

A history of professional accounting societies in St Petersburg

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Abstract

This article deals with the history of the public accountancy movement in St Petersburg, Russia, and covers the period from its origins at the end of the nineteenth century up to the present day. It describes the activities of the professional associations and their contribution to the development of the profession and accounting theory and historical research. The article provides a detailed analysis of the structure of these associations, the procedure for their formation, membership rules and financing framework. Russian accounting societies are categorised according to three types: academic, trade-union-based and professional. It is shown that, despite continued and multiple efforts, no genuinely professional organisation has ever really evolved in Russia. Rather than constituting a profession, the accounting occupation is characterised as a group of persons united as an interest group or club.

Keywords

accounting education, accounting in Russia, F. Ezerskiy, Luca Pacioli, N. Blatov, professional societies, trade union club, triple system, Y. Sokolov

Introduction

For a long time, professionals in various fields of specialisation have sought to strengthen the reputation and status of their occupation by establishing societies and associations with the aim of popularising and sharing best practices, educating the young, excluding amateurs, and securing rights and material work conditions. Exploring how such associations were organised and operated in the area of accounting is important because it enables researchers not only to track the interrelationships and origins of national studies in various areas of the discipline, but also to identify the reasons why the accounting profession has evolved in a certain way.

The history of professional societies in Russia derives without any doubt from Russian history as a whole. The first accounting societies were created in St Petersburg at the end of the 1880s, during an industrial boom under the reign of Tsar Alexander III. The absence of democratic liberties and the tsarist bureaucracy of that era significantly hindered the development of all social

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organisations, the bylaws of which had to be approved by various government ministries; in the case of accountants, the Ministry of Finance. Also, although such societies were not subordinate to governmental institutions and were independent from the state, they were created under the control of the state. For that reason, the number of accounting societies was very limited. This period continued from the first Russian revolution (1905–1907) until the fall of the Russian Empire in 1917. The Manifesto on the Improvement of the State Order of 17 October 1905, which is known as the first Russian constitution, proclaimed freedom of speech, assembly and press. The result was a boom in the creation of professional societies and accountants' trade unions all over Russia, with many issuing their own journals in order to develop their ideas. St Petersburg was Russia's capital until 1918. As such, it was the centre of all state institutions, and therefore the biggest accounting societies were located there.

Following the 1917 revolution, all existing societies were liquidated. During the Soviet period, as in former times, it was compulsory for all societies to be registered with the state or state-controlled organisations. The Bolsheviks transferred all state institutions to Moscow, and St Petersburg reverted to being a large, educated, but nevertheless provincial city. The result was the relocation of all accounting societies to Moscow. While their activity is of interest, it is beyond the scope of the present article. Yet the need to unify accountants in the former Imperial capital, with its several million inhabitants, was still a reality. It was achieved soon after the Second World War in 1946, when demobilised soldiers who had been accountants in civilian life returned home. At that time, the Soviet regime was busy with the reconstruction of the economy and did not hinder the establishment of unions of professionals, which declared their objectives to be the pursuit of narrow specialised or scientific questions, acting under the control of state trade unions.

Russian accounting societies can be categorised according to three types: academic, trade-union-based and professional. Small societies, as a rule, had only one area of focus. Large societies attempted to develop in all areas, one of which tended to predominate. The first type discussed accounting methodology and sought to spread their ideas, on the basis that such ideas are the important determinant of the status of the profession. That is, the development of an accounting theory should be the main objective of accountants and such theory should provide the basis for accounting regulations. The second type of society was dedicated to promoting the corporate interests of the profession: securing high salaries, social status, legal protection, etc. Trade unions of different sorts were created in order to achieve these goals. The third type comprised professional societies that declared that the functions of the first two types should not be separated. Achievement of high social status is impossible without regulations developed by representatives of the profession. They possess the theoretical and practical knowledge that is unavailable to dilettantes; and they have well-developed ethical norms, which in turn will prevent them from using unethical methods to support their own high status in society. The honest and genuine fulfilment by accountants of their professional duties protects the rights of the society which they serve. It is because of this honest service by professionals that they should achieve a high social status and prosperity. The history of the shifting priorities among St Petersburg's accounting community will be described further in the course of this article.

Economic and social causes for the appearance of accountants' associations

The appearance of double-entry accounting in Russia is linked to the reforms of Peter the Great during the 1720s. The first accounting textbook in Russian (a translation of *Clavis Commercii: Or The Key of Commerce: Shewing, the True Method of Keeping Merchants Books*, by John Hawkins) was published in 1783. However, the development of the accounting profession in Russia started

only after Tsar Alexander II's reforms, including the abolition of serfdom (1861), the liberalisation of education and the independence of universities (1863), the creation of an independent judiciary (1864), changes in the system of regional (1864) and municipal (1870) administration, reduction of the term of military service from 25 to 6 years, changes in the system of supplying, administering and financing the army (1874), and reforms in public education (1863). The result of these reforms was not only economic growth, which naturally led to an increase in the total number of accountants in the country, but also a continuous increase in the number of publications concerning accounting and accounting education. The number of business schools with accounting courses more than doubled (from three in 1800 to eight by the end of the nineteenth century, each of which enrolled approximately 500 students). The increase in the number of accountants and advances in their training, as well as the appearance of original (i.e. not translated) accounting literature, made this professional movement possible.

The first accounting societies were formed by enthusiasts encouraged by social improvements in the post-reform era. Because of their academic background, their main interests lay in popularisation and educational objectives and they undertook the task of creating a profession. However, the characteristics of Russian society hindered the creation of professional institutions. The registration process was complicated. The bylaws of any society had to be approved by the Ministry of Finance, which involved lengthy bureaucratic procedures. This is why societies tried to recruit influential civil servants and members of the Tsar's court to serve on their boards. All accountants were employees. Attempts to create independent accounting firms had no success.

The liberalisation of political life that followed the 1905 revolution did not change the structure of the economy. It remained monopolistic and, to a great extent, was controlled by the state. The situation of accountants who were employees as well as those who were civil servants in state companies did not change. Moreover, Russia had been characterised throughout its history by a significant imbalance, which partly had a class nature, between chief accountants and other accounting personnel. The first could hold high state ranks and among the presidents of accounting societies, many held the rank of state general. Their education and lifestyle had nothing in common with rank-and-file accountants.

This structure of accounting societies continued after the revolution. Soviet society in many aspects reproduced the structural hierarchy of tsarist society. Bureaucratic barriers became even stronger than under the tsars, while ideological requirements were added to the usual red tape. Registration of societies became even more difficult than in pre-revolutionary Russia. It was considered that, in a socialist state, one organisation for each type of activity was enough. One trade union for miners, one union for writers, one composers' union, etc.; all were directed by the Communist Party. Chief accountants belonged to the elite Soviet *nomenklatura* class, living separately from ordinary accountants (not only enjoying different salary levels but also different product supply, housing, holidays and other privileges). And, of course, no independent accounting firms could exist, as all accountants worked for salaries in state or quasi-state (agricultural and trade cooperatives) companies.

The first accounting societies

The Artel (Guild) of Accountants, the first Russian accounting society, represented a union of graduates of the accounting training courses of Feodor Ezersky (1836–1916), who worked to spread his “triple entry” approach to accounting. Ezersky, the author of more than 140 books and multiple articles in magazines and newspapers, and a born gentleman, started his career as a controller in the Ministry of War, where he organised and revised the accounting system. He summarised his experience in a paper, published in 1855, titled “Estimation of foodstuffs, food allowances

and fodder for all households from 1 to 1,000,000 people and horses per day". In 1867, he left public service and moved to Dresden, Germany, where he studied accounting for two years (Dmitriev, 2003: 136–138). As a result, he created a new system of accounting, which was first mentioned in *Moscow Vedomosti* of 28 March 1870 in an article titled "Russian Triple System". Three years later, in the introduction to his book *Theory of Trade Accounting Under the New System*, the author wrote that his system was the fruit of 18 years of intense labour. In 1873, Ezersky returned to St Petersburg and started actively promoting his idea in Russia, issuing one book after another on the triple system of accounting.

Ezersky developed and promoted this approach as opposed to the double-entry Italian accounting treatment, which he criticised. He believed that double-entry accounting "can only be characterised as, or called, a thieves' system. This is neither literary nor civil, but it is truthful" (Ezersky, 1883: 33). He called his proposed accounting approach a "Russian" approach out of a feeling of patriotism and by analogy with the Italian, German, French, English and American treatments; the name "triple" came from the triple design of accounting books. His opponents soon noted, however, that he was talking only about a new form of the same double accounting treatment rather than a completely new accounting system.

Ezersky's critique of double entry accounting was obviously taken from ET Jones (1767–1833)¹ and is linked to his dislike of Italian terminology. In place of the Italian system, he proposed a Russian one. He developed an order of records and accounting books which received a diploma at the Charleroi Congress in 1912 (Bailey, 1982: 20). In addition to his theoretical views, Ezersky also had business interests. He developed his own system in order to obtain a monopoly over accountant training in Russia. This he could not achieve, however.

Ezersky favoured the American accounting form, the classic version of which stipulates five accounts: money, debtors, assets, creditors and capital. In the Russian accounting system, settlement accounts were combined with the capital account and increased by the amount of payables and decreased by the amount of receivables. The capital balance reflected the financial result at any moment in time. Ezersky, unlike his opponents in the West, consistently advocated the cash basis. He criticised Italian accounting and contrasted it to his idea that "the double-entry system requires having the same in expense and in receipt, expense should be equal to receipt, while the triple-entry system requires that there should be receipt and expense and something should be left for the owner" (Ezersky, 1909: 2). Ezersky insisted that there were fundamental differences between these systems: (1) external – in the number of books; (2) internal – in the number of columns in the books; and (3) qualitative – accuracy features. Ezersky notes the following weaknesses in the double-entry accounting system: (1) imperfect terminology, as a result of which loss (debit) is called receipt, and profit (credit) called expense; (2) use of "dummy" accounts in accounting for one's own funds; (3) accounting is artificially divided into "dead" (general ledger accounts) and "live" (individuals accounts); (4) the financial result can be derived only by means of stock taking and for the expired period of time; and (5) the coincidence of the results in the double-entry system creates the illusion of the correctness of accountants' work. Errors connected with misallocation of amounts and errors in physical terms are also not identified through the double-entry mechanism (Sokolov, 1996: 246).

Ezersky's accounting ideas were unpopular; most accountants rejected them. Therefore, he decided to demonstrate to the profession that accountants trained under his system and applying it ranked higher in the community and their wages or income exceeded that of traditional accountants. With this goal in mind, Ezersky founded the Artel of Accountants, the charter of which was approved by the Ministry of Finance in St Petersburg on 23 June 1887. The stated objectives of the association were to unite accountants and protect their professional interests: employment, support of high salaries, and participation in settling professional and employment issues. The association

did not have any scientific goals, which is why there is only scant information about its activity. It was no accident that the association was called an *artel*, as this Russian word means “cooperative”, thus emphasising that it had a professional rather than an academic purpose. Ezersky’s ideas were not adopted in St Petersburg and the objectives of the Artel remained unrealised. Ezersky transferred his activity to Moscow and in 1892 created the Society of Bookkeepers, as well as accounting courses in which Russian triple entry accounting was taught.

Meanwhile, Ezersky’s opponents established the Society for the Dissemination of Commercial Knowledge, which did gain wide popularity. Its inaugural meeting took place on 18 October 1889. The board, selected at the meeting, comprised 24 people, including four major organisers:

1. Vasily Belov (c. 1830–1910): Belov was a famous economist and liberal public figure close to the Minister of Finance, Sergei Witte, and a member of the court of Grand Duke Alexander Mikhailovich Romanov, the Tsar’s cousin who was married to the sister of Tsar Nikolai II. He was born in the Urals, where his father was a manager of the Demidovs’ metallurgical plants. He studied law at St Petersburg University, and served as a manager in a business that belonged to Pavel Demidov, Prince of San Donato. Belov personally managed debt liquidation subsequent to his patron’s bankruptcy. He then was hired as the authorised representative of the metal manufacturers’ advisory council, which was the position he held at the time the Society was founded. Thanks to his work for the Demidovs, Belov became a hero, though according to one of the most popular novels of the time on Russian capitalism, a negative one. Mamin-Sibiriyak, the author of the novel *Mountain Nest* (1884), a sort of Russian Arthur Hailey, bluntly called him a scoundrel for betraying his liberal ideas in exchange for a profitable post with the Demidovs. Working for the Demidovs, Belov learnt accounting and grew very passionate about it. It was he who, in 1895, called accounting a science for the first time in Russia, saying that “the core of accounting is the principle of equality, not a set of practical techniques” (*Report 1895: 7*). He published numerous articles on different accounting issues, and the Ministry of Finance engaged him in different revisions and expert examinations several times. He left a number of classic papers on the Urals economy, quoted not only by academics, but by Lenin and Trotsky as well.
2. Ivan Hopfenhausen (1832–1910): Hopfenhausen was Chief Accountant of the Mining Department and the first professor of Accounting invited to Russia, whose first lecture took place on 24 October 1891 at the St Petersburg Technological Institute. Hopfenhausen was born in Riga on 27 May 1832 into a merchant’s family. In 1855, he passed an exam to become a home teacher with the Imperial St Petersburg University. He then worked as an accountant at major St Petersburg plants. In 1877, he was seconded to the Urals to study accounting methods at Ural public mining plants. Upon his return, he was appointed chief accountant of the Ministry’s Mining Department. From this position, he was promoted to Councillor of State, which was equal to a brigadier general. Hopfenhausen was one of the founders of the Russian fire service; in this position he was the president of the jury of the fire squad competitions at the 1900 Olympic Games in Paris.
3. Edward Waldenberg (1832–1910): Waldenberg was born in Yelgava (in modern-day Latvia), and came to Moscow in the 1850s or 1860s, where he served as a bookkeeper. After his son Vladimir, who became one of the most well-known Russian Byzantine scholars, was born, he moved to St Petersburg and in 1874 began teaching courses on accounting and bookkeeping, which lasted for almost 20 years, until his death. He is considered to be the first Russian accounting historian. He translated Luca Pacioli’s *Tractate* from German.

4. Adolf Wolf (1854–1920): Wolf was a publisher and the editor of the first Russian accounting journal *Schetovodstvo* (Accounting) (1888–1904). He also served on the Society's board and *Schetovodstvo* itself became the official journal of the Society. Wolf was a member of the Bolognese Academy of Accountants; a full member of the National Society of Italian Accountants; and a corresponding member of the Collegium of Urbino Accountants and the Institute of Dutch Accountants. He worked in a state bank and upon retirement established the Accounting Office, the first professional accounting firm in Russia. Wolf collected an excellent library of accounting papers published in the nineteenth century in Italian, French and Catalan. He was on friendly terms with Belov and, after the latter's death, held various accounting positions at enterprises where Belov had previously worked.

Society members were divided into honorary members, fellows, competing members and correspondents. Honorary members were elected at a general meeting from among people with a prominent record of service to developing commerce and commercial education. At various times, honorary members included Minister of Finance Sergei Witte (1849–1915), and others. Fellows could be people with commercial education or at least three years of practical experience. Any Moscow or St Petersburg resident who supported the Society's goals could become a competing (supporting) member; correspondent members included people living in Russia's regions and who corresponded with the Society. The membership fee was significant: the lump sum payment upon joining the Society was RUB 3, while annual payments for fellows totalled RUB 12 and RUB 20 for competing (supporting) members. To become a life member of the Society, a person had to pay a lump sum of RUB 120 (fellows) or RUB 200² (competing members). The Society founded an intermediary committee and mutual benefit/assistance department.

The Society's patron was Grand Duke Alexander Mikhailovich Romanov (1866–1933), the founder of Russian military aviation and a brother-in-law of Tsar Nikolai II. One of the fellows was the Great Prayer and Protector of Russia, His Reverence and God-bearing Father Seraphim Vyritsky (lay name: Vasilij Muravyov [1866–1949]). St Seraphim joined the Society in 1895, when he entered Higher Commercial Courses conducted by the Society. He graduated in 1897. The knowledge he gained there helped St Seraphim to become one of the capital city's five largest fur traders before he entered a monastery in 1920.

The objectives of the Society for the Dissemination of Commercial Knowledge were outlined in the Charter as follows: (1) facilitate the promulgation of theoretical and practical knowledge of trade among commercial experts; (2) provide networking conditions for commercial experts; and (3) encourage the further development of such experts in the professional field they selected by engaging them on a permanent or temporary basis (Lvova, 2005: 50). The Charter was amended several times afterwards. The first amendments were approved in 1895. From this point on, scientific activities became the main objective of the Society (*Essay*, 1899: 5).

The following tools were used to reach the Society's goals:

- 1) courses on major subjects required for specialists in the commercial, trading and industrial areas;
- 2) lectures both on specific major issues of certain scientific fields and within systematic courses in key sciences (financial law, political economy, commercial law, etc.); and
- 3) reports and information on various commercial issues along with their discussions and the ideas exchanged. (*Report*, 1899: 20)

To carry out these activities, the Society set up specific divisions and departments

Preparation of specialists was the main goal of the Society for the Dissemination of Commercial Knowledge. According to the founder of the Society, E Waldenberg, on the day of the official opening (15 November 1889) the first thing that was done "after a regular mass and welcome speech"

was opening courses on subjects required for specialists in the commercial, trading and industrial areas. These comprised “courses of three foreign languages, accounting, commercial arithmetic, stenography and calligraphy” (Waldenberg, 1893: 8). From 1889, these courses were supervised by the Ministry of Education for the St Petersburg Educational District; in 1896 the Department of Commerce and Manufacturing of the Ministry of Finance assumed this function (*Essay*, 1899: 24).

Educational functions at the Society were regulated by the Education Department, which was charged with searching for lecturers, analysing the curricula of subjects taught as part of courses and lecture cycles, and discussing educational matters (*Essay*, 1899: 17). The first course curator was E Waldenberg. He was replaced by Vasily Belov in 1892, who was later replaced by Ivan Hopfenhausen in 1895 (*Essay*, 1899: 23). Society members could attend systematic courses for free, which was a good incentive for many to join the Society. It is noteworthy that among the course attendants during 1898 to 1899 were 19 women. In the first 10 years after the foundation of the Society, 1,027 people attended its courses (*Essay*, 1899: 26, 31).

Accounting courses were the most popular and their arrangement was therefore the main area of focus. In 1896–1897, two programmes were designed: an annual programme for attendants who could devote their time to education, and a two-year programme (2–3 hours per week) (*Essay*, 1899: 27). In 1899, following the initiative of Eustache Sivers (1852–1917), a Society member and accounting professor at several institutions supervised by the Ministry of Finance, another course was introduced. The Society launched a programme for future accounting teachers in commercial institutions of the Ministry of Finance (*Essay*, 1899: 29). In 1903, this programme was modified into commercial courses aimed at providing education at the level of commercial schools (*Report*, 1905: 9). In addition to systematic courses, the Society arranged regular public lectures.

Another important activity of the Society was assisting its members in finding new jobs. To fulfil that function, a reference division functioned during the first years. The division collected information on accounting job vacancies and CVs. The division was initially headed by E Holzhausen, who was replaced by P Gorst in 1892. After the Society was reorganised in 1896, the reference division was rearranged into an Intermediary Committee. The setting up of the structural division was initiated in 1895, after Ivan Hopfenhausen made a report on Germany societies that support private office service providers (*Essay*, 1899: 9). The Intermediary Committee “was not responsible for recommending candidates for new job vacancies”, but was only functioning as “an impartial intermediary between arrangements in the commercial, trading and industrial areas and individuals seeking their services” (*Essay*, 1899: 10). All the relations between the parties were documented. For these purposes, special application templates and other forms were developed. All the services were free of charge. Anyone could apply to the Committee, but preference was given to Society members (*Essay*, 1899: 9–12).

The Discussion and Information Division played the most important role in the Society’s operations. The purpose of the division was to give members an opportunity to “broadly share their ideas on various commercial issues, both in terms of practice and theory” (*Essay*, 1899: 7). The Discussion and Information Division was responsible for arranging meetings and commissioning reports. The number of meetings and the subject matters discussed were completely defined by the preferences of the Society members. Members could place their questions and requested topics into a special box in the Society’s office. In addition, members could send requests with issues they were willing to discuss to the head of the Discussion and Information Division. At their meetings, the Division discussed issues related to four major areas. In Figure 1³ these areas are divided into groups according to the number of meetings.

The Society’s activities included the organisation of lectures and readings as well as weekly discussions, which took place from 1 September to 1 May. The discussions covered the role of accounting among other sciences, as well as the rights and duties of accountants, and accounting history.

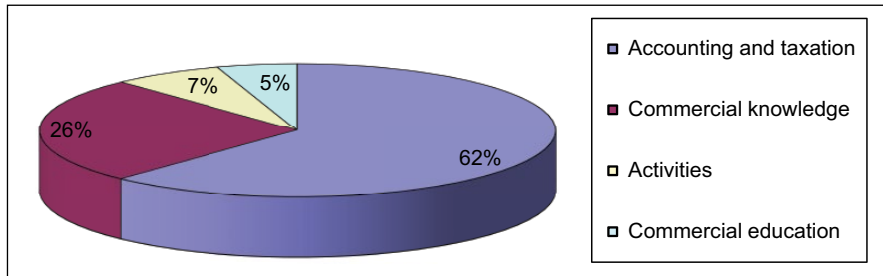


Figure 1. The meetings of the Discussion and Information Division classified by subject matter

Much time was devoted to condemning the triple bookkeeping system of Ezersky, which Belov called a “harmful error”. Hopfenhausen delivered a cycle of lectures on industrial accounting.

The celebration of the 400th anniversary of Luca Pacioli’s book played an important role in popularising the accounting profession. The anniversary meeting was held on 18 December 1894 at the premises of the St Petersburg City Credit Society. Edward Waldenberg (1836–1895), translator of Pacioli’s *De Computis et Scripturis*, delivered a report on Pacioli’s life and work. The report was such a success that those present asked him to repeat it several days later in German for those accountants who did not know Russian well, which represented quite a number of people at that time. Wolf, Belov and Hopfenhausen gave speeches at the anniversary celebration. The latter suggested setting up a relief fund for low-income bookkeepers, and their widows and orphans. The charity fund idea was widely supported by those present.

In addition, a banquet held at the Medved (The Bear) restaurant was a great success, with 150 guests in attendance.

The first toast to the health of His Majesty, the Emperor, proposed by Mr. Sabanin,⁴ was greeted enthusiastically with a round of cheers and hoorays. There were also toasts to the well-being of society, the development of commercial knowledge, the Ministry of Finance, the Director of the Department of Trade and Manufacture, deputies, the vice-chairman, speakers, and guests, etc. (*Schetovodstvo*, 1895: 352)

Activation of social movements after the 1905 revolution

After the first Russian revolution (1905–1907), which suppressed administrative barriers to the registration of societies, societies of accountants became more active. In 1907, Eustache Sivers, accounting teacher, author of popular textbooks and an active member of the Society for the Dissemination of Commercial Knowledge, founded the Russian Accounting Society of Mutual Assistance. Sivers became famous in Russia as the founder of exchange accounting theory, the essence of which was that the base of double-entry accounting was the exchange of assets. The meaning given by Sivers to exchange in the formation of double-entry accounting led him to the conclusion that double-entry accounting was the basic rule of accounting, that is, in this case, he considered double-entry to be a natural law similar to Newton’s law of gravitation. The statement that exchange is the cause of double-entry accounting led to the conclusion that the balance sheet is the consequence of accounts. This, in turn, led to the independence of the balance sheet from inventory and on the homogeneity of the meaning of debit and credit in each account (theory of one series of account). This theory aroused interest in studying the nature of accounts.

The Russian Accounting Society of Mutual Assistance was established for the purpose of developing and disseminating theoretical and practical commercial knowledge, helping to employ the

Society's members and supporting their families (in cash or in kind) (*Charter*, 1907: 1). Throughout its history, the Society had from 115 to 190 members. Membership in the Society was open to males and females of any nationality. However, the following categories of people were not eligible for membership in the Society: (1) people under age, except for those with class ranking; (2) students of educational institutions, except for those enrolled in the Society's commercial courses; (3) lower military ranks; (4) those deprived of their rights in court (in full or in part); and (5) those expelled from the Society for violation of the Charter or Instructions, improper conduct, behaviour unbecoming to the Society's standing or improper or malevolent performance of work (*Charter*, 1907: 8–9, 15, 17).

The members of the Russian Accounting Society of Mutual Assistance were divided into founding members, honoured members, full members and associate members. To be assigned to a particular group, the Society's members had to meet specific requirements. The founding members included those members who signed the Society's draft Charter when it was being established and who made equity contributions before 31 August 1907. Full member status was only available to those individuals who had been recommended by at least two members of the Society, and associate member status was available for those individuals participating in the Society's activities by contributing papers and who corresponded with the Society's members. Honoured members were selected from those individuals who supported the Society by providing large donations or papers. This category also included those who provided distinguished service aimed at the development of commercial knowledge and dissemination of commercial education. The Society's members paid fees. Annual fees for full members were RUB 12, and RUB 8 for associate members. The Society's Charter provided the option to become a life member of the Society by making two payments for a total amount of RUB 325 (*Charter*, 1907: 9–10).

Unlike the Society for Dissemination of Commercial Knowledge, which mainly consisted of well-known businessmen and accountants of major enterprises, the Siviers Society mainly consisted of representatives of commercial educational institutions. Thus, it is no coincidence that Siviers named the Society's magazine *Kommercheskoe obrazovanie* (Commercial Education) (1908–1916). Until 1913, Siviers was its editor, and was then succeeded by Nikolai Blatov.

Nikolai Blatov (1875–1942) graduated from the St Petersburg Teacher's Institute and later from the Physical and Mathematical Faculty of St Petersburg University. In autumn 1898, Blatov moved to Tiflis (now Tbilisi, the capital of Georgia) and started teaching in the Alexandrov Teacher's Institute of Tiflis Commercial College and Trade School; he then turned to journalism. In 1902, Blatov started studying accounting and in 1903 he passed the examination of the Special Qualification Commission with the Educational Department of the Ministry of Finance for the right to teach accounting and calculation in any educational institution. Upon his return to St Petersburg, he became a teacher at the Petrovsky Commercial College. After the 1917 revolution, Blatov started teaching at the Petrograd Institute of National Economy and at the end of 1922 he became a professor. In 1926, he was appointed department chairman. Blatov was the author of numerous textbooks used by the majority of students who studied accounting in St Petersburg up to the Second World War. He died of starvation during the Siege of Leningrad and is buried in a common grave at the Piskarevsky Cemetery. Blatov further developed Siviers' exchange theory. To illustrate the theory, he proposed a model to record various business transactions called Blatov's diagram (Mattessich, 2008: 252).

To carry out its activities, the Society established special departments: the Bookkeeping Department, the Savings and Loan Department, the Department of Responsible Bookkeepers, the Educational Department, the Academic Department and the Administrative Department (*Charter*, 1907: 3). The Accounting Department was established to carry out the assignments of various persons on accounting, as well as conduct inspections and expert analysis (*Charter*, 1907: 5). This

work was performed by Eustache Sivers, Chairman of the Society. The Savings and Loan Department was established to perform the functions of a mutual aid fund to grant lump-sum and monthly allowances, term loans and loans for indefinite terms, to finance the education and raising of the children of Society members, and to render medical assistance to Society members (*Charter*, 1907: 5). Those willing to join the department made monthly contributions to be accumulated on their individual accounts. The contributions paid formed the Society's savings and loan capital, which was deposited in interest-bearing accounts. Throughout its history, the department consisted of 9–12 people (*Reports*, 1907–1916). The Department of Responsible Accountants dealt with the employment of Society members. Those wishing to use the department's services made an additional payment in excess of the membership fee: a lump-sum induction fee of RUB 25; and a lump-sum contribution of RUB 25 upon gaining employment at the department's recommendation with a salary exceeding RUB 1,200 per year. Subsequently, those employed with the help of the department remitted 2 per cent of their salary on a monthly basis to the Society, as well as 5 per cent of any bonus received, and 5 per cent of their pay if the employee was paid on a piece-work basis for their labour (*Charter*, 1907: 10). Over the period from 1907 to 1916, about 82 people were employed with the help of the Department of Responsible Accountants with a total annual income of RUB 107,508 for all those employed (*Report*, 1916: 5).

The Educational Department organised trading classes within a two-year training programme. Nikolai Blatov taught bookkeeping and commercial correspondence in the trading classes, and Sivers' wife taught commercial arithmetic. On average, 36 people were trained annually in the Society's trading classes. From 1907 to 1914, 60 people were awarded two-year training certificates under this programme (*Reports*, 1907–1916). The Academic Department organised the presentation of reports and discussions on accounting, commercial knowledge and education. Over the nine years of the Society's history, the Academic Department organised presentations of 29 reports, which were attended by 34 people, including those who were not Society members, and 37 discussions (attended by 35 people including six non-members). Reports covered one topic, meetings and discussions one to three issues. In total, 81 issues were covered during the discussions organised by the Academic Department. Figure 2 shows the distribution of reports and discussions by topic/issue.

The last department in the scheme reflecting the structure of the Russian Accounting Society of Mutual Assistance was the Administrative Department, which was in charge of organising the Society's activities. It dealt with the Society's property and financial management. It made settlements with Society members and non-members, and was responsible for the accounting, preparation and publication of the Society's financial statements, as well as handling the Society's business correspondence (*Charter*, 1907: 6). According to reports, the Society's financial position was always difficult. Society members had to replenish its working capital through their personal contributions on a regular basis. Sivers, Chairman of the Society, was the most frequent contributor, treating the Society's expenses as his own. Starting from 1911, he made annual contributions of RUB 300 (*Reports*, 1907–1916).

The main reasons for the Society's lack of funds were the expenses of running trading classes and the publication of the Society magazine at a loss. The cost of publishing the magazine was RUB 3,600 annually on average, which exceeded subscription revenue (RUB 905 per year on average), and government subsidies and allowances allocated for these purposes of RUB 1,000 to RUB 2,500 per year. The publication generated a deficit of about RUB 1,700, which was covered by membership fees.

The expulsion of a member from the Russian Accounting Society of Mutual Assistance received wide publicity. The decision to expel Nikolai Khabarov was taken by a majority vote (39 for versus eight against, with five abstaining) at the Society's extraordinary meeting on 17 April 1911. The

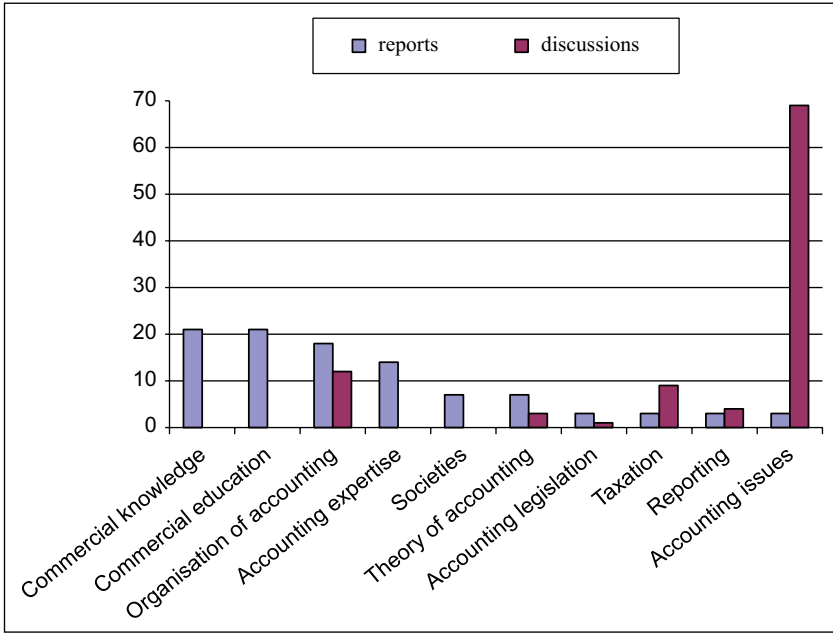


Figure 2. Distribution of reports and discussions of the Academic Department of the Russian Accounting Society of Mutual Assistance by topic (%)

expulsion was motivated by the publication in *Kommercheskiy deyatel (Businessman)* magazine (1911, issues 1 and 2), of which Khabarov was editor, of an article under the pseudonym D Galkin titled “Crisis in the Russian Accounting Society of Mutual Assistance” (Extracts from the Minutes, 1911: 411). The article claimed that the Society’s report and balance sheet were misstated. Moreover, its officers were accused of wasting money and reserve funds, maintaining an imbalance between income and expenses, and making illegal payments of Society funds to certain members, who were public subscribers to *Commercial Education* and located in the Ministry of Trade and Industry. The Society’s Revision (internal audit) Commission was charged with covering up illegal Council decisions and violations of the Society’s Charter. The article called the Society “an all-Russian platform for delivering a training course on various manipulations to misstate the actual situation in reports and violate the charter to promote a criminal technique while its content was made the responsibility of the government and persons interested in science as such”. After considering the controversial article at the extraordinary meeting, Society members deemed it to be slanderous and, in addition to expelling Khabarov, voted to file slander charges against the magazine editor and the author, who it was later revealed was none other than Khabarov himself (Extracts from the Minutes, 1911: 410–411). The lawsuit was heard in district court on 26 March 1914. The court ruled that the claims of the Russian Accounting Society of Mutual Assistance were fair and sentenced the editor of *Kommercheskiy deyatel* to two months’ imprisonment.

Both societies, representing the old and new St Petersburg schools of accounting, were similar in many respects, although their membership profiles were different. They were constantly in contact with each other and their differences were due largely to their financial sources: fees from large companies and support from educational institutions. Both societies had in common the fact that they were fully academic. Support for the profession was never obvious, although it was mentioned in the charter.

Trade union experience

As a result of the 1905 revolution in Russia, formerly forbidden trade unions were permitted to operate. The Clerks and Accountants Trade Union, created on 13 October 1905, was among the first to appear. Because it was founded by revolutionaries, it was a highly politicised organisation and remained under the control of the Social Democratic Party. The adoption of the Temporary Regulations on Societies and Unions dated 4 March 1906 “authorised the creation of professional societies but transferred them under harassing and watchful police control, attempting to evict from them any class and political struggle (even strikes) and de facto forbidding groupings of trade unions in wider organisations” (Tsitoloukiy, 2011: 67). The trade union was reorganised as a society, even if it continued to bear the name of a union. Instead of one single organisation there appeared numerous local ones: in Moscow, Kazan, Kiev, Kharkhov, Baku and Gomel. Their statuses varied but they all followed a single model. In 1906, the St Petersburg union was reorganised as a society, comprising 2,500 members. The main condition for joining the St Petersburg union was for the prospective member to earn their income mainly from “personal written work”. People employed in administrative functions were not allowed to join (*Zhizn kontorschika*, 1906, No. 2: 4).

In 1905, professional unions formed a common organisation: the Union of Unions. It consisted of unions of professors, engineers, lawyers, physicians, writers, etc., and also unions which considered themselves proletarian. These proletarian unions represented railway workers, clerks, pharmacists and peasants. “It is interesting to note that real workers’ unions refused to join the ‘Union of Unions’. Indeed from their very beginning they had adopted a pure proletarian line of political conduct” (Sverchkov, nd: 19). On 12 October 1905, the Union of Clerks and Accountants chose two representatives, Dmitri Sverchkov (1882–1938) and Simon Zvezdin (Weinstein) (1879–1923), for the St Petersburg Soviet, which was chaired by Leon Trotsky (1879–1940) and Gueorguy Khrustalev (Nosar) (1877–1919). Sverchkov was a famous Bolshevik who first joined the Social Democrats in 1899 and after several arrests left for Switzerland, where he met Lenin. After returning to Russia in 1904, he worked as a clerk and typed the party’s leaflets. During the 1905 revolution, he organised the Clerks and Accountants, Typography Workers and Metallurgical Workers Trade Union. Arrested as one of the leaders of the St Petersburg Soviet, he was exiled to northern Siberia but escaped abroad. In Paris in 1909 he was appointed to the Central Committee of the Social Democratic Party and sent to Moscow, where he was imprisoned and then freed during the 1917 revolution. Subsequently, he worked in the Transportation Commissariat, as a member of the Supreme Court, and as deputy director of the Literary Museum before being executed in 1938. Simon Zvezdin (Weinstein), a Social Democrat, was elected in 1905 by the Clerks and Accountants Trade Union to the St Petersburg Soviet, and served as member of the Executive Committee. Arrested during a meeting of the Soviet, Zvezdin (Weinstein) made a speech to a group of soldiers, urging them to defect to the side of the people. He was sentenced by a court for revolutionary activities and exiled to northern Siberia, from where he escaped. As a consequence, he was arrested once again and escaped one more time. After the 1917 revolution, he joined Lenin’s Bolshevik Party but disagreed with the October Revolution and was then arrested by the Bolsheviks. After a short period of imprisonment, he established the Clerks Trade Union in Moscow and once again was arrested and exiled to Siberia. He emigrated and died in Berlin.

The Clerks Trade Union was reorganised as a society and published the journal *A Clerk’s Life*. The first issue came out on 15 October 1906. The journal was mainly devoted to the struggle for the liberation of Sverchkov and Zvezdin. A court ordered that publication of the journal cease “because of the particular importance of committed criminal acts in the journal”. *The Clerk’s Bulletin* replaced it in 1912.

The trade union movement among Russian accountants ended up being nothing more than a cover for revolutionary activities, which had nothing in common with the interests of the profession and did not develop it any further. Accountants reverted back to their customary types of associations, which dealt mainly with professional and, whenever possible, social questions.

In the Soviet era free trade unions were not allowed. All accountants, engineers and other clerks were distributed among industry trade unions together with workers and junior support staff. Industrial trade unions were quasi-state structures aimed at protecting the social security of workers. They provided medical leave payments, sponsored holiday organisations, and maintained sports and cultural facilities.

Professional movements

Professional societies of Russian accountants were never independently formed. All attempts to create them were made from the top down, rather than from the bottom up by the members themselves. The latter were more likely to be interested in trade union societies. However, the absence of tradition and lack of a corporate spirit rendered any effort either non-viable (pre-revolutionary trade unions) or quasi-state-controlled (Soviet societies). From the top down, attempts to build professional societies were made by academic societies, where the tone was set by officials and professors. This state of affairs has continued to the present day, which is only further evidence of why such structures are necessary in Russian society.

The first group to attempt to create an Institute of Chartered Accountants was the Society for the Dissemination of Commercial Knowledge in 1896. The Institute's charter, which was written by Ivan Hopfenhausen, regulated relations between accountants and employers. If disputes arose, both parties would have the right to resolve them through a district council. Therefore, if an accountant received an illegal order or instruction, he was to immediately inform his superior about it in writing. If his superior approved the initial instruction in writing, the accountant would then carry it out, but would also have the right to submit a sealed statement about the violation to a district council. All court cases on white-collar crimes of accountants were to be heard with the involvement of a representative from the Institute. What is quite remarkable is that both ideas were actually put into practice during the Soviet era. Chief accountants were obligated to inform a superior organisation about transactions that contravened regulations. When courts heard cases of professional accounting offences, they analysed reports by accounting experts, who were staff members of institutes or forensic enquiry bureaus, or accounting theoreticians and practitioners specifically invited to provide their opinion.

Institute membership was graded by three degrees, depending on age and seniority. Third-degree members would be at least 18 years old. Second-degree members were to be at least 21 and to have held third-degree status for a minimum period. First-degree membership was for people who had worked for five years as second-degree accountants and were at least 26 years of age. Only first-degree members could become chief accountants or deputies at entities which were required to submit reports and balance sheets to the Ministry of Finance. Chief accountants at company branches and offices also had to hold first-degree status. At joint-stock companies, chief accountants were to be independent of the administration or management, while at banks, chief accountants were appointed by an annual general meeting or supervisory board. Other accounting positions could be taken only upon approval of a chief accountant. All accountants were to be united into districts headed by a district council consisting of eight people elected by first- and second-degree accountants from among first-degree members for a three-year term. District councils accepted and promoted accountants from one degree to another, arranged necessary exams and swearing in, reviewed professional performance and provided care for sick and elderly members of

the institute and their families. District councils reported to the Main Council of the Ministry of Finance. In addition, the eight elected members of the Main Council included representatives from the ministries of Finance, Agriculture and State Property, Internal Affairs and Justice, as well as the committee of the St Petersburg Stock Exchange. The Main Council developed professional exam programmes, set timetables, reviewed appeals against decisions of district councils, and approved annual budgets (*Schetovodstvo*, 1896: 274–279; 1897: 26–29).

Similar projects were also developed by other major academic societies such as Ezersky's society and the Moscow Accountants Society (Lvova, 2005: 60–79, 90–102). All of these projects included similar bylaws, such as varying degrees of membership from lower third degree to full membership or first category membership (accounting expert status), and confirmed relevant education (compulsory presentation of accounting education certificates) and years of experience. The only difference was that Hopfenhausen's bylaws allowed foreigners to join the Institute.

Thus, all the aforementioned academic societies aspired to establish a genuinely professional system. All of these attempts were made during periods of economic reform (following the reforms of Alexander II; after the 1905 revolution and during the period of Soviet state capitalism and Lenin's New Economic Policy (NEP) in the 1920s).⁵ Similar efforts appeared immediately after the collapse of the Soviet Union and the start of economic reform in modern Russia.

The Soviet era

The 1917 October Revolution and subsequent transfer of the capital to Moscow significantly undermined the social accounting movement in St Petersburg. After the government's departure, St Petersburg was no longer at the centre of major historical events. Nonetheless, life returned to the city under Lenin's NEP. Accounting journals reappeared and new societies were founded. However, this did not influence the accounting life of St Petersburg very much.

The Association of Accounting Employees (sponsored by the Soviet authorities), formed under the supervision of the All-Union Central Council of Trade Unions (1924–1931) and the All-Union Society for Socialist Accounting (1931–1937), received official status as a “monopoly” and was nearly regarded as a “state” organisation. Its activities in the newly renamed Leningrad were limited to criticising traditional accountants and awarding merit certificates to accomplished accountants and innovators in the field. In 1937, once these goals had been achieved, the All-Union Society for Socialist Accounting was closed down and the era of the social accounting movement finally came to an end.

The idea of an independent professional accounting movement did not die out completely, however, thanks to enthusiasts who managed to revive these professional societies, even if these efforts were rather modest. Several industrial organisations in Leningrad were eventually turned into municipal institutions while retaining their industry ties (though mostly through minor financial dependency).

The Leningrad Accountants Club was founded in 1946 by Vyacheslav Dmitrievich Sokolov (1893–1982), a noted scholar of the life and work of Russian accounting pioneer Eustache Sivers. Based at the Palace of Culture and named in honour of the first five-year plan, it gained popularity across Russia. It was run by a union of tradespeople and under the patronage of the Main Trade Department of the Leningrad City Executive Committee (Lengorispolkom), the first head of which was Vyacheslav Sokolov.

The Club was open to everyone (accountants, economists, statisticians and other professionals). Those with extensive experience in accounting were elected as honorary members. The main management body of the Club was a board consisting of 17 people elected by a general meeting of members. The board generally oversaw the Club, approved its working plans, and considered new

proposals, books, articles and reviews. Day-to-day management was carried out by the board's presidium, which was headed by a chairman (Accountants Club in Leningrad, 1969). Throughout its history, the Club was headed by Pavel Mezentsev, Vyacheslav Sokolov and Yaroslav Sokolov.

Pavel Mezentsev (1896–1981), Chairman of the Leningrad Accountants Club from 1946 until 1981, was a graduate of the Tashkent Institute of the National Economy. He was also Dean of the Textile Institute and Head of the Accounting Department at the Trade University founded by Adolf Wolf. He published more than 10 books on accounting and accounting automation during his lifetime (Minutes No. 330 of 22 November 1962).

Vyacheslav Dmitrievich Sokolov, Chairman of the Leningrad Accountants Club in 1981–1982, was born into a family of accountants. A graduate of Pobedinsky's bookkeeping courses,⁶ he was chief accountant at major trade companies in St Petersburg and, at the end of his career, he was Chief Accountant for the Trust of All Trade Companies of St Petersburg. During his career, he was engaged in research and methodological development in addition to his active accounting practice. He also tutored at the F Engels Trade University. Sokolov was the author of seven books on accounting in trade, as well as numerous articles published in professional magazines, for example *Accounting* (1938 to present).

Yaroslav Sokolov (1938–2010), son of Vyacheslav Sokolov, was Chairman of the Leningrad Accountants Club from 1982 until 1991. He graduated from the Leningrad Technical School of Soviet Trade and, later, the Trade University where he worked for most of his life. He received his PhD in 1963, followed by another doctoral degree in 1973. In 1997, he helped found the Institute of Professional Accountants and was its first president (1997–2000). After 1991, Sokolov was also a fellow of the International Academy of Accounting Historians. He authored 700 papers, most of which were devoted to accounting theory and history, accounting education, accounting in trade and automated accounting systems.

The presidium of the Leningrad Accountants Club was composed of accounting professors from various St Petersburg universities (six members), as well as two experts (the chief accountants of the trade and public catering entities of the Leningrad City Executive Committee [Lengorispolkom]). The Accountant's Club existed solely through the voluntary initiative of its members. Financial support from the state was limited to the provision of a lecture room for monthly meetings, as well as the publication and circulation of monthly notices about forthcoming meetings.

The Club focused on the following: developing creative initiatives in order to improve and simplify accounting, while also increasing its role in entity management; study, development and wide discussion of the latest accounting issues and related disciplines; exchange of experience, promotion of economic knowledge, and advanced training of accountants; and organising parties and various meetings for accounting employees (Accountants Club in Leningrad, 1969).

The Club held monthly meetings and also arranged conferences and meetings on accounting. It developed proposals and recommendations on accounting and related subjects, as well as working closely with research institutions. For the purpose of enhancing the accounting and economic knowledge of specialists, the Club held lectures, workshops, advisory sessions and produced reports, as well as holding exchange events and business trips. It often held discussions of professional editions, thesis work and reviews, along with accounting contests. The Club assisted in both publishing and republishing works on accounting. It also sent representatives on research trips, practicums, and conferences, and reviewed new proposals on accounting management and automation issues.

The Club's meetings could host between seven and 200 people and were held year-round except for July and August. These meetings were attended mainly by professors and academics (practically all accounting professors in Leningrad gave lectures or took part in Club meetings), chief accountants and trade and public catering accountants who were invited by their senior colleagues.

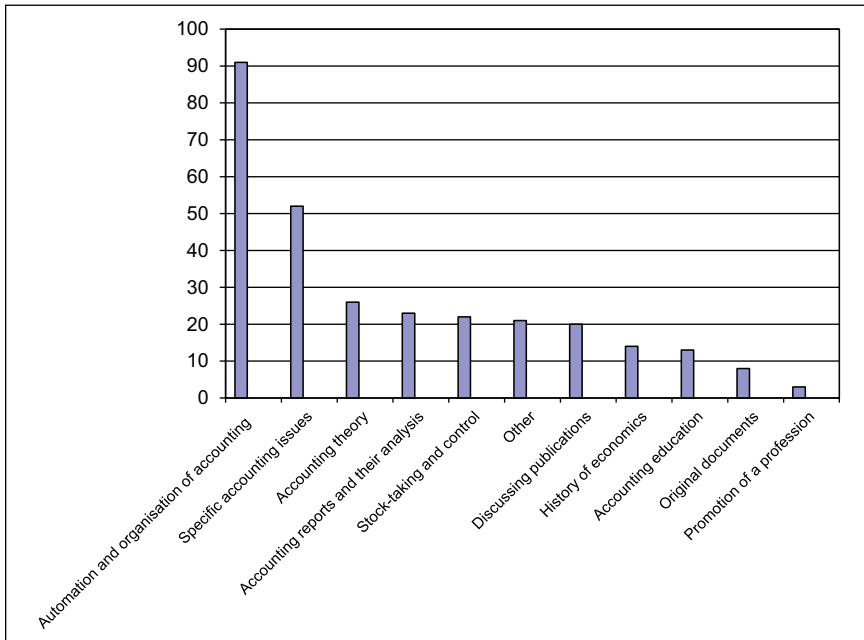


Figure 3. Key report topics (number)

According to Figure 3, the most popular topics of the Club's meetings were automation and management of accounting. About 30 per cent of the available documents refer to this subject (91 reports). Out of all presentations, 18 per cent (54 reports) covered specific accounting issues. This group of reports summarises information on accounting of particular items. The third most popular topic was accounting theory, representing nine per cent, or 26 reports. Almost equal numbers of reports were devoted to accounting reports and review (8% or 23 reports) and stock-taking and control (8% or 22 reports). The same attention (7%, 21 reports) was given to other issues not related to accounting. This included a population census (Minutes No. 554, 17 April 1978), financial theory (the Club's action plan for 1974–1975), socialist and economic integration matters (the Club's action plan for 1978–1979), court and arbitrage proceedings (the Club's action plan for 1962), etc. Such reports were presented by academic specialists from institutions with which the Club worked in partnership.

The Accountant's Club and historical research

The Club always devoted much attention to research into the history of accounting and related sciences. The first person in the Club to initiate research into the history of accounting was Vyacheslav Sokolov. In the 1960s, he also corresponded with Professor I Depman, author of the book *A History of Arithmetic*, with the aim of organising a joint project to study the work of Luca Pacioli (Minutes No. 272, 5 May 1960). He regularly addressed the publishers of the USSR Academy of Sciences, as well as Gosfinizdat, requesting that they include in their publication plan Luca Pacioli's treatise *Details of Calculation and Recording* and a chapter on accounting by Benedetto Cotrugli (Minutes No. 189/7, 26 March 1958; Minutes No. 270, 26 April 1960). This goal was eventually accomplished by his son Yaroslav Sokolov. In 1974, he published the second (after E Valdenberg of the Society for the Dissemination of Commercial Knowledge) Russian language edition of Luca

Pacioli's treatise (1894). This edition was the result of research into the life and work of Luca Pacioli, culminating in a detailed bibliographical portrait with the book *Luca Pacioli: Man and Thinker*. YV Sokolov continued to study Pacioli's work for the rest of his life. He released three editions of *Details of Calculation and Recording* (1983, 1994 and 2001).

Research on the life and work of Luca Pacioli was not the only subject that interested Professor Sokolov. He also took part in the research projects of the Leningrad Accountant's Club students. He first spoke at the Club with the lecture "The Source of Double-Entry Accounting" in 1959 (Minutes No. 244, 26 October 1959; Minutes No. 245, 29 October 1959). He presented this paper at a gala meeting, in honour of the 500th anniversary of the first, as it was considered at the time, accounting work by Benedetto Cotrugli, *Book on the Art of Trade*, written in 1458 (Minutes No.202–20, 26 November 1958). Beginning in 1975, he led work on the "Draft programme on the history of accounting and textbooks" in order to develop a combined public research and training institute of the Soviet trade and accountants' club (Archives of Leningrad Accountants Club, Plan for club activities, 1975–1976). The most important product of his research into the history of accounting was the release of such books as *A History of the Development of Accounting* (Moscow: Finance and Statistics, 1985) and *Essays on the History of Accounting* (Moscow: Finance and Statistics, 1991). In the process of its work, the Club regularly held celebrations dedicated to important events in the history of accounting. These events and research were popularised through the *Journal of Accounting* and, after being translated into English, were also published in the *Soviet and East European Accounting Bulletin* by Derek Bailey.⁷

Thanks to Professor Sokolov and preparations for one particular commemorative event, the authorship of the first book in Russian on accounting was established. The book was titled *The Key of Commerce or Trade: in Other Words, the Science of Accounting that Reflects the Contents of Books and Nature of Accounts for Merchant's* (in the Leningrad Accountants Club, 1984). The book was published in 1783 and no author was mentioned, even though KF Klein was credited as the book-seller. Credit for the book had long been attributed to the Dutch author Yan Impin (1485–1540). Sokolov was always perplexed at the fact that a Dutch researcher would use examples from English ports. He even asked Vadim Rak, an English-language instructor at the University of Soviet Trade and critic of Dostoevsky's collected works, to undertake a linguistic analysis of the book on its 200th anniversary. Rak analysed the text and proved that it was a translation from English. His address at a meeting commemorating the 37th season of the Leningrad Accountants Club dedicated to the anniversary of the publishing of *The Key* was a major breakthrough. It was published in *Accounting* and was highlighted in the article "On the Leningrad Accountants Club", which was later translated into English and published in the *Soviet and East European Accounting Bulletin* (1984, Vol. XII. No. 2). The search for the author of *The Key* was now focused on locating the English author and, in 1989, he was found. Dutch accounting historians Ann Van der Helm and Johanna Postma found the original of the text written by John Hawkins (Sokolov and Bychkova, 2001; Yamey, 1989).

The Leningrad Accountants Club was the longest-lived accounting organisation in Russia. After it disbanded in 1991, no other accounting organisation of similar size and stature could unite all of the accountants of the city on the Neva. The impact of the St Petersburg accounting school on the development of accounting theory and practice has since fallen from the spotlight. At present, only a handful of veterans now residing at the House of Scientists who also were members of the Accountants Club are still with us.

Conclusion

This review of the history of Russian accounting societies has shown that, despite continued and multiple efforts, no genuinely professional organisation has ever really evolved in Russia. An

analysis of the objectives set by the societies, their organisational structure, the terms and conditions of their membership, their line-up, and the nature of relations within their management teams provides an explanation for this. The main reason was the absence of a profession that could be consolidated through such societies. All accountants in Russia have always worked as employed persons, while the majority of them, and almost all of the leaders of the grassroots movement, worked as civil servants and held an official rank. In such circumstances, accounting did not constitute a profession, but was rather a group of persons united through an interest group or club. It is no coincidence that it is precisely the club format that has proven to be the most durable and smooth-running form of association for accountants in Russia. It is an interest in a trade, rather than a professional interest, that has always brought Russian accountants together. On the other hand, business has always driven a wedge between them. After all, all of these societies ended in financial failure.

This situation very accurately matches the structure and the culture of Russian society in general. In Russia, all institutions (and professional organisations are no exception) are formed from the top down and their establishment is impossible without government support. Neither the professional environment nor the business culture demonstrates any willingness to work together and maintain any professional institutions independent of the government. Business seeks to find competitive advantages through its dependence on the government, working in close cooperation with government officials. This approach does not promote representatives of the profession to the leadership of the movement, but rather academicians and professors, who, as civil servants, constitute some kind of bridge or liaison between business and the authorities. Consequently, the success of professional societies is determined by the most efficient mix of representatives of the government, education and profession in the societies. Admittedly, as this model does not rely upon any widespread support on the part of all accounting professionals, it may not be sustainable and is completely dependent on the personal composition of the societies' management, whose interests are reflected in this model, all too often to the detriment of the profession.

Accounting societies have played a huge role in shaping research into accounting in Russia. The books and articles published by members, based on their research and discussions, have served as a source of ideas for professionals all over the country for a long time. These societies, through their efforts to generate discussion and offer public lectures and various courses, have laid the groundwork for the development of future associations.

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Notes

1. In 1796 in Bristol, Edward (Thomas) Jones published the book *The English System of Bookkeeping by Single or Double Entry*. In this book he developed a new system, based on a modified single entry system. This hybrid system consisted of a three-column daybook, a ledger, and an alphabetical chart of accounts. His book was translated into Russian in 1888 (*Jonsovaja angliskaya sistema odinokoi i dvoinojibukhgalterii, sochinnenaia dlia vernovo izbejanie tekh neudobstv, s kakovimi soprajajeni suchteh-esvuiuchtie stol s davnievo vremeni sposobi knigovedenie i pri sposoblennaia ko vsiakovo rodu*

- torgovli* – М., Universitetskaja tip., 1808 Джонесова аглинская система одинакой и двойной Бухгалтерии, сочиненная для верного избежания тех неудобств, с каковыми сопряжены существующие столь с давнего времени способы книговедения и приспособленная ко всякого роду торговли – М., Университетская тип., 1808). See also “Edward Thomas Jones”, in Bywater and Yamey (1982: 196–199).
2. One rouble (RUB) at that time equalled 0.77 US dollars. Later, Witte’s reforms (1897–1899) introduced the “gold rouble”, making it equal to 0.774234 grams of gold, which was equivalent to 0.52 US dollars of that period.
 3. Figure 1 is sourced from the following: *Essay*, 1899: 42–49; *Reports*, 1895–1916; TsGIA St Petersburg, f. 538, op. 2, c. 8, ll. 1–73. Unfortunately, the available reports have no data on the Society’s activities in 1899–1900, 1901–1902 and 1906–1907.
 4. Vladimir Sabanin (1853–1907), director of the Russian Telegraph Agency, and a civil servant ranking as a brigadier general of the Ministry of Foreign Affairs, directed the cypher service of foreign diplomatic codes.
 5. The New Economic Policy (NEP) (1921–1928) was an economic policy proposed by Vladimir Lenin, who referred to it as “state capitalism”. Nationalisation of industry, established under War Communism during the Civil War, was revoked and replaced by a mixed economy, which allowed private individuals to own small enterprises, while the state continued to control banks, foreign trade and large industries.
 6. MV Pobedinsky’s courses (1859–1926) were presented in St Petersburg in 1897. In 1907, they were reorganised into Private St Petersburg Commercial Courses. In 1906, they earned the status of a higher educational institution. In 1917, the courses were transformed into MV Podedinsky’s Trade and Industrial Institute (Medvedev and Nazarov, 2007).
 7. A reviewer advised that, as far as is known, the only complete surviving set of all the 11 years (44 volumes) of this Bulletin is permanently stored in the library of the Institute of Chartered Accountants in England and Wales, London. It is available to view there in person on request.

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