The development of the accountancy profession in the UK and ICAEW’s role
Since ancient times people have kept records of their transactions...

Account of disbursements of the Athenian State, 418B.C. to 415B.C. Reproduction from the British Museum. Greek inscription No.23
Double-entry book-keeping

In 1494 Luca Pacioli made the first known written record of double-entry book-keeping in his work *Summa di Arithmetica*, printed in Venice.

The first English work on double-entry book-keeping entitled *The Maner and fourme how to kepe a perfecte reconyng, after the order of...debitour and creditour* was written by James Peele in 1553.
18th century

- Economic activity increased and England with its naval strength became the centre for global trade

The Indiaman Royal Charlotte by Robert Dodd
© National Maritime Museum Collections
The earliest firms of accountants can be traced back to the 1780s in Bristol.

A Merchant's Office. Thomas Rowlandson, 1789
Yale Center for British Art, Paul Mellon Collection
19th century

- The industrial revolution started in Britain and together with rapid economic growth brought the development of transport and technical innovations which made it ‘the workshop of the world’.

19th century: The need for company regulation

- A succession of corporate scandals and insolvencies, especially in relation to the growth of railway companies in the 1840s, led to demands for greater public control in the form of audit and winding up of these companies.

Artist's impression of a locomotive, tender and carriage on Prosser's experimental wooden flangeless railway, 1845 © TfL from the London Transport Museum collection
19th century: The first Companies Acts

A series of Companies Acts and Bankruptcy Acts greatly increased the demand for the professional services of accountants

- 1831 Bankruptcy Court Act
- 1844 Joint Stock Companies Winding Up Act
- 1844 Act for Registration Incorporation and Regulation of Joint Stock Companies
- 1845 Companies Clause Consolidation Act
- 1848 Winding Up Act
- 1855 Limited Liability Act
- 1856 Companies Act
- Model set of accounts
- 1861 Bankruptcy Act
- 1862 Companies Act
- 1867 Companies Act
- 1869 Bankruptcy Act
- 1883 Companies Act

Defined balance sheet
1870s

Establishment of the Society of Accountants in England and regional societies of accountants in Liverpool, London, Manchester and Sheffield
11 May 1880

- Queen Victoria granted a Royal Charter leading to the creation of a national body for England and Wales, the Institute of Chartered Accountants in England and Wales.
- The Charter recognised the Institute’s 'pre-eminence, stability and permanence' and defined its public interest remit.
- 587 founder members.
The creation of a national body meant...
1. Governance of the body by an elected President and Council
2. A professional qualification

- Consisting of practical work experience in the form of articles, followed by a set of exams leading to the recognised qualification of Chartered Accountant
3. Setting the standards of professional conduct

- Regulatory and disciplinary role for the profession

20. If any person while he is a Member of the Institute—

   (1) Violates any fundamental rule of the Institute applicable to him or

   he shall be liable to be excluded from Membership.
4. A national headquarters

Chartered Accountants’ Hall was opened in 1893.

Boys, Peter. Chartered Accountants’ Hall - The first hundred years. 1990
The founding fathers

The founders of the early firms became prominent ICAEW members, often holding high office

Frederick Whinney
President 1884-8
Ernst & Young

William Welch Deloitte
President 1888-89
Deloitte

Edwin Waterhouse
President 1892-1894
PwC
The founding fathers

Ernest Cooper
President 1899-1901
PwC

Sir William Peat
President 1906-08
KPMG

Lord Plender
President 1910-12 and 1929-30
Deloitte
20th Century Accountants during the World Wars

- Accountants volunteered for service on the frontline
- They played a key role in organising the war effort
- Many government departments needed accountants’ services for the costing and controlling of war supplies and to serve on financial committees

Sir Mark Webster Jenkinson K.B.E., FCA

During World War I Mark Webster Jenkinson ‘was Controller of the Department of Factory Audit and Costs of the Ministry of Munitions, and was responsible for organising the costing system in the national munition factories which saved the country thousands of pounds.’

Obituary. The Accountant, 9 November 1938, p.638.
Growth of the profession

- Further accountancy bodies with their own specialisms emerged of which the leading ones were
  - 1885: Society of Accountants and Auditors – merged with ICAEW
  - 1885: Corporate Treasurers and Accountants Association – now CIPFA
  - 1891: Corporation of Accountants – now ACCA
  - 1919: Institute of Cost and Works Accountants – now CIMA
The role of ICAEW: Strength in numbers

• Membership numbers grew rapidly throughout the 20th century, reaching 100,000 in 1992
• The 21st century has seen a surge in female membership
The role of ICAEW: The rise of the firm

- Growth in the number of accountancy practices nationally and internationally
- The largest firms grew by mergers to become global organisations

Staff at the New York office of Price Waterhouse in 1910.
From: Jones: True and fair. A history of Price Waterhouse. 1995

Staff of accounting firm Lowe, Bingham & Matthews in Hong Kong 1926.
Photo courtesy of PwC Hong Kong
The role of ICAEW: The developing role of the accountant in practice

Accountants in practice moved into an increasing range of professional business activities

- Auditing
- Taxation
- Consultancy and business advice
- Corporate Finance
The role of ICAEW: The developing role of the accountant in business

Accountants took a more active role in the management and governance of companies

- Management accounting
- Financial control and treasury
- Corporate governance
- Stakeholder communication
- Chartered accountants as FTSE 100 finance directors
The role of ICAEW: Technical expertise

- Between 1942 and 1969 ICAEW issued the first Recommendations on Accounting Principles (N series) which became the basis for the first UK accounting standards as adopted by the Accounting Standards Committee in 1970.

- ICAEW recognised the importance of more cooperation with other international accountancy bodies and took a proactive role in the development of international accounting standards.

- ICAEW was involved in the development and evolution of UK corporate governance.

- ICAEW continues to comment on technical matters through its Technical Directorate and contributes to the Consultative Committee of Accountancy Bodies (CCAB) and the International Federation of Accountants (IFAC).
The role of ICAEW: Women in accountancy

With the Sex Discrimination (Removal) Act of 1919 women were allowed to become members of the ICAEW

1920
Mary Harris Smith joined ICAEW, becoming the first female chartered accountant in the world

1924
Ethel Watts was the first woman to qualify for ICAEW membership by examination

1999
Dame Sheila Masters became the first female ICAEW president

2012
Over 35,000 female members
ICA EW today

- A global accountancy body headquartered in the UK
- Over 138,000 members with over 21,000 working in 160 countries
- International hubs in Beijing, Brussels, Dubai, Hong Kong and Singapore
- ICAEW is a founding member of the Global Accounting Alliance (GAA) which represents over 775,000 professional accountants around the globe
© ICAEW and CATER

This presentation was created by the staff of the ICAEW Library & Information Service and is the property of ICAEW and CATER (registered charity no. 313985).

It may not be copied, altered or distributed without prior permission.

Every effort has been made to trace copyright holders of the images of the Articles of Agreement (slide 13) and Ethel Watts (slide 25) to obtain their permission for its use. We would be grateful for any information allowing us to contact the copyright owner to enable us to request permission and we will if requested by the copyright owner remove the image from this presentation.
A world leader of the accountancy and finance profession