports fill a page or two; others labored over their explanations and filled page after page.

The basic structure of the cash report was this: the cash balance at the start of the period, a report of receipts, a report of expenditures and the balance on hand at the end of the period. Inasmuch as receivables and payables were also reported, we see a rudimentary cash-accrual basis accounting. Revenues which had to be reported by source were, in reality, usually receipts from all sources: from sales of the departments, from gifts, and from other sources.

"Expenses," expenditures really, were divided into several categories: necessary and unnecessary. Primary operational costs of the department were the expenditures usually listed under "necessary" expenses, although we find that some capital costs—construction of new, or expansion of old, buildings, barns, and dams—are also listed under expenditures.

A second category of expenses, unnecessary expenses, contains many items which we would call "overhead" today. In this latter category we find the monks reporting some odd items which reflect, again, the social and cultural life of the times as well as some of the personal feelings of the monks. For instance, several monks reported as unnecessary expense the amounts paid to the abbot to help him defray his travel costs when he made his occasional visits. The attitude of those monks differs little from many twentieth century religious who feel that too much money and time is wasted on travel by the latter-day counterparts of the thirteenth century abbot. One monk reported as unnecessary what appears to have been a bribe paid to an ecclesiastical court, feeling perhaps, that the monks should have had a greater spirit of faith, a greater trust in God, to pray rather than pay for a favorable decision.

Other items listed as unnecessary were the cost of feeding Lady Eleanor's dogs (Eleanor of Castile who became the Queen of Edward III), entertainment of the king and/or members of the king's court, hospitality extended to peripatetic

clergy, hierarchy and other social dignitaries, medieval abbey

All departmental reports, varying as to quantity of detail, were sent to the abbey where the treasurer, or his surrogate, totaled the reports. Evidently the clerks in the sundry departments were not all equally well versed in arithmetic for their totals do not always equal the sum of the parts. The status of the abbey and its operations were reported to its "general chapter" (a body somewhat analogous to a board of directors in today's corporation) by the Abbey council (a group analogous to our present-day executive committee).

To sum up: the concepts of funds flow, accrual basis accounting, departmental operations, standard costs, a set of accounts, a uniform system, generally dictated (if not necessarily accepted) accounting principles, branch operation, even a crude double-entry system—all these existed, at least germinally, 700 years ago.

If you are gifted with patience, read *The Account Book of Beaulieu Abbey* published by the Royal Historical Society, London. It's tedious and difficult, written as it is in a colloquial Latin, an admixture of classical Latin, latinized Anglo-Saxon and Old French.

Even a rough translation of the book, however, exudes a charm and yields, as well, a touch of humor.

(Editor's Note: This paper was presented at the Southwestern Regional Meeting in Houston but was not included in the Proceedings.)

PROFILE — FOOTNOTES

¹This and many other facts contained herein were obtained from an obituary to Major Jerome Lee Nicholson, *The Pace Student* X, No. 2. (January 1925): 27-8.

²J. Lee Nicholson in his opening address to a conference in Buffalo, in 1919, that he called for the purpose of considering the feasibility of organizing an independent association of cost accountants.

³As quoted in: Sowell, Ellis Mast, *The Evolution of the Theories and Techniques of Standard Costs* (University: The University of Alabama Press, 1973), p. 74. "Review of J. Lee Nicholson's *Factory Organization and Costs*," *The Journal of Accountancy*, VIII (July 1909): 222.

⁴Chatfield, Michael, *A History of Accounting Thought*, Rev. ed., (N.Y.: Robert E. Krieger Publ. Co., 1977): 168.

⁵Major Jerome Lee Nicholson, *The Pace Student*.

⁶National Association of Cost Accountants, *Yearbook 1920*, (N.Y.: J. J. Little and Ives Co., 1921): 6.

⁷Major Jerome Lee Nicholson, *The Pace Student*.