1 Historical Overview of Accounting Information Systems

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Abstract. In this chapter, we provide a broad overview of accounting history commencing from 8000 BC, when simple tokens recorded evidence on transactions, through the ancient civilizations, where clay and papyrus were used, to the invention of the first printing press in the fifteenth century to modern times. We focus on how accounting philosophy developed to take into account legal, competitive, and especially technological changes in the environment. From the development of the Abacus in around 3000 BC to present day sophisticated accounting software, we discuss how accounting has changed and adapted to environmental needs.

1.1 Introduction

Accounting can be defined as a discipline, which at a particular point in time, encompasses a body of ideas, a number of conventions, a set of available tools/techniques, and a variety of actual practices (Boyns and Edwards, 1997). Since it communicates financial information, accounting is often called the language of business. Accounting has been in recorded existence since at least 2000 BC when the ancient Roman, Greek, Indian,
and Egyptian civilizations began trading. In these highly sophisticated ancient civilizations, both traders and the ruling dynasties governing the country engaged in commercial transactions. John Alexander in *History of Accounting* noted that an accounting of the transaction was needed to protect all parties involved in the transaction. The earliest "intelligence techniques" in accounting were characterized by recorded transactions in clay and papyrus and systems of checks and balances to ensure that the records were accurate and could be verified. Early records indicate that the ancient Romans also developed their own elaborate system of checks and balances to account for receipt and payment of money.

In discussing the emergence of accounting, we characterize the different eras into ancient times, pre-renaissance, renaissance, industrial age, and information age. We discuss the environment in each of these eras, the technology prevalent in those times, and how a combination of environmental and technological changes impacted the development of accounting to adequately meet the information needs of both outsiders (investors, creditors, and suppliers) and insiders within the company (managers or owner managers).

### 1.2 A Brief Historical Overview of Accounting

#### 1.2.1 Ancient Era (Commencing 8000 BC)

Accounting may have been in existence since the very birth of civilization. If we trace our roots back into the mists of history, ancient Jericho founded around 8000 BC could be considered to be the first "city." The first accounting records can be traced back to this time. Trading in the form of barter took place in this Dead sea site. The first records amounted to simple tokens (see Fig. 1.1).

![Fig. 1.1. Clayball and its content of tokens representing 7 units of oil, from Uruk, present day Iraq, ca. 3300 B.C. (Source: Schmandt-Besserat, 2002)](image)

These included clayballs of various shapes (oval, circular, etc) that represented specific goods, such as cattle and other livestock and agricultural