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# Early Nineteenth Century Accounting by an Adolescent Merchant

Laurie J. Henry
*Old Dominion University*

Michael E. Bitter
*Stetson University*

Historical Perspective

# Early Nineteenth Century Accounting by an Adolescent Merchant

Laurie J. Henry and Michael E. Bitter

In the United States (U.S.) in the eighteenth and early nineteenth centuries, current accounting practice was "rooted in the seaport cities" (Previts & Merino, 1998]. During this period of mercantile capitalism, trade from U.S. seaports with the British Empire, France, and other countries was undertaken in slow sea-going vessels. Trading ventures of this time required a great deal of capital to support the long-term nature of the enterprises and was generally conducted by several merchants pooling their capital, or with vessels freighting for more than one merchant per voyage (Costa, 1992; Previts & Merino 1998). Such complex business processes conducted over an extended period of time required a means of control and communication of business activities to satisfy all parties to the venture and maintain continued partner relationships. Thus, a necessary condition for seaport merchants undertaking such ventures was the maintenance of detailed record keeping in double entry accounting with accurate calculations of profit and loss (Previts & Merino, 1998). Double entry accounting was simply a tool to keep the businessman informed of his and his partners' gross profit margin, and solvency (Lee, 1975). Aspiring businessmen of this time learned the much required double entry accounting in one of two ways: through the study of accounting textbooks of the period, or through rigorous apprenticeships in merchant counting houses (Previts & Merino, 1998; Previts & Sheldahl, 1977).

Laurie J. Henry, PhD, CPA, CGFM, is an associate professor of accounting, in the Department of Accounting, College of Business and Public Administration, Old Dominion University, Norfolk, VA 23529-0229.

Michael E. Bitter, Ph.D., CPA, is a professor of accounting, in the School of Business Administration, M.E. Rinker, Sr. Institute of Tax and Accountancy, Stetson University, Deland, FL 32723.

If Previts and Merino (1998) are correct regarding the importance of double entry accounting and reporting to the U.S. seaboard merchants of the 18th and 19th centuries, an examination of the account books of a seaport trading merchant of that time should show detailed record keeping and calculations of profit and loss, as well as subsequent reporting of such information to all parties to the venture. Of even more interest, would be the account books of a seaport merchant who dealt first in small business transactions and eventually undertook more complicated trading ventures. Such a career path to a successful early trading career was undertaken by John Myers of Norfolk, Virginia, beginning in 1800 when he was twelve years old. An examination of his account books from 1800 to 1804 shows an evolution over time from the recording of simple financial transactions in double entry format with no distinction between personal and business affairs, to the detailed accounting and reporting for increasingly complex business dealings with his trading partners. Although his record keeping shows that Myers did not advance the practice of double entry accounting, his use of such a system allowed him to determine his profit and loss on his various ventures, and repeat or expand those business transactions that were successful. Thus double entry accounting allowed a twelve year old to become a prosperous merchant during an era of unrest in global trade for the U.S. Additionally, Myers' account books give us insight into the society and unsettled economic period that prevailed in Norfolk at that time and allow us to learn more about the world in which the accounting records were created (Vollmers & Bay, 2001).

This article will first offer a brief description of the Federalist period of U.S. history and the Myers family business in Norfolk, Virginia, as well as a review of John Myers' business career and his accounting training. This is followed by details of the young Myers' actual accounting entries to his books of record and his reporting to his trading partners. Finally, conclusions as to Myers' development over time as an accountant and businessman, as well as what his accounts reflect of Norfolk society and economy at the time, will be presented.

## The U.S. Federalist Period and the Myers' Family Business

The establishment of the Myers family business in Norfolk, Virginia, came at a time when the fledgling U.S. was establishing both its internal federal authority and foreign relations with world powers. Norfolk had been burned during the American Revolution and had quickly rebuilt so that it could resume overseas trade. Norfolk traded with both Britain and France, but also with Germany, Holland, Russia, and Southern Europe, and by 1785 had resumed its position as a major export location for the South (Wertenbaker & Schlegel, 1962).

After the Revolution, U.S. owned vessels were banned from British ports, including the West Indies, so much of the U.S. trade was with France and her West Indies colonies. Trade with the British West Indies did continue in British owned vessels and in U.S. vessels which were allowed in port if they were "in distress." With the French Revolution and the rise of Napoleon, France and Britain began a series of wars that directly impacted U.S. foreign relations and overseas trade over a twenty year period (Bailey, 1968; Morison, 1965; Morison et al., 1969; Wertenbaker & Schlegel, 1962).

It was during this period, 1787, Moses Myers, a merchant of New York, emigrated to the southern seaport city of Norfolk. At the time of Moses Myers arrival, Norfolk boasted a population of approximately 3,000 (Wertenbaker & Schlegel 1962). Two months after arriving in Norfolk, Moses' first son, John, was born (Burak, 1954; Costa, 1992; Stern, 1958). Moses Myers established a trading business, and went on to become one of the wealthiest businessmen in the city (Burak, 1954; Costa, 1992; Stern, 1958).

By 1791, Moses' import-export trade had prospered to the point that he could buy property and build a brick, Federalist style home in an affluent area of Norfolk. Over the next several years, Moses speculated in real estate, served as the French agent in Norfolk, became a Common Council member, and partnered with William Pennock in a counting house (Burak, 1954).

In 1800, the year John entered the Myers's business at the age of twelve and began his own merchant business, France and Britain negotiated a peace treaty that caused trade with the U.S. to drop temporarily (Bailey, 1968; Morison, 1965; Morison et al., 1969; Schlesinger & Fox, 1944; Wertenbaker & Schlegel 1962).

The 1800 peace between Britain and France ruined many seaboard merchants as trading declined, and privateers continued seizing U.S. ships and cargoes. Despite the seizure of Myers's ships the Moses Myers by the French in 1800 and the Argus by the British in 1801, Moses maintained his business by conducting an active trade in the French West Indies through residents of the islands, and by drawing cash from his former partner in New York, Isaac Moses (Burak, 1954; Costa, 1992; Parramore et al., 1994). In point of fact, Moses expanded his trading by joining with Richard Bowen and Richard Drummond to form a ship chandlery (Parramore et al., 1994).

A crop failure in Britain in late 1800, increased the demand for U.S. produce in Britain and her colonies, and U.S. trade rebounded (Bailey, 1968; Morison, 1965; Morison et al., 1969). Norfolk's population in that year was approximately 7,000 inhabitants of which eighty-one identified themselves as merchants in the city census (Lamb, 1888; Simmons, 1801). The city shipped exports of $4 million and handled 356 ship entries in 1800 (Lamb, 1888; Wertenbaker & Schlegel 1962). The importance of trade to the city is observed in Simmon's Norfolk Directory (1801) which includes wharfage rates by good, storage rates by good, tare weights by good, standard shipping measures, ship duties and taxes, stamp duties (on notes, insurance, bills of lading, stock certificates), custom house fees, pilot rates on adjacent rivers, and tides.

Norfolk sustained amazing business growth with the port's ship entries slightly exceeding those of the port of New York in 1800 (Wertenbaker & Schlegel, 1962). Merchants were not only the wealthiest people in Norfolk, but also the most influential. Professionals and sea captains, likewise, made a tremendous impact on the growth and personality of the city, as did the numerous and varied artisans residing there (Paramore et al., 1994; Wertenbaker & Schlegel, 1962).

By 1803, Britain and France were at war again. Both countries ordered the seizure of vessels trading with their enemies. At the peak of hostilities, 200 U.S. vessels a year were being seized. Prices on U.S. goods overseas were high, and freight rates for foreign goods carried in U.S. ships were steep; therefore, U.S. merchant vessels took incredible chances to reap the profits that trading ventures could offer (Bailey, 1968; Morison, 1965; Morison et al., 1969; Parramore et al., 1994; Schlesinger & Fox, 1944).

In this same year, Norfolk's population had increased to 10,000 and its port was handling 350 to 480 ship entries a year between 1803 and 1807, and exports of $5 million to $7 million (Lamb, 1888).

It was during this unsettled economic period that young John Myers learned the accounting and business skills that would bring him to both prominence and eventually failure as a merchant.

## John Myers

**Business Career**

Moses Myers brought John into the Myers family business in 1800, the year of John's twelfth birthday. John's first books of account from 1800 to 1804, a ledger, a journal, and a waste book), however, reflect the personal business transactions the youth undertook as a businessman separate from the Myers's business. The account books and business correspondence from that period show that the young man immediately took on the accounting for several simple trading ventures in the French West Indies. Within two years, at the age of fourteen, his transactions increased in number and complexity as John began conducting trading ventures in the U.S. and overseas. His early commitment to his record keeping and correspondence suggested John would make a prudent businessman, however, some accounting entries hint at a potential for speculation that may have been an omen of his future behavior.

At a young age, John Myers undertook projects as both a merchant middleman and as a commission merchant. Merchant middlemen paid for goods when they were bought from the European dealer or in some cases arranged for credit with the dealer, to be paid when the merchant sold the goods. Profit or loss resulted from the merchant's ability to find a purchaser offering a good price. European merchants who did not want to sell their goods at a set price to U.S. importers utilized commission merchants to get better prices. Commission merchants often obtained a cash advance from a finance company, scoured overseas markets for goods and prices, and then took client orders. The commission merchant sold to these clients on credit of from four to six months, paying the European merchant with the cash advance from the finance company. Commission merchants were responsible for arranging shipping, warehousing, and insurance on such shipments. Sometimes, the commission merchant was called upon to buy or sell securities or specie for others, or to draw, endorse, accept or sell bills of exchange at a 22 percent commission (Schlesinger and Fox, 1944; Woodman, 1968).

By the age of fifteen, John Myers was regularly conducting ventures in conjunction with several other Norfolk merchants. John and Moses often undertook joint ventures, and, frequently, John joined in ventures with ship's captains and businesses outside the Norfolk area. This allowed a very young man with few resources to undertake business enterprises that could increase his capital and allow expansion of his business interests. Such activities however, required more diligence in accounting for transactions over an extended period of time and the reporting of profit and loss to all parties concerned with the ventures.

By 1809, at the age of twenty-one, John had become a full partner with his father in a mercantile store, a counting house, and an import-export business in Norfolk (Costa & Stewart; Stern 1958). At that time, John embarked on an extended trip to Great Britain to further the family business in Europe, returning to Norfolk in 1811. John relocated to Baltimore, Maryland, another seaport city, in 1815 and established a branch of the Myers's import-export business (Costa & Stewart; Stern 1958).

In 1818, John's extensive dealings in the Panama area, despite his father's warnings not to do so, overextended the Baltimore branch of the business. This, coupled with several profit-less trading ventures and a failing national economy, drove the Myers family into bankruptcy in 1819. In 1820, now thirty-two years of age, John Myers was briefly incarcerated in the Debtor's Prison in Norfolk until trustees negotiated a settlement with the family's creditors. John subsequently withdrew from the family's business dealings and died in 1830, at the age of forty-two (Burak, 1954; Costa & Stewart).

**Accounting Training**

As knowledge of double entry accounting was a necessary prerequisite for a U.S. businessman to be successful during the Federalist era, training in the keeping of accounts was of two types: apprenticeship to a merchant or in a counting house, or instruction from an accounting textbook (Previts and Merino, 1998; Previts & Sheldahl, 1977). John Myers had the benefit of both methods of training, as well as immediate access to a prosperous businessman, Moses Myers.

**The Counting House**. John Myers's business and bookkeeping training came at Pennock and Myers Counting House located on Newton's Wharf in the center of Norfolk's wharf district. It has been estimated that in 1794, Myers and Pennock handled fifteen percent of Norfolk's total export business (Parramore et al., 1994). Therefore, John received ample exposure to a variety of accounting transactions. During this period, Norfolk merchants were considered less than ethical, with a reputation for exports of poor quality or short measure (Parramore et al., 1994).

This was not true of Pennock and Myers, and may account for their business success. William S. Forrest declared that the partnership of Moses Myers and William Pennock:

> possessed in an eminent degree what may be called the chivalry of the commercial character, and displayed in bearing a dignity and grace which looked infinitely beyond an ignoble rivalry and the tricks of the trade. One may look even now in the Northern cities to find the counterpart of the counting rooms of Pennock & Myers, in the meridian of your commercial renown (Forrest, 1853, p. 116).

It was in this business philosophy that John Myers was instructed and conducted his early trading affairs.

**The textbook**. In the Myers family's extensive collection of books and sheet music were volumes 1 and 2 of *The Universal Dictionary of Trade and Commerce* by Malachy Postlethwayt (1757). As this was the only book in the collection containing a detailed discussion of the double-entry method of accounting and pencil marks were in these tracts, it is assumed that the *Dictionary* served as John's textbook for referencing double entry accounting for trading ventures. This text is similar to that of Hugh Oldcastle's English translation of Pacioli's accounting treatise (Chatfield, 1977; Coomber, 1956).

Postlethwayt's discussions under "Account or "ccompt," "Books," "Debtor and Creditor," and "Mercantile "ccountantship" provided a wealth of business information and examples of financial transactions and accounting entries. The author's detailed rules and examples for debiting and crediting transactions to the journal and ledger included seven examples for money received in various types of transactions, eight for money paid, seven for merchandise bought or received, four for merchandise acquired by barter, two for bargain purchases, four for goods shipped overseas, five for goods sold, two for charges, two for abatements, two for assignments and consignments, three for bills of exchange, five for dealings by partners, twelve to close the ledger accounts, and fifty-five similar entries for company partnerships and voyages (Postlethwayt, 1757). Postlethwayt's (1757) very specific directions for posting to a double entry ledger contained rules that are still taught in basic accounting today: that every entry must have a debit and credit, that debits must equal credits, and that entries may have one debit and several credits or several debits and one credit.

The Postlethwayt text called for a waste or day book, with a journal and ledger to be kept in double entry form. There were also "subservient books" that provided details for running a business; one such book contained a copy of all correspondence. The first step in the accounting process was to take an inventory of assets, and debts due and owed and enter them in the waste book (Postlethwayt, 1757). John's first entry on February 9, 1800, was for $3 cash, possibly given him by his father to establish his equity in the business. No other assets or liabilities were recorded at that time.

Postlethwayt (1757) required that all transactions be recorded in the waste or day book (also called a memorial or memorandum book) as they occurred with a lengthy description of the transaction, and the terms and conditions of payment. Within a reasonable period of time, these transactions were recorded in the journal with the date, a debtor and a creditor, amounts, and ledger folios appearing in the margin. Journal entries were in narrative form with all items received or the receiver owing to all things delivered or the deliverer in the form "wine debtor to cash." Postlethwayt (1757) specifically stated that the word debtor be expressly named, while the word creditor be implied. The entry should include information on quantity, quality, and how payment would be made. John's journal entries appeared in this recommended format, one in common usage in the eighteenth century, A is debtor to B (the creditor) or, in John's shorthand, A Dr. to B (Littleton, 1933; Postlethwayt, 1757).

The transactions were then carried to the ledger which had two pages opposite each other for each account. The left side of the page was the debtor or debit and the right side of the page, labeled Per Contra, was the creditor or credit (Postlethwayt, 1757). Each entry included the date, the account one credited or are credited by, a folio referencing the journal page, and the amount. John again used the format recommended in the text, one in common usage in the eighteenth century. Debits appeared as "To" the account name to which they were indebted, and credits appeared as "By" the account name from which they were credited (Littleton, 1933; Postlethwayt, 1757). John carefully check marked each journal entry folio as he posted it to the ledger.

The text notes that the ledger contained an account for cash, and an account for each main good dealt in, person dealt with, or each venture. Purchases were debited directly to the goods or ventures, and sales were credited directly to the goods or ventures. The final balance of these accounts was profit or loss. The ledger contained an extraordinary expense account for items outside the ventures that affected overall profit and loss. A profit and loss account, capital or stock account, and balance account should also appear in the ledger as these were necessary to close the books. Profit or loss from the goods or venture accounts, and extraordinary expenses were transferred to the profit and loss account when the venture was completed, a new ledger was started, or annually. The profit and loss account was then transferred to the capital or stock account. The balance account was used only when an old ledger was ended and a new ledger started. A trial balance was prepared periodically to assure that debits equal credits (Postlethwayt, 1757). John utilized the accounts that Postlethwayt recommended, but called his extraordinary expense account "general expences." When a trading "adventure" was completed, John closed the adventure account to the profit and loss account, and then closed the profit and loss account to his stock account as described in the text. A balance account appeared on the last page of his ledger when John closed the ledger and transferred the balances to a new ledger covering the period 1805 to 1808.

**The correspondence**. Moses taught John that a successful businessman must be meticulous in his correspondence. Much of what is known of the Myers family and their businesses come from copies of Moses' extensive correspondence with friends, family, politicians, and businessmen throughout the U.S., West Indies, and Europe. As his father did, John kept duplicate copies of all his letters and invoices in a correspondence book, as well as duplicate copies of invoices filed by date with the appropriate incoming correspondence and business documents for each of his adventures. He also often made notations in his waste book from the correspondence.

## John Myers's Account Books and Correspondence 1800-1804

True to the recommendations of Postlethwayt's Universal Dictionary (1757), John Myers kept three account books: a waste or day book, a journal, and a ledger. The form of each book of account closely followed the examples depicted in the *Dictionary* (Postlethwayt, 1757). All of John's entries were in U.S. dollars.

A chronological study of the books of account showed that Myers's transactions began with simple cash purchases and sales. Over time, his activities changedto complicated, long-term ventures with several partners and overseas agents involved. As John's business became more sophisticated, his accounting and documentation of the ventures became more detailed to assure that all parties to the transactions received an accurate reporting of their profits or losses. To aid the reader in seeing the evolution of John's transactions from very basic to more complex, the books of account are described on a yearly basis.

The Books in 1800

John Myers's first entry in his waste book, and subsequently to his journal, was dated February 9, 1800, seven months before he became thirteen years old, for $3.25 cash he invested in his business. His next entry recorded the disposition of the funds for the purchase of 1,000 shingles. On March 20, 1800, John recorded the sale of the shingles in Martinique for $14.

This success inspired him to repeat the transaction several months later. This time for 3,000 shingles costing $10 plus $ .75 for insurance, for which he realized $29 on May 14. On May 19, John lent the $29 to his father, Moses, who repaid him $29.35 two days later. The 35 cents of interest was promptly credited to "profit & loss." These journal entries were dutifully posted to the ledger as instructed by Postlethwayt (1757

Throughout 1800, John's other major business transactions were with various Norfolk businessmen captured in an account labeled "Fann." The authors initially believed that the dealings involved the hire of a seaman named Farr listed in the 1800 Norfolk census (Simmons, 1801). In Moses Myers's correspondence of the period, however, several letters noted the hiring of "lighters and fans" (flat-bottomed barges) to offload and load ships in the port of Norfolk. John arranged for barges to load and unload ships for .75¢ per day and split the revenues with the fan owner. These dealings netted John a profit of $8.872 , an exact splitting of the fees.

John's co-mingling of business and personal expenses was seen in two journal entries where General Expenses were debited and Cash was credited for amounts of less than one dollar. The explanation with the entries simply stated "pd. for sundries."

A close reading of John's entries in his first year of business showed that his comprehension of accounting was, in some ways, imperfect. He understood, for instance, that he made a profit on the two shingles adventures to Martinique by closing the two accounts to Profit and Loss. The sale of a horse in August, however, was recorded with a debit to Cash and a credit to "Gen'l Expences" for $38. If John followed Postlethwayt's instructions to prepare an inventory of his assets when he started in business (Postlethwayt, 1757), his records should show a horse that could be sold, but this was not the case. No record of the horse existed before the entry for the sale. It appears that John's use of "General Expences" was the "extraordinary expense" account described in Postlethwayt (1757) for recording items outside of business ventures.

John did prepare a hurried trial balance on occasion to check if his debits equaled his credits. A trial balance scratched in a margin of his ledger as of December 31, 1800, showed cash of $62.85, receivables on various dealings of $28.37½, liabilities of $10.12½, Owner's equity of $4.50, profit from business ventures of $38.22½ , and profit on "General Expences" or from extraordinary items of $38.37½. The $1.25 increase in John's beginning equity of $3.25 was the result of a second cash investment by John in June of 1800.

If the credit balance in the General Expenses, resulting mostly from the sale of the horse, was added to the balance in the Profit and Loss account, John's profit for his first year in business at the age of thirteen amounted to $76.60 on an investment of $4.50.

**The Books in 1801**

In 1801, at the age of thirteen, John's business dealings became more numerous and a bit more complicated. He continued arranging for "fann" to load and unload ships, and his books reflect the collection of cash for this service. In April, John entered his first trading partnership, joining with his father Moses and his younger brother Samuel in the shipping and selling of flour to Jamaica. Myers carefully accounted for both his and his brother's profit of $1.372 each.

On October 12, 1801, John undertook a more involved business transaction when he acquired twenty-four boxes of china from "D&J Moses of New York," David and Joshua Moses, for $132. This debt to D&J Moses was settled by a draft from Moses Myers in November as John did not yet have an account with the bank. On October 31, he sold twelve boxes of china to Talbott Godwin for $144 and received 9,600 Barrel Staves at $15 per hundred in a barter exchange. John recorded the sale of the merchandise and the receipt of the lumber, than sold the barrel staves to his father for $160, a profit of $16. The remaining twelve boxes of china were sold throughout 1801 and 1802 at various prices carefully recorded in his accounting records. John received a total of $257 for the twenty-four boxes of china, making a profit of $125.

This business transaction provides insight into Norfolk society at the time. Barrel staves were a common Virginia export to the West Indies for use in the rum and molasses trade. Moses Myers conducted trade regularly in the Indies consequently his purchase of the bartered barrel staves should not be surprising. With the growth of Norfolk's port, many of its citizens, particularly merchants and ships' captains, prospered and wished to display their wealth by building impressive homes containing stylish fixtures and furniture (Wertenbaker & Schlegel, 1962). Accordingly, John's decision to deal in china, although somewhat speculative, paid a handsome profit. Yamey (2000) noted that a businessman's success at this time depended on "acquiring and interpreting market intelligence," foreseeing "changes in market conditions," and luck.

Throughout 1801, in addition to china and staves, John dealt in penknives, various kinds of cloth, and "Bushells Pease" (peas). Such merchandise was useful to customers of any economic status. John's co-mingling of personal and business dealings is still apparent in an entry for the purchase of a gold watch on June 4, 1801, for $35, which was debited to "General Expence." No sale was recorded for the watch so it must be assumed that the timepiece was for personal use.

**The Books in 1802**

In 1802, when he was fourteen, John opened an account with the Office of Discounts and Deposit, or the Bank of the United States, and began issuing his own checks. He made cash deposits to the Bank approximately every other.

Along with his existing enterprises, John undertook his first project as a commission agent for D&J Moses of New York earning $8.95 in commission. As this was a more complicated transaction requiring "outside" reporting to the owners of the goods, Myers was extremely diligent in his record keeping. An example of his record-keeping was the following account he rendered to D&J Moses in a letter dated December 9, 1802:

Sales of Sundries received of the Sloop Maryann, Capt. Addison by order and for account and risque of Mess. D & J Moses Merchants New York -

| Date | Purchasers | | |
|---|---|---|---|
| Dec 17 | Wm B Lamb | 1 piece muslin | 9.07 |
| Sept 1 | Wm B Lamb | 20 pieces calico - net proceeds of auction sales | 133.58 |
| Oct 25 | Ditto | 8 pieces cloth | 172.30 |
| Cash rec'd for 2 pieces of silk, | | 20 yds in a piece @ 21.50 | 43.00 |
| | | | 357.95 |

| Charges | | |
|---|---|---|
| Freight from N York | $2.50 | |
| Cartage | .50 | |
| Commission on 348.88 @ 2 2% | 8.95 | 11.95 |
| Nett Proceeds | Dollars | 346.00 |

Errors Excepted, Norfolk, December 7, 1802

William Lamb, John's major purchaser for the shipment, was a prosperous merchant and auctioneer in Norfolk (Simmons, 1806). Journal entries detailed these transactions over a period of one year. As the date of the sales in the accounting rendered to D&J Moses did not correspond to the date of the cash receipts recorded in his journal, it appears that John had begun extending credit to his customers.

A second engagement as a commission agent in 1802 involved John collecting wharfages for Newton's Wharf in Norfolk for which he received a five percent commission. With Norfolk's ever increasing port traffic, this proved to be lucrative work earning John $55.33.

In 1802, John's books reflected his first loss on a business venture. In November 1801, John acquired twenty-two gross of corks for $11.25 and shipped them to Cape Francois in the French West Indies. Corks were a useful item in the West Indies rum trade so this should have been a profitable dealing. Whether the ship was lost at sea or seized by privateers cannot be ascertained, but in October, 1802, John recorded a "loss on Adventure to Cape Francois" for the $11.25.

**The Books of 1803 and 1804**

During 1803 and 1804, John's activities as a commission agent increased as he represented the following merchants: D&J Moses of New York, Samuel Abrams, R.W. Flour (Captain Richard Wade), R.W. Whiskey, and Newton's Wharf of Norfolk. These endeavors netted him commissions of $97.51 which were duly recorded to John's commission account.

During this time, John dealt in lard, nails, butter, and coffee, but much of his business involved the sale of rum for Captain Richard Wade, one of Moses Myers's ship captains. In May 1803, John recorded his first short term bills receivable for flour, but most of these 60 day notes were associated with his rum sales. It should be noted that these rum sales were not to the citizens of Norfolk for their consumption, but rather to ship captains, ship owners, or merchants who conducted overseas trade. This is evidence of the increasing importance of shipping to Norfolk's prosperity at this time.

On May 31, 1803, John's journal records his first investment in stock of $50 for ten shares of the Marine Insurance Company. In August of 1804, he sold the stock to his sister, Adeline, for $72.50 and recorded the gain of $22.50 to profit and loss. A second investment in stock occurred in May 1804. John acquired six shares of Bank of Virginia stock for $150. In July, he sold four shares of the stock to his father, Moses, for $100 with no profit or loss. In December, he sold his remaining two shares for $57 to someone named Macandlish, and booked his $7 gain to profit and loss. No other stock dealings appear in the books.

In October 1804, John booked another loss of $121.75 on a business venture he conducted with Norfolk grocer, Lewis Laperouse. In November 1802, the partners hired the schooner Batchelor to transport corn on the rivers of Virginia. What became of the ship or its cargo was unclear, as John stated only that there was a "loss on adventure."

By 1803, Norfolk was experiencing immense prosperity and growth, and overseas trading ventures offered a chance for immense profits (Bailey, 1968; Morison, 1965; Morison et al., 1969; Parramore et al., 1994; Schlesinger and Fox, 1944). Late in this year, at the age of sixteen, John undertook his first middleman partnership with his father and Wils & Co. of Amsterdam in the purchase and sale of merchandise. As a result, his business transactions, the entries to record them, and the reporting to his partners become more complex.

In November 1803, John bought four hogsheads of coffee at $835.45, six bales of cotton at $290.89, 6,000 pounds of tobacco stems at $60, and ten boxes of "Segars" (cigars) at $50 on credit for a total of $1,236.34. This significant investment in merchandise was accounted for in his ledger in "Adventure to Amsterdam No. 1" as were the $2.25 in charges related to the shipping of the outbound goods. At the time of the purchase, John recorded his first Bills Payable for the cost of the merchandise and bought insurance on the shipment. The notes were for sixty, ninety, and one hundred eighty days at three percent interest. His partnership in the venture entitled him to forty percent of the profit. He split his forty percent partnership on the venture with Moses M. Derkheim, the master of the ship Gosport. John kept the records for the outbound adventure and carefully debited and credited Derkheim's account for his half of all the transactions, although John was inaccurate in the spelling of his partner's name. The merchandise was shipped to Amsterdam on the Gosport, where it was received and sold by Wils & Co.

To create an invoice and bill of lading for the outbound goods, Myers initially compiled information on his purchases for the venture at the bottom of the November 1803 page in the waste book. John prepared the invoice and bill of lading on November 6 and entrusted the documents to Captain Derkheim to deliver to Wils & Co. in Amsterdam to be used for duty clearances. A copy of the invoice and bill of lading were in his correspondence file under Amsterdam No. 1, and a second copy of the documents, as well as his letter of conveyance to Moses Derkheim were recorded in his correspondence book. His letter to Captain Derkheim showed the youthful arrogance of a sixteen year old as he reminded the veteran sea captain to dispose of the goods at the best prices available and to obtain insurance for the return shipment at a reasonable rate. In the post script to the letter, John recommended the purchase of $500 to %600 of well-appointed baskets; $10 to $15 of marbles, slates, and quills; gingham; gin, and a few pieces of Haerlin lace, suggesting that he had a knowledge of the products that would sell well in the Norfolk area.

Wils & Co. sent John an itemized accounting of the sales of the goods for $3,424.16 in March 1804. The coffee sold for $2,090.08, the cotton for $773, the tobacco stems for $441.08, and the cigars for $120. John filed the correspondence from Wils & Co. under Amsterdam No. 1, but also recorded their accounting in his waste book under March 1, 1804. John and Derkheim's share of the outbound venture amounted to $1,369.60. Hence the sales resulted in a profit of approximately $131 for the two partners.

With the money from the sales, a three page invoice from Wils & Co. showed they bought several cases of glassware, boxes of slates, pencils, quills, pipes, casks of marbles, pipes of gin, barrels of linseed oil, and rolls of carpet for a total of $3,722.70 for the Gosport's return voyage. John and Derkheim's cost for their portion of the goods was accounted for under "Adventure to Amsterdam No. 1" for $1,480.80. John accounted for the subsequent sales or barter transactions of the inbound goods to nine different customers under "Sales Gosport No. 1." Using Simmons' *Norfolk Directory* (1806), the purchasers of the goods were determined to all be Norfolk merchants. Whether the goods were bought for personal use or for resale cannot be determined from John's records.

John's correspondence book contained a copy of the detail of the $1, 886.58 in sales given to Moses Derkheim in December 1804. John's share of the profit on all these purchases and sales amounted to $213.51, recorded on December 27, 1804.

Since his first adventure to Amsterdam had proved profitable, in 1804, John entered into a second merchant middleman partnership with his father and Wils & Co. for forty percent, and again went into partnership with Moses Derkheim, the master of the Gosport, whose name was now correctly spelled in John's accounts. On June 10, 1804, John prepared an invoice totaling $1,525.25 for eleven bales of cotton at $450.90, twenty-two bags of triage (broken coffee beans) at $354.75, and twenty-two bags of coffee at $719.60 shipped to Amsterdam and accounted for under "Adventure to Amsterdam No. 2." Again, he purchases insurance for the goods.

Wils & Co. sent an itemized accounting of the $4,070.04 in sales of the goods to John in August 1804. Wils received $2,735 for the coffee, and $1335.40 for the cotton. John filed the correspondence and recorded the information in his waste book. John and Derkheim's share of the outbound venture amounted to $1,628.08. Hence the sales resulted in a profit of approximately $103 for the two partners.

On the return voyage Wils & Co.'s two page invoice indicates they purchased inbound goods of glassware, barrels of linseed oil, crates of sundry baskets, and cases of checks (gingham). John's share of the bill for these goods came to $1,082.12 or twenty percent, recorded on October 19, 1804 under "Adventure to Amsterdam No. 2."

The sales of the inbound goods were recorded in the account "Sales Ship Gosport No. 2" between November 1 and December 15 and amount to $3,140.49 for the two partners. John's accounting for the inbound venture recognized the credit period extended on many of the sales. As with the previous venture, the goods were purchased by Norfolk merchants. John's share of the profit on these sales was $473.46 and was recorded on December 27, 1804.

As the journal and waste book were nearly full, on December 31, 1804, John scribbled the following balance sheet in his waste book to determine the entries to close his journal and begin a new one.

| | |
|---|---|
| | Debits |
| Merchandise for Gain on hand | 245.00 |
| Bills receiv for notes do (ditto) | 1,525.85 |
| M Myers for due by him | 199.34 |
| Off of Discount do (ditto) | 242.20 |
| Cash acct on hand | 114.45 |
| | 2,327.04 |
| | Credits |
| E Chamberlain due him (sea captain) | 85.21 |
| M Durkheim do (ditto) | 1,178.58 |
| | 1,263.79 |

The balances agreed with his ledger accounts. After crossing out several different amounts, he made the last journal entry to Profit & Loss for profit of $1,093.25. Regrettably, his math was in error, overstating his profit by $30.00, as his equity was actually $1,063.25 at the end of 1804. Fortunately, the error was corrected in his first entry in his new journal. For four years of business, the increase in owner's equity by $1,060 on John's initial investment of $3.25 is impressive for a sixteen year old merchant.

## Conclusion

Previts and Merino's (1998) argument that U.S. double entry accounting in the eighteenth and nineteenth centuries was "rooted in the seaport cities" can be readily observed in John Myers's first books of account kept from 1800 to 1804 in the seaport of Norfolk, Virginia.

John's first year of business, at the age of twelve, involved simple cash purchases and sales recorded in a waste book, journal and ledger. Over the next two years, Myers became involved in small trading partnerships, took on more complicated business transactions including barter and notes, and acted as a commission merchant for merchants not located in Norfolk. John's training in a Norfolk counting house and the availability of Postlethwayt's Dictionary (1757) allowed him to account in double entry form and calculate his profit and loss for these increasingly complicated business dealings.

Of note was the combining of personal expenses with business expenses in John's earliest accounting records, and his occasional speculations that resulted in losses. These items suggest a degree of recklessness that may explain his bankruptcy in his early thirties.

In 1803 and 1804, at the age of fifteen, John Myers began undertaking overseas trading ventures as a merchant middleman with several business partners. This required his most detailed record keeping to date, as well as meticulous reporting of the ventures to his partners if such partnerships were to continue. John's entries to his books of account and reports recorded in his correspondence book for these two years readily support Previts and Merino's (1998) observation regarding accounting in U.S. seaport cities of this time.

The merchandise and services John Myers dealt in reflect an astute understanding of the needs of Norfolk society and its economy at the time. In his early years, he arranged the loading and unloading of ships for those merchants in need of such services. As time went on, John provided luxury goods to the wealthier residents of the city during a period of explosive growth and economic prosperity, yet he also dealt in goods that customers of modest means could afford. Further, he furnished much needed ship's provisions to the ever increasing traffic in the port. With his knowledge of the local economy and the information provided in his accounting records, John Myers, by the age of sixteen, was able to take advantage of a variety of commercial opportunities and increase his business equity by $1,060 an initial investment of $3.25.

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