

MAJOR CONTRIBUTORS TO THE BRITISH ACCOUNTANCY PROFESSION: A biographical sourcebook

Robert H. Parker
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British accountancy profession:
A biographical sourcebook

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ABFH	Accounting, Business & Financial History	CAM	CA Magazine
ABR	Accounting and Business Research	ICAS	The Institute of Chartered Accountants of Scotland
ACC	The Accountant	IND	The Independent
BAR	The British Accounting Review	TAM	The Accountant's Magazine

Foreword

Inscribed over the west portal of the Norlin Library at the University of Colorado at Boulder is the following quote suggested by Dr. George Norlin, former president of the University of Colorado, and after whom the library is named: “WHO KNOWS ONLY HIS OWN GENERATION REMAINS ALWAYS A CHILD”. Whilst the phrasing of the quote is original, Dr. Norlin’s wording resembles very closely a thought expressed in Cicero’s De Oratore, which reads as follows in translation: “To be ignorant of what occurred before you were born is to remain always a child”.

As the accountancy profession continues to evolve it is important to look back and see how and why the profession is where it is today and recognise the significance of the individuals who contributed to its development and who have helped make the profession what it is today. This book brings together biographies of some 37 leading contributors to the British accountancy profession, all of whom are now deceased. The individuals include amongst others academics, partners in audit firms, accountants in business and employees of professional bodies. The principal criterion for inclusion of the individuals in this book is that they performed leadership roles in professional bodies, in the accounting literature or in government service – regardless of whether they were qualified accountants or even whether they were Britons.

The twentieth century saw significant change in the profession with the growth of leading accountancy firms, an expansion of the role of accountants in industry, the growth of accounting academe, the emergence of standard setting and the enshrinement of the ‘true and fair view’ in company law. The biographies in this book highlight some of the roles played by these individuals in these events.

The Research Committee of ICAS is pleased to support the publication of this book. The Committee recognises the importance of the history of the profession and hopes that the collation of information on some of the major contributors to the British accountancy profession will be useful to future generations of the profession.

Allister Wilson
Convener of the ICAS Research Committee
February 2012

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Introduction

Purpose of the book and its relation to Parker (1980)

This book is a follow-up to Robert H. Parker's *British Accountants: A Biographical Sourcebook* (New York: Arno Press, 1980). The earlier book reproduced the biographies of 65 deceased British accountants who had been partners in audit firms, had been employed in industry and commerce, or worked in the public sector. Of the 65 biographies, 56 had been published previously as obituaries. The rationale of the book was set out in its introduction: 'The history of accountants is an essential part of the history of accounting'.

In this book, we expand the scope of our subjects to include contributors to the British accountancy profession regardless of whether they were qualified accountants or even whether they were Britons. As in the previous volume, most of our biographies were originally published as obituaries. But changes in the accountancy profession since the 1980s have led to changes in the character of the professional accountancy journals, such that they have become less interested in carrying substantive obituaries of recently deceased leaders of the profession. We have therefore had to seek out other sources of biographies, such as obituaries in newspapers, memorial articles or transcribed interviews, much more than were needed for the earlier book. For some contributors we have discovered more than one useful source. Accordingly, an innovation in this book is the inclusion of a supplementary reference list of biographies of our subjects that complement the ones actually reproduced. The composition of this list serves to illustrate the impact of technological advances, the internet in particular, in the past thirty years. There are 37 contributors to the British accountancy profession in this book; all are deceased.

Our aim is to enrich the literature on the history of accounting by providing insights into the professional careers of those who have contributed in an important way to the British accountancy profession. Useful as they are, obituaries, like all historical documents, should be read critically. They may reveal the prejudices of the obituarist; they are likely to emphasize the best and skate over the worst. Furthermore, they sometimes get facts slightly wrong. As a trivial example, the obituary of John Perrin in this book states that he was an (unpaid) Honorary Professor at the University of Exeter. In fact (astute accountant that he was), he was a (paid) Price Waterhouse Fellow.

Criteria for selection and inclusion

Our principal criterion for the selection of contributors to the British accountancy profession whose biographies are included in this collection is that they performed leadership roles in professional bodies, in the accounting literature, or in government service. They were partners in audit or insolvency firms, accountants employed in industry or commerce, academics, editors of professional or academic journals, full-time employees of professional bodies, civil servants, or more than one of these. Despite extensive searches, we have been unable to include some worthy contributors through lack of a suitable obituary or other material. This has been especially true of those whose contribution was principally as a partner in a firm. The greater number of academics in this volume compared to the previous one is mainly due to the enhanced role of academe but also to the readier availability of obituaries of academics compared with those of practitioners.

The contributors (year of death in brackets) profiled here who were primarily partners in audit, insolvency, or consultancy firms are: Sir Nicholas Waterhouse (1964), Sir Edmund Parker (1981), James C. Stewart (1984), W. Bertram Nelson (1984), Alexander I. Mackenzie (1985), Sir Kenneth Cork (1991), Sir Thomas Robson (1991), Lord Benson (1995), Sir William Slimmings (1995), Sir Ronald Leach (1996), George D.H. Dewar (1998), John L. Kirkpatrick (2002), Sir John Grenside (2004), Thomas R. Watts (2005), Sir Ian Morrow (2006) and Sir Kenneth Sharp (2009). Accountants who were employed in industry or commerce

are: Percy M. Rees (1970), Eric H. Davison (1982), Sir Basil Smallpeice (1992), William W. Fea (1993) and Harry Norris (2009). Those best known for their work as accounting academics are: Stanley W. Rowland (1946), Edward Stamp (1986), David Solomons (1995), John Perrin (2004), William T. Baxter (2006), Harold C. Edey (2007), Trevor E. Gambling (2008) and Anthony G. Hopwood (2010). Contributors primarily engaged in editorial roles are: Leo T. Little (1960) (*Accounting Research and Accountancy*), Anna B.G. Dunlop (1994) (*The Accountant's Magazine*), F. Sewell Bray (1979) (*Accounting Research*) and Walter Taplin (1986) (*Accountancy and Accounting and Business Research*). Those employed by a professional accountancy body are: Cosmo A. Gordon (1965), a long-serving Librarian of The Institute of Chartered Accountants in England and Wales (ICAEW); and from The Institute of Chartered Accountants of Scotland (ICAS), E.H. Victor McDougall (1998) and Aileen E. Beattie (2005). Lord Stamp (1941) was a civil servant who was, in the words of his obituary in *The Accountant*, 'ever a friendly critic of accountants'. These classifications are, to be sure, to some extent arbitrary. For example, Perrin (2004), an academic, was perhaps better known for the academic journals (*Journal of Business Finance and Accounting* and *Financial Accountability and Management*) that he launched and edited. McDougall was also supervising editor of a professional accountancy journal, while Dunlop and Taplin were also employed by professional accountancy bodies. Cork and Sharp, although partners in firms, are best known for their service to government. Morrow, who had founded his own consultancy firm, was for many years the managing director, chairman, or board member of numerous companies.

Many of our contributors were elected as president of their professional accountancy body or of academic accountancy bodies. The following were Presidents of ICAS: Stewart (1962-63), Slimmings (1969-70), Dewar (1970-71), Mackenzie (1972-73), Kirkpatrick (1977-78) and Morrow (1981-82). Waterhouse (1928-29), Robson (1952-53), Benson (1966-67), Parker (1967-68), Leach (1969-70), Sharp (1974-75) and Grenside (1975-76) all served as Presidents of the ICAEW, while Nelson (1954-56) was President of the Society of Incorporated Accountants (SIA), a body that was absorbed by the ICAEW (and two other Institutes) soon afterwards. Morrow was President of the Institute of Cost and Works Accountants (today the Chartered Institute of Management Accountants, CIMA) in 1956-57. Solomons was President of the American Accounting Association in 1977-78. Hopwood was the founder of the European Accounting Association and was its President twice, in 1977-78 and 1987. He was also President of the Board of the European Institute for Advanced Studies in Management from 1993 to 2004. Baxter was Chairman of the Association of University Teachers of Accounting (today the British Accounting and Finance Association) in 1950-52. Solomons was its Chairman from 1955 to 1958, Edey from 1958 into the 1960s.

Five of the contributors were neither professionally qualified accountants nor academics: Dunlop, Gordon, Little, McDougall and Taplin. Edward Stamp was born in England but became a naturalised Canadian. Solomons was also born in England, but most of his career was spent in the United States and he became a naturalised American. Benson was born in South Africa, Perrin in the US.

Not just male, English and chartered?

Of the 65 accountants included in *British Accountants* (1980), 43 were members of the ICAEW or its predecessor bodies, 16 of ICAS or its predecessor bodies, five of the SIA, two of what is now the Association of Chartered Certified Accountants, and one of the Institute of Cost and Works Accountants. These numbers add up to 67, not 65, because two of the biographees were members of both the ICAEW and the SIA. Their dates of death ranged from 1864 to 1979. All were male. Of the 37 contributors in the present book, 20 were members of the ICAEW, eight of ICAS, three of the SIA (one of whom was an honorary member), one of the Canadian Institute of Chartered Accountants (CICA) and one of CIMA. Seven had no professional accounting qualification. These numbers do not add up to 37 because one of them (Morrow) was a member of both ICAS and CIMA, another (Bray) of both the SIA and the ICAEW, and a third (Nelson) became a member of the ICAEW on the integration of the SIA with that body. Their dates of death range from 1941 (Lord Stamp) to 2010 (Hopwood). All except two (Beattie and Dunlop) were male. The seven with no professional qualifications arise mainly because of our decision to include, where we could find an obituary, editors of professional accountancy journals (Dunlop, Little and Taplin), administrators

of accountancy bodies (McDougall), and an ICAEW librarian (Gordon). But also on the list are Perrin and Hopwood, prime examples of what was once a rarity in Britain: professors of accounting without a professional accountancy qualification.

What strikes one about both lists is the predominance of chartered accountants, the absolute numerical predominance of English CAs, the relative numerical strength of the Scottish CAs, and the relative absence of female accountants. That there are more ICAEW than ICAS members in our list is not surprising; the ICAEW from its foundation in 1880 has always had a considerably larger membership than ICAS. Proportionate to membership, however, there are more ICAS members than ICAEW members in both lists. Note however that they have achieved this in part by migrating to England (Baxter and Slimmings in this book's list).

Female accountants have had difficulties in rising through the profession until very recently. Beattie is (sadly) on our list because of her early death. Dunlop was a non-accountant editing a professional accountancy journal. Vera M. Snelling, who edited *The Accountant* prior to the Second World War, would also be in this volume if we had been able to find an obituary.

Growth of accountancy firms

A notable feature of British accountancy since the 1960s has been the growth in size, partly by internal expansion and partly by merger and takeover, of the leading accountancy firms, and the emergence of what has now become the Big Four. This growth was not primarily due to particular individuals, but which firms grew and which did not was much more a question of leadership. All of today's top firms can trace their origins back to the early days of the organised profession, but there are many firms from that period which have not survived or prospered. Those firms that did grow, grew rapidly. For example, Price Waterhouse (PW) had 37 UK partners in 1964, 65 in 1970 and 474 in 1994 (Jones, 1995, pp.405, 408). Senior partners of PW included in this book are Sir Nicholas Waterhouse (1945-60), Sir Thomas Robson (1961-66) and Sir Edmund Parker (1965-71). A more aggressively growth-minded firm was Cooper Bros., the other half of what is now PricewaterhouseCoopers or PwC, under the leadership of senior partners John Pears (died 1972 and included in Parker, 1980) and Lord Benson, senior partner 1946-75 (jointly with Pears until the latter's retirement in 1971). Peat, Marwick, Mitchell & Co (now part of KPMG) is represented in this book by Sir Ronald Leach (senior partner 1966-77) and Sir John Grenside (senior partner 1977-86); Ernst & Young by Mackenzie (senior partner in Scotland of predecessor firm Whinney Murray & Co); and Deloitte by Stewart (senior partner and partner respectively of predecessor firms Wilson Sterling & Co and Touche Ross). The family trees of the major firms have been charted by Boys (Matthews *et al*, 1998, Appendix; available online at www.icaew.com/en/library/subject-gateways/accounting-history/resources/whats-in-a-name).

Whilst auditing, taxation and insolvency have remained important for all firms, the rapid growth of the larger firms would not have been possible without a boom in the provision of management consultancy services. Many of those working in this area for the big firms are not primarily accountants, which helps to explain why there are few management consultants in this book. The great exception is Morrow, who in the early 1950s led a team of British accountants to the US to survey American practice in the provision of accounting information for management, and later pursued a flourishing career as a reviver and restorer of company fortunes.

The accountant in industry

During the twentieth century, the position of the accountant in British management was transformed. On the eve of the First World War in 1914, fewer than 8% of companies had an accountant as a director. By the end of the century the percentage had risen to 80% of listed companies. Over the same period, the representation of accountants as managing directors rose from 2.2% to 19.3%. In the view of Matthews, Anderson and Edwards, the collectors of these statistics, 'the accounting qualification and particularly

the chartered accounting qualification, appears to overshadow all others as the appropriate preparation for a position in top management' (1998, pp.125, 251).

Five (14%) of our contributors (Davison, Fea, Norris, Rees and Smallpeice) were employed by industrial companies. This percentage is much lower than that of all British accountants so employed. There are at least two possible explanations. Accountants in industry had to spend much of their time, as in the case of Fea at GKN, for example, persuading their company to introduce best accounting practices already used by other companies. Promotion within their companies could mean moving away from an exclusively accounting and financial role (Smallpeice at BOAC and Cunard is an example here). This did not prevent them, of course, from helping to make sure that the views of industrial members were listened to within the councils of the professional bodies (Noguchi and Edwards, 2008). Rees, for example, was an active member of the ICAEW's Taxation and Financial Relations Committee.

Accounting education

Very few of the 63 accountants in the 1980 book had a university education. The proportion is much higher in this book, but still only about one half. Twelve of those who were members of a professional accountancy body were university graduates: Baxter, Beattie, Fea, Gambling, Mackenzie, Robson, Rowland, Sharp, Smallpeice, Solomons, Edward Stamp and Waterhouse. Most of them did not study accounting at university. Six of those without such membership were graduates (Dunlop, Little, Gordon, Hopwood, Perrin and Lord Stamp). Acknowledged leaders of the stature of Benson and Leach did not go to university. Today, the overwhelming majority of entrants to the British accountancy profession are graduates, reflecting the spread of higher education in Britain in recent decades. As explained in the two essays in this volume on Solomons, the ICAEW, after the Second World War a picture of petrification as a professional body, was a reluctant convert to the idea of a graduate profession, as exemplified in particular by the Report of the Committee on Education and Training of 1961 chaired by Sir Edmund Parker. It is difficult to agree with the claim of Parker's obituarist that the proposals in the report were 'a significant step forward'.

The growth of British accounting academe and, as a consequence, the British accounting research literature, began to be influential from the 1970s. Accounting departments were established at universities and polytechnics up and down the UK, accounting research journals were launched, and the accounting textbook literature began to build. This development helps to account for the much larger number of academics appearing in this volume than in its predecessor. Full-time accounting academics gradually came to be invited to serve on the Councils of the leading professional accountancy bodies. In 1969, Edey became the first full-time academic invited to join the Council of the ICAEW.

As a result of the growth in university teaching in accounting, the subject of accountancy education came to occupy more of the attention of professional accountancy bodies. Solomons, a scathing critic of the Parker Report of 1961, was invited by the Advisory Board of Accountancy Education to conduct a major study on accountancy education in the UK and the Republic of Ireland, which he completed in 1974 (Solomons, 1961, 1974).

One of the functions of academics not always appreciated by others is to point out when the emperor has no clothes. This maverick role is represented in this volume by Gambling, as his obituary demonstrates.

Accounting and auditing standards

The regulations relating to company accounting and auditing have long been a concern of the British accountancy profession. Robson, together with Sir Harold Howitt, successfully recommended to the 1945 Cohen Committee on Company Law Amendment the overriding requirement of a 'true and fair view', later enshrined in UK company legislation and the Fourth and Seventh Company Law Directives of what is now the European Union.

Rowland was Secretary to the Taxation and Financial Relations Committee set up by the Council of the ICAEW in 1941. The committee was responsible for the drafting of the Recommendations on Accounting Principles issued by the Council between 1942 and 1969. From the late 1960s there was great pressure, led publicly by Edward Stamp, to replace these by something more effective. Beginning in the 1970s, there emerged standard-setting committees or boards on accounting and on auditing, either within professional accountancy bodies or as independent entities. Several of the individuals included in this collection made their mark, or one of their marks, in the sphere of standard setting. Leach was the founding Chairman of the Accounting Standards Steering Committee (ASSC) (later the Accounting Standards Committee, ASC), which was launched by the ICAEW in 1970. Slimmings and Watts succeeded him in the chair. Edey, Sharp, Dewar, Grenside, and Morrow were all members. Edward Stamp was a member of the ASSC's working party that issued *The Corporate Report*, an important discussion paper, in 1975. In 1989, Solomons wrote a proposed conceptual framework for the ASC.

Accounting for inflation

During the lives of the subjects of this book, annual rates of inflation reached heights hitherto not experienced in Britain, peaking at 24.2% in 1975. Many practitioners and academics made a contribution to the long, but still unresolved, debate on how to account for changing prices, both general and specific. Practitioners tended to favour a current purchasing power (CPP) approach. A booklet *Accounting for Stewardship in a Period of Inflation* was issued by the ICAEW in 1968. Largely drafted by Parker, it formed the basis of a provisional accounting standard issued by the ASSC in 1974. Many academics, on the other hand, including Baxter, Solomons and Edey at the LSE, and Edward Stamp at Lancaster University, preferred a 'deprival value' approach. This, under the title 'value to the business', was favoured by the government-commissioned *Sandilands Report* of 1975, which rejected the CPP approach. Of the academics, it was Edey who made the most strenuous efforts to put inflation accounting into professional practice. He was a member of the Inflation Accounting Steering Group, established to draw up an accounting standard following Sandilands, and chaired the working party on the treatment of monetary items.

Public sector accounting and national income accounting

Until recently in Britain there have been few connections between private sector accounting and public sector accounting, and accountants have been under-represented in central government. A separate professional body was set up in the 1880s for local government accounting. With a wider remit, it is now the Chartered Institute of Public Finance and Accountancy. In recent decades, public and private sector accountants have come closer together. Sharp, an immediate past president of the ICAEW, was appointed head of a new Government Accountancy Service in 1975, a post he held for eight years. Perrin founded the first British research journal devoted to public sector accounting, *Financial Accountability and Management*.

If many British professional accountants know little about public sector accounting, they know even less about national income accounting, which was developed not by accountants but by economists, including the future Nobel Prize winner Sir Richard Stone, who had no experience of commercial accounting and initially few contacts with the accountancy profession. Bray and Edey were two of the very few accountants to take an active interest in the nation as an accounting entity. Bray, who was a Nuffield Research Fellow in Stone's department at Cambridge from 1946 to 1955, went so far as to argue in a book review in the *Economic Journal* in 1946 that the aggregation of private accounting data must not be hampered by lack of uniformity in private accounting practices. Edey, who had a wider vision of the purposes of account-keeping, collaborated in 1954 with economist Sir Alan Peacock to write the text *National Income and Social Accounting*.

British accountants internationally

British accountancy firms followed their clients into the US, the British Empire and elsewhere from the late nineteenth century onwards, but British accounting remained very much a national affair until the 1960s. From then on, the British accountancy profession increasingly found it necessary to attempt to influence the content of accounting legislation and accounting standards not just nationally but also within the European Communities (later the European Union), which the UK joined in 1973, and worldwide. Watts was prominent among those influential in ensuring that the European Fourth Directive on company accounting, initially drafted in 1968, well before the entry of the UK into the EC, did not differ too violently from existing British accounting when it was finally approved in 1978. Stewart was an active participant in the preparation of the *UEC Lexicon*.

The US was the leader in national standard setting, but in the 1960s and 1970s the US securities market regulator and accountants had little incentive to be leaders in international standard setting. Here the UK, at the intersection of the English speaking world and Europe, had the opportunity to provide a lead. In 1966, Benson drove the founding of the Accountants International Study Group, a collaboration of the accountancy bodies of the UK and Ireland, the US, and Canada which published a series of booklets comparing the accounting and auditing standards and practices in those countries. Benson then proceeded to found the International Accounting Standards Committee (IASC) in 1973. It was based in London, and Benson served as its first Chairman. Kirkpatrick chaired the IASC in 1985-87; Mackenzie and Grenside served as members of the UK/Ireland delegation to the IASC.

Beginning in the 1970s, the outlook of British accounting academics also became much more international. They were leaders in international accounting organisations, and the research journals founded and edited by, for example, Hopwood and Perrin, were important in shaping academics' research agendas overseas as well as in Britain. Increasingly, British accounting academics gave papers at conferences and congresses overseas, and their work thus became internationally known. Accounting academics in British universities or of British origin became very prominent in the emerging international dialogue on accounting and auditing standards. Stamp and Solomons were leaders in this dialogue. Stamp collaborated with the American academic Maurice Moonitz in 1978 to urge the case for international auditing standards; in 1980 Solomons drafted Concepts Statement 2, on qualitative characteristics, for the US Financial Accounting Standards Board.

Writers, researchers, journal editors and librarians

A profession such as accountancy founded on an evolving knowledge base needs both a technical and an academic literature: technical journals, academic journals, text books, research reports. Their production and dissemination is not possible without writers, researchers, journal editors and librarians. The writers and researchers need technical and/or academic qualifications in accounting, but the editors and librarians can make a contribution to the profession by way of their journalistic and literary skills. Rowland was for many years the chief leader writer of *The Accountant*, as well as being a lecturer at the LSE. Editors of professional journals are represented in this volume by Little, Taplin and Dunlop, none of whom was an accountant. Little and Taplin were editors of *Accountancy* (a journal inherited in 1957 by the ICAEW from the SIA) from 1938 to 1960 and from 1961 to 1971 respectively. Dunlop, a long-serving editor of *The Accountant's Magazine* was also responsible for the care and cataloguing of ICAS' Antiquarian Collection (now housed in the National Library of Scotland), and for the production and design of such ICAS publications as Stewart's *Pioneers of a Profession* (1977).

A number of our contributors were involved in what in retrospect can be seen as false starts in the creation in Britain of an academic as distinct from a professional literature. Nelson and Bray were leading figures in the SIA's research committee founded in 1935. The SIA was much more active than the ICAEW in encouraging accounting research. After the Second World War, it founded *Accounting Research* (AR), an academic journal published by the Cambridge University Press and edited by Bray and Little from 1948 to

1958 when the ICAEW discontinued it. This decision is a good example of what Edward Stamp decried as the anti-intellectual atmosphere of the English chartered profession in the 1950s and 1960s. AR was revived as *Accounting and Business Research* in 1970 under the editorship of Taplin. The other initiative of the 1930s was the foundation of an Accounting Research Association in 1936. Davison, Gordon and Rowland were active members. The Association did not survive the War, but during its short life it published numerous papers and reprints and hundreds of book reviews in *The Accountant*, of which Snelling was the editor.

Struggling against the anti-intellectual atmosphere of the ICAEW for many years were Baxter, Solomons and Edey at the LSE. In the introduction to his pioneering book of readings, *Studies in Accounting* (1950), Baxter lamented that those who studied or taught accounting ‘were sadly handicapped by a shortage of good reading’ (p.iii). His book, along with Solomons’ *Studies in Costing* (1952), went some way to providing such reading for university teachers for several decades to come. The LSE triumvirate, as Geoffrey Whittington has called them, paved the way for later academics such as Perrin and Hopwood, the latter an undergraduate at LSE, the former a postgraduate there. Perrin was the first professor of accounting at Lancaster University and, as already noted, the founder of two academic journals. Hopwood was an LSE graduate and a PhD from the University of Chicago who led the drive to bring accounting teaching and research in the UK more into the social sciences mainstream. The journal he founded in 1976, *Accounting, Organizations and Society*, has been very influential in situating accounting research within a broad social sciences framework.

Gordon, appointed librarian of the ICAEW in 1911 at the age of 24, served in France during the First World War, returned belatedly to the ICAEW in 1933, left again in 1941 during the Second World War to a post at the Board of Trade, returned in 1946 and retired in 1948. His most important contribution dates from very early in his career, when in December 1913 he travelled to Prague to examine the magnificent collection of early books on accounting, later purchased by ICAEW, built up by Karl Peter Kheil. Gordon was forever in the market for new antiquarian acquisitions.

Entry into the profession

When most of our contributors were contemplating a career in accountancy, entry into the chartered accountancy bodies was made difficult by a lengthy period of unpaid or badly paid articles or apprenticeship, plus the payment of premiums, the latter practice persisting into the 1950s. Since the chartered bodies did not have a de jure monopoly of accountancy practice, other bodies emerged with lower financial barriers to entry. Among our other contributors, Fea’s three year articles in the late 1920s to a small firm of chartered accountants in London cost a premium of £300, paid by his mother; Bray had to qualify as an incorporated accountant in 1932 because his family could not afford a premium (he was later granted ‘free’ articles by his chartered firm and eventually became its senior partner); Watts’ father paid 500 guineas (£525) to article his son for five years to a partner in the London office of Price Waterhouse in 1934.

Entry was easier for those with connections to a family firm. As firms grew they had to shed that status and recruit from outside the founding families, but both Sir Nicholas Waterhouse (son of Edwin Waterhouse) and Lord Benson (grandson of one of the four original Cooper brothers) were family members. As late as 1966, Sir Ronald Leach was the first non-family member senior partner of Peat Marwick Mitchell. Leach and Waterhouse are two of the ten knights (Cork, Grenside, Morrow, Parker, Robson, Slimmings, Sharp and Smallpeice are the others) in this book. Benson and (Josiah) Stamp are the only peers.

The accountant in British society

There was little public recognition of the role of accountants in British society until the mid 1960s, when in the first edition of his best-selling book *The Anatomy of Britain* (1965), Anthony Sampson described them as the priesthood of industry, a theme taken up by Matthews, Anderson and Edwards in their book of that name in 1998. Even today, to the ‘hacks’ (journalists) of the British media, accountants are

'bean counters' about whose activities they often display little knowledge and certainly do not regard as particularly newsworthy. When accountants do make the news it is often in the context of financial disasters: investigating them, clearing up the mess, or even being held responsible for them. Benson, Leach and Morrow provide examples of the first two of these. Benson was in great demand as an investigator. In his autobiography (1989) he not only supplied a list of the major special assignments he was associated with from the 1940s to the 1980s but also devoted three chapters to discussing them, plus a chapter on how to carry out large-scale investigations. The assignments ranged widely, including the East African Groundnuts scheme, Rolls Razor and the Carrian case in Hong Kong. In 1969 the Department of Trade and Industry appointed Leach, along with Owen Stable QC, as an inspector to investigate Robert Maxwell's Pergamon Press. In their report of 1971, they forthrightly and presciently described Maxwell as 'not in our opinion a person who can be relied on to exercise proper stewardship of a publicly quoted company'. Morrow made his name as the rescuer of Rolls Royce in the early 1970s and went on to establish himself as a company doctor par excellence. Fortunately for the reputation of the profession as a whole, those accountants who were among those held responsible for the financial crisis that began in 2007 are execrated as bankers not as accountants. They are, however, good examples of one characteristic the media do understand: successful accountants make a lot of money indeed. Even academic accountants are typically well paid by university standards.

Many of our biographees made a contribution to British society as a whole, as distinct from accounting in particular. This is not one of the criteria for inclusion in this book, but is naturally often mentioned in the obituaries. Examples are: Sir Kenneth Cork, Lord Mayor of London, 1978-79 (whose son Roger, also an insolvency accountant, served as Lord Mayor 1996-97); and Lord Benson, whose many activities included chairmanship of the Royal Commission on Legal Services, 1976-79. Likewise, this book does not include the many accountants who have distinguished themselves in British society without at the same time making a significant contribution to accounting. An example is Viscount De L'Isle, VC, a minister in the Macmillan government, and the last English-born Governor-General of Australia. However, accountants, especially compared to lawyers, have not been prominent in politics, although there have regularly been a number of qualified accountants in the House of Commons. No accountant in the UK has held any of the great offices of state (prime minister, chancellor of the exchequer, home secretary, foreign secretary). This has had a knock-on effect: relatively few accountants have been created life peers, whose ranks are heavily recruited from former members of the Commons. No accountant was created a life peer until the Scottish CA and industrialist William Hunter McFadzean was ennobled in 1966, eight years after the Life Peerages Act of 1958. Not all life peers are former MPs, of course, and the present book includes Lord Benson who was ennobled in 1981.

Fewer accountants than lawyers and engineers are commemorated in the National Portrait Gallery in London. Biographees in this book to be found there are Benson, Cork, Robson, Smallpeice and Lord Stamp. De L'Isle was a trustee of the Gallery.

A century and a half after the foundation of an organised profession in mid-nineteenth century Scotland, the British profession continues to grow in influence. This book of biographies is offered as recognition of those men and women - practitioners, academics and others - who were its leaders in the second half of the twentieth century.

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General

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The National Portrait Gallery in London has portraits of Benson, Cork, Robson, Smallpeice, and Lord Stamp.

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William T. Baxter (1906-2006)

Professor William Threipland Baxter

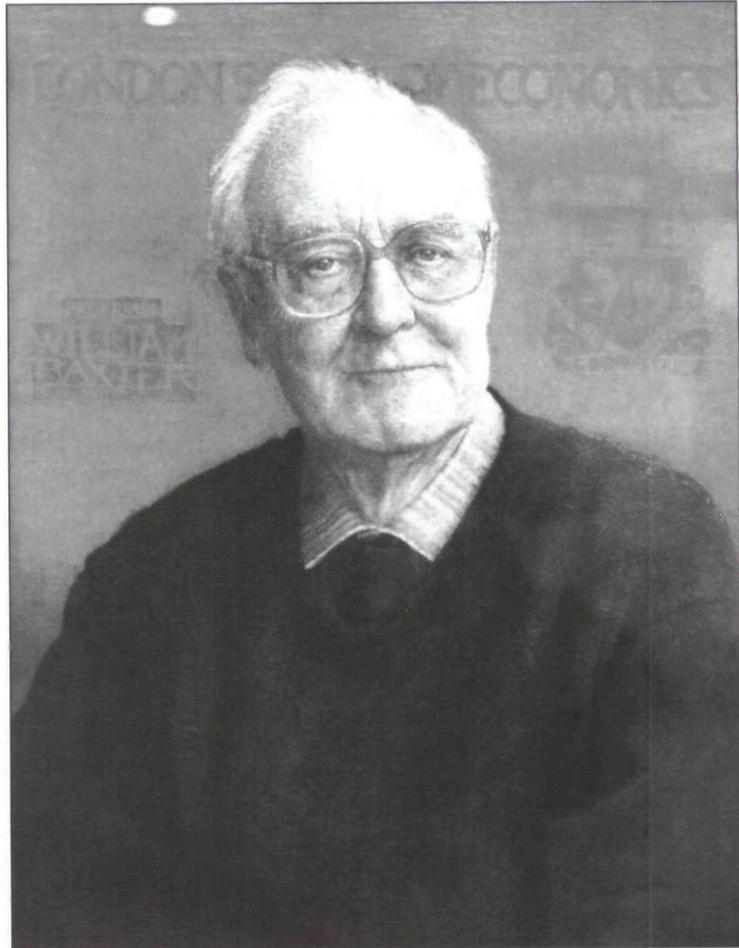
*Born 27 July 1906 in Grimsby
Died 8 June 2006 in London*

Professor William Baxter made an outstanding contribution to the development of accounting as an academic discipline, both in teaching and in research. His contribution to research developed during the period as professor of accounting at the London School of Economics (LSE) from 1947 to 1973, but he continued to be active in publication of his research thinking for the rest of his life.

Driven by a strong interest in concepts of value, developed in debate with leading economists of the time, he made many contributions on the subject of inflation accounting, on the nature of depreciation and on the role of opportunity cost. This work provided a substantial contribution to ideas on the introduction of financial reporting measurements consistent with the economic theory of decision making. He developed this line of thought on the basis of 'deprival value' (also known as 'value to the business') which he had encountered in the work of Bonbright. His writings on the theory and practice of depreciation brought together discounting techniques and deprival value.

His early years were spent in Edinburgh, where he combined studies for the BCom degree of Edinburgh University with an apprenticeship to the chartered accountancy firm of Scott Moncrieff, Thomson and Shiells. After qualifying in 1930 as a member of the Institute of Chartered Accountants of Scotland, he joined the Edinburgh firm of Graham, Smart and Annan. One of the partners, William Annan, also occupied a part-time chair in accounting at the University of Edinburgh. Annan introduced Baxter to university lecturing and also encouraged him in obtaining a Commonwealth Fund Scholarship to study for two years in the United States at the Universities of Pennsylvania and Harvard.

On returning to Edinburgh he lectured at the university, but also took time to continue his interest



in researching business history and to establish contacts at the LSE. In 1937 Baxter was offered a Chair of Accounting at the University of Capetown, remaining there until 1947 when he returned to Britain to become the first full-time Professor of Accounting at the LSE. Beyond his considerable influence on the development of accounting education within LSE, Professor Baxter was a co-founder of the Association of University Teachers of Accounting (AUTA), later to become the British Accounting Association (BAA), and edited the AUTA Newsletter which developed into the *British Accounting Review*. With Professor Sidney Davidson of the University of Chicago he founded the *Journal of Accounting Research* in 1963. He

was honoured with a Lifetime Achievement Award of the BAA (2004) and induction into the American Accounting Hall of Fame (2005).

Professor Baxter's contribution to the accounting discipline was celebrated at the LSE in a symposium held on 15 July 2006, where his immediate family was joined by his wider circle of colleagues, former students and friends. A collection of reminiscences was presented to Mrs Leena Baxter. Speakers provided a review of his role in the history of accounting at the LSE and an evaluation of the continuing significance of his work. Professor Sidney Davidson sent a video message, reminding the audience of the fruitful collaboration between Baxter and Davidson and underscoring the enduring friendship engendered in such work.

In 2005 the Institute of Chartered Accountants of Scotland published an interview with Professor Baxter. The interview transcript, accompanied by a biographical note from Professor Geoffrey Whittington and a list of Professor Baxter's publications, provides a useful starting point for those not already familiar with Professor Baxter's work and an indication of the fruits of a long life, lived to the full.

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Aileen E. Beattie (1957-2005)

Aileen Beattie, CA 1957-2005

After a long battle with cancer, borne with characteristic bravery and good humour, Aileen Beattie died on 6 October. She had worked for ICAS for 20 years, joining as Assistant Director, Accounting & Auditing and becoming Executive Director of Technical Policy.

Aileen was respected and liked by everyone fortunate enough to know her. She is remembered by ICAS staff as somebody who took a genuine interest in others. She is remembered by the wider profession as a person of formidable intellect and rigour, who had the same independence of mind as two of her distinguished ICAS predecessors, Isobel Sharp and Sir David Tweedie, with whom she worked on the landmark publication *Making Corporate Reports Valuable*. She was also heavily involved in the recent publication, *Taking Ethics to Heart* and organised the successful IFAC 2000 conference in Edinburgh.

Ian Percy, past President of ICAS, summed up Aileen's contribution to ICAS and the profession: "Quietly unassuming, influential through her quality of thought, a great ability to write what people were thinking rather than saying. She was a warm, fun, friendly person. I shall treasure my memories of her." Sir David Tweedie, now the chairman of the International Accounting Standards Board, said: "I recently met her in regard to her last project, which is critical to the profession's future – can we accept principles or do we need rules? Aileen led that project with her usual distinction. She is irreplaceable."

Aileen came from Leith and was fiercely proud of it. In a city with a high regard for the "old school tie", she delighted in telling people



that she went to "the Academy". She didn't fully explain that she meant Leith, not Edinburgh! Isobel Webber, Aileen's first secretary at ICAS, remembers her great sense of fun: "Aileen spent a long time in Romania developing their accounting and audit system after the collapse of communism. That wasn't all she taught them though. She took over her Scottish country dancing CDs to introduce the Romanians to Strip the Willow."

Christine Waugh, Director of Central Services at ICAS, remembers Aileen's unique relationship with the ICAS staff: "Aileen commanded huge respect professionally, and as a person, she was amazing. Even in the midst of her illness she would remember our trivial problems – never treating them as such of course – and give us her usual caring advice."

I have the challenging task of succeeding Aileen in her role at ICAS. To match the standards that she has set will do ICAS great credit. She was a great boss, colleague and friend. A tremendous professional – technically accomplished, never afraid to argue that ICAS should take a different approach to others on the issues affecting the profession – you could be confident that Aileen had thought through the reasons for adopting an independent stance with her usual precision. She combined a strong sense of fairness with a wonderful light touch in her personal dealings. She will be hugely missed by the profession, colleagues and many friends.

David Wood, Executive Director, Technical Policy

CAM, November 2005, 76

F. Sewell Bray (1906-1979)

Memorial

FRANK SEWELL BRAY

1906–1979

Frank Sewell Bray was born in London on October 12, 1906, joined the firm of Tansley Witt & Co., chartered accountants, of which he later became senior partner, in the early 1920s, and qualified as an incorporated accountant in 1932 and as a chartered accountant in 1937. Author of numerous books and articles, he became a part-time Senior Nuffield Research Fellow in Cambridge University in 1947, co-editor of *Accounting Research* in 1948, Stamp-Martin Professor in 1952, and Knight Commander of the Order of St. Gregory (a papal distinction) in 1960. He retired in 1977 and died on January 29, 1979.

Such are the bare bones of a career. Unlike most memorialists, I did not have the pleasure and privilege of knowing my subject personally. I write, therefore, as a contemporary accounting historian and as the editor since 1975 of the successor journal to *Accounting Research* (which, through no fault of Bray's, ceased publication in 1958).

That such an excellent and necessary journal as *Accounting Research* should have lasted no more than a decade requires a word of explanation, but one must first go back to the beginning, for Bray's career as accounting practitioner and accounting academic can only be understood in the context of the time and place in which he grew up, both of which may appear strange to many readers of THE ACCOUNTING REVIEW.

LIFE AND TIMES

In the year that Bray was born, the Institute of Chartered Accountants in England and Wales was 26 years old and the Society of Incorporated Accountants and Auditors was celebrating its twenty-first birthday. To become a member of the former, it was necessary to serve articles for five years with a practicing firm at a zero or very small salary and to pay a premium. The financial demands of becoming an incorporated accountant were less and this was the route perforce taken by the young Bray, born into a relatively humble family in southeast London. He would have preferred to become an academic but there the possibilities were even less.

By 1932 Bray was an incorporated accountant and had succeeded so well that Tansley Witt granted him chartered articles at no cost. Gaining honors in both the intermediate and final examinations, he qualified as a chartered accountant in 1937. He was already active within the Incorporated Accountants Research Committee, established in 1935 as the first Research Committee in the British accountancy profession. Bray believed, not without justification, that the incorporated accountants were the intellectual leaders of the profession.

During the 1940s he published his first books (I shall look a little later in more detail at his writings) and worked his way up within his firm, becoming senior partner in 1948.

The late 1940s and the 1950s were a period of intense activity for him. In 1946, he became a member of a sub-committee of the Joint Exploratory Committee

set up by the Institute of Chartered Accountants in England and Wales and the National Institute of Economic and Social Research. The Committee eventually produced a rather disappointing and now almost forgotten report entitled *Some Accounting Terms and Concepts* [1951]. More importantly Bray was brought into close contact with the economist J. R. N. Stone (now Professor Sir Richard Stone) who had just become the first director of the newly established Department of Applied Economics at Cambridge University and was at that time and for many years thereafter devoting a good deal of effort to developing the principles of national economic accounting.

Stone has written:

Frank Sewell Bray was a man passionately interested in accounting ideas which he approached in a scientific spirit. He firmly believed that accounting practice could only be improved within a framework of correct theory based on exact principles. This may conjure up for those who did not know him a formidable image of cold precision. The truth was quite the reverse. He was laughing and open, understanding and generous and took life's disappointments and reverses with philosophical good humour. But behind this easy-going exterior the drive and energy were there to realize many of his hopes for accounting research [1979].

In October 1946 Bray was, while remaining in practice in London, appointed to one of the first two Senior Nuffield Research Fellows in Stone's Department. He remained a Fellow until 1955 when Stone was appointed P. D. Leake Professor of Finance and Accounting and ceased to be director.

In 1946, *THE ACCOUNTING REVIEW* was 20 years old and the world's only academic accounting journal. There was clearly room for another one. Bray was one of those in 1948 responsible for the establishment of *Accounting Research* and he became its co-editor with Leo Little of the University College of the South West of England (now more briefly known as the University of Exeter and by a happy coincidence the present editorial home of *Accounting and Business Research*). Bray described the new journal, which was sponsored by the Society's Research Committee, in an article he wrote for *THE ACCOUNTING REVIEW* in 1949:

And this seems the place to comment upon the need which for some time past has been felt in some circles for a periodical given up to articles on advanced prospects of accounting and those subjects which are intimately associated with it. It is therefore hoped to fill the gap by the publication in Great Britain of a new periodical of standing to be called *Accounting Research*. This journal will be sponsored by the Research Committee of the Society of Incorporated Accountants, and its editorial policy will be directed to keeping close contacts with all branches of the profession and with the universities in all countries. It will be published by the Cambridge University Press twice yearly and the first issue should be ready towards the end of October, 1948.

It will be the policy of *Accounting Research* to publish articles which make a real contribution to the theoretical and practical development of the accounting art, so that the intention is to provide a scholarly medium for making known advanced work undertaken by accountants whether they are engaged in professional practice, as executive officers in industry, or as teachers in universities. Moreover, it is also intended that special regard shall be had to the publication of postgraduate research studies. Thus, those subjects which because of the length at which they need to be treated, or because of the advanced standard of the work they demand cannot be included in the weekly and monthly professional journals will find their natural place in *Accounting Research*.

If accounting is to reveal itself as having an honourable part in the play of learning and knowledge, then it must allow and expect changing points of view. So too it must encourage the publication of clear and well meditated accounts of new ideas, in order that everyone concerned with the advancement of the profession may understand what those ideas are about, as a precursor to tests of their merits. Just now the accountancy profession is meeting several new points of view—a healthy sign which bodes well for the development of its art—and in Great Britain, at least, the need has been felt for a medium in which there can be adequate publication of new ideas and methods at a deeper level than is ordinarily possible in the usual periodicals circulating within the profession. It is contemplated that *Accounting Research* will meet this need.

And lastly we should wish to make a particular point of the declared intention of the editors of *Accounting Research* to draw from outside, as well as from inside, the United Kingdom for its contributors, and it is hoped that not only accountants, but economists and statisticians will evince an interest in this new publication. Thus we may hope that it will serve a purpose in the same scheme of things as that expected from the introduction of the universities into the field of professional education and research [1949c, pp. 275–276].

In 1949, Bray was invited by the Commonwealth Institute of Accountants on a lecture tour of seven Australian Universities where, well ahead of developments in Britain, an academic accounting profession was beginning to blossom. A similar tour in Britain at that time would have been unthinkable. As Solomons has recently reminded us [1974, p. 39], from 1932 to 1947 there were *no* full professors of accounting in England and Wales, full time or part time. In 1947 William T. Baxter was appointed to a chair at the London School of Economics (just around the corner from both Incorporated Accountants' Hall and Tansley Witt's office) and in 1955 Solomons himself was appointed to a chair at Bristol University [1974, p. 37].

In 1952, Bray succeeded Bertram Nelson as chairman of the Incorporated Accountants' Research Committee and was appointed Stamp-Martin Professor at Incorporated Accountants' Hall. (The chair was named after Lord Stamp, a distinguished applied economist, and Sir James Martin, a former president of the Society.) Solomons has described this as “a well-intentioned, probably ill-advised and certainly short-lived attempt to promote academic research in accounting outside an educational institution” [1974, p. 29].

It was short-lived because of the integration of the Society in 1957 with the Chartered Institutes. In the long run this was clearly for the good of the British profession, removing as it did elements of unnecessary divisiveness and snob-bishness. In the short run it was harmful. The “new climate” in the English Institute [Zeff, 1972, pp. 27–32] was still almost a decade away. The Council of the Institute had scant regard for professors and academic journals. The *Report of the Committee on Education and Training* [ICAEW, 1961], an astonishing document to reread in 1980, preferred correspondence courses to university tuition. For Bray, the merger meant the discontinuance of both his chair and his editorship. The work of the Research Committee also came to an end. His disappointment must have been bitter.

Reasons given for the decision to discontinue *Accounting Research* are varied, ranging from the fact that it had been incurring a loss to the belief by many members of the Institute's Council that its articles, most of which were written by academics, were abstruse and of no practical value [Zeff, 1972, p. 27].

It was, in fact, an excellent journal with a roll call of contributors that any

editor would envy. It was typical of *Accounting Research* and of Bray that they were drawn from throughout the English-speaking world and included economists as well as accountants. The contributors to Volume 1, for example, included Bray himself, F. R. M. de Paula of the U.K., G. O. May of the U.S.A., and A. A. Fitzgerald of Australia, and economists such as J. R. N. Stone, G. L. S. Shackle and A. R. Prest. Later volumes included articles from the academic accountants W. T. Baxter, R. J. Chambers (his first article published outside Australia), S. Davidson, H. C. Edey, L. Goldberg, R. L. Mathews, R. Mattessich and D. Solomons and from the economists G. C. Harcourt (his first article), A. T. Peacock, W. B. Reddaway, R. C. Tress and B. S. Yamey.

Even accounting practitioners were well represented (editors of academic accounting journals know how difficult such articles are to get) by E. L. Kohler, W. W. Werntz and Sir Richard Yeabsley.

Louis Goldberg of the University of Melbourne expressed a widely held opinion when he wrote to *The Accountant* in December 1958, expressing grief at the obituary notice of *Accounting Research*:

Among my personal acquaintances, many accountants—practising as well as academic—looked on *Accounting Research* as one of the very few learned journals in the world in its field. It had established for itself a unique place in accounting as a journal which was open to any kind of article, from whatever source, which gave evidence of original thought or research. It was not subject to the views or outlook of any professional body and its pages embodied the spirit of the open mind [1958].

Bray wrote little on accounting matters in the 1960s, his last important work in the field being a chapter on “Accounting Postulates and Principles” [1966].

He devoted himself increasingly to the business of his firm but remained active in other spheres. He acted, for example, as chairman for the Centre for Interfirm Comparison which had been established in 1959 by the British Institute of Management in association with the British Productivity Council.

A sincerely religious man, he had been for many years financial adviser to a number of Roman Catholic Dioceses and Religious Orders. He was a member of the independent committee of inquiry set up by the National Council of Social Service, under the chairmanship of Lord Goodman, to examine the effect of charity law and practice on voluntary organizations. The committee made a number of important recommendations on, *inter alia*, charity taxation, accounts and audit [NCSS, 1976] an area which is beginning to generate a surprising amount of interest in Britain.

In his retirement, Bray hoped to write a study of Fénelon, for whose work, especially the *Discourse on Prayer* and the *Treatise on the Existence of God*, he felt a deep regard. He did not live to fulfill this task. After a short illness he died on January 29, 1979, in his 73rd year. He is survived by his wife and son.

WRITINGS

It is time now to look in more detail at Bray's writings. He wrote eight books between 1944 and 1957: *Design of Accounts* (with H. B. Sheasby) [1944]; *Precision and Design in Accountancy* [1947], a collection of his early writings; *Farm Accounts* (with C. V. Dawe) [1948]; *Social Accounts and the Business Enterprise Sector of the National Economy* [1949a]; *The Measurement of Profit*

[1949b]; *The Accounting Mission* [1951], based on lectures given during his Australian tour; *Four Essays in Accounting Theory* [1953]; and *The Interpretation of Accounts* [1957], based on lectures he gave as Stamp-Martin Professor. *The Accounting Mission* is currently available in the “Accounting Classics Series” series edited by Robert Sterling. The others are out of print.

Bray had a writing style all his own, which occasionally baffles the reader. He was, for example, capable of writing such an extraordinary sentence as:

Throughout this discussion we have sought to emphasise the importance of identifying the generic distinction between capital and current with those *actual* transactions, measurable in terms of units of money, which are promoted by the economic traversal of an enterprise along the paths of temporal periods intentionally limited for the purpose of recurrent survey, and in so doing we have commended a substitution of the adjectival use of the word capital by the term resting [1949b, p. 14].

Four themes recur throughout his writings:

- (1) an emphasis on an academic and philosophical approach, on theory and on the importance of research;
- (2) an emphasis on design, form, and standardization;
- (3) an emphasis on the links of accounting with economics, especially in the field of national income accounting; and
- (4) problems of profit measurement and accounting for inflation.

Philosophy, Theory and Research

Bray began his writing career with letters to the *Incorporated Accountants' Journal* (renamed *Accountancy* in 1938). As early as May 1932, he was writing to the editor that “I, in common with many other students, have spent the last nine years of my life in receiving instruction in technical accountancy, added to which my office duties and responsibilities have been in a similar direction; as I grow older [he was then 25], I desire to develop a philosophic outlook” [1947, p. 108]. In the January 1934 issue, he was arguing, in another letter, that “Many distinguished accountants have contributed to our professional knowledge, but so far there does not appear to have been any attempt at organised research, a development of fundamental importance in the field of scientific inquiry” [1947, p. 112].

Bray’s mature ideas on research are set out in the lecture he gave at the University of Sydney on October 20, 1949. He argued that the least practical thought of today is often the most practical in execution tomorrow and that a hankering after short-term results depresses rather than gives birth to ideas. He stressed the need for fundamental and long-term research as especially necessary for a subject which “has moulded itself upon the solution of expedient issues.” “I look for the day,” he concluded, “when . . . accounting research schools are securely established in all our Universities. And to my professional brethren I would say: see to it, and press for it, that such research schools, if they should ever chance to come into being here, are made secure upon the foundation of Chairs of Accounting” [1951, pp. 59, 66].

In one of his Stamp-Martin lectures, he argued that “in the history of the professions it has often transpired that new ideas, even when they seem to lie at

some distance from main interests, eventually become matters of vital concern with great utilitarian significance” [1957, pp. 86–87].

Bray was one of a small number of British academics expressing such ideas in the 1950s. Few practitioners were listening, alas! Bray’s friend W. Bertram Nelson was one of the exceptions, pointing out with some penetration that “An estrangement between the practice and theory of any profession is always a waste of time” [ICAEW, 1961, p. 84].

Design, Form and Standardization

Bray believed strongly in order, precision, design, uniformity, and standardization. The elements of uniformity were information, classification, choice and use of terms, and conventions of measurement [1947, pp. 87–88].

Design of Accounts [Bray and Sheasby, 1944], described by de Paula [1948, p. 119] in a review as “an invaluable contribution to our professional knowledge and technique,” is almost entirely devoted to specimen forms of accounts, drawn up on the principles of clarity, arrangement in groups under headings, unambiguity, ease of comparison, and compliance with statutory requirements. *Farm Accounts* [Bray and Dawe, 1948] also lays great stress on specimen forms. By far the greater part of *Social Accounts and the Business Enterprise Sector of the National Economy* [Bray, 1949a] is taken up with accounts and statements.

Standardization of, or uniformity in, the main forms of account he regarded as essential. It was necessary to think out “a few really fundamental forms” which would be capable of adoption to all problems as they arose, whether of management or stewardship [Bray, 1953, p. 72]. These forms he found, as we shall see later, in the economic relationships set out by Keynes and transposed into accounting terms by Stone and others.

Bray’s regard for form is unusual for a British accountant but not for a continental European. He was obviously influenced by H. W. Singer’s analysis of *Standardised Accountancy in Germany* in a book of that name published for the National Institute of Economic and Social Research by the Cambridge University Press [1943]. Curiously enough, however, Bray apparently never discussed the example of the French national accounting plan, the first and second editions of which were published in 1947 and 1957 [CNC, 1965].

Bray clearly believed that a set of formal accounts could be derived which would apply to every entity:

[T]he Keynesian identities . . . give birth to a series of fundamental accounts which are just as relevant for firms or companies as for the nation as a whole. . . . they are not only fundamental but universal as well, and . . . they contribute the key to all accounting designs [Bray, 1953, p. 25].

He believed in a “pure theory of accounting which seeks to apply universal concepts of structure, form and measurement to any and every economic activity which requires to be viewed by means of accounts. In short, an invariant pattern exemplifying such a view of economic activity as points to an effective use of resources” [Bray, 1954, p. 138]. These he set out as follows [Bray, 1957, p. 34]:

I. Current

(a) Operating activity

Real

(b) Income	Real
	± Financial items
	± Transfers
(c) Outlay	± Disposable income
	Disposable income
	= Consumption
	+ Saving

II. Source and Use of Funds (Capital Changes)

- (a) Saving and internal operating provisions
- (b) Real asset formation
- (c) Valuation changes
- (d) Financial incomings and outgoings, and changes in monetary claims.
(The ultimate resolution of the accounting identity: Saving = Investment)

III. Capital

Real wealth and net monetary claims.

The accounts illustrating these are, for a company, the profit and loss account; “sources, earmarkings and utilization of funds” *i.e.*, a funds statement (Bray often called this a “resting account”); and a balance sheet.

Although he recognized that consumption was not relevant in company accounting, Bray never really considered whether forms which derive from Keynesian economic identities (form I represents the *ex post* relationship between income, consumption, and investment, II the equality of *ex post* savings and investment for a period and III the equality of *ex post* savings and investment at a point in time) are relevant for any other purpose than preparing the accounts of the nation as a whole. Why should the accountant not draw up a profit and loss account simply to serve the needs of shareholders?

But for Bray national accounting was dominant:

A mature system of national accounting must ultimately call for some aggregation of private accounting results, and there must be no impediments occasioned by lack of uniformity in private accounting practices. Thus, as national accounting develops, private accounting will need to devise some conforming uniformity not only in relation to the *design* of private accounts, but also to the principles of income measurement and asset valuation [1946, p. 483].

In some ways, on the other hand, Bray never shook off the effects of his long practical training in double entry bookkeeping. His essay on “Accounting Principles” begins with the acute and well-expressed observation in paragraph 1 that:

The rules of an acquired skill, when brought to the settled tendency of habit and committed to textbooks, are very apt to be mistaken for fundamental doctrines when they are still little more than the discrete boundaries of an empirically constructed technique [1953, p. 2].

But in paragraph 13 we are told that the familiar idea of double-entry is quite fundamental to all accounting theory [1953, p. 4].

Economics and National Economic Accounting

Bray saw many reasons why accountants should study economics:

- (a) in order to determine the accountant's position in the scheme of things (as he put it in the letter of May 1932 already quoted and in a letter to *The Accountant* of October 9, 1933). This was his "cultural" reason [1947, pp. 108, 111];
- (b) because in his view financial accounting statements were "statistical documents in the field of applied economics" [1949a, p. 27] and "chronicles of economic dealings" [1951, p. 3]; and
- (c) because a study of the use of accounting forms for national economic purposes should force accountants to re-examine and call into question the adequacy of conventions which were subconsciously set to the service of traditional ends [1949b, p. 55].

He also saw a good reason why economists should take an interest in accounting:

the accounting approach to the presentation of information on economic transactions is the best means so far employed in explanation of national income statistics and . . . it is by far the best method of affirming those economic identities which lie at the heart of the new economics [1951, p. 21].

Bray's concern for national economic accounting and economic thinking led him to propose, well ahead of his time, not only that economists should make more use of the accountant's traditional financial statements but that accountants should adopt new forms themselves, *viz.* what are now known in the UK as source and application of funds statements and statements of added value.

Bray called for a redesigned profit and loss account "to give a reasonably clear idea of the output value added by a company as achieved through its input allocations of labour and capital" and also stated that "Information on the source and use of industrial finance would be greatly facilitated if companies could be induced to publish a summary account of their capital incomings and outgoings, much as the best companies do in America" [1953, pp. 41, 43].

Bray collaborated on a number of occasions in his writings with economists; for example, in his book *Farm Accounts* [Bray and Dawe 1948], which he wrote with C. V. Dawe of the University of Bristol, and in an article with Richard Stone [1948].

Profit Measurement and Accounting for Inflation

Bray began, for all his interest in economics, as a supporter of the traditional accounting conventions of profit measurement. In a letter to *The Economist* of May 17, 1944, in reply to letters from the economist Singer, he concluded that if Singer could suggest a better basis for drawing accounts than that which relied on the accounting principle of historical cost, he for one would be very glad to know it [1947, p. 113]. In July, 1945, in correspondence with Singer he expressed himself strongly:

. . . I am not inclined to favour the view that replacement values, or values resulting from the application of index numbers should be substituted for recorded costs in the keeping or main statement of accounts.

I feel that historical costs are in point of fact the only real objective dependable data available for the construction of accounting records [1947, p. 121].

He did envisage, however, a second section of the profit and loss account in

which adjustments could be made [1947, p. 122].

Not very convincingly, he argued that the historical cost principle was fairly implicit in company legislation and that therefore accountants were obliged to retain the principle in the legal accounting documents they are called upon to formulate [1947, p. 124]. Early in 1945, he expressed the view that the prime basis for the preparation of accounting documents could not be anything other than monetary cost and that economists would have to take out of accounts prepared on this basis that evidence which they required and readjust it in line with their conception of economic theory [1947, p. 37]. He expressed the differing approaches well when he wrote that economists regard a fixed asset as a production good while accountants tend to regard it as a delayed consumption good [1947, p. 59]. In 1946, he thought it might be possible to give economists something of what they wanted by a supplementary valuation of a fixed asset by adjusting the original cost by a general price index.

It was Bray's appointment as a part-time Senior Nuffield Research Fellow in the Department of Applied Economics at Cambridge which appears to have changed his views. The changeover can be seen in his Cambridge monograph *Social Accounts and the Business Enterprise Sector of the National Economy* [1949a] where the main text favors the conventional accounting valuations of cost or lower market value for inventories while the appendix recommends that both opening and closing inventories should be shown in the operating account at "last cost" prices.

His book on *The Measurement of Profit* [1949] is disappointing. As A. R. Prest pointed out in a review [1950], Bray does not add much to our fundamental knowledge of the nature of income and capital, being content to summarize the views of Pigou and Hicks, without attempting to push their analyses further. Bray did, however, clearly recognize, while so many of his fellow accountants failed and continued to fail so long to recognize, that the existing accounting conventions conceived in an era of relative monetary stability had lost their force [1949, p. 55]. Bray made no substantive contribution to inflation accounting, but he was well aware of the problems and of the urgency of tackling them.

IN CONCLUSION

Bray moved in the three worlds of economics, accounting practice, and academic accounting. What were his contributions to each of them? Stone has written that Bray confirmed economists in their belief that:

there was nothing wrong in what they were doing from an accounting point of view. On details, accountants might be able to point to situations that the economists had not really thought about and suggest solutions, but the accounts they would incorporate into a social accounting system would not differ materially from those proposed by economists [1979].

Bray was clearly a success as a practitioner (under his leadership, Tansley Witt became one of the top 20 firms in the U.K., but his immediate impact on practice was small. It is only recently that the British accounting profession has tackled inflation accounting, funds statements, and value added statements. To what extent Bray helped to create a climate in which such practices would eventually be accepted is hard to gauge.

Finally, Bray was not in the mainstream of British academic accounting either personally or in the ideas he espoused. The London School of Economics,

not Cambridge, has been the breeding ground of British academic accounting. Cambridge University has confined its teaching and research to macroaccounting and has virtually ignored microaccounting.

Nor have British accounting academics accepted the primacy of national accounts. For most of Bray's life they stressed the needs of shareholders. Today, they are emphasizing the differing needs of the various user groups.

Bray's influence, then, was indirect rather than direct. He helped to make academic accounting possible rather than creating it himself. His most important contribution, I suggest, and I acknowledge my own bias, was his editorship of *Accounting Research*.

R. H. Parker

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Sir Kenneth Cork (1913-1991)

Sir Kenneth Cork

IN HIS heyday Kenneth Cork was in his element as grand old City gent, the insolvency guru who had sorted out more of the great financial crashes than anyone else. He loved it. When the television companies wanted someone to "go through the books of UK Ltd" and tell the watching public what an accountant would make of the national economy, he would relish every moment and play the role to the hilt. They would film him arriving in a Rolls-Royce at his Gresham Street offices; he would ponderously peruse the ledgers which purported to show the state of the nation in corporate form, and then, in best City avuncular style, would bluntly tell the viewers that the game was up.

In some ways he never grew out of his very strong City roots. His father, Bill Cork, took up insolvency work in 1913, the year Kenneth was born. It was the era when grocery companies were being forced out of business by the new ways of chain stores like Maypole and Lipton. His father specialised in clearing up the financial messes and he prospered.

At the end of the First World War Bill Cork had the job of auctioning off surplus food stores accumulated by the Government. He raised £58m in 1919. Kenneth Cork would chuckle and claim that he never knew how much his father made out of the deal but that the commission must have been "a tidy sum".

It was in this world that Cork made his way as the youngest of three brothers, and his father was, in many ways, the architect of his success. It was decided that his elder brother Norman would not qualify as an accountant because that might, as it were, hinder his commercial style, but that, to provide the respectability, Kenneth would. The style which made the firm of Cork Gully so successful and enabled it to dominate the insolvency world was set by the Cork brothers. Norman barnstormed creditors' meetings, getting in the business. Kenneth provided the blunt City charm, to process the work and track down the rogues.

Kenneth Cork learned to play the City. One of his favourite stories was of how he realised that the Bank of England would have the address of a villain he was trying to track down. The Bank refused to reveal the information. So Cork decided that he would summon the Governor to appear before the bankruptcy court. He was invited in to see the Bank's lawyer and told that he was a difficult man but that a solution could be found. In a few moments, he was told, the lawyer would be called out of the office but would leave an address on the table. If Cork would be so ungentlemanly as to read it he would discover the information he wanted. He duly read it and headed off in pursuit of his quarry. But, for Cork, the point of the anecdote was that someone had tipped his quarry off before he got there.

That was Cork's City and that was how it worked. He prospered enormously and his firm single-handedly lifted insolvency away from the old cowboy days — with dodgy sales of assets, empty-handed creditors and scot-free directors — to a time when insolvency was a fully professional and fair system. In the 1960s and 1970s he was at the heart of all the action. It was his job to sort out Emil Savundra and the crash of his Fire, Auto and Marine Insurance company in 1966. In 1964 he was



Grand old City gent and the guru of insolvency: Sir Kenneth Cork, Lord Mayor of London, 1979

clearing up the mess of John Bloom and his crashed Rolls Razor business, which promised cheap fridges for the masses but never had the stock. And in 1974 he was there again when Willi Stern and the Freshwater property group turned into a record-breaking bankruptcy.

At the same time Cork's City work blossomed. He was a key member of the ill-fated but well-meaning Wilson committee on the workings of the City and in 1978 he became Lord Mayor. He appeared in an unlikely photograph in *Harpers & Queen* magazine, exercising with dumb-bells in the Mansion House while his beloved Nina got on with her knitting in the background. But the role of Lord Mayor suited him perfectly. As a City man he was supreme. He was the avuncular rogue. He was outrageous but urbane, the fixer, the man who could put together the connections, twist a few arms and produce the solutions.

He used the same talents equally well in trying to sort out the arts world financially. In 1975 he became chairman of the Royal Shakespeare Company and was a key figure in bringing in commercial sponsorship in their early Barbican days. He was deputy chairman of the Arts Council and, crucially, he was the man behind the Priestley Committee, to report on the finances of the RSC, the Royal Opera House and the English National Opera. It was here that the City ways and the Government fell out. For Cork it was obvious that if a high-powered committee of civil servants and accountants could crawl all over the RSC and come up with a tough re-

port saying that it was a lean, mean and financially efficient outfit, then there should be no further arguments over Arts Council funding.

In the City the financial logic allied with Cork's strong-arm tactics would have won the day. More funding was provided but feuds developed and Cork withdrew. The RSC was safe, the battle was won, but the war was another thing entirely.

With his seventieth birthday not far ahead Cork decided to find a safe haven for his firm and in 1980 it merged with Coopers & Lybrand. Cork Gully had revolutionised the insolvency business. One of the results was the way that all the major accountancy firms followed its lead and built up the large insolvency practices which exist today.

In 1981 he and his committee finally produced the Cork Report for the Government which aimed to revolutionise insolvency law. In typical Cork and City fashion he had attempted to rewrite the whole and he never properly understood the political reasons why his efforts failed to achieve wholesale acceptance. But the important concepts of "wrongful trading" and the idea of appointing an administrator to attempt to save businesses in trouble were his and have made their mark in the current recession.

He enjoyed his retirement. He enjoyed his sailing. And he wrote an autobiography called *Cork on Cork* which was published in 1988. Only last week he was at the National Portrait Gallery to celebrate becoming the first accountant to have his picture hung

there. But it was obvious that his long illness was taking its toll.

Back in the mid-Seventies he was so well-known a public face and so associated with financial disasters that, the rumours said, he had to leave the Bank of England late at night with a coat over his head lest his appearance in Threadneedle Street would provide absolute confirmation that one of the clearing banks was on the rocks.

That was what he relished — the sorting-out of business. It was, among other things, fun. And so were his Golden Wedding Celebrations in the Guildhall in 1987. With Lord-Wilson of Rievaulx in the audience Cork led the singing of the music-hall tunes of his courting days. Not many insolvency men could boast of having sung "On the Road to Mandalay" with a past prime minister.

Robert Bruce

Kenneth Russell Cork, accountant, born 21 August 1913, Senior Partner W.H. Cork Gully & Co 1946-80 (Cork Gully Chartered Accountants 1980-83), Sheriff City of London 1975-76, Chairman Royal Shakespeare Theatre 1975-85, GBE 1978, Lord Mayor of London 1978-79, Chairman Advent Eurofund 1982-91, Master Worshipful Company of Chartered Accountants in England and Wales 1984-85, Chairman Advent Capital 1985-91, Vice-Chairman Arts Council of Great Britain 1986-87, Chairman Advent Management Ltd 1988-91, Richmond Zone Managers Ltd 1988-91, Laser Richmond Ltd 1990-91, married 1937 Nina Lippold (one son, one daughter), died London 13 October 1991.

Eric H. Davison (1904-1982)

Eric H. Davison

E. Kenneth Wright MA FCA, a past president of the Institute, writes:

Eric Davison, who died at the age of 78 on 27 September, will be remembered with affection and respect by his many friends. He had an acute and enquiring mind and was always concerned to advance the interests of his profession. In the 1950's and 1960's he was one of the pioneers who proselytized for a system of accounting that would recognise changing price levels – a new subject then; we called it replacement cost accounting and the monthly meetings of the 49 Group, of which he was a founder-member, were exciting occasions and persuaded many of us that in times of inflation the historical cost basis was a nonsense.

In 1951 he played a large part in drafting a submission on the subject sent by 20 accountants to the Royal Commission on the Taxation of Profits and Income which, with its simplicity and grasp of essentials, reads convincingly today. He was a good Institute man and, although he was too much of a controversialist to fit the popular image of the establishment, he was on the Council for five years. For those who remember, his name can be linked with those of George O. May, Gilbert Garnsey and F.R.M. de Paula, innovators all.

I was lucky in being able to spend a long day with him in July. He was growing old and not greatly interested in refighting former battles, but he was proud that his son, Ian, now bears the torch. Who says that there is nothing in heredity? He died at Lockton, the North Yorkshire village he had loved all his life, and which loved him.

George D. H. Dewar (1916-1998)

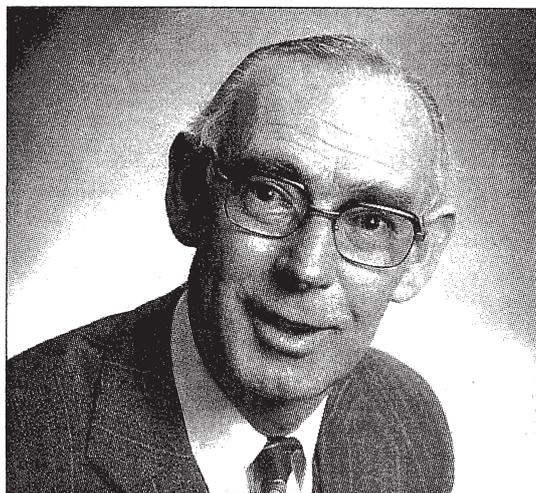
George Dewar

George Duncan Hamilton Dewar, CA; born September 11, 1916, died September 9, 1998

GEORGE Dewar, who died just two days short of his 82nd birthday, was born and raised in Glasgow. He gave much of his time to the old High School when it was based in Elm-bank Street and, on its closure, was actively involved in the setting up of the new school at Anniesland, becoming a governor and trustee. On leaving school in 1934, George joined Peat, Marwick, Mitchell & Co ("Peats"), now known as KPMG, to train as a chartered accountant.

He qualified with distinction in 1939, being placed first in the final examination. His career was interrupted by the war when he served his country in the Highland Light Infantry and latterly the Royal Army Service Corps, finishing his wartime career as a captain.

After the war, George rejoined Peats, becoming a partner in 1949 and senior partner in 1958. He led Peats in Scotland through a period of major growth in the profession until his retirement in 1981, and as a general partner of the UK firm, he was involved in the development of the international firm. During this time George remained a true professional and his name became synony-



mous with the integrity and independence so necessary for a truly successful professional accountant. His other great strengths were his warmth and fair-mindedness, which ensured that those who worked with him willingly and happily followed his example. He was held in great esteem and affection by all his colleagues. On his retirement from the firm in 1981, his wise counselling was greatly missed.

Throughout his professional career he was active in promoting the interests of the Institute of Chartered Accountants of Scotland and gave unstintingly of his time and energy, serving on the council and many of its committees. George became president of the Scottish Institute in 1970-71, his presidency overlapping the presidencies of Peats' English and Irish partners at the English and Irish Institutes

respectively. His own well-founded beliefs and principles provided the framework for his input to the Institute's education system and to its approach to accounting standards that began to be formalised by the accounting bodies during his periods of office.

He represented the Institute before the Jenkins Committee on Company Law amendment; he chaired the special committee on education and training in 1966, producing Dewar's Committee Report on the changes needed for the training of students for the latter part of the twentieth century; he was a member of the accounting standards committee from 1970 to 1975, and the accountants' international study group from 1971 to 1975.

George was a member of Mer-ryle Parish Church, where he was an elder of many years standing. For leisure and relaxation he loved his golf and was a keen member of Pollok Golf Club.

George married his wife, Betty, in 1940, and had her dedicated support throughout their married life, until illness struck her. He then devoted himself to her care until her death in 1995. He is survived by his son, Douglas, who is also a CA, his daughter, Isabel, a social worker, and two grandchildren.

Glasgow Herald, 19 September 1998

Anna B. G. Dunlop (1918-1994)

ANNA B G DUNLOP MA ALA

Anna Dunlop, who died on 11 January, edited her beloved TAM (The Accountant's Magazine) from 1968 to 1976. She produced a respected periodical of communication between the ICAS leadership and the membership. As an Edinburgh University graduate, qualified as a teacher and as a librarian, and with printing experience, Anna used all her skills during 19 years in the Institute's service, continuing,

in her early retirement for health reasons, her interests in accounting history and the Institute's collection of rare books. Many will remember with gratitude Anna's initial encouragement to write for TAM and her meticulous editorial standards which brought polished production to their work.

Anna claimed an invisible lapel button "I like CA's". Many would reciprocate for her.

Victor McDougall

CAM, March 1994, 72

Harold C. Edey (1913-2007)

In Memoriam: Harold Edey



Emeritus Professor Harold Edey died on 12 March 2007. He qualified as a chartered accountant in 1935 and, after war service in the Navy and a period as an investment analyst, he joined the London School of Economics (LSE) as lecturer in accounting and finance in 1949. He became Reader in Accounting in 1955 and Professor of Accounting in 1962–80. He was the School's first pro-director in 1967, and was also responsible for developing one of the first Masters courses in accounting in Britain, which is now the Masters in Accounting and Finance – the largest MSc programme in the School. A uniquely large proportion of British professors of accounting have been Harold's students at some point in their careers, and he made a point of encouraging young chartered accountants, including those like himself who had not attended university as full-time undergraduates, to enter academic accounting.

Harold was the first academic member of the Council of the Institute of Chartered Accountants in England & Wales (ICAEW), from 1969–1980, where he won respect through his service, communicating academic ideas to accountants in practice and industry. He was a member of the original Accounting Standards Steering Committee in the 1970s (the predecessor of today's ASB). In 1987, he was awarded the ICAEW's Founding Societies'

Award for his contribution to accounting research and higher education. He was elected as an honorary member of the Worshipful Company of Chartered Accountants in England & Wales.

Harold played a wider role in administration and educational developments beyond the University of London and the LSE. He was involved in the formative years of the Association of University Teachers of Accounting, which later became the British Accounting Association (BAA). The BAA awarded him its Lifetime Achievement Award in 2004. At the London Graduate School of Business Studies (now the London Business School) he was a member of the Academic Planning Board and a Governor. He was also Chairman of the Arts and Social Studies Committee of the CNAA and member of the Council, which recognised his contribution to higher education and to the discipline of accounting by conferring on him the degree of Doctor of Laws, *honoris causa*. He was an academic adviser to the independent University College of Buckingham (now the University of Buckingham) from its early days. He retired from LSE in 1980. Between 1980 and 1995 he was an Honorary Professor at the University College of Wales, Aberystwyth, while retaining a connection at the LSE. His interest in Celtic languages led to his learning Welsh and Cornish and his election as a Bard of the Cornish Gorsyth (named Pedr An Mor) in 1933.

Edey's major academic interest was in financial accounting and reporting, its economic rationale and relationship to financial management, and the history of its interaction with the law. He also wrote about National Income accounting. His seminal papers included 'Accounting principles and business reality' (reprinted from *Accountancy* 1963 in Carsberg and Edey (eds.) *Modern Financial Management*, Penguin, 1969); 'The nature of profit' (*Accounting and Business Research*, 1970); 'Deprival value and financial accounting' (in Edey and Yamey (eds.) *Debits, Credits, Finance and Profits*, Sweet & Maxwell, 1974). These papers are still used in teaching at LSE.

Harold Edey published several books. His major papers are collected in Edey, H.C., *Accounting Queries* (New York and London: Garland, 1982). A festschrift in his honour, *External Financial Reporting* (LSE/Prentice-Hall), was edited by Professors Bryan Carsberg and Susan Dev in 1984.

Richard Macve
London School of Economics

William W. Fea (1907-1993)

WILLIAM W. FEA
INTERVIEWED BY
MICHAEL MUMFORD

30TH OCTOBER 1979 AT GKN'S HEAD OFFICE

My thinking about accounting was boosted by the schools for returning servicemen. That would be the Summer Schools at Oxford after the war. There are six or seven papers in particular. I've just been re-reading them. I couldn't understand some of them I must say. [laugh] But I'm pleased to say I was backing computers in 1954.

Really - that early!

It was rather early. I flatter myself that I did see the possibilities there. The other thing I think I can say is that GKN were pioneers in depreciation uplifted to current purchasing power.

This is an area that interests me very much.

Yes, I thought you might be. I didn't design it. My boss did when he was chief accountant; we worked together on it, but it was his basic idea. And I am glad to say that the Board has kept this up ever since - actually, it has rather gone to town and saying they wouldn't dream of abandoning it. All the scribes [working on accounting standards] have taken it to pieces, and added bits back, and there are all kinds of calculations. I still think it's the fundamental point.

Yes.

However, you were going to ask me a question.

Could I start from the beginning, in professional terms. You qualified in a professional firm?

Yes. My history briefly was this. I was fortunate enough to get myself educated at Oxford.

Reading?

Well, I read maths. I took first the 'Mods' in maths ['Mods' refers to the first year exams] - because figures have always been my pride and joy. I've enjoyed figures - that's all that I can say. I had satisfied my colleagues, because they'd been kind enough to give me this scholarship. I went to my tutor and I said: 'Sir, I've got to the point when I can't understand the maths that's going on now. What can I do about it?' He said: 'Well, you've been a Philistine all your life - why not do something different. Go in for Philosophy, Politics and Economics'. So I took Modern Greats. I didn't do any work. I only got a second [class honours degree], which disappointed me but I really didn't deserve any more.

And I never regretted that. I learnt so much in terms of - I don't mean knowledge but, you know, the general approach to business it was fun. So that was it. Then I went and was articled in London.

You came down?

I came down in 1925. No - I beg your pardon, I came down in 1928; yes; that's right - I was 21: I was born in 1907. So I came down in 1928, and I was articled to a small firm in London and had the three year [articles] of course, having got a degree. So I qualified in 1931. They gave me £3 a week then, and they offered me £3-10 when I qualified [laugh]. I don't want to bore you with personal reminiscences but they set a background perhaps.

I think they do. I think they're very valuable, yes.

You had to live under those conditions. And then I went, through a family friend, to a well known firm in those days called Broads Patterson - they are now part of Arthur Young.

I know the name.

You know the name. Very fine old firm, splendid partners. One (Percy Broad) took me out to lunch and said: 'Well I think I can improve on that - we'll offer you £4 a week'. So I took the job on the prospect of £4 a week, and I thought I was jolly well paid. I was jolly glad to have a job.

Because to take articles cost a premium in those days, didn't it?.

My mother had to pay £300 premium and they said: 'Oh, we'll pay you back'. My mother was a widow with five children to educate, so, you know, I had to do everything I could. I was lucky enough to educate myself at Oxford. I got enough scholarships just to be able to pay my way. But after that, she had to save up; she saved up 300 quid, and I don't know how she did it. And there it was. After that, I had to make my own way.

But your intention when you had qualified was to stay in the profession, rather than go straight off into industry?

It was, then. And then one day my partner sent for me - a splendid chap called Percy Broad. He'd been a tea planter and came into the profession rather late in life. And he said: 'I think I ought to tell you that we've got a good many sons and nephews coming up in the firm. You may have been wondering - I don't think I could say we could offer you a partnership for quite a long time'. So I said: 'Well thank you, Mr Percy, that's very kind of you'. He said: 'What would you like us to do?' And I said: 'Well, I've got quite an interest in industry'. And after that he put me onto jobs that involved cost investigations and that sort of thing. And he said: 'Oh, I'll speak to my brother, Douglas'. Douglas was then chairman of a venture corporation, with a very wide contact. About three months later he sent for me and he said: 'There's a vacancy going at Barrow Hematite Steel'. That should ring a bell.

Rather - yes.

He said: 'They want a secretary/accountant there. And there is a partner in Peat's called Harold Howitt who is looking after it. If you're interested, I'll send you along to see him'. So I went along, and I became a life long friend of dear Harold. We had a long chat, and he recommended me to the chairman. I went in to see him and I got the job. And I went up to Barrow, and I worked there for a year or two: a fascinating job. They had no money. When the bills came in, and they had all been checked through the statements,

I drew the cheques, got the directors to sign them, and I kept them in a drawer. And every day I got the bank statement and I paid the most urgent ones. But I had about £100,000 - that was a lot of money in those days - in my drawer. Very educative [laugh].

Yes, I'm sure. How did you take to Barrow? That must have been quite a shock.

Oh - I loved it.

Did you?

Yes, oh yes. Splendid place. Yes - I was very happy there.

I live just round the corner, in Silverdale. The train journey to Barrow is rather special.

We used to have our board meetings in London on a Friday, which was very thoughtful of the board because obviously I didn't get home until about 7 o'clock on Monday morning. I used to go back to Barrow on the night train from Euston. I was courting then. I worked damned hard, I must say. I used to get up at midnight quite often and go out in the steel works, and they were tapping the blast furnaces, and I loved it. I quickly put in a cost system largely based on United Steels - the famous Simpson of United Steels. We had working arrangements with them. I don't know whether you've heard of Simpson - H. A. Simpson?

No, I don't him.

Oh, one of the great pioneers of cost accounting in this country, he really was.

It is interesting - we're talking here about the early 1930s: we're talking about 1932/33?

Yes. Early 1932/33 - that's right. Simpson's book, H A Simpson 'Works Accounting' or something like that, was a classic in his time and I do recommend it. I became a complete devotee of Simpson. My company at Barrow had relations with United Steel and I had to go to there on business. We had a very private agreement, supplying rails to the railways. I had to go there two or three times, and I became very friendly with Simpson and sat at his feet. And I put in a lot of his systems at Barrow. But it was quite incredible history - it was absolutely at the bottom. They'd got no clock cards, they'd got no labour analysis, they'd got no stores requisitions - oh, the whole thing was chaotic. And I managed to find two or three good chaps. It was the kind of job that will spark other people off to do. And one day my chairman rang me up and he said: 'I've borrowed some money in the city of London: we'll pay off that 'something' bank - come with me to Manchester tomorrow'. So we went to Manchester, we paid off the District Bank [laugh]. The biggest day, I think the biggest celebration I ever had at Barrow when we paid them off. He was borrowing on the deposits of pig iron, deposit receipts - it was a rather advanced form of getting credit in those days. And you see I was able to pay all the cheques. A great day!

Then I got married, and I was rung up by a friend called Julian Pode, who used to run the Steel Company at Wales. He was also a chartered accountant. He married one of my girlfriends, actually, [laugh] a cousin of my wife's. And he rang up and he said: 'would you like to go to Guest Keen and Nettlefolds?' And I said: 'what's that?' He told me a bit about them. Their accountant had just died playing golf, and they wanted a new accountant. It was not the chief accountant of the company - it was called the 'accounting secretary of the Nettlefolds Department'.

And so I responded to the invitation from Jim Jolly, who was then the managing director. He was a chartered accountant - the first one in GKN. And to cut a long story short he offered me the job and

I took it, and I've been happy ever since. And I went what's called 'down the road', to the Nettlefolds Department, which is now of course unfortunately one of the main dogs, thanks to the Japanese and the Koreans. I started there in March 1935.

Had you done any costing work at Broads Patterson?

Yes, they very kindly put me onto costing work at Churchill Machine Tool; do you know that company up in Altrincham? And they put me onto investigating and helping them develop their costing system. So I did learn practically, as well as theoretically. And in Barrow I really had to learn; I was virtually wet behind the ears and I really had to go in at absolutely basic level, you know - design everything, put it in: simple things, we weren't highly mechanised, as you can imagine, in those days. And then when I came to GKN, Jolly was very interested in it [costing], and I think that's probably the reason I got the job. Because he said, 'we need a breath of fresh air through the accounting team - somebody new'.

So I picked up an old cost accountant, who became the chief cost accountant while I was appointed chief accountant. He was very conservative, shall we say, but a damned good accountant. I used to try out my silly ideas, as a young man, and he pulled them to pieces. But between us we did develop them [laugh]. We brought in mechanisations of all kinds.

We went into balloons at the beginning of the war. We flogged balloons to Coventry for three or four months and then my boss said: 'well, it seems to be damned silly - you know, this is a phoney war; I think I'd better get you back into GKN'. And then of course I became a reserved occupation, and I couldn't get out after that. It really was a period of a phoney war, and nothing seemed to be happening. I was just wasting my time really. So I stayed at this group. Wexford Cumming was a director then. And then I had already been working on central accounts to a certain extent by 1948, and the then secretary and chief accountant retired and a chap called Bill Nicol, who was a Scottish chartered accountant - quite a distinguished figure - he was appointed secretary and I was appointed chief accountant. We were great friends and the boss said to us: 'well I don't know how to sort out the job. Will you do it?'

So we sat down together for a week or ten days, and we sorted out what each of us ought to do - and then we worked as a partnership ever since. GKN was a biggish company then, and that is the first time that I think a big company had decided to separate the secretarial/administrative functions from the purely accounting ones. And I insisted on that. I said 'I cannot take that job unless I'm given a free hand in accounting'. And I said: 'I'll keep Bill in touch with all I do and I will learn from him, and I won't interfere with the secretariat', and the boss agreed. He said go ahead. It was rather an unusual assignment. We wrote our own specification. In 1948 there was the new Companies Act - in 1947 and then the 1948 (consolidated) Companies Act.

I was going to ask were you consolidating the accounts before that.

I was really given the job of consolidating them. By that time I'd got onto the Council [of the Institute of Chartered Accountants in England and Wales], I think [mumble]. But I worked with Campbell, G. Campbell, and he was chairman of a sub committee of the Institute set up to issue recommendations on consolidated accounts.

This is one of the sub committees?

Yes; you will probably find it, I'm sure, in your records. I can't remember if it was a sub committee of the T&FR, as it was known in those days - the 'Taxation and Financial Relations Committee - or whether it was a subcommittee of the Council. I wasn't on the Council; I was on the T&FR. I became chairman

of the T&FR, and then they elected me into the Council. [He was probably not in fact chairman of T&FR until he joined Council.]

But Campbell I had a great respect for. And of course Apsley Morris was there. I was doing the practical work in GKN of a dummy run on the 1947 accounts to reflect the Act, and at the same time learning the theory, shall we say, in London. My boss said: 'what are you doing going off to London so often?' I told him the story, and he said, 'OK'. We had lots of meetings. There were Percy Rees, who was then chief accountant at Unilever, and Francis de Paula, who of course did the first decent set of consolidated accounts in this country, for Dunlop. They were the two leaders, I reckon.

In this working party?

Yes, in the working party. And they were the two leading industrial accountants of the time, I would say, certainly as far as the Institute's affairs were concerned. Even the practising accountants deferred to Percy Rees and Francis de Paula.

I take it he was a Fellow - he had been in practice long enough to become a Fellow?

In practice - yes. Yes, Francis de Paula you mentioned. I think you know Clive, and so do I, quite well. I had great respect for his father - he really was a pioneer, and he could speak awfully well too. He gave a paper at Oxford when they started the summer courses at Oxford for the returning servicemen - you know, that's how they started at Oxford. And Francis de Paula gave one, and then he bullied me into giving one a year later.

Well, I'd like to come back to that and ask you a bit more about that.

That I thought was the best possible introduction, because consolidated accounts for a very - I shouldn't say disorganised group, more a 'unorganised' group - the legal necessities of that did more to force us to become a group than anything else. It was very odd. We had a chartered accountant as managing director, who later became chairman - Jim Jolly. We had four main directors: he was one of them. And then Kenneth Peacock, who later became chairman of GKN, who was my boss. I worked for him the whole of his life. He died after a time and I was very fond of him. I couldn't have got through it if I didn't get 100% backing from Kenneth the whole time.

I helped him to the extent that he got a grip of the group. He came up to head office; he'd worked down there [at the factory], and I said: 'You must come to head office - that's where you ought to be'. He said: 'Oh no - I like it down here'. Eventually, I and other people too bullied him into coming, and he was a terrific chap and he really took it up. But I was able to help him in that way because I was really having to make demands. In the past, it had been: 'oh please, do this and that', and the secretary literally had three or four pieces of paper that he wrote on, and he took those to the board and that was the accounting for the group. Well, I was able to say: 'We have to have consolidating accounts, therefore I must have them standardised'. And I designed a summarised trading account, which they still observe.

I was asking my present financial director, Paddy Custis, and he said: 'well - they've still got it' [laugh]: they've scrapped everything else, I think - and a P&L account, and a balance sheet. I had to have those. And I said: 'Look, if you want to have accounts for the board every month, which you've ordered, will you allow me to insist that every company produces one of these every month'. It took a bit of time, but we did that. That forced a certain degree of central control that had been entirely lacking.

Was there no standard costing system?

No. The group, you see, is enormously varied, and standard costing system such as we were setting up in the fastener side over the years was entirely inappropriate for forging, or for the rolling mills, or the steel making - we owned steel making in those days. Oh yes, or Sankey's wheels, and all this kind of thing. We were evolving principles, and we gradually set up standard costing, based on the same principles of course, but that was a long way ahead. But we could insist on standard financial accounts with all that brought; as you could imagine, it took several years. And then we'd got distribution companies as well, and that was particularly difficult.

So what approximately were you talking about: 100 companies in the group?

There were about a 100 then - yes, that's right.

It must have been a major job to pull those together.

It really was. I was terribly lucky. I had of course a good assistant, and one absolutely splendid chap who, when I retired, succeeded me as financial director, Fred Rowbottom. And he was marvellous, he was a perfectionist, and we just worked together like that. And of course there were a number of other people. But it was tough going. And it included bringing in overseas because I insisted we'd got to do the whole job. I went out to Australia and I went to India and South Africa, and Sweden, to lay down the law [laugh]. They took it all very well, because they understood what the purpose was.

What about the role of your auditors in this; who were your auditors?

They were Carter & Co, who then of course merged with Coopers. I always insisted that we would deal with the local people because we always had the head office people in Birmingham. When I say: 'We can't deal with the management' [of Carter and Co], well we had them as a Burton firm for many years. The original Carter was of course one of the founding members of the Institute, so it was a very old firm. I always remember to this day, with some pride, that when Coopers and Carters were talking together, both the senior partner in Carters and Henry Benson and John Kerr, who were I think the senior partners in Coopers, came to see me separately and said: 'What would GKN think if we go together?' We were the largest clients of Carters. And I said: 'Well, in my opinion so long as you will allow us to go on dealing with the Birmingham side on the practicalities, we shall gain from the better advice on foreign affairs that we can get from London, and on taxation - I mean all the specialists'. But I said: 'They're jolly good down to earth people and I can ring on the phone and somebody will be round in half an hour if we've got a real problem': I said: 'We can't do that in London'. And they took the point. They quite understood and they allowed Carters to have complete autonomy on the job. It has been a success from our point of view.

I mentioned it because I wasn't sure whether your auditors might have been in a position to give you any advice on consolidation.

No - they were not. They were as weak as we were. [laugh] We were all learning together - that was the interesting part, you see. Because the war had stopped everything, as you can imagine, and when the Act came in - the 1947 Act and then the 1948 consolidation - well, Campbell's Committee had a lot of high powered London accountants. Some of them knew a lot more about it. Price Waterhouse was the chap, of course. And Coopers - well, we were all learning together, which was a great thing. And, of course, naturally we didn't go on unilaterally; we had discussions with our auditors, of course, on all these points, but it was a team job: we did it altogether. But naturally I had the chief responsibilities, being the chief accountant to recommend [the accounts] to the board. I had a frightfully good financial director, who'd

been a partner in Carters, Archie Gadsby - he was a great man, not known outside the Midlands. He was very 'anti-City' [laugh].

And he was the designer of what we were unique about for many years - this extra depreciation. He and I worked out the formula together, but it was his original idea. I always give him credit for that. And he was a splendid chap to work for because, being an accountant, everything I was talking about, being on the board he could see things through. I had the privilege of attending the board meeting the day I was appointed chief accountant, on 1st of April 1948. The secretary went, and because we'd split it up so amicably, they said: 'Well, we must have the figure man there - we can't do the accounts'. So I attended the board from 1st April 1948. I wasn't allowed to speak, of course, unless asked a question. And in 1958, ten years later to the day, I became a director.

So that was chief accountant of GKN?

No, of the group.

Not the Nettlefolds division?

No, I'd moved up in 1948. I had had 13 years at Nettlefolds, and I moved up to be group chief accountant, and Bill Nicoll was group secretary, and I held that position 1948 to 1960 when I became financial director in 1960. Ten years after sitting with the board, I was allowed to open my mouth [laugh].

Yes, so you became a director in 1958.

I was chief accountant and a director, and Archie Gadsby was for two years finance director. It was rather odd that they had two directors, but they were kind enough to put me on the board then. And then in 1960 he retired from the financial directorship, but he stayed on the board for a few years. Marvellous chap - he never breathed down my neck at the board after he'd retired his position. If he didn't agree with something, he always spoke to me privately; there was marvellous loyalty there.

Yes, yes, it is unusual that you had several accountants on the board, didn't you, including the chairman.

Yes, well Jolly said to me after I'd been going for about a year: 'I want to have a policy that every big company in the group has a chartered accountant in charge', and he worked on that basis. Well, Trevor Holdsworth who's going to be [the next] chairman in GKN is a chartered accountant. I took him on, actually, when we were short. Whether it has been good or bad for GKN it is for other people to decide, but we always had chartered accountants in senior positions.

Yes. Can I go back again before the war to pick up one or two points?

Yes, yes.

You joined the ICAEW in 1934. At what stage did you start to get involved again? You'd left London effectively.

Yes. Norman Lancaster, whom you mentioned, rang me up one day. He was the first person I knew in Birmingham. We had had an introduction in 1935 when he came to live in Birmingham, so I got to know him personally and he was also a member of Moseley Rigger Club, which I joined. He rang up and said: 'Bill, I'm having to resign from the Taxation and Financial Relations Committee in Birmingham' - he had done some very big jobs some of them - 'and I'd like you to consider going on it'. And I went and talked

to him about it, and that's how it happened I was selected to the T&FR Committee, in Birmingham. I became chairman of that, and then I was elected to London, in the days when Percy Rees and Francis de Paula were on it, and then I became chairman of that. That was 1948, I think.

The pattern of having a set of T&FRs at district society level came very early on, didn't it?

Yes, it did.

Shortly after the T&FR was set up in 1942?

Yes; whoever's idea that was, I don't know. It was very good because it got the provincials implicated - involved. I had the most odd people on it, including Halford Reddish who ran Ready Mixed Cement - he was on it. He was on the committee when I was chairman, actually. They really got a lot of people interested. He didn't stay on for more than a couple of years, or so but it meant that we did get industry interested in the Institute's affairs.

Birmingham would have been an exceptionally important society.

Yes it was; I suppose that's fair to say, yes.

So much advanced engineering.

And we thought, frankly, that there was so much more knowledge and practice of industrial accounting and cost accounting. At the end of it, they always said: 'well, the boys in London are marvellous about the City and financial accounts and tax and all this sort of thing, but they don't know anything about the shop floor'. Through my experiences in Barrow, I'd been brought up on the shop floor. I felt and I could go and talk to the chaps. I think it is awfully important that every accountant in industry - I don't know in these computer days - has got to be able to walk round the shop floor, and they've got to know who he is and talk to him. He shouldn't be 'one of them' - he should be 'one of us'. I hold that belief very strongly.

Well, that's my view, very much, but I trained in industry. I worked in Dunlop's.

Oh, did you?

I qualified as a certified accountant.

Yes. With Dunlop's here?

In Head Office, and then I came up to Fort Dunlop.

Yes; oh, well, you will agree with that point of view.

Very much. The Birmingham T&FR. Was Stanley Dixon involved in it?

Not as early as that. Stanley Kitchen much later. I think I got invited to go and talk to - was it Nottingham chartered accountants? That's when I first met Stanley Kitchen. And then he moved into Birmingham. He worked for a firm and chucked the job up and came to Birmingham. That's right; you'd have to talk to him direct.

Stanley Dixon?

No - this is Stanley Kitchen: sorry.

Stanley Kitchen.

Stanley Dixon I didn't really know until he

He was with the Yorkshire and Midland Tar Distillers.

Yes, Midlands Tar Distillers at Oldbury - he was the accountant there.

So Stanley Kitchen was also in the Midlands at one stage?

Oh yes, he was a partner in a firm.

I thought he was in Yorkshire.

No, no he was a partner in a firm of chartered accountants for several years in Birmingham.

That is interesting.

Yes, I suppose Birmingham had all sorts of people. Leonard Barrows, whom I knew very well, and Peter his son. He was the first President of the Institute for many years from this part of the world. Right up to Eric Sayers.

What about Lawrence Robson? Did Lawrence Robson get involved in Birmingham?

No. I knew him pretty well, and Ian Morrow too. I worked with Ian Morrow on another job. But Lawrence, no; I don't think I ever saw him in Birmingham. He may have come down once or twice for lecture tours, and this sort of thing. He had a dual personality - or treble personality. He was president of the Institute of Cost Accountants, and then of course he had the management consultants, which became Robson Morrow and then he was also a practising chartered accountant [laugh]. Quite a chap! A great man, I thought, Lawrence - in many ways. Apart from that, he was chairman of the Liberal Party, wasn't he? I knew Lawrence well. I haven't seen him for years; is he about still?

Yes, very much so.

Oh, good.

Yes. I went to see him to talk about the history of accounting.

He gave a splendid paper at Oxford, on one of the Oxford summer courses, a pioneering paper which I thought was awfully good. Another chap who gave a pioneering paper, which made a deep impression on me and I think a lot of other people was the fellow Reynolds - not Hans Reynolds, but Hans Reynolds' son. I quoted him in one of my papers. For those of us of that generation, the Oxford courses were absolutely marvellous. It was the first time the Institute had really brought people together for a week under splendid conditions and invited a number of people to give lectures and talk. I think I went to about five or six, and I learnt more from that than I think almost anything else.

Did that arise as a result of the refresher courses?

I'm sorry - it is the refresher courses I'm talking about. It was somebody's idea in London, that the people coming back from the war needed refresher courses - that was what it was for.

I gather that was Frederick de Paula, who had been involved at the end of the First World War in doing that.

I think you are right; I think that's right. And that's why he gave the very first paper. I went to that. I remember it being very good. He and Reynolds I think were the first two papers. I think so. Yes, that's right - Fred de Paula did that; it was one of the best things he ever did for the Institute which was marvellous; it got so many people together. And besides being a refresher for them, they were kind enough to allow anybody to go. And I had wonderful experiences in 'The House' - we all lived in Christ Church [college].

That must have been a really nice home-coming for you.

Giving a talk at that wonderful hall! It was the first time I'd really had to lecture in a big public place, to a critical audience - so it's really something I shall never forget. A great experience.

You'd been invited by whom to attend, do you remember?

Well, I'd gone under my own steam and taken part in the quiz. I think Freddy de Paula asked me to take part in a quiz. I don't know - I cracked a joke, I've forgotten what it was, but [laugh] somebody said: 'Well, this chap had better give a paper'. So I had to give a paper the following year. Nobody had cracked a joke before. I was rude about the Institute's motto - you know, the woman sitting in a very precarious position with considerable danger to her private parts, I thought, and I made some remark about that.

The odd thing about the Institute's crest is the fact that the balance which she is holding is off centre - the balance pointer is way off centre.

Yes, you are quite right.

I can't understand why it should have been designed in that way whereas it ought to have been purely vertical.

They wanted the assets to be greater than the liabilities... I think it may have been a remark about that; I've forgotten - it's so long ago. But I believe that I did get it right. I never lost interest. I found the main thing about giving papers was that I gave a lot of time to it - very little in the company's time. My wife always accuses me that I spend all my time at home. I'm sure you find this; there's nothing so good for learning about a subject as to have to try to lecture about it. That's the reason I kept it up, for quite a long time.

I'm jumping ahead a little bit here. I've been trying to get something drafted just recently myself on this old, old problem of backlog depreciation, but it seems to have disappeared from view again.

Has it yes? I can produce something for you on that. [laugh]

It's such an interesting question. I drafted something and the editor has sent it back and said: 'No, I'm not quite sure you're being fair to the other side - would you like to look at it again?'

You don't have to be fair to the other side, do you? I mean, are you desperately writing like the good lady on the crest, with the bias pointing the other way? I think in accounting one has to have biases. In the end, perhaps, there's got to be a publication and all points of view should be taken into account. But

the Institute has waffled so much through trying to reconcile so many different points of view which are irreconcilable, some of them.

Having got involved in the refresher courses, then, you also took a part in the summer schools?

Yes. The refresher courses sort of came to an end, I suppose, after three or four years when the chaps had come back, and became summer courses. I can't remember the exact date. Thank God they've burnt most of my papers. My earliest paper was on the presentation of accounting statements, and that was published in *The Accountant* in 1949. [Looks at a file of refresher course papers.]

It sounds entirely apt.

So that was, I think, was my first bursting into print. There was a paper by Freddie de Paula, 'Developments in Accounting'. Oh - Sir Charles Reynolds - that was it. He was the chap I was trying to refer to; and Norman Lancaster. Norman gave a talk - and Lawrence Robson, there they all are. So you might like to read that, because there's quite a bit of history. I purposely went into history. I brought these out, and you're very welcome to them if they're any good to you.

I'd be most grateful. I'd love to.

Well, that was that one. And that might help. you because it was written in 1949 and it does bring things up to date.

***The Accountant* was very authoritative in those days. It seems to have lost some of its influence over recent years.**

Has it? I never read it.

Well, I think that's significant. I think it has been overtaken by *Accountancy Age* and *Accountants Weekly*.

Yes, I think that's right. It seems to me a pity that there are always arguments about its contents. But it was prescribed reading for me in those days. I read papers and letters, articles on taxation - they have become such enormous subjects.

What about other material? We were talking a little while ago about consolidations.

There was a publication by the Institute. It was officially approved, and I think it was a bit of a landmark because we managed to get some principles into it. I learnt an awful lot on that.

This was very much a matter of talking about it. There was very little written on the subject [of consolidation] beyond Thomas Robson and Garnsey.

Yes, Garnsey first. Tom Robson's [book] came later. He was on our committee, I think. I'm not absolutely certain of that fact. I can't remember the members of that committee. I remember very much the membership of some of the later committees; there is one particular one I must tell you about. But I'm sure the archives at the Institute will say; I expect you are going to go through them. I should look at that because I think it was pioneering; it was the first official statement. Robson's book of course was marvellous, and he developed Garnsey because PW [Price Waterhouse] were leaders.

Yes, they seem to have had very early experience. Arthur Lowes Dickinson had become involved very early.

Yes; he was the American partner, wasn't he?

That's right, he spent some 13 years over there and then came back.

And of course they were a hit. I'd done consolidated accounts, strangely enough, in 1933.

Now that's interesting.

I was in Germany and I was working for Broads Patterson, as I told you. They have now amalgamated with Arthur Young's, who are a big American firm. And they'd got the job of the European audit of the Standard Radiator Company - you know - Ideal boilers and that sort of thing.

Yes.

That's the English end of it. It's a big American company with a tremendous long title, and they've got branches all over Europe. Arthur Young's gave BP [Broads Patterson] the job of sending accountants into all the countries - France, Germany, Italy, Sweden, Denmark, this country - about seven or eight. And the headquarters for American Sandstone was in Paris, and Arthur Young's had a small office in Paris, and BP's did. We used to go out to these countries and do company accounts on a standard basis and bring them to Paris to consolidate them. This is pre-computer days and all that sort of thing. We had to put them on a ship - the 'Bremen' it usually was - not later than the 7th of February. It was quite a major job, actually. I learnt an awful lot from there; we all went out about the 10th of January, and we worked for about three weeks in the company, and we all met in Paris at the end of January and put it together. One learnt some elementary things. It is so obvious these days [laugh]. The main thing was to agree the inter-company balances and all that sort of thing.

So I learnt that for GKN. The first thing I laid down was to set up a clearing house here. We had a tremendous performance, with cheques and things passing round the group. I said: 'That's a nonsense: it can all be done by book keeping, and no money need pass. And you've ruddy well got to agree the balance every month, and I shan't accept that the inter-company bits don't cancel out every month'. It took a bit of time to achieve that, actually.

You also resolved, presumably, some disputes going back over the years?

Yes. You forced them to do things. I said: 'It has got to go on the date of the originating document - that is the governing basis'. In other words, we used four and five weeks periods, rather than quarters, and I used to say if it is the last day of the accounting period as the date of the invoice, you can argue that you didn't get the goods till afterwards, but you have got to accept that and you can take it into stock. And so we worked on that simple principle; the date on the governing document was the one that determined the entry in the group's books. There's a principle I learnt through doing those accounts in Europe. That shows how far the Americans were ahead on us, you see.

Quite so. It's exactly the sort of influence that I find tremendously valuable, looking back to see how the ideas developed.

Freddie de Paula, to start with in this country, was a pioneer; and Percy Rees at Unilever's, because I think you'll find their accounts in 1948 were bloody good.

I think they probably consolidated even before the war.

Yes, I think they did; and the Americans. There weren't many other people in this country who were doing it.

EMI, I gather had consolidated before the war.

Did they?

I gather this from Eric Hay Davison.

Oh yes. Is he still going strong?

Very much so, yes.

Oh, I'm very glad to hear it. Remember me to him, if you see him.

I shall indeed.

He was chief accountant at Courtauld's.

That's right.

And then - I was chairman of the most interesting sub-committee I've ever been on, I think; we really tried to tackle accounting for inflation. I had Ronnie Leach, Eric Davison, and a splendid character who dropped out of the Institute but was a real Lancashire type - you know who I mean?

Oh, I know Jack Clayton from that description.

Yes, Jack Clayton; it absolutely fits him. And one other - I don't remember now. We were given the job after the failure of - what is it, 'Recommendation 15' or something - to try and work out the principles which should govern them. What were our terms of reference; they weren't wide.

You were a sub committee of the Parliamentary and Law Committee.

Yes. Well, the interesting thing that emerged from that - and this was unanimous - was that we should adopt for our conversion factor the general index of purchasing power as expressed by the retail price index. And we appealed to the Board of Trade's statistics department, I think it was, and we got the head of that department very interested, and we got him to one of our meetings. And they made a change - this is always happening with statistics - and they decided to build it up in a different way. It was published monthly, and he promised to set up a continuous chain for us. I think he had to work backwards for this; obviously we'd got to stay with the latest idea and he promised to work backwards.

Now we had already adopted this in GKN. One of the biggest jobs I had to do when they decided to do this was to get all the fixed assets in the group analysed by the year of purchase. That took about a year or two, as you can imagine. I absolutely insisted. We went back to 1937, from my memory, and this was in about 1949 or 1950. So, in other words, anything more than 12 years old we'll just take as 1937. And 1937, we said, is 100. And then we used in the UK the retail price index. Now we were trying to measure; it was as simple as this. And I've never flinched on this in the whole of my accounting beliefs - that it is the purchasing power of the pound that matters and not all these ideas of replacement with that piece of

plant or anything like that, or a special index for chemical plant, and another one for ships or something like that. That's a different concept altogether.

We were trying to get the pounds in which the profit and loss account was written into terms of the same value. In other words, we used the foreign exchange conversion idea; that is all. And we've stuck very simply to that. And we do this consistently through GKN. In Australia, we got a corresponding figure for the Australian dollar, and in Sweden. And we've rather abandoned the old idea of trying to convert - which was current in those days - of trying to convert the expenditure of the English pounds, which I think came from branch accounting. Nowadays, I mean, it's absolutely nonsense, when you raise all your money overseas and that kind of thing, you don't send it out from here.

So we've adopted the index appropriate to each country. So if Australia had an inflation rate of 500 against 100, and we only had 400 against 100, they use 500 for their assets, you see. And then we could write it at the Australian rate.

Now, in developing this technique, was this something which grew round the table, or were there other sources which you found available for this?

To be quite frank, Archie Gadsby and I did it; we didn't consult anybody else. We went along to the auditors, and we worked it out and discussed it with them, and we said: 'will you qualify the accounts?' And they said 'no' - after discussion of course. And we've always had a 'true and fair view' [audit report], in spite of doing this.

Well, Coopers are the auditors for Philips, aren't they?

Yes. Well, in one of my papers I've quoted a lot of Phillips, because they were pioneers - but they've been using replacement costs: that's the difference.

That's right - quite different. Yes.

I had a big argument. I sat on the David Barron Committee of the CBI [Confederation of British Industry, commenting on inflation accounting]. We had most of the big companies. There was old Shawcross there from Shell; there was a chap from ICI who was then director, chief accountant. I had fierce arguments with them because they wanted to do it on replacement. David Barron backed us up - two or three of us who were on this purchasing power of the pound, and so we came out quite strongly. I was nominated onto that by the Institute, actually. It was terribly interesting meeting these different points of view. Not that one would like to say that they were wrong - they were different, that was all. I think you would agree; there are so many concepts.

We simply had the concept that if we'd got the P&L account right in terms of current pounds, everything else would fall into place. We've stayed with that since, and GKN still does that.

There had been some experiments before the war in Germany and in France.

Yes, I believe so. I wasn't sufficiently up with it, but I did catch up with those, particularly in France. And then, of course, with the German mark catastrophe they had to start all over again.

Yes. This had been written up by Henry Sweeney in America, but I don't believe that Sweeney was widely read in this country.

I don't think he was. I came across it long after we'd done it. We honestly didn't know anything about it. We evolved this just - you know, it was on first principles. But I can say lots of people are thinking along the same lines simultaneously, aren't they? And I mean they have found this in so many scientific fields, haven't they? They are quite astonished when somebody publishes something, and they say: 'oh, damn - I was going to publish this; I wish I'd done it last week!' [laugh]. But we were the first big company in this country to do it. [Interruption as documents are brought in.] That's amazing [reading from a document]: 'The effects of Inflation on Distributable Profits': that was this committee, which was set up when I was chairman. That was in 1966 through the whole of 1967, and our correspondence included that with Professor Edey, Bill Carrington and lots of correspondence with Ted Parker.

Ted Parker was very influential in *Accounting for Stewardship in a Period of Inflation*, which was published in 1968 wasn't it?

Yes, yes. But he went for totality. I found a lot of correspondence there on converting the balance sheet, every item on the balance sheet - what he called 'the network'. And he shook us quite a lot, actually - he was so persuasive.

But in the end we refused to bite; we wouldn't go the whole way. I think Ronnie Leach was one of the people who stuck out, and I did too actually, and I said: 'Whatever the merits of that may be, our job is [to show] the effects of inflation on distributable profits'. We thought that was a different view from, say, the [gains and losses on holding] monetary items, where you are up against a different kind of thing.

So we concentrated on the P&L account. Look: there's a letter from Eric Davidson. I laugh a lot if I read some of that. And then this is David Barron's Committee, the CBI Committee. [Reading] David Barron; Charles Bingham of Stanley Blythen & Co; Stanley Harding, finance director of Thomas Tilling; David Hobson of Coopers; D. A. Hunter; Andrew Johnston of Schroder Wagg; McKinnon, chief accountant of Imperial Tobacco; [A. J.] Laurence, financial director of Hawker Siddeley; Lord Melchett of British Steel Company; Sir William Strath, deputy chairman of TI [Tube Investments] - oh yes: I did a lot with him; [F. J. K.] Hillebrandt, treasurer of ICI; [Harold] Ward, financial director of Dunlop; Richard Young, chairman of Alfred Herbert; and [A. W. P.] Stenham, director of Unilever. You see it was quite a high powered committee. David Barron who was then chairman of Shell. [Interestingly, this list omits L. F. Robson, representing The Electricity Council.]

And that was set up in the late 1960s, was it?

No, 1972.

There was an interim report before the Sandilands Report came out, and then a final report somewhat later.

It was set up in 1972 and I stayed on it - I retired in 1972, and they kindly asked me to continue and I stayed on until it finished in December 1973, I think. It was most interesting.

Douglas Morpeth was involved in that too, I think.

Well, he was the President [of the ICAEW] I think at the time, and we kept a liaison of course with him. Oh, Tony Burney was on too; he was on the Council [of the ICAEW] with me. He was chairman of Debenham's. Sir Anthony Burney. And (W. R.) Booth, a director at Tate & Lyle. Booth resigned in February 1973, and Tony Burney in June 1973. Oh, and Gadstone, group chief accountant at Courtauld's. Then we had Leighton

Boyce from Pilkington. So it was the top companies, very much, because we felt that it had got to be solved by the big companies before anybody else could really sit up and take notice.

It is significant that this committee of yours in 1966/67 was set up as a sub committee of the Parliamentary and Law Committee rather than T&FR.

Oh, T&FR by that time had become the Technical Advisory Committee, hadn't it.

Oh, yes.

Having been chairman of one, and I could have been chairman of the other, I can say that Parliamentary & Law was looked on as the senior committee.

I'm sure

It was a Committee of the Council, so that was the reason it was felt so important. We were given the job, and not through the technical advisory. I think they'd done their stuff, and we had their papers and so on. [Reading] I wrote to Platt, the research secretary: 'Thanks for your letter enclosing detailed redraft of certain sections of the book.' Here is a letter - three pages - from the research secretary: 'Mr Clark informed me you should be given the assignment to deal on behalf of the Research Committee for the preparation of a document based on the work of the Appropriation of Profits sub committee of which you were chairman'. They must have been proud of that.

You are right - it was the earlier 1960s [rather than 1966/67]. This thing went on for so long; it is still going on.

Yes, it is of course, yes.

And Platt wrote me a very good letter, and said: 'Mr Parker, however, took the view that this should be regarded as capital rather than liabilities after consideration, given the treatment of preference and long term loan capital'. Ted Parker was always on the balance sheet side. I thought he put too much emphasis on the balance sheet. [Reading]: 'I want to stress that the committee's concern was with the profit and loss account, and it was highly reluctant to be drawn into the treatment of net monetary assets.' Funny - I wrote that at the time, during 1966; that was my reply to Platt.

Oh - Stafford; there's the Board of Trade chap. Mr Stafford who was then director of statistics, and he was the chap that helped us so much with the price series.

The consumer expenditure deflator, I think, was the one that was recommended in the end.

It was. We called it very simply 'the retail price index'. Actually, in GKN we weren't trying to measure asset values; we were trying to measure the depreciation of the currency. That was all. We were really stuck with that very simple concept. I know it's easy to say, and damn hard to follow it through, but we thought that is what mattered. You wouldn't put marks and francs and pounds in one line and add them up and say: 'that's the profit and loss account'. You'd convert the marks into pounds and the francs into pounds. We started from that simple content and never left hold of that.

Will Baxter - Professor W. T. Baxter - had been arguing this; he presented a paper in Manchester in 1949.

In 1949, did he? Yes.

What's interesting is that he was arguing for the index to be based upon the start of the year prices instead of the end of the year prices, which is a concept quite unfamiliar to us now.

Yes. I can see the point. We were arguing, I think, because inflation was so small there wasn't a big difference. You know, when you get 25% it is an important matter. We just took the simple rule that [we sued for] our conversion of our foreign exchange assets and liabilities; so we didn't even take the average rate, we took the rate at the end of year. But I quite agree that there's quite a theoretical argument for using the average, or perhaps as you say for particular stock that was in use at the beginning of the year.

Did you have any submissions from America on this subject?

Ted Parker did, yes. There was a marvellous publication which I read and I had that circulated to all members. It was very good.

From the American Institute?

Yes. I forget now its name - it was a long time ago - but they did it the American way, very exhaustively. They gave a number of options didn't they? And there was one in particular that was very close to us.

That was published in 1963, I think, *Accounting Research Study Number 6*?

Oh, we were in the middle of our deliberations when this came out, so my committee must have been about 1962 to 1964.

I'm not quite sure which document it would have been.

Oh it was huge, and it was published with a white hard back and it literally was about that [indicating four or five inches] thick: it took an awful lot of reading.

[Reading] I see that the actual index we recommended was the wholesale price index, and that is what Stafford helped us over. I've just found something here. There's a paper written about the number of different price indices. We had a lot of discussion about this and felt that we wanted to stay with our principle. We weren't going to have different indices with different assets, because it was the pound we were concerned with. I'm sorry I can't find the reference here to the American paper, but we thought a lot of that and we used it a great deal. In fact, we used it as a check-up on our own ideas. I know it came out when we'd got pretty well agreed. And so I circulated it and said after reading this you may feel we should reconsider some of our conclusions, but we didn't. We thought it confirmed very much what we'd said. It was interesting.

What interests me very much about this is the fact that this committee was set up in the early 1960s, when the rate of inflation was really pretty low.

Yes it was.

I'd always worked on the assumption that people got excited about inflation when the inflation rate went up.

Well, I will quote myself to you: 'Inflation is both age-old and world-wide. The economic history of mankind has care for the monetary aspect before the history of inflation. Reference to prices is told in the records of the history of many dead peoples. Of course, in our modern civilisation we have a potent and

universally recognised factor out of all of us'. 19th March 1954. 'World Wars and the growth of population probably constitute the two greatest causes of inflation. G.O. May in an article in *The Accountant* on the 18th of October 1952 produces the most interesting chart of the price of gold in Great Britain over seven centuries up to the present day'.

Did you come across G. O. May? Did you meet him?

Yes, I did.

He came over [from the US] in the early 1950s, didn't he?

That's right; that's when I met him yes. He gave a talk at one of the Oxford summer courses, being a partner in PW [Price Waterhouse]. He was the 'Grand Old Man', there is no question, I should have thought, with Lowes Dickinson. I would put him very high on the list, wouldn't you?

Oh yes, certainly so. Particularly in moulding relations between the American profession and the senior academics.

Yes, he was terribly good on that. I know some people threw cold water on his technical side, if you like.

Well, he was very keen on current purchasing power, wasn't he?

Yes, you're quite right. On our committee we tried to find out everything we could about thought. I'm sure I'm right in saying that the American publication you referred to quoted G. O. May a lot. He may have given evidence to them or something. That's right - I'd forgotten that.

There was also the *Report of the Study Group on Business Income*. Now George May was very involved with that, and there were a group of people who got together - a whole list of people who got together - to look at the question of accounting under conditions of inflation. The committee was set up in 1947 and reported in 1952. It wasn't unanimous at the end of the day, but there was strong support for current purchasing power there, and George May drafted their report.

I remember that now, yes. Well, I've quoted from what the four - the Association (ACCA), the Society (SIAA), the Scottish Institute and our own Institute - said in 1954 about it.

That will be well worth reading.

You might find that interesting. It's very brief; I'm afraid there's not much meat in it. I think we at GKN were one of the companies that recognised the importance of this problem even though inflation was at a comparatively small amount, rather earlier than some others.

Well, in 1949 there was quite a burst of inflation - in 1948 and 1949.

Yes, that's right; and then it died down again.

The dizzy heights of 7½ and 9%!

Yes. We thought it would never go to double figures!

Yes, going back to rather the same period - it's something of a detour - were you involved at all with The 1949 Group, or with the lunch club which Basil Smallpeice set up?

No: not being a Londoner, I wasn't. I knew Basil very well. We sat next to each other on the [ICAEW] Council for years. I knew him in his days when he was at Doulton's. And I went over to see him once or twice. He and his colleague Ken Bevan did a good job at Doulton's. I went and studied their accounting system. Bevan went off to an airline ...

BOAC?

BOAC, that's right - as it was in those days. And of course Basil followed him [out of Doulton's]. I thought Basil had a very hard deal but that's another story. I know about it. I think Eric Hay Davison was a key member of it.

Yes, he was.

He'll tell you a lot about that which I can't. We were rather taken with it, and I think one was started here in Birmingham. I went to it a few times but I was so busy I really couldn't give any more time.

It would have been a little earlier but you weren't involved at all with the Accounting Research Association?

No.

Again, that was meeting in London.

No. Being rather busy here, I had to trim my sails according to that. I said: 'I'd love to get involved in research but I just haven't got the time. I've got to stay with my feet on the ground'. And I could only join in things - I meant this quite straightforwardly talking to my chairman - I said: 'I can only take part in things which will feed back into GKN'. That is my important principle, so I didn't get involved. I was chairman of the Non-Practising Members' Committee, when it was set up. That was quite interesting. We had to deal with ethics. I tried to induce them to get out a booklet on ethics. I was on the Practising Committee. But a lot of them said: 'well, there's only one rule - you resign if you don't agree with the ethics of the past' [laugh]. You know, it was rather a subject on its own.

Yes, now that's an interesting line. Basil Smallpeice was involved in trying to persuade the Institute to recognise people not in practice, wasn't he?

Yes. I was working with him on it.

I see you were involved earlier?

It was one of the first subjects that I brought up at my Non-Practising Committee. A chap called Joe Latham - I don't know if you know of him?

From GEC?

Yes; he's a director of Thorn's now. When Weinstock took over AEI, Joe stayed for a time and then got fed up and he left and old Jules Thorn took him onto the Thorn board. He was a splendid chap; he did a lot of work for the Institute actually.

But there were several of us who felt that when the Institute was working very hard on ethics for the practising accountants, we said: 'well, no - it is us chaps outside: we surely would like to have some support from our own Institute. We're very lonely at times'.

I've never been up against it myself, but one or two of my accounting friends in GKN used to come and talk to me on the side about some of the problems they were up against. I wouldn't like to say there were dishonest managers, but people who were cutting the corners pretty fine. I couldn't take it up officially, but I had to give them advice about it, and I had to say: 'well stick it out to the point, and in the end we'll back you up and see you don't get sacked'. It was that kind of thing.

And so the advice we worked out on the Non-Practising Committee was go to other chartered accountants, or go to the auditors, provided your conscience is clear - if you are not being disloyal to your ultimate employer if it was an individual who was heading for fraud - well, not fraud, of course: I mean not criminal fraud. It was those kinds of pressure. Anyway, it's a story on its own. But we did feel the Institute had missed out on that aspect, and that if we were to be treated as equal - you know, we were made Fellows and all that kind of thing - the Institute ought to do something to help us on a collective basis. The practical point that always came back was: 'well, we can't do anything. You are employed, and in the last resort you've got to chuck the job up'.

You were chairman of the Non-Practising Members Committee?

Yes, I was the first chairman. They decided to set it up, and I happened, I suppose, to be the senior industrial accountant on the Council - about the fourth industrial accountant, I think, to go on the Council. I think [P. M.] Rees and de Paula were the first; I think I was the third, actually. I think I was the next after them yes.

And this would have been 1945?

Oh no, much later. I didn't go on the Council until the mid 1950s. I was there at its formation. I don't know whether it still exists even, but it was an attempt. There was a lot of belly aching at that time that the non-practising accounts weren't given enough weight in the Institute. There were neither enough members on the Council, nor were the subjects which the Council considered of much interest to the non-practising members. They were complaining that they didn't come to the summer courses in sufficient numbers, and so some of us said: 'yes, if you'll produce subjects that they're interested in, of course they'll come; and if you produce reports'. So that was how it developed.

Joe Latham, I think, was my deputy chairman when I was chairman of the Non-Practising Committee. You might ask him; I'm not sure he didn't take over the job, I can't be sure - but he was certainly a tower of strength. I don't think Stanley [Dixon] was on it; he only came on a bit later.

Yes. What about the pressure during the late 1940's? The Millard Tucker Committee on the taxation of profits and income, and then the Royal Commission [on Taxation]? There was considerable pressure from the FBI and the British Employers Federation to depart from historical costs for tax purposes, as well as for other purposes. Were you involved at all with the FBI or the BEF in those days?

No, I wasn't. I took the line that taxation was not my field. I was interested in trying to get true profits in accounting, and the experts had got to take that through in terms of tax. I'm sure that the Institute of course made representations. But I was never personally involved in it. I kept right away from taxation. Bill [Sir William] Carrington was. He was in those days looked upon as our leading tax expert, before John Talbut. My son was articled to Bill.

Oh, was he?

I was sad when he died: Bill Carrington - I didn't know him so well. No, my son was articled to Bill Lawson of Binder Hamlyn's - but he wasn't quite such a tax expert. Bill Carrington had a suitable manner. He could be very impressive, Bill Carrington [laugh] - but he knew his stuff.

You referred earlier on to an interest in computers in the early 1950s and that's interesting because ...

I've just found a paper if you're interested in consolidations: [reading] 'Behind the scenes on Consolidating Accounts' 1950. I spoke to the final examinations candidates of the Institute: 'You, gentlemen, have reached the stage of your studies when you are saturated with companies acts, stupefied with text books and clogged with correspondence courses. I have here a copy of GKN's last published accounts at that time - a balance sheet at March 1946, printed on a single sheet of paper. Most of these accounts embody most of the recommendations of the Cohen Committee [on Company Law Revision] in June 1945'. And - oh Lord - we gave evidence to

To the Jenkins Committee?

The Jenkins Committee. Yes, that's right.

[Continuing to read his talk to ICAEW examination students]: 'In February 1944, the Council of the Institute had formally recommended as best practice the presentation of consolidated accounts. Mr [Thomas] Robson in his book on consolidated accounts brought out three important landmarks and developments in this country: (1) In February 1939, the London Stock Exchange announces in future permission to deal in the shares of a holding company will only be given normally where directors undertook to present consolidated accounts'. And, of course, the war stopped that. In June 1945, the Cohen Committee had recommended their publication to be a statutory obligation, and that's what really sparked it all off.

It was a remarkable thing to take place during the war.

It was, wasn't it: yes.

It was set up during the war, and they did all this work.

[Reading again]: 'Our overall objective at GKN is to present a set of group accounts, and I cannot do better than to quote Section 152 of the Companies Act 1948 which would 'give a true and fair view of the state of affairs and profit and loss account of the company in which it is dealt with as a whole'. You might be interested in that because I think there is a bit of history in it.

And you asked about

Computers: that's what I was talking about.

Yes. I thought I'd written a paper on that. Yes, I gave a lecture to the Bromsgrove College for Further Education in 1954 on 'Mechanised Accounting: present trends and future possibilities'.

The Institute had a working party on mechanised accounts at about that time, didn't it?

Yes, it did. I wasn't on that. This was the December before; I'm sure I wasn't on that committee. I remember when it came through: I was obviously on the Council, you know, and we had to consider the paper. I think that I got GKN to have the first computer in the Midlands, an old 'HEC 4'. We had both

Powers and Hollerith, and they were into computers, and I spent a lot of time at Joe Lyons on their Leo in the early days.

You used a computer here quite early.

Yes, down the road at the screw works. I said: 'we've got to start sometime - we shall make lots and lots of mistakes'. We did, of course.

This was not primarily for accounting purposes, was it?

Oh, yes. We started with the easy things; we did wages analysis and that sort of thing. And I put some of the points in there [the Bromsgrove paper]. They should work up eventually to being some aid to management - production control and so on. But we decided we must start really carrying through the mechanisation of the payroll to analysis of coins required [laugh] - simple things. It took us years. I think we did our sales ledgers and all those kind of things before moving forward to production control, stock control and so on. But you might be interested in that some time.

It certainly had an enormous impact on the profession and on ideas, and upon what's feasible and what's not feasible.

Yes. The last talk I ever gave was to the Institute of Production Engineers. They asked me to give a talk in 1972 or 1973. 'Accountant: Overhead Burden or Benefit?' That's right. I was talking on the basis that both ought to know what could be done by the computer. But of course the thing is moving so fast, I don't think I can keep up to date. We used them a lot at GKN.

[Reading] That is my favourite subject: 'Production of Accounting Data for Management'. I was always terribly keen on management accounting and what the accountant could do, and I gave the same lecture for about ten years running. They always say you never get any new ideas after [the age of] 26, and I think that's probably about right [laugh] You bring them up to date.

I should think the ideas one has at 26 need a great deal of refining.

Well, I hope I was able to refine them - but I think if I read some of those again [indicating the file of papers], I would say, 'oh well'...

When you referred earlier on to H. A. Simpson and his cost accounting book of 1933, you referred to United Steel. Now, that was the UK firm - not US Steel, was it?

Yes. United Steel. Does the name Hatry mean anything to you?

Yes.

Well, the famous Hatry had a lot going for him, but he hadn't got enough money. He amalgamated Steel, Peach and Tozer, of Workington - you know, all accountants come to the north, as I did in those days; I am really a Yorkshireman, too - and he put them together as United Steel Company, with headquarters in Sheffield. And of course they were nationalised. H. A. Simpson was the chief accountant, and a pioneer. He was anti-machines, and he used the Paramount punched card - you know, with holes around the side. I think he made [the reputation of] Paramount.

Punched card equipment tended to be rather under-rated; people went in for computers quite often, ten or 15 years ago, when a good punched card system would have worked much more economically.

When I came to GKN in 1935, they'd got quite an advanced Hollerith system down the road. It was quite a long time ago, and I'd never come across it before really in practice. I had responsibility for it, and I developed it. I had an awfully good chap in charge, and together we developed it and we took an enormous lot on in fact. So it wasn't such a big step for them across to computers; that was important. Oh, I went mad about coding. I think I had everything coded to the fifth dimension. But after all - you have, to don't you? Nowadays it is not so negative, but in those days it was punched cards, and everything had to be reduced. I coded everything I saw, I think [laugh].

But you are quite right: with punched cards, a lot could be done as they speeded up the machines and as they improved the print-outs and that sort of thing. We had punched cards for a good many companies in GKN. We didn't have a vast one. Nowadays you get a vast computer. In those days there was a limit, of course. You had a punched card set up in each office. I mean, we had Powers, and we had Hollerith. We would work on the basis that there are some applications for which one was better than the other.

I was going to ask you a minute or two ago about your relations with the financial institutions and the Stock Market. Did you have anything much to do with that, or did you tend to let the financial analysts and people come to you and ask what they wanted?

I think that I personally, when I was financial director, was very much governed by my predecessor, Archie Gadsby, who had grave suspicions of the city [laugh] and all that it stood for. He was a bloody good accountant, and a jolly good financial chap, too. And so for many years at GKN I had a chairman, Kenneth Peacock, who was a wonderful man; anybody who knew Ken knew he was a marvellous chap - a very fine brain, a photographic memory, that sort of thing, but personally very sort of shy and retiring. He was the last person to push himself as chairman of GKN, although behind the scenes he was a power. And that philosophy at the top governed the company. So GKN for many years hid its light under a bushel, and my broker friends were always saying: 'Why don't you come out in the open more about GKN? TI have done it - what about GKN?' And I said: 'Well, GKN's a much better company than TI' - you know: that sort of thing.

So for many years we had a sort of inhibition about it. And then - let's see, we got George Irskine on the board, from Morgan Grenfell, and I remember somebody quite outside GKN said to me one day: 'Of course, GKN is very lucky: they've got the best financial man in the city of London'. George was absolutely splendid - a first class man, and he rather persuaded us that we ought to do more. If we wanted to raise money in the City, we'd got to be better known. We'd be on a better [price earnings] ratio, you know; we'd be better able to get away with things than if we were only known as 'that little engineering company down in the Midlands'.

By that time, we were becoming international, and at any rate he did persuade us that we ought to make ourselves better known. We had always rather prided ourselves on our accounts, actually. We did win *The Accountant* award: you can see the sconces as you go out of here [outside his office]. We then had to 'sell' the company, and at that point in time I was invited to give a talk to the investment analysts about our accounts, and particularly about our depreciation policy. I found that very interesting, with the questions. And then the chairman - I forget who it was - and two or three of them, they took me out to dinner afterwards and really quizzed me. I found that such a good experience, and I came back fully convinced that we'd got to do more to sell the company. So they did start doing that.

From what sort of period? The mid-1960's?

Oh yes, definitely. Kenneth Peacock gave up the chair, and Ray Brooks took it on in 1965. Ray brought a different attitude altogether. He believed in personal publicity, not for himself but because he said the chairman of GKN is a national figure, as head of the biggest engineering company in England. So he encouraged us to sell the company much more. We did all kinds of things. I expect you know the GKN logo now?

Yes, rather!

Well, he decided to employ a firm of consultants on this, and I was working very closely with him at the time. We asked them to design a logo, and they came out with the 'GKN' [logo]. We took it to the board, and Ray felt very strongly about it; he threw his weight about really, very rightly, and we insisted and it was adopted all over the world by all the GKN companies. I'd been very taken with ICI, frankly, because I think they started this, and everyone is doing it now - British Rail and so on.

We had a press conference, and that I think it was a bit of a turning point. We said that you would recognise GKN whenever you saw any GKN companies. We learnt a lot from this consultant. He said 'you must never alter the relative dimensions of the letters; you can have it that small, or you can have it that big - but it must always be exactly the same, blown up'. It was a very good principle. So that you see that shape and you recognise it.

So I would say that it wasn't till the mid 1960s that we really started bothering about - we were too proud, I suppose - what other people thought about us, and it was done for financial reasons really. I had a shattering experience in 1960 - it would have been about 1961 or 1962. I went to a dinner which the Hollerith people gave in Birmingham for their largest clients, and I walked downstairs of the Old Queen's Hotel afterwards with a chap called Gracy, Jim Gracy, who was then managing director of the huge works at Witton and on their PC [parent company] board. And I said something to him about: 'Jim, I hear you and Sankey's are having a bit of an argument about something - is there anything I can do to help?' And he stopped and said: 'is Sankey's part of GKN?' I reported this back to my chairman: Jim Gracy was a national figure. He was the great advocate of something quite different - he was the great advocate of trying to arrive at a national works study approach to wages, in other words grading. He did a tremendous lot of work on that: an interesting man. Then I went back to my boss and I told him the story and said: 'ought we not do something about it? He is one of our biggest customers, and he does not know that Sankey's is part of GKN!'.

And from that day I think something important happened. They have changed all the names so it is now 'GKN Sankey' and so on. From that day, I think I could say, we really started to plug GKN as such. It wasn't before; it was all individual companies.

What do you think about the way that accounting standards are going now? Does GKN make recommendations to the ASC on exposure drafts [of standards]?

Yes. We have just been commenting on the new Standard Number 9 [Stocks and Work in Progress]. I take the view that salaries are a time cost. Thus, the 1979 12 months' salaries should be written off in 1979. Salaries is part of the cost of sales in 1979, whether those salaries were for production pre-1979, or in 1979, or partly both. I've stuck with that concept. But I lost out on that.

I must say I found the Statement of Standard Accounting Practice odd on this, requiring the inclusion of overhead costs.

I think I would say that that was almost entirely due to the insistence of the Inland Revenue. They told John Paris this; I can tell you this privately because it came out. He admitted that he went to see the

Revenue, and they said they could not budge on this. They really twisted our arms, and they said: 'well, you can't have the Institute coming out with one recommendation [writing off salary overheads] when it has got to be added back for tax purposes'. Frankly, I blew up at that. Are we going to be dictated to by the Inland Revenue? But I do feel that the theoretical arguments are to treat them as an expense.

It was a very nice little book that Stanley Dixon wrote, wasn't it, in 1966?

Yes. *The Case for Marginal Costing*.

The other debate I enjoyed so much - I put these two points down to mention to you - is the one on post balance sheet events [later addressed in SSAP 17]. We had a lot of fun about that.

What sort of period are we talking about, because that is of current interest?

Oh, that is quite an old one.

Really! Oh, that's interesting.

Yes, it was way back in the early 1950s, I would say. If you look up the literature, there was a 'Recommendation' about that. I remember that I was working with Campbell on it; he was chairman of their committee. I learnt an awful lot and I've written it down. I don't think it came out in the booklet.

[Reading his notes]: 'Isn't there a distinction between post balance sheet, new knowledge but of an event which occurred before the balance sheet date, and a true post balance sheet event, which is a new happening - which should be looked on as something to record.' I don't know whether we ever brought that principle out, but it seems to be really what needs to be addressed.

It is being discussed, now we have got the Exposure Draft [of what was to become SSAP 17].

It has probably been improved on since we first looked at it.

Now we've got the exposure draft. In fact, I think it is now at the stage where we have a draft Standard, but I don't think it is out as a Standard.

It would be interesting if that view has changed. But I must say, it is rather a determining one. There was a distinction. They talk happily about 'post balance sheet events', but when you analyse it, what do you mean by 'the event'? The event has happened: you've created a debt, shall we say. At the end of the year, it looks perfectly good, but in March he [the debtor] goes bankrupt. And then, I think, you are entitled to take that into account because in effect it was knowledge that that was a bad debt at the end of the year. But if it is something that happened in 1980, so it was an event in 1980, then it shouldn't be reflected in the 1979 accounts. Obviously, the board may take into regard in deciding what to recommend as dividend, but that isn't anything to do with the accounting.

Well now, to my shame I ought to remember what the exposure draft and then the draft standard says on this. I'm involved on the Accounting Standards Sub-Committee at the Association [the ACCA]. You know, the six CCAB bodies look at these things, and comment on the drafts. And I remember there was a distinction which we discussed at some time - I think it's this distinction, but I'm not certain that it is this distinction.

I wondered. I just put it down because that was the view we came to. I don't think our booklet quite brought that out, but after we thought about it I think we internally did that - but sometimes we didn't. We were all so dominated by Mr [F. M.] Wilkinson [Joint secretary of the ICAEW, 1960-64].

Yes - he sounds quite a martinet.

Oh, he was. He was jolly good though; he was the best drafter. But he sometimes drafted Wilkinson's ideas first [laugh].

Really! Oh I've heard another criticism which was - well, it is not an unkind one - that he was so thorough, and things had to go through him, that it tended to build up a bottle neck.

Oh yes, that was right. He was a perfectionist. He drove himself into the ground, really. But a splendid chap - he really was the most magnificent drafter of things. When you've read something written by Wilkinson, there is no mistaking the meaning. And I think the avoidance of ambiguity is the hallmark of a good secretary.

He was in office after the merger of the ICAEW with the Society of Incorporated Accountants and Auditors, which brought in people like Bertram Nelson.

He was a key man in research, yes.

There was someone who was a member of the Society who was very hesitant about the merger, on the grounds that it would harm the research activity. Oh, I know - it was Eric [Hay] Davison: he voted against it. He was not a member of the Society, but he felt that it would have the effect of blunting the research.

Rather stultifying the research, yes.

Yes, which is in fact just what did happen.

For a time ...

For a while, that's right.

Yes. I think like any marriage, you've got to lie down together for a time [laugh]. I felt strongly that it was silly to go our separate ways, really.

And what about the bigger integration in 1969?

One had more doubts about that, on the grounds simply that it was important that the basic training and disciplines and all the things that make a good professional were not overlooked. I never felt, with the Society, that there was any dilution. With the others, one had some doubts in some respects, and that was the trouble I think.

The scope was going to be broadened very much indeed in those proposals. It was going to be included in the British Accounting Association or whatever it was, the International Accountants - and all sorts of people.

Yes. I think in my younger and less tolerant days, perhaps, I'd rather stuck out against that, because one or two chaps came in for jobs, and when I analysed what their credentials were they weren't as good. I know letters after the name doesn't matter so much as what a chap knows and does. Er, shall we

Well, thank you! Let me just say thank you very, very much indeed for all your help and time this morning.

I must admit I have enjoyed it: it's rather fun recalling some of these.

Source: www.icas.org.uk/mumford

Trevor E. Gambling (1929-2007)

Obituary

Professor Trevor Ellison Gambling: 1929 to 2007

Trevor Gambling, Professor of Accounting at the University of Birmingham from 1969 to 1984, passed away unexpectedly on 9 October in Sidmouth, Devon. He had moved to Devon, the county where he was born, in 2006.

After completing his first degree at what was the Newcastle upon Tyne campus of Durham University, Trevor entered articles and qualified as a Chartered Accountant. He started teaching at the Birmingham College of Commerce and moved from there to take up a lectureship at the University of Birmingham, where he completed his doctorate. His promotion to the Birmingham Chair of Accounting and Departmental Headship re-established the Department as a discrete academic unit, albeit with a staff of only two. As Head, he was responsible for the introduction of accounting degree programmes at Birmingham. After retirement from Birmingham he took up a post at Portsmouth University before reviving his private accounting practice, including the audit of the BAA.

One of his visiting appointments, during his time at Birmingham, was at the University of Illinois at Urbana Champaign where he worked in the Accounting Department. Comments at subsequent international conferences showed he must have made an impression on the US accounting academia, with speakers acknowledging the importance for innovative work of the presence of Trevor even if it also provided its own challenges. At an EAA Conference in Paris, one distinguished US Professor said that he was glad that there was a Professor Gambling in the world, but he was pleased he was 3000 miles from New York.

Trevor was a refreshing accountant who questioned and often upset much of the practising profession. He will be remembered as a character, an archetypal academic. He established a reputation as a provocative thinker, presenting new perspectives which, only later were later taken up by other scholars. Despite the opposing pull from the world of business, a number of his former students have taken up academic careers with success. In this context, mention of a few might include Richard Laughlin at Kings College, London, John Pointon at Exeter, Ahmed Nour at Cairo University and Ken Moores at Bond University.

Armand Layne, a former Ph.D. student of Trevor's, published a number of his poems in *Critical Perspectives on Accounting* and the following extract¹ from one of these provides an interesting insight into Trevor's character:

TG viewed contempo- accounting as
Newtonian; an anthropocentric idealisation.
Its techniques a rain-dance,
Organised hypocrisy. Accountants were

Tribal magicians who use
Witchcraft to capture reality;
Unschool'd physiologically were
Unable to create happy citizens.

¹Layne W.A., "Gamblingesque: In honour of Trevor Gambling, Emeritus Professor of Accounting, University of Birmingham." *Critical Perspectives on Accounting* [17:2-3] 2006, pp. 365-366.

What was TG's model?
Abolition of the non-artistic method.
Establishment of real psychic accounting
Obtained from employees' minds

On-line real-time financial information
Highlighting management expertise, morale;
Cash flows, productivity trends
Via the Einstein paradigm.

Trevor's interests were wide-ranging. He contributed to the literature on human asset accounting and societal accounting, on Islamic accounting and on accounting in Soviet societies, the latter reflecting earlier output on models for large-scale planning. His later work whilst still at Birmingham University included accounting for charities, the Royal Shakespeare Theatre receiving particular attention.

One of Trevor's particular interests was the relationship between accounting information and the resultant behaviour of the users of the information. While some researchers might wish to pursue this by seeking answers from users, he would have liked to have conducted more direct observation, promoting in 1970 the idea of recording eye movements from readers of accounts and, within the last years of his life, suggesting that brain scans might reveal useful data. He was anxious to retain the perspective which recognised that people not accounting numbers make decisions. He liked to describe accounting information as 'mental wallpaper' and also saw an analogy with witchcraft where accountants play the role of sorcerers, utilising their own arcane language. The perception of accounting as surreal imagery is found in Layne's 2006 poem which ends²:

TG was a happy Azande
At Sunset
Still optimistic
Still concern[ed] with phantasmagoric accounting.

His epitaph might read

Not tombed
But lives in
Print, memories, genes³

John Samuels, Colin Rickwood

²*ibid.*

³Contributed by W.A. Layne.

Cosmo A. Gordon (1886-1965)

Mr Cosmo Alexander Gordon, M.C., M.A.

We have learned with regret of the death at his home at the Old Manse, Inch, Aberdeenshire, of Mr Cosmo Alexander Gordon, M.C., M.A., a former librarian of The Institute of Chartered Accountants in England and Wales. He was 78.

Mr Gordon, a graduate of King's College, Cambridge, was appointed Librarian of the Institute in 1911 at the age of 24. In December of 1913 he travelled to Prague to examine the Kheil collection of over one thousand six hundred books on accounting, and these the Institute subsequently purchased. He can well be regarded as the co-founder – with F. W. Pixley, chairman of the Library Committee from 1893 to 1933 – of the Institute's priceless collection of early books on accounting.

During the First World War Cosmo Gordon saw service in France winning the M.C. and later suffering a long spell in hospital through being gassed. He subsequently joined Sotheby & Co as a book expert and it was not until 1933 that he returned to the Institute. In 1937 the Institute published a third edition of its library catalogue and Volume Two of this was at the time the most complete bibliography of book-keeping published.

In 1941 he left the Library for the duration of the Second World War and joined a division of the Board of Trade; Mrs Gordon, who died in 1964, acted as Librarian during 1941 and 1942. He returned to the Institute early in 1946 and retired late in 1948 to Aberdeenshire. His last work was *A Bibliography of Lucretius* published in 1962 by Hart-Davis. This was something of an achievement of a life-long ambition and displayed his thorough and painstaking work as well as his scholarship. He leaves a son and two daughters.

ACC, 29 May 1965, 758

Sir John Grenside (1921-2004)

Sir John Grenside

Leading accountant during an era in which his profession became a highly competitive international business



Grenside: a sharp intellect, and a stickler for technical detail

SIR JOHN GRENSIDE, who has died aged 83, was a leader of the accountancy profession during an era of radical change.

Grenside was president of the Institute of Chartered Accountants in 1975-76 and senior partner of Peat, Marwick, Mitchell & Co from 1977 to 1986, a period in which the profession was evolving from the comfortable, domestic closed shop of the post-war years into a highly competitive international business.

It was also a time of recession and financial difficulty for many of the profession's industrial clients. Mergers and takeovers became frequent among smaller accountancy partnerships, and leading firms such as Peat, Marwick found themselves for the first time obliged to tender competitively for new work.

On behalf of the Institute, Grenside was particularly

active on the European front, having served as vice chairman of an EEC study group which guided the first steps towards harmonisation of accounting standards and practices across the Common Market.

John Grenside lived and breathed the affairs of his firm and profession, and was a stickler for technical detail. His powerful frame and sharp intellect made him somewhat intimidating, but those who knew him well found a sensitive and honourable man with a lively sense of humour. Denis Healey once remarked to Grenside, in the course of a discussion of the Institute's national role, that they shared the same bushy eyebrows: "But not the same politics, Chancellor," came the swift reply.

The son of a London solicitor, John Peter Grenside was born on January 23 1921 and educated at Rugby, where he developed a life-long passion

for classics. On his father's advice he embarked on accountancy articles until he was called for war service. He was commissioned in the Royal Artillery in 1941, serving in Europe after D-Day and finally for a year as a captain in India – continuing his accounting studies on the voyages out and back.

On demobilisation in 1946 he resumed his articles, qualifying two years later and joining Peat, Marwick, Mitchell. He became a partner in 1961, was chairman of its international practice from 1980 to 1983, and retired from the senior partnership shortly before the merger with KMG, a European-based partnership, which created the worldwide firm KPMG.

He was a member of the Council of the English Institute of Chartered Accountants from 1966 to 1983, and chairman of its parliamentary and law committee. After his term as president he was also

chairman of the Institute's overseas relations committee, UK representative on the International Accounting Standards Committee, and chairman of the review board for government contracts.

He was Master of the Worshipful Company of Chartered Accountants in 1987, and remained closely in touch with developments in the profession until the end of his life.

After retiring from KPMG, Grenside was a director of Allied-Lyons and Nomura Bank International. He was a trustee of the Portman family estates and of the All England Lawn Tennis Club at Wimbledon, where he played until after he turned 80. He was also a keen exponent of contract bridge.

John Grenside was appointed CBE in 1974 and knighted in 1983.

He married, in 1946, Yvonne Grau; they had a son and a daughter.

Anthony G. Hopwood (1944-2010)

Obituary

Anthony G. Hopwood, 1944–2010

Many readers of this journal will already have heard the sad news that Anthony Hopwood died on 8th May, following a long and courageous battle with cancer. With his passing, the accounting community has been deprived of a truly outstanding figure, and many of us feel a deep sense of loss. The news of his passing is still too fresh to allow the sort of careful retrospective that his unique contribution merits. One thing is clear, however. Anthony would have been taken aback at the depth and scale of the tributes that have already been paid to him. At an event held in his honour just over a year ago, and attended by a hundred or so people, he was visibly overwhelmed by the willingness of so many people to travel hundreds and even thousands of miles to celebrate his contribution to the discipline. But, even if a comprehensive assessment is premature, we can at least identify some of the coordinates of a remarkable and inspiring life. A life dedicated largely to showing that accounting matters, that it is interesting, and that it requires the full panoply of the social sciences if it is to be adequately understood.

Anthony was driven by the most profound fascination with accounting, and with business more generally. In recent years, he was fond of saying, somewhat provocatively, 'Business is so interesting, and most business schools are so boring'. His vision for Saïd Business School was to alter that, as he had altered agendas in so many other places previously. He called for an examination of accounting 'from the outside', the title he gave to a collection of his papers published just over two decades ago. This was important to him, the retaining of a certain distance from those doing and seeking to reform accounting, while also achieving sufficient proximity to understand and analyse accounting in action, and in context.

In a further typically enigmatic phrase, he spoke of 'accounting becoming what it was not'. By this he meant simply that accounting changes, but sometimes to an extent and in ways that make new forms of accounting deeply unfamiliar, and consequently contested. One might in fact use this phrase to describe Anthony's own career. For he never stood still long, either intellectually or institutionally. Born into a working-class family in the Staffordshire 'potteries', Anthony was the first of his family to go to university. And, even then, he was not one for a conventional path. Having started off studying 'double mathematics' – as it was called – and physics in the Lower Sixth form, he decided that was not for him, and did the rare thing of going back a year to restart his Sixth Form studies, this time moving towards the social sciences by including economics and politics. This put him on the path that he followed for the rest of his career. Equally importantly, if somewhat ironically given his later career, he declined the advice of his headmaster to go to Oxford or Cambridge, opting instead for what he viewed as the less elitist environment of the London School of Economics and Political Science.

Anthony's subsequent career tells us much about the changing position of accounting within the social sciences across the last half century or so. He set off across the Atlantic on the Queen Mary in 1965 as a Fulbright scholar to the graduate school of business at the University of Chicago. There, having taken Paul Goodman's course on organization theory, he made the then heretical decision for Chicago of dropping finance as an area of study, and picking up instead behavioural science. Working with Dick Hoffman, who had then only recently arrived at Chicago from Michigan, it was initially presumed that he would conduct a laboratory experiment. But, according to his own description, a trial run, involving a group of fellow doctoral students including Ray Ball and Ross Watts, was a farce. His reasoning was that such individuals were too intelligent to take seriously the artificial environment created by the experimental setting. Turning his back on the artificial laboratory, he opted instead for a real 'laboratory': the Inland Steel Company based in the deprived town of Gary, Indiana. There, he became an anthropologist of sorts, something he was later to urge others to do. By drawing on social psychology and the sociology of group dynamics, he showed that something as apparently technical as the setting of a budget was a complex behavioural phenomenon. This took accounting research in a completely new direction, and spawned a vast literature which has since been called 'behavioural accounting'.

But this was not enough for Anthony. Having married his life-long companion Caryl in 1967, he moved back to the UK in 1970, and to Manchester Business School. There, he encountered a vibrant research community that celebrated its links to the disciplines of anthropology and sociology. This took him away from the more individualistic and social psychological approaches to organizations that were familiar to him from his time at Chicago. After a short, and not entirely happy, spell at the Administrative Staff College at Henley, he moved to the then Oxford Centre for Management Studies. There, he put together a talented and interdisciplinary team of researchers, which was to provide much of the inspiration for his many, now seminal, papers published in the late 1970s and early 1980s, which took accounting research fully into the realm of social and institutional analysis. In 1978, he moved to London Business School, where he remained for seven years, followed by a decade at the London School of Economics and Political Science, as Ernst and Young Professor of International Accounting and Financial Management. In 1995, he returned to Oxford as Professor of Management Studies, and in 1999 was named Dean of Oxford's Saïd Business School, a post he held for seven years.

Anthony's inventive impulse was not confined to intellectual innovation. Working with Jake Birnberg on editing the *Behavioural Accounting Newsletter* in the early 1970s, he came to the view that a new journal in the area was needed. So found one he did, at a time when such an initiative was viewed as very specialist and risky. And he had the foresight to name it *Accounting, Organizations and Society*, rather than the more favoured proposal of *Journal of Behavioural and Social Accounting*. His reasoning was that this would have been too constraining. He wanted to focus instead on what the area might become, rather than what it was at the time. The aim was ambitious, if simple: to create a journal that would help understand the interrelationships between accounting, organizations and society. That he succeeded in his aspiration is remarkable and unprecedented. Much as he disliked crude metrics and rankings, to have established in a matter of just a few years a journal that was viewed in North America as one of the top research outlets must surely have pleased Anthony, particularly as its mission differed so profoundly from the other journals jostling for the top places.

For many, this would have been more than enough for one lifetime. But Anthony's inventiveness included institutional innovation. Most notably, in 1977 he was the principal founder of the European Accounting Association. At that time, accounting academics in Europe did not cross national boundaries, either in their research or their professional interactions. The French didn't know the Germans, the Germans didn't know the Italians, the Italians didn't know the Swedes, and so on. Over three decades later, it is easy to forget that, in the early 1970s, Europe was still emerging from the aftermath of the Second World War, with all the national antagonisms that it had created. But the problems of cooperation were compounded by the strongly hierarchical culture that prevailed then, and still does, in some national academic communities. The end result – a vibrant organization that respects local intellectual and professional traditions, while facilitating the exchange of knowledge – is a further testament to Anthony's foresight and perseverance through often difficult times, and one that supports and benefits accounting researchers irrespective of their intellectual tastes.

These outstanding achievements have of course been recognised by very many awards. In 1998, he received the British Accounting Association's Distinguished Academic Award. In 2001 and 2008, he was given Lifetime Achievement Awards by sections of the American Accounting Association. In 2005, he was the recipient of the Leadership award of the European Accounting Association, and in 2006 he served as the Presidential Scholar of the American Accounting Association. He was elected to the USA's Accounting Hall of Fame in 2008, and also received the American Accounting Association's 2008 Notable Contribution to the Management Accounting Literature Award. An award for academic leadership was created in his name by the European Accounting Association, and awarded for the first time in 2009. In addition, he notched up five honorary doctorates from universities in Denmark, Finland, Italy, Sweden and the United Kingdom.

Such a record is deeply humbling. And yet it somehow still fails to do justice to Anthony's contribution to the discipline. What strikes one when reading the numerous tributes that have been paid to Anthony already is how personal they are, how so many people can recount meetings, conversations and communications with him that were hugely influential in their thinking and subsequent work. Anthony inspired a vast number of people, including those with whom he had disagreements. He had a remarkable and generous talent for identifying and linking up research questions and researchers. And he retained his inventiveness throughout his career. When appointed to a Chair at Oxford, he delighted in recounting how part of his official title was "student" (Fellow) of ChristChurch College. This is how he always saw himself, and what he expected of others. To achieve this, respect for the diversity of knowledge was absolute for Anthony, even though he knew that some sneered at his enthusiasm for intellectual innovation and novel approaches. In recent years, he railed against intolerance of difference and diversity. He spoke openly and bluntly of narrow mindedness, of a blinkered confidence in very particular beliefs touted as truths, and of fears of offending the academic establishment. Real intellectual development for him was profoundly dependent on the existence of differences, and respect for them. Echoing one of his favourite phrases, he argued that if knowledge is to change, it has to become what it was not. And to do this, it needs to be able to draw on a range of different knowledges, often ones at the very margins of the subject. Our greatest tribute to Anthony would be to respect this wish.

Anthony is survived by his wife Caryl, his two sons Justin and Mark, and his five grandchildren. Our thoughts are with them, as they come to terms with his passing.

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John L. Kirkpatrick (1927-2002)

John Kirkpatrick 1927–2002

John Kirkpatrick joined the IASC board in 1978 as a representative of the United Kingdom. He served as chairman from March 1985 until the World Congress of Accountants in Tokyo in October 1987. He died on 21 December 2002. *David Cairns, IASC Secretary-General 1985-94, pays tribute to the role of John Kirkpatrick in developing and transforming IASC.*

John Kirkpatrick's term as chairman represented what his successor, Georges Barthes, described as a turning point in IASC's history. By the end of 1985, IASC had completed the substantial majority of its basic standards and had begun to establish relationships outside the accountancy profession. Under Kirkpatrick's leadership, the emphasis on standard-setting shifted to the improvement of IASs and the harmonisation of international and national accounting standards and the outside relationships were greatly enhanced.

On the technical side, Kirkpatrick launched IASC's comparability and improvements project, which led not only to ten revised IASs but also to a new and more rigorous approach to IASs. He brought together four separate projects to create IASC's conceptual framework, which now plays such an important role in the deliberations of the IASB. During his term, IASC also began to work closely with the European Commission to ensure that the improvements to the original standard on consolidated financial statements were consistent with the requirements in the EC Seventh Company Law Directive, issued in 1983. His term as chairman also included the publication of IASC's first bound volume and, hence, the start of a major flow of income.

Kirkpatrick's predecessor, Stephen Elliott, had expressed the wish that his successor could report to the 1987 World Congress of Accountants that IASs were set in a spirit of partnership by accountants with preparers and users of financial statements. Kirkpatrick took great pride in making that report. The investment analysts joined the board in 1986. A year later, bankers, lawyers and securities regulators joined the Consultative Group. While efforts to persuade the international financial executive community to join the board did not succeed at that time, the foundations were laid for their greater involvement in the Consultative Group and project steering committees.

The most important of these relationships was that with the International Organization of Securities Commissions (IOSCO). The formal relationship was born at a meeting in March 1987 between Kirkpatrick and SEC Commissioner Charles Cox. As well as cooperation between IASC and IOSCO, they also discussed the use of IASs in multinational securities offerings. The SEC staff suggested that it would be receptive to a proposal to allow foreign issuers to reconcile to an IAS 'reconciling standard' rather than to US GAAP. The journey proved to be longer than envisaged at the time but Kirkpatrick's foresight ensured that IASC, IOSCO and the SEC took the first steps.

Kirkpatrick also used his professional contacts to establish new relationships between IASC and both the New York Stock Exchange and the International Bar Association which led to a high profile conference on the globalisation of capital markets.

Kirkpatrick continued the programme of visits to national standard-setting bodies that had been instigated by Hans Burggraaff and Stephen Elliott. He led IASC's first delegations to standard-setters in Japan, Nigeria and Switzerland and had the first formal meeting with officials from China. In August 1986, his firm (KMG) and the American Accounting Association jointly sponsored the first ever meeting of world standard-setters, where policymakers from over 20 countries discussed the objectives of financial statements, the institutional arrangements for setting standards, accounting research, international harmonisation and the issues facing emerging economies.

Along with Burggraaff and Elliott, Kirkpatrick had negotiated the IASC/IFAC Mutual Commitments. He was tireless in his efforts to ensure that both IFAC and its member accountancy bodies played their rightful part in the work of IASC. He was instrumental in encouraging the election of both the Nordic Federation of Accountants and the Arab Society of Certified Accountants to the board and used every possible opportunity to encourage other institutes to participate in IASC's work.

Kirkpatrick devoted a great deal of energy to persuading international companies to acknowledge that their financial statements complied with IASs as well as national standards. Elliott had begun IASC's push for such disclosures and had achieved considerable success in Canada. Kirkpatrick was pleased that, during his term as chairman, major continental European, Japanese and US companies began to follow suit but was disappointed by the lack of response from UK companies.

When the history of IASC comes to be written, John Kirkpatrick's term as chairman will, as Georges Barthes suggested, be seen as a turning point. Kirkpatrick was the first to acknowledge, however, that his achievements were built on the foundations laid by his predecessors, in particular Hans Burggraaff and Stephen Elliott. John Kirkpatrick laid new foundations for his successors, without which IASC would not have achieved all that it did.

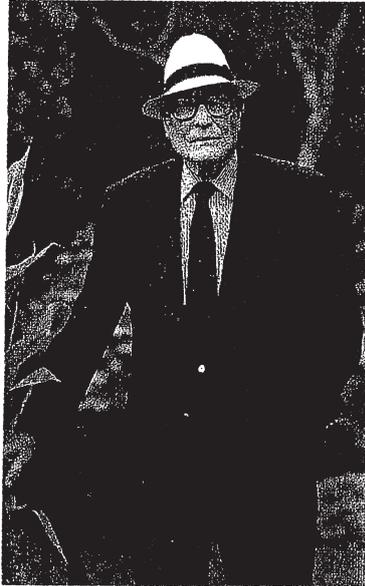
Sir Ronald Leach (1907-1996)

Sir Ronald Leach

Exit the last of the household names

'I wouldn't want my time over again, in case I wasn't so lucky second time round.' Thus Sir Ronnie Leach, one of the two giants of the profession during the 1960s and 1970s, who died on 26 August aged 89, summed up his career as an accountant to ACCOUNTANCY in 1969. 'The work never failed to provide me with interest, excitement and genuine pleasure.'

He started his career in 1926 as an articled clerk at Peat Marwick Mitchell & Co. Apart from a break during the war at the Ministry of Food, he spent the rest of his career there, becoming the first non-family senior partner in 1966, the same year his arch-rival Henry Benson became president of the ICAEW. Three years later, Sir Ronnie became president and, within a very short time, found himself embroiled in a public



Leach: Personality

row over 'the million ways of accounting for a deal'. This led to the launch of what he always considered to be his 'tour de force', the Accounting Standards Committee.

Publicly, however, it will be for something else entirely that he will be remembered: his views on Robert Maxwell. In

1969, he was appointed a DTI inspector to investigate the Pergamon Press. Two years later, he and fellow inspector, Owen Stable, concluded that 'notwithstanding Mr Maxwell's acknowledged ability and energy, he is not in our opinion a person who can be relied on to exercise proper stewardship of a publicly quoted company'. Maxwell took exception, took them to court and lost, but such was his power to unsettle that, as Sir Ronnie later admitted: 'It was only once he jumped that the anxiety finally faded.'

He retired in 1977, and, while he no longer retained direct links with the profession, he kept a lively interest in the issues of the day. He did confess, however, that, along with development of the stereotyped audit 'where everything is ticked up', had come a certain monotony of professional personality. 'Where,' he asked, 'are all the colourful characters and household names, today's equivalent of Henry Benson?'

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Leo T. Little (1910-1960)

LEO T. LITTLE

MR. LEO T. LITTLE, editor of ACCOUNTANCY since 1938, died on August 22, aged fifty. By his death the accountancy profession has lost an editor of great devotion and distinction. At the cremation at Golders Green Crematorium on August 25 the Institute was represented by Sir William Carrington, Past President; Sir Richard Yeabsley, member of the Council of the Institute, and the last President of the Society of Incorporated Accountants; Mr. C. H. S. Loveday and Mr. C. A. Evan-Jones, Under-Secretaries; Mr. T. W. South, Assistant Secretary; and Miss A. H. Page and Miss I. Crowther of the editorial staff of ACCOUNTANCY.

Little was, by training, an economist, having as a clerk with the Phoenix Assurance Company taken first class honours and a Gonner Prize in the B.Sc.(Econ.) course at the London School of Economics, by evening study, at a time when he was also qualifying as a prizeman of the Chartered Insurance Institute. After two years as assistant editor of *The Statist*, Little's work for the accountancy profession began in 1937 when he was appointed Deputy Secretary of the Society of Incorporated Accountants. His literary abilities were soon evidenced when, under his guidance, the *Incorporated Accountants' Journal* became ACCOUNTANCY in 1938 and he began his long period of editorial responsibility, characterised by a growing circulation, happy relations with contributors and an alert interest in the progress of the profession.

Perhaps because he was an economist with exceptional experience of the profession, Little had considerable faith in accountancy as a developing subject of significance and depth—a subject which ought to be based on exciting principles not yet fully discovered. He was joint editor and joint founder of *Accounting Research*, the quarterly journal (now incorporated in ACCOUNTANCY) published until the end of 1958 by the Cambridge University Press for the Incorporated Accountants' Research Committee, for which he did noble work in encouraging new thought and new writing on an international scale. He was keenly interested in professional education, serving as an examiner for a number of universities and professional bodies, to which he gave sound advice on syllabus problems. He was responsible for the re-writing of Crew's familiar textbook on *Economics for Students*, and produced a completely new book, clear and interesting, carefully revised in each of three editions.

While Leo Little chose to spend his life serving the accountancy profession, he will be remembered also for arduous work and notable achievement in other spheres. In 1940 his editorial work was temporarily interrupted by war-time service with the Ministry of Aircraft Production, where he became Assistant Secretary responsible for the financial and administrative work on the supply of all material for aircraft. In later years he joined the Ministry of Supply as Under-Secretary (Planning and Statistics) and Economic Adviser to the Minister, being a member of the Economic Planning Board,

of committees of the Commonwealth Economic Conference and of the Budget Sub-Committee of the Chancellor of the Exchequer. In 1946 Little, while continuing as editor of ACCOUNTANCY, ceased to be Deputy Secretary of the Society and accepted an appointment as Lecturer in Economics at the University College of the South-West of England (now the University of Exeter). He was much respected by his colleagues and students there, who appreciated the subtlety of his mind and the fluent clarity of his writing. The post-war generation of older students was well suited to his approach, and many will remember the help and guidance he gave to research students and to his econo-



mic specialists. His interest in applied economics and his expository gifts were evidenced by publications on public and local government finances and administration as well as by many articles in economic journals and in the new *Chambers's Encyclopaedia*. Some of his best work was done as chairman of a research working party on the effects of the Exchequer equalisation grant system introduced in 1948, in relation to the finances of local authorities.

Throughout most of his life Little suffered from ill health, operation succeeding operation to the grief of his friends. These grave misfortunes were borne with courage and equanimity. His friendly, sincere and able editorship continued until the end. His last operation some months ago left him worn and emaciated, and his condition caused grave concern to those who knew him. His spirit, however, was undaunted and he gallantly continued his work for the profession. His tenacity was such that for the August issue he worked from his bed with the help of his wife and his colleagues of the ACCOUNTANCY staff. The sympathy of readers of ACCOUNTANCY will go to Mrs. Little and to his children.

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Alexander I. Mackenzie (1911-1985)

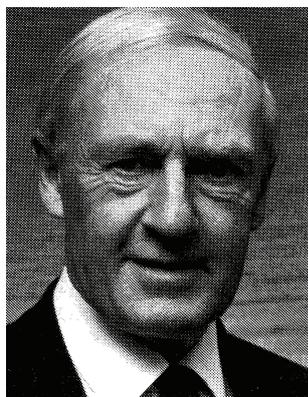
The late Alexander Irvine MacKenzie, BA, CA

The death has occurred in Ayrshire on 2 September 1985 of Alexander I MacKenzie, CA, aged 74, a Past President of the Institute and former senior partner in Scotland of Whinney Murray and Co.

Tom Lynch writes:

Alec MacKenzie was born in 1911 in Inverness, where he spent his childhood years. He was educated at Cargilfield School and thereafter at Fettes College and at Magdalene College, Cambridge, where he graduated BA with an honours degree in classics and history. In 1932 he became an indentured apprentice in Edinburgh with Lindsay, Jamieson and Haldane and duly qualified as a CA in 1937. Subsequently he joined Brown, Fleming and Murray in London. He so impressed the firm that he was offered and accepted a partnership in 1938 in their Glasgow office, where he was in due course to become senior partner. After the merger with Whinney Smith and Whinney he was the senior partner in Scotland of Whinney Murray and Co, now Ernst & Whinney. He was highly regarded by his colleagues and for a time acted as managing partner of the UK firm when the partner holding that post was ill.

Alec MacKenzie's professional career was an outstanding one: he held posts of national importance and played a significant part in the modern developments of the accounting profession both nationally and internationally. He became President of the Scottish Institute in 1972 after serving as the Convener of the Parliamentary and Law Committee from 1965 to 1970, making a considerable contribution to the Companies Act 1967 in the process. His principal field of professional activity was in auditing, but he was involved in much other work, including one of the first receiverships in Scotland at Fairfield Shipbuilding and Engineering Co Ltd. This was followed by his appointment as Government Director on the board of Upper Clyde Shipbuilders.



Alec MacKenzie

Alec was a firm believer in the role of the non-executive director and in the contribution which accountants could make in that position. He was a director of a number of investment trusts and became chairman of Scottish Widows. He served as a director of the North of Scotland Hydro-Electric Board for 18 years, becoming deputy chairman for the last seven years of that period. Other appointments included the Glasgow Savings Bank and chairmanship of Metal Industries Ltd.

But he did not in all this neglect his profession. He led the Scottish Institute's delegation to the International Congress in Sydney, Australia, where the first discussion of international accounting standards took place, leading to the formation of the IASC. As Past President of the Scottish Institute he had the honour of signing the Revised IASC Agreement and Constitution on behalf of the United Kingdom and Ireland.

A remarkable record of achievement in his chosen field; yet it is as a man that Alec

MacKenzie will be remembered most by all his friends. He was first and foremost a Scot and a country Scot at that. He served in the Lovat Scouts as a territorial, entering full-time service with them at the outbreak of the War. Invalided out in 1941, he served in the Home Guard as a member of the Clyde River Patrol. He retained a close interest in the Lochiel Centre, an adventure school near Fort William, near which he had his holiday retreat. He married his wife, Ruth, in 1938 and their life-long union was blessed with four daughters.

He was never happier than when presiding over family occasions at home or on holiday in the Highlands, where he excelled in all country sports, sharing his enthusiasm and skills with the younger generation. His busy professional life was thus supported by a happy family life, a support which only intensified during his long and difficult final illness.

A quiet and modest man, he was yet decisive, with a firmness and candour which marked him out as a man to be relied upon. A true gentleman, who to the writer was the very personification of integrity.

His family's sad loss is ours too. Our deepest sympathy is extended to Ruth and all their family. He will not be forgotten.

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E. H. Victor McDougall (1910-1998)

Victor McDougall

Eardley Harold Victor McDougall; born December 30, 1919, died 8 October, 1998

VICTOR McDougall, who died at the age of 87, was for 25 years until his retirement in 1976, secretary of the Institute of Chartered Accountants of Scotland and a major personality in the affairs of the accountancy profession. Appointed in 1951 as the first secretary of the Institute – newly formed by the merging of the three Scottish chartered societies of accountants, in Edinburgh, Glasgow, and Aberdeen – he was an influential figure in the harmonious consolidation of the three memberships and in the advancement of the interests of the Scottish C/A, not only in the UK but also in continental Europe and further afield.

Educated at Westminster School and qualified as a solicitor, he had been for some 12 years a

secretary and latterly senior under-secretary of the Law Society when he came to Edinburgh to take up his appointment with the Scottish CAs.

The years of the secretaryship were a period of change, development, and expansion in the accountancy profession. Growth in the size of firms, expansion and greater sophistication in the use of accounting information in the management of business and public services, more exacting standards in financial reporting and auditing, internationalisation in accounting practice to match the development of international corporations and transnational business, for example, were all features of this period.

All of this had an impact on the professional societies and their members, and it owes much to Victor McDougall's knowledge, skill, and devotion that the Scottish Institute was able successfully

ly to manage change and to play its part in the development of the national, European, and international institutions which were created to deal with the many issues which arose.

He had quickly mastered the responsibilities of his office, and as the scope and duties enlarged, he grew with the job and the enhancement of the role of the secretary. His knowledge and experience, his grasp of the essentials of any issue, and his humour, charm, and urbane and courteous manner made him a wise and influential counsellor. He was widely respected among the secretaries, directors, and chief executives of the world's professional accountancy societies, with many of whom he developed close friendships. He was well known, too, by many of the leaders of the profession with whom he enjoyed cordial relationships. In the achievement of his personal stand-

ing, however, Victor never sought to diminish in any way the presidency of the Institute and was a loyal and invaluable adviser to succeeding presidents.

His capacity to adjust to the changing style and requirements of their inevitable diversity is itself a tribute to his exceptional qualities. He was, for a quarter of a century, the constant link in a chain of presidencies, the repository of accumulated presidential wisdom, and both interpreter and subtle influencer of the philosophy and policies of the Scottish Institute.

Successive presidents have appreciated the breadth and scope of his knowledge of professional issues, his almost encyclopedic knowledge of persons and personalities in the accountancy profession worldwide, and his intellectual energy and stamina, working through meetings, in trains, in planes, and through the night if the occasion demanded it.

His primary and pre-eminent concern throughout was furthering the interests of the Institute of Chartered Accountants of Scotland, its members, and its students.

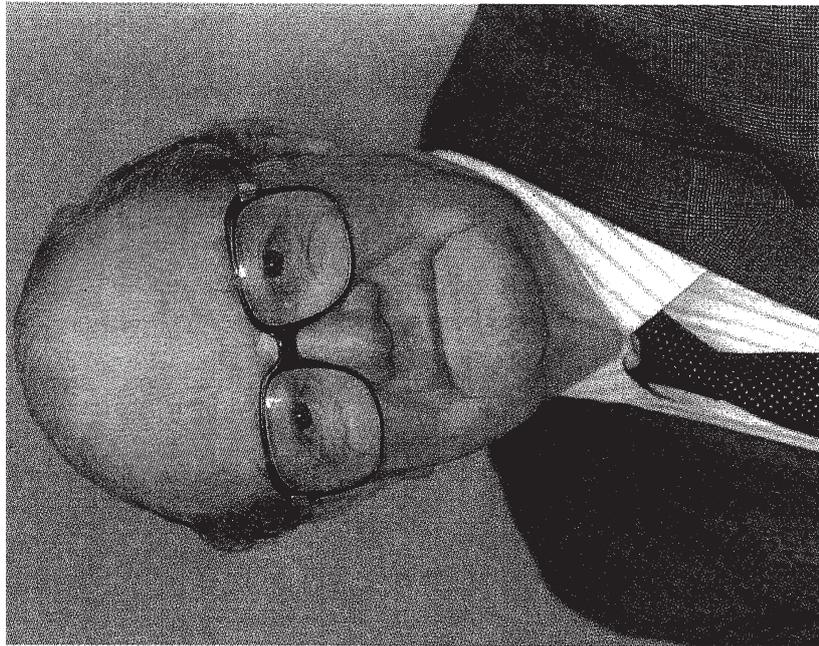
He had a literary facility and a concern for use of words and clear expression. This found an outlet in his special pleasure in his role as editor-in-chief of the *Accountant's Magazine*. He cherished its editorial independence and under his overall direction, with the assistance of its editors, it became a professional journal of worldwide repute. His literary skills also found expression in his review of some of the main features of the Institute's history in the *Fifth Quarter Century*, which he was specially qualified to write.

Throughout his life he was ably supported by his wife Gwen, who predeceased him, and who did much to foster the wide circle of international friendships which

they enjoyed. On his retirement he received tributes and presentations from around the world. Such is the regard in which he was held that a distinguished former president of the Netherlands Institute of Register Accountants and of the UEC, after naming a number of the secretaries of the accountancy bodies of the leading nations, stated: "Secretaries of such quality and character were perhaps more important in the international sphere than presidents. Victor McDougall not only belonged to this group of excellent men, he had been an outstanding member of it."

Victor McDougall was a person of stature, whose professionalism and integrity distinguished all he undertook. His qualifications and achievements were recognised by his appointment as a CBE in 1976. He is survived by a son and daughter, six grandchildren, and a great-grandson.

Sir Ian Morrow (1912-2006)



Morrow: 'Where there's cash there's hope' UPPA/PHOTOSHOT

SIR IAN MORROW

Accountant turned business troubleshooter who guided Rolls-Royce out of financial crisis

Ian Morrow was one of the most successful British businessmen of the last 30 years of the 20th century. Yet he was rarely in the limelight during a business career which lasted over 60 years, from 1936, when he qualified as an accountant, until 1998, when he retired from his last public company directorship – of Psion, the electronics group – at the age of 85. But, as he always insisted, “age shouldn’t be considered an absolute barrier, any more than youth should be considered an absolute virtue”.

The only time Morrow hit the headlines was as deputy chairman of Rolls-Royce when Britain’s most prestigious engineering firm appointed receivers in early 1971 after the costs of its revolutionary new aero-engine, the RB211, had spiralled out of control. The crisis was so grave that the newly installed prime minister Edward Heath, who had resolved not to save any industrial “lame ducks”, was forced to nationalise the firm.

Morrow was promptly appointed managing director and, as he told me at the time, knew perfectly well what was wrong. “Engineers invariably tell the board not the real figure for a new product”, he said, “but the biggest sum they think the board will accept.” In that spirit he soon got the costs under control, ensuring that the engine was not over-engineered – British engineers, he always said, were prone to making the products “too good for the job”.

Morrow was due to be promoted to chairman but resigned when Michael Heseltine, his political master as Minister for Aerospace, refused to ac-

cept Morrow’s candidature for his old job. Subsequently, Morrow felt that his sudden departure had blighted his business career, but judging by the number of often challenging and important appointments he held in the following quarter of a century, he was profoundly mistaken.

Morrow’s superlative salvage job was due to his characteristic way of working. Unusually, he combined an acute capacity for financial analysis with a willingness to listen to the shop floor rather than top management, combining the qualities of a first-rate cost accountant and, when necessary, a hands-on manager.

Morrow was often described as a pioneering company doctor, which indeed he was – his motto “where there’s cash there’s hope” saved many a company – but he also shone in entrepreneurial roles and in encouraging and guiding younger executives. Moreover, his lengthy list of company directorships and chairmanships did not prevent him from involvement in such various public bodies as the Performing Right Tribunal, the Institute of Chartered Accountants in Scotland – and even the Press Council.

Morrow’s father managed a jute mill in Brazil, and Ian was born in Manchester, while his mother was returning to the family home in St Andrews – not surprisingly Ian Morrow became an expert golfer, a skill inherited from his great-great-grandfather, “Old Tom Morris”, greatest of Victorian golfers. Morrow would have liked to go to Oxford but his father insisted that he be-

come an accountant – and he qualified at the age of 20, both as a chartered and a cost accountant.

During the Second World War, he and a fellow-accountant created a consultancy which worked for the Ministries of Supply and Production. In 1950, while still only 38 and at a time when youth was considered a major handicap, he was sufficiently well-regarded to lead a team of management accountants on a mission to the United States under the aegis of the Anglo-American Council on Productivity.

The next year this quiet, self-effacing accountant made a decisive move to work with his total opposite, the swash-buckling, high-living, aristocratic one-legged war hero Jocelyn Hambro, for over two decades the inspiration behind the family bank. For nearly 30 years this apparently ill-assorted pair provided complementary talents, although sharing a similar and well-founded self-confidence.

But for eight years – the only time after 1951 that Morrow was in full-time employment, apart from his short stint at Rolls-Royce – he worked at Brush, a major engineering group, rising to be managing director in 1957. A year later, Brush was taken over by Hawker Siddeley and Morrow was unceremoniously sacked, the biggest single shock in his business life.

His departure proved to be merely the prelude to nearly 40 years of acting as a troubleshooter, often as company doctor, but also as guide and guru to several generations of younger executives. In the 1960s his charges in-

cluded Kenwood, an innovative manufacturer of food mixers and other kitchen gadgets, Crane Fruehauf, maker of road trailers, and Associated Fire Alarms. But his days of glory really started when he returned to Hambro from Rolls-Royce at the age of 60.

Morrow’s strength and independence of character were shown in two major crises. Within two years he had to clear up Vavasour (known to the flippant as “Vavawho?”), one of the most notorious of the many secondary banks

left hopelessly indebted by the first oil crisis of 1973-74. He was successful despite a flaming row with the formidable Sir James Goldsmith, whose historic opposition had no effect on Morrow, nor indeed on the great lawyer Lord Goodman, who had been called in to adjudicate. In 1977 the remains of Vavasour was merged with Mills & Allen, an advertising firm. Jocelyn Hambro had lent Morrow the services of a young Hambros executive called Clive Hollifick, whom Morrow left in

charge of the merged MAI. Hollick transformed this firm into a major player and later acknowledged Morrow as his guru.

Following this episode, the chairmanship of an entrepreneurial advertising agency, Collett, Dickenson and Pearce, must have seemed a peaceful reward for Morrow's efforts, but in the mid-1980s he was again fully stretched after Lloyd's insurance market crashed and he became chairman of a company "owned but not controlled" by Lloyd's to hold some of the massive losses suffered by the Names.

But the final triumphs of his career began when he was well into his seventies. From 1975 to 1987 he was chairman of Laird, the industrial group, run by a bloody-minded former journalist John Gardiner, who went on to be a successful chairman of Tesco. Instead of retiring, he then took on an even more challenging task, as director of Psion, one of the few British groups to challenge American dominance of hand-held electronic devices. Nothing could have illustrated Morrow's formidable qualities as a business guru and champion of the young and entrepreneurial than this, his last job, undertaken when he was well into his seventies.

Nicholas Faith

Ian Thomas Morrow, businessman: born Manchester 8 June 1912; partner, Robson, Morrow & Co 1942-51; financial director, Brush Electrical Engineering Co (later the Brush Group) 1951-52, deputy managing director 1952-56, joint managing director 1956-57, managing director 1957-58; chairman, UK Optical and Industrial Holdings Ltd (later UKO International) 1959-86; director, Hambros Industrial Management 1965-91; deputy chairman, Rolls-Royce 1970-71, managing director 1971-72; director, Hambros Plc 1972-90, deputy chairman 1983-86; Kt 1973; director, Laird Group 1973-92, chairman 1975-87; chairman, MAI 1974-93; director, Psion plc 1987-98; married 1940 Elizabeth Thackray (one son, one daughter; marriage dissolved 1967), 1967 Sylvia Taylor (one daughter); died Saffron Walden, Essex 19 April 2006.

IND, 29 May 2006

W. Bertram Nelson (1905-1984)

William Bertram Nelson CBE LL.D FCA. A.A. Garrett MBE MA, secretary from 1919 to 1949 of the then Society of Incorporated Accountants, writes:

As briefly noted in the June issue of ACCOUNTANCY, the death has occurred, at the age of 78, of William Bertram Nelson, a well-loved and widely respected elder statesman of the accountancy profession.

He will be particularly well remembered for his part as the penultimate president of the Society in the skilful handling of the scheme of integration between the former Society of Incorporated Accountants and the three chartered institutes.

Meticulous in his appraisal of any problem, and sage in his advice, Bertram first became a



Bertram Nelson

member of the Society's Council in 1937, its president in the years 1954-56 and, following integration, took his seat as one of the Society's appointed members to the Council of the Institute.

He was the second member of his family to have held the Society's highest office – a distinction which must be unique. His uncle, C. Hewetson Nelson, was president during 1913-16, and was recalled to the vice-presidency for the Society's golden jubilee year of 1935.

It was Bertram – then a junior member of Council – who conceived the idea of holding a series of summer courses at Cambridge and Oxford. The first of these was at Gonville and Caius Colleges, Cambridge, in 1934. Their success was evidenced by the fact that places were always oversubscribed, and were particularly beneficial to members returning from war service. It is believed these courses were the first of their kind given by any accountancy body.

Bertram had a high regard for ACCOUNTANCY, then the Society's journal (which was taken over by the Institute on integration, and which continued to be edited by former Society deputy secretary Leo T. Little until his death in 1960), and was a member of the Journals Subcommittee for 16 years, including a decade as chairman.

Bertram was also a member, at the inception in 1957 of the panel of judges of *The Accountant* annual awards for the best report and accounts of a listed company. An indication that he was a man ahead of his time, was his argument that there should also be an award for employee accounts.

For many years, he was a partner in the Liverpool practice of Lithgow, Nelson & Co. Together with Alexander Hannah, Charles M. Dolby and James A. Jackson, he founded the London firm of Lithgow, Nelson. The practices were taken over in 1972 by Pannell Kerr Forster, with whom he served as a consultant in Liverpool until his death.

Articled to his father, W.E. Nelson, in Liverpool, Bertram gained honours in the final examination of the Society, being admitted as a member in 1919, when he became a partner in his father's firm.

After the Companies Act 1948, the then president of the Board of Trade, Harold Wilson, set up a consultative committee

on companies, and Bertram was appointed a member (1954-73) of the first committee. He was also treasurer of the committee of the Export Credit Guarantee Department in 1958.

Bertram's record of service to the community, no less than to his profession, was an impressive one. He gave invaluable service to his native city. He was chairman of the Liverpool Chamber of Commerce; The Liverpool Daily Post and Echo; Liverpool Youth Welfare Advisory Committee and, latterly, Wirral Estates plc.

In addition, he was a Justice of the Peace for the City of Liverpool, treasurer and vice-chairman of the Leys School, Cambridge (where he himself was educated), a member of a variety of committees and boards – including the BBC North Regional Council, Merseyside and North Wales Electricity Board, Liverpool Playhouse and Merseyside Civic Society.

He was president of the Athenaeum Club, Liverpool, in 1962, and secretary of the Overall Manufacturers' Association until its merger with the British Clothing Industries Associates in 1982; treasurer, Liverpool University 1948-57, and senior pro chancellor, 1967-73. He was justly awarded an honorary doctorate of law.

Made a CBE in 1956, Bertram was, for a man with so many achievements, self-effacing almost to the point of shyness. When circumstances called for him to make a speech, he showed sensitive feeling and impressed his audience with his understanding, humour and brevity. Bertram had time for all his fellow beings – his never-failing courtesy and concern for others was his hallmark.

As secretary of the Liverpool Society of Incorporated Accountants, he broke new ground by organising lecture meetings, latterly at the Society's Liverpool rooms. With an unusual ability to listen to 'student problems', large and small, Bertram succeeded in guiding many likely 'waivers' along the path to a successful accountancy career. His welcome coffee mornings became proverbial, and developed esprit de corps.

The funeral service, at St Peter's, Lower Heswall, aptly included Psalm 15, which speaks of 'he, that leadeth an uncorrupt life; and doeth the thing which is right'.

He is survived by his wife, Norrie, a son, Edward, who is

a chartered accountant with Reuters, and a daughter, Louise, a solicitor.

Harry Norris (1914-2009)

HARRY NORRIS
INTERVIEWED BY
MICHAEL MUMFORD

10TH JANUARY 1980 AT WIMPEY'S OFFICES,
HAMMERSMITH, LONDON

You're retiring from Wimpey, I understand?

Yes, I am no longer the Finance Director. He's next door.

Oh really!

He's arrived, my successor. Also a Lancastrian. We are not normally so weighted towards Lancastrian directors. He came in September actually and I ceased to be Finance Director. I am still a director; I have a lot of involvements, but I'm retired as from June. At least I'm retired 90%. I certainly retired as a director of Wimpeys, but I still have several involvements. I'm involved in the property world for example, so I still carry on with one or two things.

Well the north-west of England has produced quite a lot of accountants over the years. Liverpool's always had a strong link. Bertram Nelson comes from Liverpool.

Oh, really!

Can I thank you very much indeed for the articles that you sent in the post. I read those, or in one case re-read it, with enormous interest.

Just a small selection. I haven't got a copy here.

At one time I used to do quite a lot of lecturing, student societies and so on. And whenever I went to some strange town and was met by some local chap almost invariably they used to say: 'Well, you must be the man who writes for *The Accountant*. I couldn't resist turning up some of the old copies of *The Accountant* that I have bound, and sure enough I've only got to look at the index to see myself in it. This has got it in 1946. I did a lot in those days, but I just don't have copies of everything. I just happen to have a few. [Reading]: 'Norris, Harry, National Income p. 287; Taxation & Business Accounts.' And another subject I was interested in at that time was pricing and accounting for nationalised industries. In fact I think probably one of the things I sent to you is on that subject. But I see in the 1946 edition of *The Accountant* I actually contributed three articles - I really must re-read them. I'm sure they're very fascinating [laugh] after this length of time.

[Reading] 'Accounting and Public Enterprise.' There are three things. I really don't remember writing these at all, to be honest. I see that was done in three instalments.

You started in fact before the war didn't you, when the first things were published?

Yes, yes, that's quite right. I was articled in Manchester and left there in 1938.

Can I catch up on this, then. Did you go to university?

No, I didn't. I started in an accounting office at the age of 15, which is rather an early age.

Well, I would normally not assume someone in that case had been to university.

That's right. I was born in 1914 and I joined a small Manchester firm in 1929. I was not originally articled - I was articled to them some years later.

Is the Manchester firm still in existence?

Yes, it's still in existence. It's called 'Nasmith Coutts & Co'. I don't know if it consists of the same people now, but it still exists. It's still a modest firm - a bit bigger than it was, but still smallish.

Was accounting in the family?

No, no, I didn't know what an accountant was when I joined in the office as an office boy [laugh]. I hadn't the slightest idea. They were hard drivers in those days; the discipline was intense. These days they are just slack compared to then. I was on the mat every week. I was driven by the boss to immediately start night school, which I did at the High School of Commerce. Anyway, I took evening classes in accounting and book keeping. I did quite well at it. So they offered me articles after a couple of years. In those days it was rather unusual to be awarded them because it [the usual premium] was 200 guineas, which was an awful lot of money in those days. I found it a very useful start. I quite like the idea of being with a smallish firm because you do get a tremendous amount of experience. You have all sorts of things thrown at you - a lot of personal tax work. Because there wasn't the sub-division of labour in those days that there now is. Nowadays, a senior partner in a major firm wouldn't necessarily know much about tax because that is some other department and so on. But in those days, you were all in it together.

You must have been in Manchester at about the same time as Jack Clayton.

It would be about the same. I wouldn't have known Jack very well. You know Jack?

I've met him, yes.

I've known him very well, for a very long time. I always used to disagree with Jack. He is easy to disagree with.

He has disagreed with pretty well everybody.

Yes.

Yes. So you qualified in Manchester, and did you stay in the profession then?

Yes, I moved in 1938 to Deloittes in London. I was there right through the war.

Oh that's interesting. So at the time you were writing these things you were in the profession?

Yes, largely in Deloittes. In 1946 I went to Vickers and was deputy chief accountant at Vickers, and Vickers Armstrong. And I think I was probably still writing a bit then.

1946?

1946. I was there from 1946 to 1950.

1950. But you didn't go up to Barrow [Barrow shipyard, in West Cumbria]?

I went to all the factories. I knew all the factories.

Vickers. Bill Fea?

Oh well, I knew Bill Fea, but not in connection with Vickers. I've met him since, at GKN. He is retired now. But I did not know him in connection with Vickers.

I've got a feeling he spent just a matter of a few months there.

It may not have even have been when I was with Vickers. I used to know him quite well. I used to like him.

And so - until 1950?

Deputy chief accountant.

In 1950 I went to the Rank Organisation. I had a very splendid title - 'The Group Co-ordinating Accountant'. But after a couple of years of that I ceased to be an accountant there, and I moved into the extraordinary business of film distribution, which is a mysterious area, embracing the wholesaling activity lying between the producer and production on one hand and distribution on the other. And I was there until 1959.

Yes. Not in an accounting capacity.

No.

It must be a most peculiar business - particularly the decision whether to hold your own stocks or to sell them on.

It's a very peculiar business, yes. In fact, most of the time I was the head of the Overseas Organisation, which was still quite large, and I built it up rather substantially. And this was rather in the heyday of film production in the UK which has declined - or began to decline - roughly about the time I was leaving. And I quarrelled with this rather peculiar chap John Davis, of whom you know, and I left them in 1959. And I went to the Granada Group, another Manchester connection but that was in London. I really went there not at all as an accountant but to assist them to diversify. At the time they were making great profits out of television production, television programmes - lots of cash to spare. And I was really one of the founder members of Granada Television Rental, which as you know is rather substantial. I knew the Bernstein family rather well. They of course are also in a similar business and I knew them quite well. But I really spent a lot of time not in a particularly financial capacity.

But when you came to Wimpey that would be in 1963?

1963, yes. But I really ceased to write more or less when joining the Rank Organisation. I was travelling a great deal, and I was working very, very hard. John Davis was another fairly heavy task master, and I was also a member of various Institute [Institute of Chartered Accountants in England and Wales, ICAEW] things. I was on what was then called 'Taxation and Research Committee'. I was on the London District Committee at that time. But I really had to give those up because I just didn't have the time to attend to them. So I probably ceased to write so much as from then.

There was one particularly valuable piece of work that I was conscious of, and that was the article you wrote in *The Banker* in 1951 after the Millard Tucker Report.

Oh yes, that's right, yes. I'm not saying I did nothing. Well I was the accountant for Rank for ... I'm not sure of the dates, but it must have been from 1950 to about 1952, before I became completely immersed in these commercial matters and doing much more travelling. And generally I've written for the Institute. I've been on one of the inflation working parties, the 'Working party B, on Stocks and Work in Progress'. And indeed before that, sometime in the middle of all this, I was on the working party which eventually led up to SSAP9 [on Stocks and Work in Progress, issued by the Accounting Standards Committee in 1975], although I don't necessarily approve of that. There were two working parties. One was on, I think, long-term contracts, and the other was on stocks. And I think they made the mistake of combining the two in the regulations and the exposure draft which became SSAP9.

The draft was changed in this respect.

Oh, very substantially - yes, indeed. But I was on that and I really can't remember the dates of that.

But to go back and take it in chronological order, if we may. The first time that I've come across your involvement very much at the heart of the Institute was in that joint working party between the Institute and the National Institute of Economic and Social Research.

Yes, well I really promoted that one. I was the inventor of that. I was very, very much interested in the relations between national incomes studies and what we call the profits. There were all sorts of contradictions in the definitions, and I actually got very good support from Harold Barton, who was President [of the ICAEW] at the relevant time. And I'd already got to know Professor Stone, Francis [actually Richard, see below] Stone who ran it at that time. And I promoted this joint working party, which I don't believe ever achieved very much. It did publish something or other on definitions, I think. But I was disappointed that it didn't get really very far. There wasn't really very much a meeting of minds on the thing.

How did you come across Stone? Was this because you had been involved with Council affairs?

It must have been. I was mainly interested in National Income studies - I'd read some of their publications.

Yes, and you met him. Was he at Cambridge in those days?

Yes he must have been at Cambridge, but the National Institute of course is here in London. Yes, he was indeed at Cambridge at that time.

The National Institute was set up in about 1938 I think.

As long ago as that? Well, it was after the war - the end of the war - when I knew it. I must have sought them out; they wouldn't have known anything about me, and I must have deliberately sought them out and I don't remember doing it, but I think I did. I see I was working on National Income in about 1946 because of the articles in *The Accountant*. I must have sought them out. It was a very tiny body, was the National Institute at that time. It must be a good deal bigger now because it is always being quoted, isn't it, with its latest prognostications.

Particularly its forecasting, yes. And Stone is still well known.

Yes. His wife's died, but Richard Stone is still around.

He is still working. I think his wife - did he marry again? He must have done.

His wife was a very intelligent girl. She died quite a long time ago.

Yes, yes, well I think his wife now is called Giovanna, because I remember noticing a series of monographs which were reprinted. In the first editions it was 'Richard Stone and Giovanna somebody', and in the later editions it was 'Richard and Giovanna Stone'. That led me to deduce perhaps more than I should have done.

I was rather pleased to get this a month ago [indicating a paper].

Oh, Brief. Oh, yes - he's good. [Professor Richard Brief of New York, reprinted Norris's 1952 book in the Arno series in 1980.]

Yes? I didn't know anything about him.

Yes. It's a very healthy situation now. In America they've got very excited on the history of standard setting over the past five years - since I have myself. And now there's the Arno Press and there's the Scholar's Book Company, who are both seeking out volumes to reprint.

Didn't I have a telephone call from a chap from Stanford a few years ago?

Zeff? Stephen Zeff, yes.

Maybe he published something or other.

He was at Tulane, and then he went to Harvard, and now he is at Rice University, Texas. He is immensely creative.

Yes, he came to publish something, which he sent me a copy of.

Well, it's now very much a growing area. In 1977 the American Accounting Association published a little book. They have published a series of statements since 1936 on accounting theory, and in the past these have always been recommendations for valuation systems. Now, 1977 was a complete break with tradition, because they said: 'Let us take a look at the relationship between theory and practice. Let us try and find out why it is that theory doesn't seem to guide practice'. It's almost the other way round in my view - practice seems to guide theory. You get the theory produced in response to whatever practices need taking on. So the Arno Press has come out now with some very important books. I'm delighted to see that they are interested in reprinting your book.

I must look up a few pages, as requested.

Good. That's excellent. They've picked up a number of the important critical British accountants. I'm not sure whether Lacey's book - Kenneth Lacey's 1952 book - is in the series. That ought to be somewhere.

Well, Lacey and I were in various controversies in the press at the time.

Well - did you ever know him?

I can't remember whether I met him or not. If I did, it was only the odd once. I can't visualise him. I can't even remember what his background was. I don't think he was an accountant was he?

No - I think that's right. I've tried to track him down very avidly and

I've never really come across him. He must have gone about in different circles, I suppose.

Well, I've tracked him down to Unilever, where he must have worked for P. M. Rees. And Rees you knew of course, didn't you?

Yes indeed.

He died some years ago.

Yes - well, he retired many, many years ago.

But he was also a member of that exploratory working party with you. That's the Advisory Committee on the Joint Study, 'Some Accounting in Terms and Concepts' [the joint ICAEW/NIESR study referred to earlier].

I'd forgotten all about it. Indeed, yes.

So what interested me from that, obviously, was how you came to be involved with that.

Well, it was my idea, and, as I say, I had been interested in the national income studies and had read some of their books and their studies. I wrote several things at the time too, and I approached them.

Yes.

And having got a positive response from them, I then approached the Institute. I certainly remember discussing it with Harold Barton. I think he was President at the time. I knew him very well anyway. I don't know why I knew him, but I did know him.

Well, that's a very interesting footnote to put into history. It's exactly how this sort of thing comes into being that is not normally shown in published sources. But it does tend to explain all sorts of things about why things occur.

I've just written another chapter for a book. Chris Westwick is doing a book - compilation editing really - a book on forecasting, profit forecasting, and he asked me to do something on construction problems.

You're going to have a very busy retirement [laugh].

I have got some business as well [laugh]. There is also a book that Baxter published which is a compilation of other things. You have got that book, have you?

Yes.

There's one of mine in there.

Yes, *Studies in Accounting Theory*. It was done with Davidson of Chicago. [It does not appear in the 1962 edition, edited by Baxter and Davidson under this title, so it must have been in the 1950 edition, edited by Baxter alone, under the title *Accounting Theory*. This was reprinted by Garland Press in 1996.]

So, as to the order of events. The approach to the English Institute was received with support, and then this working party was set up. You weren't instrumental in the list of people on the Joint Advisory Committee?

Well the Institute, I think it's right to say - with the exception of Harold Barton - the Institute was very suspicious of the whole thing. Hence this cumbersome constitution. An absurd constitution. I don't remember taking offence, at least at the time, but I thought it was ridiculously cumbersome. You know a 'Joint Advisory Committee' - in which, in other words, you make quite sure you have people talking about it, but with no right to publish anything on their own.

Well I was going to ask you precisely that [laugh].

Oh, exactly. Nobody ever said that, but it obviously was their solution. Harold Barton was very helpful, but I can't say that it was received with acclamation by the Institute. It was obviously regarded as an outlandish thing by 'this fellow Norris - you know, constantly writing for the papers - so we'd better do something about it'. Although there were people actually on the working party were of course very helpful, most agreeable.

Well they were first rate people weren't they?

E. G. Turner. He was a terribly nice chap. He was a Mancunian too.

Who was he?

E. G. Turner.

I don't know the name.

Yes. He was a Mancunian - a very nice chap I can't remember his firm practice.

But he was in the profession rather than in industry?

Yes.

Whereas the others really were rather mixed, weren't they? Sewell Bray was an academic

Well, a fairly senior partner in Tansley Witt.

Yes, yes.

And Lawrence Robson. Lawrence of course is a great salesman. Have you met Lawrence Robson?

Yes, I have. He had his [auditing] firm, but his consultancy side was even more flourishing.

Yes, that's right. And Basil Smallpeice was possibly still at that time at Royal Doulton.

Yes, I believe so.

I can't remember his dates, but I knew him when he was at Royal Doulton. I knew him more briefly at British Railways, very, very briefly. And then when he got a difficult history with BOAC, of course, and then an even more difficult history with Cunard. There were lots of problems in his life.

Yes. And what about Mr Pearce? Now, he was at Peat's?

No. I'd forgotten he was involved. Now he was at Cooper Brothers, you know, with Henry Benson. He and Henry Benson were the makers of Cooper Brothers. A good old stick-in-the-mud firm, and then they, the two of them, both wonderful salesmen within the professional ethical standards, brought Cooper Brothers into the 20th century. I'd forgotten he was involved. I don't remember any great contribution from him, but he was a very agreeable chap. He's dead now, of course, but he and Henry Benson were leading lights for a long time. Turner was a very helpful chap. I think it was a Manchester firm.

So who of these would you remember as making the contributions? I can't imagine J. R. Hicks saying a great deal. He tends to be rather taciturn.

Isn't he, yes. Reddaway said really very much more. And me. No, not so much Hicks, as you say, but maybe Reddaway and Richard Stone - particularly me and Reddaway as I seem to remember.

Yes, yes, that sounds entirely consistent. As you say, it was very difficult to arrive at any agreement and this report came out in 1951, saying 'in the end, we agreed to differ'.

Yes, very much so. There wasn't much of a meeting of minds. In fact, positive suspicion on the part of the Institute establishment, I would say, while on the economists' side, they just don't have a grasp of book-keeping really, of accounting. They have got some ideas, but if you chuck to any of those economists the actual figures for a company, apart from the tedious procedure of doing it, they wouldn't really be able to produce a figure of profit, I don't think so. The actual, the whole mechanics of accounting - irrespective of whether they happen to agree or disagree it - would baffle them I think, really.

I think that must be right. Certainly, I've noticed some comments by Hicks who you would expect to have a pretty good grasp. But he published a book in 1965, 'Capital and Growth'. And towards the end of that there's a reference to what happens if technological changes reduce the attractiveness of some of your existing capital. And he comments, with very evident surprise, that he supposed it must lose some of its value. You must have to write it down! [laugh].

Yes. I'm sure that was a real problem, that they hadn't gone through the mill of the book-keeping and they can't really grasp what we are about. They can't get the grasp of the detail, really.

As you recall it now, was there any question that you wrote a report which was edited by the parent committee?

I don't think so; I don't remember that. I don't think we did. I mean, although there was obvious caution on the part of the Institute, I don't think there was any difficulty in publishing what we did publish, except that we came to an end when I would have liked to have gone on. And there was no support from the Institute, so I couldn't go on any further than this just producing a list of agreements to differ, and definitions and so on.

Yes. You weren't involved as a member of the Taxation and Research Committee before the time of N12 in 1949? You wouldn't have been involved with the work on 'Recommendation N12' or 'N9'?

Which one was that?

On price-level accounting.

Well, no. I don't think I was involved. I've no recollection of involvement in that particular Recommendation. I don't remember direct involvement.

But you became a member of the 'Taxation and Financial Relations Committee', was it?

Er, I think it was called 'Taxation and Research', and eventually it changed its name to 'Taxation and Financial Relations'. I can't remember the dates now.

But you became a member of that, and that would have been in the 1940s?

It must have been, yes.

Right. You were moving from Deloitte to Vickers Armstrong in 1946. Were you involved with the Millard Tucker hearings [a government committee on reform of business taxation]?

Yes, I gave evidence.

That must have been on behalf of Vickers Armstrong?

No, no, not at all. On my own account.

Well, they were set up in - 1948/1949? I'm getting my dates mixed up there. I've just written an article on this, comparing the inflation accounting debate between 1947 and 1954 with the inflation accounting debate in the 1970s, and pointing out quite a number of parallels between them. So I ought to know this date off cold. There was Millard Tucker, and there was also the Royal Commission [on Taxation]. The Royal Commission was set up somewhat later. I think Millard Tucker must have been earlier, very early 1948.

I don't remember which I was giving evidence to. I put something forward to one or the other. I know I did something for them.

Your comments were specifically on the [Millard] Tucker Report in *The Banker* in 1951, but then of course they had only just reported.

Yes.

Do you think it's significant that the working party of the Institute with the National Institute of Economic and Social Research (NIESR) found it difficult to arrive at common ground? Whereas at about the same time there was a working party between the Certified Accountants and the Economist Intelligence Unit, and they did find some common ground because they were all industrial accountants. They all had their point of view that they could share in common. And they produced a book called *Accounting for Inflation* which was published in 1952, which was an extremely interesting study because it showed why there was a problem, it showed that industry's capital was being reduced in real terms. And this was a collaboration that did seem to come off and which was interesting.

I would think that they were concentrating on rather more specific problems.

That's right, very much so.

They had an impact?

They had no impact. I think for this reason - because it was a partial solution. Were you involved with the International Congress (in London) at all, in 1952?

No, not at all.

Because that was an interesting forum for exactly this reason. They had a tremendous debate on inflation accounting.

Now, I was involved with this 1970 thing at Cambridge, 'What is Profit?'

'What is Profit?' Yes.

I remember that one. I remember that the subject of long term contract profits arose.

Yes. Jim Slater was at that one, in his heyday.

And Graham Corbett and Richard Allen [R. S. Allen]. And Jim Slater. Jim Slater was very good. I was very impressed. I'd met him once before and I was terribly impressed.

Yes. You mentioned some teaching at LSE. When did this take place? This arose because of your ...

I can't pinpoint the precise date, but it was a suggestion from Will Baxter. I wouldn't know the exact date. 1946 or 1947 - something of that order.

And this was some evening classes?

Evening classes, yes.

Was Rowlands there then, S. W. Rowlands?

I don't think he was. No, I can't remember whether I met him; well, I must have done I suppose.

Well, he wasn't there for long. What about R. S. Edwards, Ronnie Edwards?

Oh well, I used to go to his once-a-week seminars. Yes, indeed, we used to go there. I don't know if I presented them but I certainly went there.

Well, Will Baxter came back from South Africa in 1947, so that probably was the date - around 1947/1948.

Yes, yes.

But there wasn't a lead into this at Deloitte - you weren't involved with their technical side, as it were? They probably didn't have a separate technical centre in those days.

No, no they didn't. They were generalists in those days [laugh].

Your work was on audit there?

Largely audit, yes; a bit of personal tax, and so on. Executorship accounts. I'm sure they are much more subdivided now. There were only seven partners when I was there. I had dinner with them the other month at their Dining Society. There are 100-odd partners now. I knew them when there were only seven.

Were you involved with the build up of 'non-practising' members in the Institute?

Oh, yes.

It was a very marked change.

Oh yes, very much so - that's another aspect. Yes, certainly. In 1947 we started - there were a very small number of us, probably only about ten - we started something called 'London Industrial Chartered Accountants' Group' which essentially is a lunch group which faded away only in the last two years after 30 years. And that was very much a body of rebels who were pressing for stronger representation on the Institute top level. We really created an absolute hullabaloo in those days - all very respectable people. I can remember the names of nearly all of them. Apart from myself, there was Basil Smallpeice and Eric Davison, and there was Joe Latham, Sir Joseph Latham, who is still by the way active as a director of this company.

Oh is he?

I knew him way back. One or two others you might not know. Ray Robinson who was an internal auditor at Levers [Lever Brothers, later part of Unilever] and eventually went to be Finance Director at Rio Tinto [later RTZ], now retired. Clayton - Jack Clayton. And a few of us whom I'm not going to be able to remember - those were the main names.

Yes, that's very interesting.

We were agitating very strongly and created really a thorn on the side of the Institute - with considerable results.

Yes, with the objective of what?

The objective, rather a simple one at that time, of getting more industrial accountants on the Council - there were some, but they were few - and getting much more of an industrial outlook at Institute levels.

De Paula wasn't one of the early members of the Group?

No, no he wasn't. I mean, I knew him but he wasn't a member.

And who else would there have been?

Sandford Smith - Sandford Smith was in consultancy.

I don't know the name, Sandford?

J. M. Sandford Smith. He was Whitehead & Partners, who were consultants, and he was one of our early rebels.

But Lawrence Robson and Ian Morrow weren't involved?

No, no. I knew them both, but they weren't involved, no. This essentially was a grouping of industrial accountants. LICAG - London Industrial Chartered Accountants Group.

You didn't get involved with The 1949 Group; that was a dinner club?

That was one of the dinner groups. Did it arise out of Oxford [the ICAEW summer schools at Oxford]?

Yes, that's right.

I hadn't, no. You see the Cambridge School was the only one I ever went to, I participated in 1970. It was never a regular thing for me.

That was a loss to the Institute. It would have been useful to have kept you on as a lecturer for those. [laugh] What about the District Society? You mentioned involvement in the London District Society.

Yes, I was on the committee for the London District Society as an industrial representative. No, I wasn't. I was on as an employee - in the category of employees in professional firms. I was on when I was with Deloittes.

Good gracious.

That is going back a bit. I don't know what date that would be.

It wasn't called the District Society was it - it was called the London Society?

No, it wasn't. It always prided itself in those days on being different from all the provincial societies. 'The District Committee', or something like that. It didn't have separate finances, and the chairman prided himself on not having a badge of office like all these other ones [laugh]. Now it has, I am afraid - it has sunk to the level of the others.

Yes. That's interesting. I managed to pick up by chance in a book shop the history of Deloittes.

Oh yes, I've got that. I haven't read it, but I have got it.

I found it fascinating. And it's exactly the sort of thing that's useful in trying to recreate the histories. One of the few firms that has never written a history of this century is PWs [Price Waterhouse], which

is rather a pity because, with Gilbert Garnsey and Thomas Robson and some of those figures, it's been a significant firm.

I know the Deloitte people because, quite fortuitously, they happen to be our auditors here. I'm always ready to point out to them I'm the only person in the present company who has actually met Lord Plender [laugh]. [The firm was for some years known as Deloitte, Plender, Griffiths.]

Really!

None of the present people knew him.

Yes. What was your view - jumping out of sequence - what was your view on integration with the Society [Society of Incorporated Accountants and Auditors, which merged with the ICAEW in 1957]?

I was always 'anti'.

Really!

Mmmm. I've always felt that training in a professional office is a terribly good thing. I may have to be careful what I say when you come in here and my successor is a cost and management accountant - who is terribly good, I must say! But that's the view I've always maintained. And indeed London Industrial Chartered Accountants Group, our lunch group, fought it rather strongly.

Oh did it! That's interesting.

And the Institute took a lot notice of it. I know we had an evening dinner at which Ronnie Leach came along to attempt to justify it. And yet we were not unanimous. We were not unanimous, but there was a majority against.

Bruce Sutherland wasn't involved?

No.

Because I know he was very 'anti' the integration. He was one of the people renowned for his opposition. The London Industrial Chartered Accountants Group, you say, wound up a couple of years ago?

Yes, it faded away really. It lost its original revolutionary urge. Its revolutionary spirits like Basil Smallpeice and myself and Eric Davison - we've either retired or gone respectable.

Yes, well I've met both Basil Smallpeice and Eric Hay Davison.

You've met Basil Smallpeice recently?

Yes, in the last year.

He's pretty well retired now.

Yes, he is.

Didn't did he remarry?

I don't know.

His wife died.

But he looked very bright and chirpy, just back from Australia and he was very full of beans. And Eric Davison is living very happily in Pickering.

Yes. Well, I know Ian Davison, his son, very well.

Yes.

I knew the whole family very well, quite fortuitously, apart from accounting.

I hadn't realised until I met Mr Davison senior that Ian had trained in articles in Tansley Witt's firm. He'd been articled with Tansley Witt, which was a link with Sewell Bray. Sewell Bray sounds as if he was quite a difficult character.

Yes. He published a great deal. I've always liked him personally, but I've never really agreed with all his books. I find them very difficult and discursive somehow or other.

Yes.

And I always thought he made things more complicated than they really were [laugh]. Is he still alive?

No. Unfortunately he died a year ago.

Oh, poor chap. I hadn't seen him for a very long time. I always got on really well with him.

And I suspect he must have been influential in the fortunes of Tansley Witt.

Yes, yes possibly.

Talking about the contents of books, and so on, could I trace your own views on inflation accounting and revaluation and replacement costs and so on?

Yes. Well, I couldn't remember about it when I got that note from Arno Press and it made me re-look at my own accounting theory. And I see I did touch on the subject. I don't think I quite go along now with what I was trying to say then. It looks to me as though I was trying to say that there should be recognition of the need to set aside the funds for asset replacement. But I think I was thinking of it as a reserve rather than a provision.

That is how I read it, certainly.

That's the way I read it myself. I don't remember now, but that was when I wrote the book. I think from articles after that it looks as though I must have revised my views not long after that.

Well, that was precisely what I suspected, and I was going to ask you about it.

But I wouldn't know until I'd had occasion to re-read what I'd written. I'd been attempting to promote the idea of provision for a certain amount of depreciation on a replacement basis a very long time ago -

30 years ago. And at that time it was a matter of considerable controversy. Jack Clayton and others used to write a lot about it. And then the subject seemed to fade away for a long time until, well, what seems recently but it probably is the last ten years in fact. But you know I haven't changed since, apart from the little diversion from my book. I haven't changed my views very much really.

Namely that a charge should be made in the calculation of profits?

Yes, that's right.

For replacement.

Well, except that in more recent years I've gone away from specific replacement. I'm what you might call a 'Sandilands' man. I was totally converted by the Institute's constant purchasing power method, you see.

Really?

I'm not really a believer in specific replacement costs, more in expressing the changes of value of money. This has caused terrible problems in our Working Party B on stocks and working progress. I don't know how many people are on it, under the chairmanship of Geoffrey Wilson - there will be about ten of them I suppose. I don't think any two people on that committee ever totally agreed with each other, I really don't think so. Nor do they totally agree with ED 18 as it was. But we've all said we must compromise - we must try to achieve something or other.

I did write what I thought was a rather good piece at the time. I don't know whether it is one. There is in fact a difference between profit measurement on the one hand, and what is needed for capital maintenance on the other hand

You did, yes.

I think I talked about the difference between a transport business with, say, three lorries purchased at the same time, and [one with] three lorries purchased over a succession of years. The actual capital requirement is different.

I think that was the debate you were having with [Kenneth] Lacey.

Was it? Yes. And nobody has picked me on this one, but I think it's a very, very interesting aspect. Different amounts of capital can carry on the same level of activity depending on the spread of ages and so on. This can change over the course of time as the ages can disperse, or get together, and all sorts of complications can happen. In other words, finance is a different matter. So I think it must have sprung out of that as I moved towards my support for the idea that we shouldn't be looking at specific costs of specific commodities or things but what we are really talking about is the change in the value of money. That's I think the sequence of thought. But whether I woke up one morning with this precise view I don't know, I'm not sure [laugh]. One is never sure when one changes one's mind.

Well, looking at the sample of things that I've read of yours - and I haven't read everything - there certainly seems to be a change between 1944 and 1949.

Yes. As I say, I can't pinpoint it, but as I say it didn't appear one bright morning in the spring or anything like that.

Yes, yes. In 1949 there was a very pragmatic article of yours on depreciation, allocations and so on, in Accounting Research. There you are comparing depreciation allocations with a view to maintaining monetary capital, real capital, and productive capital.

I think that's the one I'm thinking about. I remember writing on it. But since you've been having a look at all this in the last month or two you're probably more familiar with what I wrote than I am [laugh]!

Well, I don't want to interpret it wrongly you see.

No - I think that is the sequence of events.

Yes, yes. There are two dangers in my job. One is that I put my own interpretation which is a false one. And there is also another one, of course, which is that when I meet people I put the words into their mouth.

You are doing something on history are you?

Yes. I'm interested in the history of accounting thought - or accounting ideas. And, in particular, why it is that the arguments change. And this is where it seems to me terribly important to trace the rise in the industrial members, because the industrial members have an appreciation of the requirements of productive entities to keep their capital intact - to keep their earning power intact. They don't have the same concern for audit verification, which the practitioners necessarily have. This is why I believe that as the industrial members have become more significant, so the policy of the professional bodies changes accordingly.

Yes, indeed it does.

I want to go over to Harvard and find out whether the same thing happened in America. I can't see evidence of that but I think it must have happened there too: I want to go and find out in a month or so. The article, incidentally, which you wrote, which I have quoted a couple of times, in *The Banker* in May 1951 really is quite a vehement statement.

Have you got it with you, so that I can remind myself?

Yes I have. There.

This is one I gave you, or you found it anyway?

No, no, I took my own copy of that. I think you are rather appalled with the Institute's representation [on taxation] at the time.

Mind you, I think I seem to remember that I did look at this article quite recently, at home. And I think I thought to myself that, now that industry's paying hardly any corporation tax, I think I'd have to re-express what I said. I remember looking at that quite recently actually. So few of us are paying corporation tax these days. [Looking at the day's *Financial Times*.] There is a tiny quotation today. A company I've never heard of or will never hear of again, I'm sure. I think it's today. I'm totally angered at the present tax system [paper shuffling]. They are making an awful mess of the first year capital allowances. Yes: here's a tiny company, MS Light & Company. It's very tiny, but look at this profit result for the first three years - where are we? I think I added it up to the amount of nearly £500,000 - and the tax is £50,000. This is typical.

Yes, yes. It's not even the case that there was an enormous jump in the third year so you would want to take advantage of the first year basis for assessment.

No, it is absolute madness. This bedevilled the whole thing about adjusting for inflation. The Inland Revenue very strongly resisted the idea of indexation at the beginning. I was part of a deputation that visited Somerset House.

From?

About six years ago. Part of the accounting for inflation group.

Yes.

After Sandilands but before the VAT came out, the Revenue were very scared about any kind of adjustment - this subjective element. But now it looks as though they are being pressed very strongly by the present administration to do something about it. Well, indeed, even the previous chancellor made some rather strong remarks in this direction didn't he?

There were also signs that the Price Commission before it got squashed was heading in this direction.

They were much more accepting. And, of course, the fact that the corporation tax is not being paid by so many industrial companies has got away ahead of it. So we're really stuck with paying tax on the introduction of inflation accounting.

It would be ironic, because that's been the real pressure for reform of inflation accounting.

It would. And the very fact that there is a very small tax burden has probably been emphasised in the published accounts by the deferred tax thing. Unless you look to the small print you didn't much notice it until now; now you do notice it.

What's your view on deferred tax?

Well, I'm rather very worried about it really. I don't know what the solution is. You know it's like you wanting to get from A to B and asking the way only to be told you wouldn't want to start from here. *The Investors Chronicle* about a year ago had an article on the subject, which said: 'Pick your own tax charge' - which is just what it boils down to really. I mean, take us in this company. It's terribly difficult. We've decided to adopt some rules, but they are not the same as other people in our industry adopted. It's frightfully difficult. But, as I say, 'you wouldn't want to start from here!'. [laugh] I don't know what to do about it.

Well, there is a solution, I suppose, which is to put the clock back and go for the flow-through method rather than deferring. I'm not convinced in my mind that to defer actually produces any useful information. I don't think the investor uses the information net of the tax payment. I think they are much more inclined to go for the pre-tax figures.

Yes. But we've had an astronomical figure for deferred tax, its true. Now it is reduced to a pretty small figure [i.e. by the replacement of the Deferred Tax standard SSAP 11, which required full provision, by SSAP 15 in 1978 permitting partial provision]. And I have no strong views but the whole thing sounds scientific [laugh].

Yes. How did you actually get into all this stuff you've read - Paton and Littleton, and these texts. You have read such a lot in these early articles - such a lot of the leading writers - Canning and Fisher, apart from Hicks. Was this in the libraries in your evenings or something?

Possibly, yes. I can't even remember where from. I don't own them all. I don't know. The Institute Library, I suppose, I took a lot of them out of there, I suppose.

It seems so well guided, you know, because these were the important writers on the subject.

I didn't have anybody guiding me, I know! There was precious little other interest in the subject at the time. Even my rebellious friends in industry weren't particularly interested in these theoretical aspects really. Some people were, like Sewell Bray.

Did you get to know him at all well?

Yes, very well.

There was an article of yours in 1950 Accounting Research on the Exchequer Accounts which shows you were still interested in the national accounts.

Yes.

Did you ever become more formally involved with national accounting?

No, not at all. No. I did get especially interested, first of all, in the Exchequer Accounts and the other prominent thing I mentioned was accounting and state enterprise - which I may or may not have mentioned.

You did mention it.

I read a number of books - I still have some of them - on the whole problem, the theoretical aspects, or what I thought very theoretical, far removed from what you can really do in practice. There was an MP, a charming fellow called Evan Durbin who was a Labour MP who had written a book on the subject. I met him. The poor chap got drowned. There were one or two other people who had written books on this which I collected at the time. Frightfully fascinating. I think I was more of a left-wing supporter in those days than I am now [laugh]. But I wasn't particularly thinking of this from a political aspect.

No. Did you meet Robson - Professor Robson - at LSE: 'Red' Robson?

No.

Because he was one of these left wingers - Laski and so on - and he was very, very interested indeed in the question.

No. The only political chap I met was Evan Durbin who, quite apart from the fact that he was a Labour MP, was interested in this theoretical area and wrote a very good book on it.

But not to the point that you were involved with - you didn't go on the board of any nationalised industries?

No, not in the least.

Those problems are still unresolved.

Totally. They are absolutely acute at the moment. The gas and the electricity industry are fascinating. I'll probably be writing to *The Times* all over again! [laugh].

How closely did you know Basil Smallpeice at this time, because with the connection with BOAC you must have known him?

Yes. I knew him terribly well because he and I, with Eric Davison, really the three of us, were the founders of this industrial lunch group in 1947, the three of us were. They were the first, I was the secretary, and the three of us gathered a few others immediately. But the three of us were really the hard core.

Did your membership records survive?

No, they didn't unfortunately.

Oh, what a pity.

It's very careless of me, being the secretary - unless I've got them somewhere. I can't find them. I know that I have looked, because I later passed on the secretaryship. No, they didn't survive, which is rather sad. We'll have a look at what did survive. [Phones his secretary] Do we have a box file to do with the London Industrial Chartered Accountants Group, do you think? [Pause] That green box file - thanks. [Looks inside] I don't think there's much very old in this. It's a pity it has folded up.

Well there is now the 100 Group' [of Finance Directors] isn't there? It must have taken over.

Well, yes. [Looking in the box file] Oddly enough there's a list of new members. It does give the dates that they joined.

[Reading] **Oh - Ken Bevan.**

He of course was very, very closely involved with Basil Smallpeice.

Well, he's a neighbour of mine. He lives in Storth [near Milnthorpe, Cumbria].

Does he? Well Kenneth Bevan was with Basil Smallpeice at Royal Doulton. He went with him to BOAC.

Oh, that's interesting - these are the dates of admission.

That's right. You can take that if you like. I've got several copies.

It would be most interesting; it would be very interesting indeed. [Reading] You also had J.S. Hamilton. I don't know anything about him.

Jim Hamilton - yes, he was latterly with the whisky people who I think were bought by Seagram's. I can't remember the name of it now.

Glenlivet?

I can't remember the name - I'm not good on whisky! [laugh]. I've got to go in not too terribly long.

Oh, all right yes, yes.

I've got a date. I hope I am not rushing you.

It's the other way round, actually.

I'd love to talk about it all afternoon, but I've got a meeting I've got to go to.

I'm an enthusiast. I get very excited.

It's a very fascinating subject, really.

One question which interests me very much is this. You do occasionally get conditions where practice changes. I don't think it's because theory persuades the changes, and the question that then arises is why does practice change. Now, it seems to me that high rates of inflation clearly have some effect, particularly on the valuation question. So, too, it seems to me, do falls in stock market prices. Now, I've been doing some work quite recently to see just when it is that the profession, in this country and in America - by which I mean the Institute and the AICPA - when do they actually take initiatives to set up working parties on 'general statements of accounting principles'? And in case after case after case, it [an initiative] has taken place at or shortly after a fall in stock market prices.

Really! How extraordinary.

Does this seem something plausible to you?

Anything can happen [laugh]. I'm not sure why it should.

Yes - here we are, this is the draft of a paper. I take America and Britain separately, so in both countries there is a period of 94 years. I'm taking the years in Britain and the years in America separately from about 1934 (to 1979). Over the 94 years, there were 19 occasions on which an initiative had been taken towards a broad general statement of accounting principles. And nine of those occurred in years when the stock market had fallen, ten when they didn't fall. Now that's not terribly convincing as it stands, but I think it is still interesting. Statistically, it is quite significant, because in the years when prices didn't fall, you didn't get these initiatives. This paper seems to suggest two things: first of all, when the stock market falls, this adds a little extra crisis, it adds a certain urgency to the question. And also that the profession acts when prices are rising - general prices are rising [that is, in the Retail Price Index and not the *Financial Times* 100 Stock Exchange Index].

Yes. I don't know - I'll have to think about that. I don't know why [laugh].

Anyway, just to wind up, let me just to run through and see whether there is anything that I was keen to ask that I haven't asked. I have asked about your views on inflation accounting. I have asked about the origins of the Joint Committee and that was exceptionally interesting. I've commented on the Tucker Report, and that seems to be consistent. The rise of industrial members you've referred to. The International Congress [of 1952]? - no. The integration issue, yes. I was going to ask whom should I seek to interview. Now in fact we've mentioned quite a number already, and I have interviewed a number of people.

Yes I think you probably have with all the names that I can think of.

What about one or two of the ones you just mentioned. [Consulting the list] Who is Mr Sandford Smith?

Yes - he's quite worth talking to. He's still alive, retired. He lives in London; I probably have his address.

Well, I can look him up.

Oddly enough he's now active as a silversmith - isn't that peculiar.

Good heavens!

That is his address.

Oh, thank you very much.

He published a book not all that long ago. I'm not sure if it's on management accounts.

Oh. Jeremy Sandford Smith?

No - Jim.

And similarly, Joseph Latham might be worth asking.

Yes. He is over 70. He wouldn't have been a very theoretical chap, but he was a revolutionary. I've know him for a very long time and he happens to be director of Wimpey, and indeed he's here one or two days a week in spite of the fact that he's over 70 years of age. He is a pretty active chap.

Yes. He wrote that very, very good book on the merger between AEI and GEC.

Yes, he did. Well, he of course he was with AEI. He was on the 'receiving end' of the Weinstock situation. [Weinstock chaired GEC, and was the instigator of the merger]

Yes. And what about Ray Robinson?

He retired a number of years ago. He is probably still around. but as I say he was a real 'tooter' [rebel] in his time.

J. N. Robinson.

J. R. Robinson.

J. R. - thank you. I wrote to Unilever not long back, asking whether they had any information on Kenneth Lacey. He was obviously an economist. He did write quite a lot of stuff.

Yes - he did.

I think that's fine. It remains just to say thank you very much indeed.

Nice to see you. If you have any views, it would be interesting to hear them.

Well I think it's important for standard setting. I trained with Dunlop's - I trained with Mr Eric Holt. I didn't like the idea of auditing, and I believed that since I wanted to work in industry I might as well train there, as a Certified Accountant. And I'm involved with the Accounting Standards Technical Committee there [at the ACCA]. One of the things I'm concerned with here, obviously, is whether theory has got a useful role to play - what sort of role can we play in informing practice? I think it's a very important question.

Who do I know from Dunlop's. Kenneth Gardener?

Yes - Kenneth Gardener is on the 100 Group.

Yes. You see the 100 Group had a small working party quite recently on what should we say about ED 24.

ED 24.

He's the chairman of the study group.

Were the views encouraging?

Er, yes. Yes, I think we gave it a general blessing. We managed to write about three pages, I think. Everyone that I know is saying: 'I don't quite agree, but it's a step forward'. Let's not rock the boat - there are political overtones to the whole thing. The whole disaster of ED 8 and ED 18 is really terrible for the profession, so we are all ready to forget our differences and go forward as though we were one man when we are not quite.

Absolutely. I don't like the 'gearing adjustment', but I don't think it is going to do any serious harm.

No. I don't think I entirely understand it, actually [laugh], but the thing seems to be a step forward.

Were you ever involved with the inflation accounting committees of the Institute? Bill Fea was involved with, I think, two of them, and W. E. Parker was involved.

Yes. I knew Parker. But I don't think I was. I don't think so.

Oh, I should give you these articles back.

No, no need to. I gave you the ones of which I had more copies.

Thank you very much indeed.

Source: www.icas.org.uk/mumford

Sir Edmund Parker (1908-1981)

Sir Edmund Parker, the true gentleman

Stanley M. Duncan CBE FCA writes:

Sir Edmund Parker CBE, former senior partner of Price Waterhouse & Co and president of the Institute in 1967/68, died on 21 March at the age of 72.

Walter Edmund Parker was educated at Winchester College. Articled in 1926 in the London office of Price Waterhouse & Co, he qualified in 1931. In 1934/35 he was on exchange in the firm's New York office, an experience which introduced him to the international aspects of accountancy in which he was later to take an active part both for his firm and the Institute.

In 1939, he was commissioned in the Essex Regiment (TA), and in the following year he was released to the Board of Trade, where he served as Assistant Secretary from 1941 to 1946. He was made Commander of the Order of the British Empire in 1946.

He was admitted to partnership in 1944, while still with the Board of Trade. His initial contribution to the firm's capital was £12.10s — all he could afford in the straitened circumstances of the times, he always afterwards maintained. He quickly made his mark in the UK partnership and, in addition to his important client responsibilities, he represented the UK in the international partnership between 1949 and 1970.

Ted Parker, as he was known, served his profession as diligently as he did his firm and with equal distinction. Chairman of the London Society, in 1956-57, he was appointed to the Council of the Institute in 1957. He served on many committees of the Council, notably Parliamentary and Law of which he was chairman from 1962 to 1965, and Education and Training.

His name will always be associated with the report of the latter committee, published in 1961 after more than two years' intensive work by the committee under his chairmanship. While, viewed from today's standpoint, the proposals in the report for improvement in the arrangements and facilities for education and training in the profession may appear modest in scope, they were a significant step forward in this important field.

In the 1960s, he was one of the principal figures advocating action by the profession to promote disclosure in accounts of the effects of inflation.

He was senior partner of his firm from 1966-71, and for part of that time was also chairman of the international firm. He retired in 1971, and later undertook several tasks for the Government, among them being the determination of the price payable by the government for the aero-engine assets of Rolls-Royce. He was created Knight Bachelor in 1974.

Ted Parker participated fully in the community life of the village of Manuden, Essex, where he and his wife lived for many years. Particularly in retirement, he enjoyed country life and his garden.

In everything he did in his professional and personal life he strove for perfection. His unfailing courtesy and regard for others will be recalled with pleasure by the many with whom he came in contact. Despite the eminence he attained, he remained throughout essentially a modest man, truly a gentleman.

His wife, Betty, whom he married in 1934, and a son, Jonathon, survive him. Her support sustained him throughout his career. Often accompanying him on his travels, she became in many places at home and overseas almost as familiar a figure as Ted Parker himself.

John Perrin (1930-2004)

JOHN PERRIN: GENTLEMAN AND SCHOLAR

IRVINE LAPSLEY

John Perrin died on 29th October, 2004. He was 74. This edition of *FAM* is dedicated to his memory. John had a most successful career. He studied for his first degree, in business administration, at the University of California at Los Angeles (UCLA). John also graduated with an MBA from UCLA in 1954. He then went on to study for his PhD, on budgeting in British industry, at LSE, under the supervision of Harold Edey, with David Solomons as external examiner. At that time, John Perrin was the only PhD student in the Department of Accountancy and Finance at LSE. He found his time there richly rewarding and always had a high regard for the Department of Accountancy and Finance at LSE. In his chapter in a book of essays dedicated to the celebration of W.T. Baxter's 90th birthday, he wrote:

All roads used to lead to the LSE (London School of Economics). I was privileged to be there at a vibrant time: Will Baxter (mentor), Harold Edey (doctoral tutor), Ronald Edwards, Basil Yamey and David Solomons as external examiner. And in the evenings there were seminars with guests, such as the founders of the Forte and Tugendhat entrepreneurial empires, most of whom admitted that their success had been in spite of, rather than because of, their ignorance of the formal intellectual theories of accounting and economics (Perrin, 1996).

John Perrin was born in the USA. His mother was from the US, his father was Irish, a veteran from the First World War and living in California. John had a huge affection and regard for England, and, particularly, for Devon. He also had a soft spot for Edinburgh – the city where he met Jennifer, the lady who was to become his wife, as they queued for tickets for a show at the Edinburgh Festival in 1957. He started his academic career in Canada, but returned to his beloved England in 1962. His first appointment in the UK was at Nottingham. He was subsequently appointed to a chair of financial control to establish a department of accounting and finance at Lancaster University. This he did, and laid the foundations for one of the most successful departments the UK has ever seen. In 1974, his attention turned to research as his prime focus, with his move to become the Director of the Centre for Industrial Economic and Business Research at Warwick University.

The move to Warwick University in the mid-70s also signalled a shift in John Perrin's interests – from the private to the public sector, which he saw as a major area of research which was relatively neglected by academic accountants. At this time, John Perrin was awarded a major grant by the

Social Science Research Council (now the ESRC), to study public sector capital. I was delighted to be appointed one of John Perrin's Research Fellows on that project. In this project, we examined the heterogeneity of accounting practice and the antecedents of accounting policies and practice, with in-depth investigations of the various sub-sectors which made up the public sector. This research was heavily influenced by John's style of research, his view that researchers had to get inside organisations to understand the nature of accounting. We subsequently were part of a large multi-disciplinary research team, led by John Perrin, which investigated financial management in the NHS for the Merrison Royal Commission on the NHS. The report from this project – widely referred to as 'the Perrin Report' – was *the* first substantive research study of health care accounting (Royal Commission on the National Health Service, 1978). That particular research project was visionary in two particular ways: first, the recognition of the need for a multi-disciplinary team (accountants, economists, management scientist, finance specialist, political scientist, with additional input from research team members with significant experience of NHS finance and of HM Treasury) to research the complexity of the NHS, and, secondly, the opening up of health care accounting which became, and remains, the major focus of accounting researchers in the public sector. When John retired in 1985, he was appointed an Honorary Professor at Exeter University, from where he continued to contribute authoritative articles on developments in NHS financial management.

While academe owes John Perrin a debt, not only for his contribution to building up hugely successful accounting departments in the UK but also for opening up a new area of research in public sector accounting, we also owe a wider debt to John's contribution to his discipline, as an editor. John Perrin was the founding editor of this journal in 1985. In his initial editorial, John set out the objectives of *FAM* as a research journal for the whole spectrum of governments, public services and charities, particularly international and also multi-disciplinary in outlook (Perrin, 1985). He had previously founded *FAM*'s sister journal, the *Journal of Business Finance & Accounting* in 1974, a successor to the first journal which he launched, *Journal of Business Finance* in 1969. This is a major contribution to the dissemination of scholarly work – unique in our discipline. John Perrin was also consulting editor to Nelson, the publisher. In this role, he played a major part in developing the subject of accounting and finance by persuading active researchers to contribute books on the state of the art of their specialist areas for the benefit of the wider academic community. This series by Nelson (which became part of International Thomson Business Press) was a highly regarded series of scholarly books by leading academics. These contributions to publishing were attributed by John Perrin, at the launch of the Festschrift to celebrate his 65th birthday (Lapsley and Wilson, 1997), to his happy childhood

memories of his father's work in publishing. John had publishing in his blood. In 1997 in his Valeditorial in *FAM*, he said:

my addiction (to publishing) was perhaps attributable to playing in printers workshops from the age of five, and to editing student newspapers at school and university (Perrin, 1997).

John Perrin was a scholar of distinction. His record is testimony to that. He was delighted that this was recognised by a Lifetime Achievement Award from the British Accounting Association this year. He was also a real gentleman – kind, thoughtful, polite and considerate. This word – gentleman – is the first to come to mind whenever colleagues mention him. He was also a very modest, private man. When we decided to award a prize for the best paper in *FAM*, John was delighted at the idea, but embarrassed that the prize was named after him. When he knew that he did not have long to live, he insisted that his funeral be modest and private – he did not want fellow academics and friends to feel obliged to make long journeys to attend his farewell. It was a delight to have the pleasure of working with John Perrin, at all stages of my career. His research interest in health care never dimmed – although latterly he said he was observing the NHS from the rather different perspective of a patient. As a colleague, John was always able to make the time available for discussions on matters academic. A true scholar and gentleman, John Perrin will be missed by all who knew him.

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TRIBUTES TO JOHN PERRIN

John Perrin was eminently warm and helpful – a good person to have as a friend. And he made a noteworthy triple contribution to academic accounting. He launched the accounting department at Lancaster (still outstanding); he founded several new journals on accounting principles; and he began research into the neglected area of government accounting. Notable achievements.

WILL BAXTER

John was a friendly and supportive HoD while I was in the process of becoming an academic. He was always willing to find time to talk and never failed to offer encouragement and sound advice. He set high standards for himself and lived up to them.

BOB BERRY

It is with great sadness and a strong sense of loss that I, like any of us, write tributes to the memory of John Perrin. I first worked with John on the study for the Royal Commission of the NHS on the management of financial resources. Looking back I now realise what an extraordinary achievement this report was. John's research team, based on a crash programme of interviews over about three months, succeeded in getting to grips with the complex world of NHS accounting, budgeting, resource allocation, planning and information systems. This study characterised John's extraordinary ability to bring together a multi-disciplinary team to combine theory with empirical observations and in this way contribute to the making of public policy. Working with John was so rewarding that I continued to work with him, and changed my career, as since then my focus has been research into use of resources in the NHS.

GWYN BEVAN

John Perrin was a pioneering academic and his service to the academic community is outstanding. He played a key role in establishing *JBFA* as a leading journal in the field, and it was through his foresight that *FAM* was established, which he also served with distinction as a founding editor. It is difficult to envisage how the current thriving academic community in public sector accounting could have achieved so much without his encouragement and leadership, for he has given it scope, voice and respectability. His institutional contributions have also been excellent, particularly at Lancaster and Warwick. He was a most valuable colleague. He will be greatly missed.

MAHMOUD EZZAMEL

I was very sorry to hear the news of the passing of John Perrin. As I mentioned at the EIASM Public Sector conference in Oslo, as a brand

new assistant professor right out of my doctoral program, my first empirical research paper was accepted for publication in *FAM* by John Perrin. He was an expert in the topical area and accepted my paper without revision—which was an exceptional boost for a young researcher’s first attempt at publication in an academic journal. I have since had more than 80 publications, and while I never had the privilege of meeting John in person, I shall never forget his support, encouragement, and the opportunity he gave me early in my career. He will be missed.

DANA FORGIONE

I must always mourn the loss of anyone mad enough to publish one (let alone more than one) of my academic papers. Perhaps for this reason June and I have maintained contact with Jennifer and John in his retirement in the West Country. During those years he found great pleasure in his family and many friends, and he was very happy to be present at the wedding of his daughter Sarah, just before the onset of his final illness. The academic scene is the poorer for the passing of a senior figure who was able to look beyond the blinkers imposed not just by non-academic accountants, but even more firmly by the low expectations of academic colleagues in other disciplines. John saw, as I do, a glittering but distant future for our subject – if not quite as we have known it.

TREVOR GAMBLING

To me, John Perrin was one of the true gentlemen scholars and a great mentor when I was a junior academic. He always had time to advise, read and comment upon my work and to provide invaluable advice on network opportunities. As we all know, it was largely due to John’s efforts that research into public sector accountability took off in the 1980s when he founded *FAM*. I was very pleased that I was able to invite John to take up his honorary appointment at Exeter University and that Price Waterhouse (as then was) felt able to sponsor this appointment. John was a much respected colleague and a good friend despite the distance between us. I miss him and hope that some of the virtues he stood for remain with me as I now seek to nurture a new generation of academic colleagues.

JOHN GLYNN

There are few times in my academic career when I have received hearty praise and one of those was when John Perrin wrote a very long hand written note about me winning the inaugural *John Perrin Prize* for best paper in *FAM*, in 1998. He brightened my day and made me feel honoured to be part of the international public sector accounting group of scholars in which he was a pioneer.

JAMES GUTHRIE

Long after his retirement, John Perrin has remained a towering influence over the development of research in public sector accounting. His influence now derives less from what he himself wrote but from the way in which he shaped the aspirations of a generation of researchers, many now holding senior academic posts. He brought intellectual rigour and academic respectability to public sector accounting research, previously regarded as a backwater cut off from ‘real’ private sector accounting research, and also encouraged academic interest in policy matters. His editorship of *FAM* was exemplary, dispensing encouragement and discipline with an unrivalled charm. We are now sad, but always enhanced by the memory of his life and work.

DAVID HEALD

Professor Perrin was an outstanding scholar on the international arena who had a significant influence on the development of the accounting research. We all feel sorrow at the loss of the founder of *FAM*. His work, so important for the society, and his personality will long be remembered.

ALICJA JARUGA

Professor John Perrin, for me, will always be remembered as someone who believed in the importance of giving space in our journals to widely different academic views and opinions. He exercised this belief with considerable skill through his editorship of *JBFA* and as founding editor of *FAM*. Whilst his editorship of *FAM* was pivotal in the development of different forms of accounting and management research in the public services, his wider leadership in giving space to alternative perspectives on accounting and finance in *JBFA* remains for me even more significant. A look through *JBFA* from the mid 1970s until the early 1980s, when he shifted his attentions to *FAM*, will demonstrate this with great clarity. These editions make fascinating reading with their diversity of thinking by authors who, to-day, would rarely, if ever, appear in the same journal. I have a particular personal memory of John’s outstanding editorship, for which I will always be immensely grateful – he handled, as editor, with great skill and care, my first ever publication – in *JBFA*, of course.

RICHARD LAUGHLIN

John was a pioneer in developing a part of accounting that had been neglected academically, yet has proved to be of national significance. I am personally indebted to him for the way in which he encouraged me, through his gentle yet very persistent pressure, to turn an interest in public sector accounting into articles and books. He was a wonderfully supportive colleague, a pleasure to work with as a collaborator and will be sadly missed, but fondly remembered.

ANDREW LIKIERMAN

John was a wonderful person to work for and I feel privileged to have worked with him on *JBFA* and to have helped him as his Assistant Editor to set up *FAM* as a new journal in 1985. His personal help and advice was always forthcoming and his own enthusiasm for his work and his meticulous attention to detail was inspiring. He was a very special person, a greatly respected academic and a true gentleman.

AUDREY MARSH

John's academic contributions were capital in many senses of the word, including major contributions on NHS financial management and resource allocation in a vital public service, and on capital accounting across the public sector. He was indeed a very likeable person, with a warm humanity that contrasts with some, more brutalistic, approaches to public service management. Whilst the principle of finite lives unfortunately still applies to our own physical assets, his intellectual contributions will live on for future generations.

DAVID MAYSTON

John demonstrated by example the need and possibility for accounting research in the public sector and was a major force in its development. At a personal level, and put at its simplest, without John's continual encouragement and support, especially early in my academic career, I doubt whether I would be where I am today and for that I will always be very grateful to him.

HOWARD MELLETT

Working with John on new publishing ideas was both a pleasure and education. John was much cleverer than me and a much nicer person too. I always admired his ability to state his case with precision avoiding the hyperbole that would punctuate my communications. His advice as a publishing consultant was the best I ever got and I know that authors valued his thoughtful and considered feedback more than any other reviewer I have worked with.

ALAN NELSON

John was already well-established as a leading accounting academic when I joined the academic world in the late 1960s, although I soon came to know him quite well, mainly through our common interest in public sector matters. His contribution to progressing accounting knowledge, both through his own research and his tireless efforts to disseminate research results and associated debate through his work at the *JBF* (later *JBFA*), *FAM* and Nelson Publishing, were indeed impressive. No doubt these achievements will be chronicled in more detail by others, but, as well as being one of the best-known accounting academics in the UK, John was also one of the best-liked. He was always encouraging others and not once did I ever hear him speak critically of others. He instinctively looked for the best in everyone. He was

truly a gentleman as well as an academic for whom I shall always have high regard and fond memories. It is tragic that he had to depart from us so soon.

CYRIL TOMKINS

John was a very fine scholar but remarkably modest and unselfish. It is appropriate that some of his enduring achievements benefited others. Notable amongst these achievements was the foundation of two journals, *JBFA* and *FAM*, and the establishment of a highly successful new Department of Accounting and Finance at the University of Lancaster.

GEOFFREY WHITTINGTON

I know I am not alone in having seen John as a wonderful role model – an unassuming giver and builder of institutions (e.g. *JBF*, *JBFA*, *FAM*, the Nelson Accounting & Finance series, *CODAS*) in a world which was both less gentle and less generous than he was. When the Festschrift to celebrate his 65th birthday was presented to him, he was overwhelmed – and continued to be both genuinely surprised and appreciative that he was held in such esteem by those who had been privileged to work with him (although he would see this the other way around).

DICK WILSON

Financial Accountability & Management, 2005, 21(1), 1-8

Percy M. Rees (1883-1970)

Percy Montague Rees (1883-1970)

P.M. Rees qualified as a member of the Institute of Chartered Accountants in England and Wales (English Institute) in 1905. In 1908, the firm in which he was employed became one of the auditors of Jurgens' accounts on the continent. Wilson has written that 'the growing complications of accountancy for the vast new [Jurgens] enterprises demanded the appointment of a professional accountant. The responsibility was assigned to a chartered accountant from England, Frank Hague--for the science of accountancy was further advanced in England than it was on the Continent' (1954: vol II, 54). In 1923, Rees joined Jurgens as chief accountant in succession to Hague.

In 1927, after the merger between Jurgens and Van den Bergh's, Rees became the chief accountant of Margarine Union, and two years later he was named one of the two chief accountants, together with R. Norman Locking, of the newly created Unilever. Upon the death of Locking in 1931, the chief accountant who had served in that capacity for Lever Brothers and then Unilever since 1921, Rees became the sole chief accountant, retaining that post until his retirement in 1948.

Two innovative thinkers on financial reporting, Rees and F.R.M. de Paula, had, as Rees wrote in 1954 (when de Paula died), a common bond:

I first met [de Paula] some fifty years ago when we had both just started in practice in friendly rivalry with great hopes and few clients and we both kept body and soul together by tuition for the examinations. After spending roughly half our professional lives in practice, we each took up appointments in industry where, by continual collaboration, we shared the ambition of making published accounts simpler and more informative.

(The Accountant, 18 December 1954: 670)

In 1942, Rees and de Paula were selected as one of the charter members of the English Institute's newly created Taxation and Financial Relations Committee (see immediately below¹) which came to be the drafting committee of the Institute's path-breaking series of

¹ In 1949, the committee was renamed the Taxation and Research Committee.

Recommendations on Accounting Principles (see Zeff, 1972: 7-20; Bircher, 1991: 232-42). This was the first attempt by the accounting profession in Britain at giving authoritative guidance on accounting principles. 'In the early days of the committee', Rees wrote, 'I worked with [de Paula] in the preparation of the first drafts of the original Institute Recommendations' (*The Accountant*, 18 December 1954: 670). For two years, Rees served as committee chairman, and he retired from the committee in 1953, having rarely missed a meeting in 11 years.

Rees would bring examples of progressive financial reporting to the attention of the editor of *The Accountant* so that they might be given greater prominence (see *The Accountant*, 20 July 1946: 35, and 6 September 1947: 155).

In 1944, Rees became only the second non-practising member to be chosen to the English Institute's Council, following de Paula, who had been named to the Council the preceding year. Rees retired from the Council in 1956 at age 73.

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Sir Thomas Robson (1896-1991)

SIR THOMAS ROBSON

Sir Thomas Robson, MBE, former senior partner of Price Waterhouse, died on April 12 aged 95. He was born on January 4, 1896.

SIR Thomas Buston Robson was president of the Institute of Chartered Accountants of England and Wales in 1952-53 and the author of *Consolidated and Other Group Accounts*, a book which became recognised as a standard work on that subject.

He came from Newcastle upon Tyne where he was educated at Rutherford College and later at Durham University. His university studies were interrupted by the first world war during which he served with the Royal Garrison Artillery in the Macedonian campaign rising to the rank of captain. He was mentioned in dispatches and appointed MBE. After demobilisation he completed his university studies and then became articled to a firm of chartered accountants, Sisson

and Ailden, in Newcastle. In the ICA's final examination he gained the W. B. Peat gold medal and prize. He joined Price Waterhouse in London in 1923 where he made rapid progress becoming a manager in 1929. He took part in a number of the investigations for which Sir Gilbert Garnsey was responsible including the examination relating to the Hatry group of companies which eventually led to Clarence Hatry being jailed for 14 years for company fraud.

In 1933 Robson was sent to gain experience in America where scenes of the Depression made a lasting impact on him. It was an early example of the interchange of staff between Price Waterhouse firms in this country and abroad which was to become a regular practice in the international organisation. He became a partner in 1934 and senior partner in 1961 retiring in 1966. During the second world war he acted as a fire-watcher and had vivid memories of the blitz.

Robson became one of the leaders of the profession: he was made a member of the council of the ICA in 1941, was elected vice-president in 1951, and president in the following year. For many years he was chairman of the overseas relations committee and a prominent member of the parliamentary and law committee. In 1963 he was elected vice-president of the Union Européenne des Experts Comptables, Economiques et Financiers. He was greatly involved in the international aspect of Price Waterhouse, visiting the many offices abroad each year.

Sir Thomas gave numerous papers on professional matters at home and overseas. He assisted Sir Gilbert Garnsey in 1931 in the preparation of the second edition of *Holding Companies and their Published Accounts* and was responsible for the third edition in 1936. Ten years later the first edition of his own book on *Consolidated and Other Group Accounts* was

published. He accepted numerous government appointments and was knighted in 1954. He retired from the firm and from the council of the institute in 1966. In 1967 he was appointed to the chairmanship of the Renold Group, a post he held for five years.

He was for many years an active worker in the Boy Scout movement and became vice-president of the Greater London central scout council. He was also an elder of St Columba's Church of Scotland, Pont Street, London, where his financial experience was put to valuable use.

He and his wife Robin, who died in 1980, provided a "home from home" for many visitors from this country and abroad. His delightful dry sense of humour defused any potentially unpleasant situations and he will be remembered with warmth by young and old.

He is survived by two daughters.

The Times, 6 May 1991

Stanley W. Rowland (1887-1946)

Stanley William Rowland, LL.B., F.C.A., J.P.

Members of the accountancy profession throughout the country will share the deep sorrow with which we record the death of Mr. Stanley Rowland, which occurred after a short illness on 31st October. It is a blow which the whole profession will feel, and for us a specially heavy one. He had been for many years our chief leader writer, and his unflagging interest in accounting questions and developments, coupled with his insight into their implications and effects, made him one of the outstanding thinkers in the profession. Many are the appreciative tributes we have received during the years to his writings in our columns. But above all, he was our valued friend, whose help and counsel were always given without stint and without hesitation. His clear and penetrating mind and his gifts of exposition and expression will be missed by hundreds who knew him through his writings and lectures or met him only casually; those who knew him personally will miss, as we do, the staunch friendship of a man of sterling character.

Stanley William Rowland was the only son of the late Sir William Henry Rowland, of Southampton, a member of the Society of Incorporated Accountants and Auditors, who died at the age of eighty-six last year. He served his articles with the late Professor Dicksee and was admitted a member of the Institute in 1910, subsequently becoming a partner with Mr. Roy M. Pembridge in the firm of Sellars, Dicksee & Co. He was elected an F.C.A. in 1924.

The inevitable limits of his professional practice could not satisfy either his immense capacity for hard work or his enthusiasm for the advancement of his profession, and these took him much further afield. He was for many years Lecturer in Accounting at the London School of Economics, External Examiner in the University of London, Lecturer and Examiner for the Law Society School of Law, Examiner for the Institute of Bankers, and he had recently been appointed an examiner for the Institute of Chartered Accountants. An appointment which gave him special pleasure and satisfaction was that of Secretary to the Taxation and Financial Relations Committee set up by the Institute in 1942. During the war he added to the numerous calls upon his time by taking on the marking of papers for the Canadian Educational Legion and, through the Law Society, other work in connection with Army Education Courses. Just before his death he gave up part of his holiday to undertake the duties of Director of Studies at the Institute Refresher Course at Downing College, Cambridge, and was deeply moved by the printed address of appreciation presented to him by those who studied under him there.

This brief account by no means exhausts Mr. Rowland's numerous activities. As an author of text books he was widely known, and after the death of Professor Dicksee, he took on the editorship of that standard work 'Auditing'. Among his own publications are: 'Depreciation Reconsidered', 'Principles of Accounting', 'Reconsideration of Auditing Methods', 'Students' Income Tax', 'Accounting, Part I' (with Magee), 'Accountancy' (Home University Library). Among the books which he revised and edited were 'Advanced Accounting' (Dicksee), 'Goodwill' (Dicksee), 'Office Organisation and Management' (Dicksee and Blain), and 'Principles of Modern Bookkeeping' (Hamilton).

He had been a Justice of the Peace for the County of London since March, 1944.

Always the most approachable and unassuming of men,

Mr. Rowland never allowed the many burdens he shouldered nor the strain of the war years to shorten his temper or quench his faith and optimism. He leaves a widow, two sons and two daughters, to whom the deep sympathy of all his friends is extended.

The funeral took place at the South London Crematorium last Wednesday, when a brief address was given by Mr. F. R. M. de Paula.

Appreciations

Mr. F. R. M. DE PAULA writes:

'The sudden death of Mr. S. W. Rowland is a staggering blow to all who knew him and to the accountancy profession as a whole. As I have known him ever since he first entered the profession, may I pay my tribute to his memory?

'I first met Rowland when he was a student working for the Institute examinations. I then was his teacher. Then in 1919 we found ourselves both teaching at the London School of Economics, where I worked with him for ten years. There it was that we found that we had common interests and I discovered what a brilliant brain he had. From then on right up to his death we were constantly exchanging ideas upon professional problems in which we were both interested.

'Rowland was one of the most shy and retiring men I ever knew, and also one of the most modest. He surmounted himself with a barrier of reserve. Hence he was very difficult to get to know well, and it was only when he was appointed secretary of the Taxation and Financial Relations Committee that I broke through that barrier.

'Then we found ourselves working together with a team of enthusiastic colleagues in a new venture in which we both firmly believed. Then again, when the Refresher Courses started, we found ourselves once more teaching together, and I saw much of him.

'Rowland was no ordinary man. He had great talents but he did not employ them in his own interests—he devoted them towards teaching and developing the technique of the profession that he loved and to which he devoted his life.

'He was in every sense a scholar; to see him living in one of the colleges at Oxford or Cambridge, as I did, was to see him in his proper background. He was a profound thinker, a brilliant writer, and he was the outstanding teacher in the accountancy profession. He was not endowed with a commanding presence, but as soon as he stepped on to a platform to speak he riveted the attention of every member of his audience, for he was a wonderful orator. I never realised how brilliant he was until I heard him speak at the recent Refresher Courses. He had a delightful and puckish sense of humour that sparkled through his lectures like glints of summer sunshine.

'The profession has lost one of its greatest thinkers and, without doubt, its greatest teacher. By his teaching and writing Rowland has left his mark, and he has had a greater influence upon the whole thinking of his profession than any other man of his time.

'But it is not only as a great teacher that I shall remember my dear friend, but as a very lovable man. In that connection I shall always remember the last day of the recent Refresher Course at Downing College, Cambridge, where he had been Director of Studies for the whole three weeks of the course. The members of the Course presented him with a printed record, in the most charming terms, of their respect, appreciation and thanks. I had been with all of those men, and the depth of their respect and appreciation,

but above all, of their great affection for him, was truly wonderful to see.

'S. W. Rowland has come to the end of life's journey with great achievements. He needs no material monument. His monument, the finest of all, is the respect, appreciation and, above all, the affection that is engraved upon the hearts of his family and his countless number of friends.

'Our heartfelt sympathy is with his wife and family who are left behind to mourn for him.'

Mr. DONALD COUSINS writes:

'Since 1938 I had the privilege of working with Mr. S. W. Rowland as an External Examiner in the University of London, and during those years, especially in the stress of wartime, I learnt to admire and conceive a very real affection for the man. In my view he embodied to a high degree the best aims and traditions of our profession. His scrupulous fairness, tireless energy, meticulous thoroughness, and uncompromising hostility to vaguenesses and irrelevancies made him the born accountant.

'When he joined to his academic work the secretaryship of the T. and F.R. Committee, I think he felt intensely proud of the additional work and responsibility cast upon him; that quiet room in the Institute's building became for him almost a second home.

'His keen eye for the practical aspect was never overborne by theory. To each he accorded its just place, and spiced the whole with a quick but rare humour.

'Few men can have enjoyed so wide a teaching and examining experience as did Rowland, and he delighted in the student who could appreciate and discuss a point of principle. "Good man", with many notes of exclamation, or, more sedately, "He has the root of the matter, I think", are but two of the (sometimes pithy) comments with which he would embellish the margin of students' scripts.

'Many of us can recall, too, his great gift of clear and concise expression to which not a few of the reviews published from time to time in immediate pre-war days by the Accounting Research Association bear ample witness.

'In his contribution to the literature of the profession Rowland is to be classed among the select but distinguished few whose names we shall not forget.

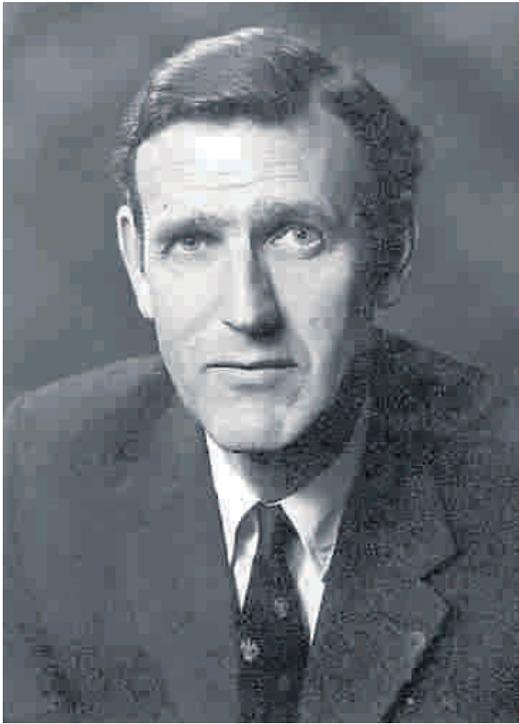
'I feel I have lost a friend whose loyalty and understanding were always beyond question. Our profession has lost a member who worthily adorned its ranks, and was one of the ablest exponents of its principles and practice.'

Dr. H. C. F. HOLGATE writes:

'As one who had the inestimable advantage of the tutorship of Mr. S. W. Rowland, may I take the opportunity of paying a small tribute to the memory of a great teacher of accounting who was at the same time a fine classical scholar. All those upon whom he bestowed his courtesy and wisdom will sadly miss him.'

ACC, 9 November 1946, 243-244

Sir Kenneth Sharp (1926-2009)



Sir Kenneth Sharp

Founder of city accountants Armstrong Watson

Sir Kenneth Sharp was one of the founding members of the accountancy firm Armstrong Watson. He was educated at Rickerby House School and Shrewsbury School and read economics and social anthropology at St John's College Cambridge, graduating with an MA degree.

National Service consisted of three years in the Indian Army gaining the rank of captain. He returned to Carlisle to train as a chartered accountant with his father's firm James Watson & Son, qualified in 1955 and became a partner in the firm.

Also in 1955 he married Barbara and is survived by his wife and their son Julian.

In 1960 he was one of the

driving forces behind the merger of his firm with Armstrong Routledge & Co to form the basis of what is now Armstrong Watson.

In his spare time Sir Kenneth was an active member of the Territorial Army, rising to the rank of major.

He served as a magistrate in Carlisle and in 1966 was elected to serve on the Council of the Institute of Chartered Accountants in England and Wales as representative for the Northern Society of Chartered Accountants.

In 1969 he was chairman of what is now the Cumberland Society of Chartered Accountants.

He had major inputs into the development of the profession both at home and abroad and after his year's office he returned to

Armstrong Watson

Later that year the Government decided on a major shake-up in the way accountants were trained and they asked him to undertake this task. His new job had the title Head of the Government Accountancy Service – HOTGAS for short!

He served his original five-year term and then had his contract extended for a further two years.

In 1983 he was knighted for services to accountancy

He left his HOTGAS post and joined Baker Tilly Chartered Accountants.

In October 1988 he suffered a major stroke which affected his health for the rest of his life. He was unable to work again but maintained an interest in politics and world affairs.

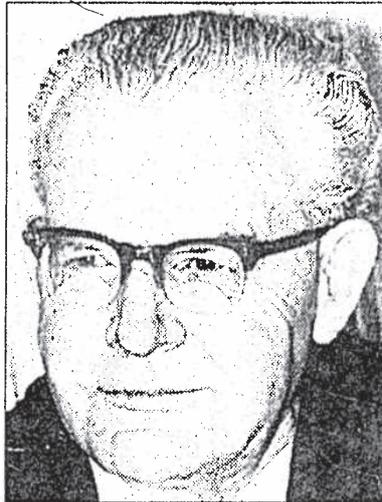
He died at the Royal Cornwall Hospital, Truro.

Cumberland News, 5 June 2009

Sir William Slimmings (1912-1995)

SIR WILLIAM SLIMMINGS

Sir William Slimmings, CBE, chartered accountant, died on January 27 aged 82. He was born on December 15, 1912.



A LEADING member of the accountancy profession, William Slimmings was president of the Institute of Chartered Accountants of Scotland in 1969-70. He emerged in that organisation as something of a reformer — persuading his fellow members to support a scheme which would have resulted in a rationalisation of the various professional bodies. To his disappointment — and that of others — the scheme failed to go through.

William Kenneth MacLeod Slimmings was educated at Dunfermline High School, from where he went straight into articles, qualifying as a chartered accountant in 1935. He immediately joined the London office of the well-known firm of Thomas McLintock & Co, where he became a partner in 1946. He was senior partner from 1968 to 1978.

His main work centred on the flour-milling industry, in whose affairs he was involved for more than forty years. Here, as in his own profession, his main concern was with rationalisation — which meant in this case reduction of surplus capacity. He became the trusted confidant of most of the prominent figures of the industry until his final retirement from practice in 1982.

He also contributed much to

the work of the Cement Makers' Federation, of which he was independent chairman from 1977 to 1980. He took on a number of assignments for the government, including serving as a joint liquidator for Rolls-Royce and taking part in a Board of Trade Inquiry into the affairs of Lonrho. He was appointed CBE in 1960 and knighted in 1966.

Very much a member of the stage army of the great and the good, he sat on numerous official and professional bodies — including the Accounting Standards Committee, the Crown Agents' Tribunal and the Review Board for Government Contracts. Although he practised for nearly fifty years in London, he never forgot his Scottish and Presbyterian origins, worshipping regularly at Crown Court Church in Covent Garden. His main hobby was his garden.

He is survived by his wife Lilian, whom he married in 1943, and by a son and a daughter.

The Times, 21 February 1995

A tough, ambitious but kind leader

THE death of Sir William Slimmings, at 82, has removed the first of the great triumvirate of the profession's leaders who guided it through the most difficult and turbulent stage of its history. It was Bill Slimmings who, with Sir Ronald Leach and Lord Benson, had to try to steer the profession through the difficult times in the late 1960s and early 1970s created by merger efforts, the creation of the entire accounting standards process and, later, inflation accounting.

But Slimmings's legacy is not so much achievements, although they were many, but more the way he went about his business. In particular, his efforts, as a son of Dunfermline in Fife, to ensure that Scots participated rather than stand separate and aloof.

He was president of the Scots ICA during the first great efforts made in 1969-70 to merge Britain's accountancy bodies into three distinct units based on the existing chartered accountant bodies. In the first vote, to provide "approval and authority" for the bodies to proceed to detailed work on the idea, only the Scots failed to come up with a thumping majority in favour.

In fact, for Slimmings and his council, the membership provided the worst possible dilemma. A vote of 50.5 per cent in favour and 49.5 per cent against meant that they had the approval but could hardly argue that they also had the authority.

Meanwhile, all the other bodies proceeded with merger plans and Slimmings could see that the Scots would be left on the sidelines. A letter went out to members asking for their views. Some 650 replied, a high number for those days. And Slimmings replied personally to all of them. He knew how to persuade. So, when it came to another vote, along the lines of "If everyone else goes ahead, should the Scots not join in?", he secured a 77.7 per cent majority. Sadly, Slimmings's efforts came to naught. All the accounting bodies voted for the scheme except the English ICA, which had originated it but whose members failed to deliver. The chance vanished.

It was resurrected in 1989 and a similar story unfolded. This time it was a simple merger between the English and the Scots. The vote was lost. Scots pride and nationalism obscuring the opportunities.

But Bill Slimmings, long retired from his ten years as senior partner of Thomson McLintock, still cared passionately. In the spring of 1989,

Slimmings, in his late seventies, left his beloved chrysanthemums in Worcester Park and spent a morning with me in the *Accountancy Age* offices puffing away on his pipe putting together views which he hoped might, once again, swing opinion his way.

First he talked of co-operation. "I have never been anything other than a strong supporter of the Scottish profession," he said, "but, as president, when meeting members of the profession in other countries, it was obvious there was a dimension which outweighed the local. Whether between Scotland and England, or the UK and other countries, the operative word should be co-operation, not competitiveness".

And his second point was that the Scots could not stand alone. He recalled a council meeting from 1970 when the Scots were dragging their feet over participation in the creation of accounting standards. "I said there were three options open to us. Merely saying 'Me too' is completely spineless. If you sit back and say nothing, then that is worse. And if you come out with something different from the English institute just for the sake of it, you're making the profession a laughing stock."

His conclusion, as you would expect from a self-made man, was: "For heaven's sake get into the game and be a participant rather than a passive observer."

And when people said the Scots would be in a minority and that this was unacceptable, he would smile. "There's talk of Scots being in the minority on the proposed council," he responded, "but that's the wrong way to approach it. If 15 Scots cannot make an appropriate

noise in a council, then there is something wrong with those Scots." He was right.

Slimmings was tough and ambitious. He made his own way in the world. But it is his thoughtfulness, kindness and ability to encourage which endure. When I had just started as a journalist, I was much enthused by the exuberance of "Taking Stock", the diary page of *Accountancy Age*. At a reception, talking about it with Slimmings, he said he didn't care for it. Being young and bumptious, I could not understand this. I asked why he disliked it. He puffed on his pipe, and gave me a look. "It's snide," he said. He was right. For much of his life he taught young accountants to become good ones. This time he had given a lesson to a journalist.



AUDIT

ROBERT
BRUCE

Sir Basil Smallpeice (1906-1992)

Sir Basil Smallpeice

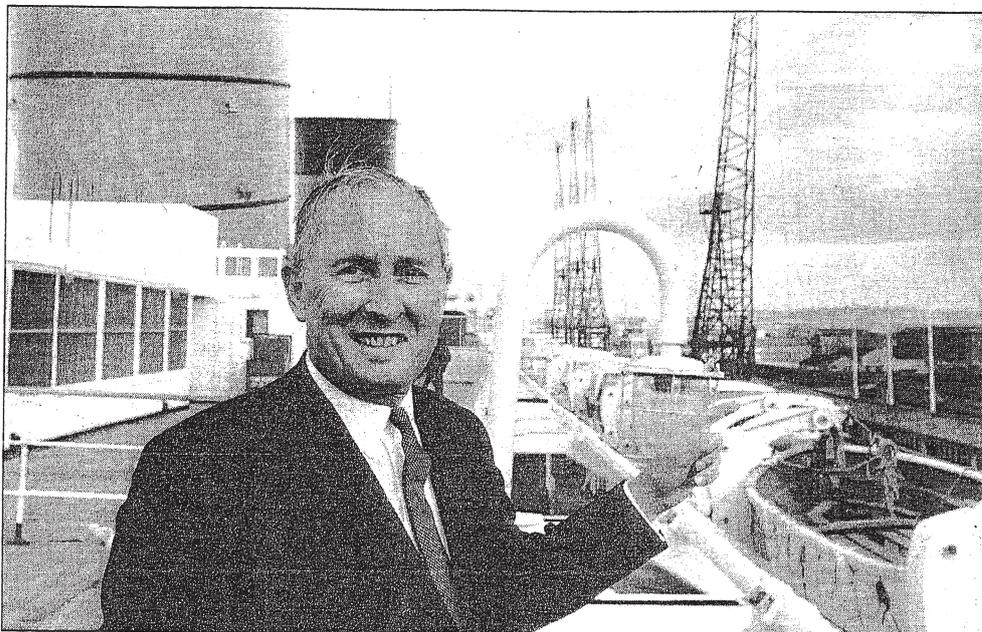
WHEN Basil Smallpeice was recruited in 1950 by Sir Miles Thomas, Chairman of the British Overseas Airways Corporation (BOAC), neither could have foreseen that Smallpeice, a quiet, reserved accountant, would shortly be immersed in the series of disasters involving the Comet aircraft, and emerge a respected power in the airline business.

Thomas was badly in need of a competent accountant, someone to deal with, as he put it, "too much delay in presentation of figures and too much confusion in the way they were put forward". Thomas was eager to get away on a long trip. Having discovered Smallpeice, he "had no qualms about leaving, secure that at least the figures he produced would tell a true story, however sour". Smallpeice's appearance was neat and dapper as his book-keeping, developed in his long period of clerking before qualifying as a chartered accountant. Quietly, he took a grip of BOAC's troubled accounts, producing a programme of economies, staff slimming, automation and mechanisation.

The ice-cool Smallpeice soon had his feet well and truly under the BOAC table and the chairman, congratulating himself on the wisdom of his selection, created a job title which reflected his pleasure. Henceforth, Smallpeice would be no mere Chief Accountant. Financial Controller was considered. "No," said Thomas, "improve on that. Make it Comptroller." Very soon, Smallpeice was involved in decisions which would make BOAC second only to Pan American in the world airline league. He joined the board in 1953, became deputy chief executive the next year and managing director in 1956.

A great believer in buying British, Smallpeice strongly supported the purchase of the world's first jet passenger aircraft, the De Havilland Comet. If military aircraft were moving out of the propeller age, then why not airliners? Throughout the early 1950s and their catastrophic Comet disasters – at one point a Comet broke up in mid-air – he stuck loyally to the De Havilland concept and design. He led BOAC through the consequent storm, kept up the corporate spirit and, once the metal-fatigue problem had been investigated and corrected, renewed faith in the aircraft by introducing in 1958 the Comet IV. Boldly he played BOAC's trump card, transatlantic jet travel, and beat Pan American's Boeing 707s to it by three weeks with a same-day return trip to New York.

Smallpeice's fortune had seen him



Chairman of Cunard: Smallpeice on board the *Queen Elizabeth*, then the largest liner in the world, 1966 Photograph: Hulton-Deutsch

through disaster. But his other prime quality, integrity, was to put him at a disadvantage amid the politics inevitably attaching to a highly visible nationalised industry. In the early 1960s just as the loss-making BOAC's fortunes were recovering, his integrity – telling a true story however sour – brought an end to his time there. Julian Amery, the then Minister of Aviation, was determined on a shake-up at the airline. Throughout his career Smallpeice neither desired nor was competent at politicking. In 1963, Amery asked for his resignation and that of his chairman, Sir Matthew Slattery.

Smallpeice was out of work for the first time since qualifying as an accountant and joining Hoover in 1930. He took a long voyage home from Hong Kong and found refuge with the Royal Household which he served part-time for 16 years as a financial adviser. For the first time since his schooldays, at Hydney House, a Hastings prep school, and Shrewsbury, followed by Christ Church, Oxford, he slowed down.

His father had lost much of his money towards the end of long service in Rio de Janeiro with the London and River Plate Bank. Smallpeice had then learnt the necessity for applying himself professionally

which took him up the ladder at Hoover and Doulton and into sporadic wartime service during which he made useful contacts in the civil service. These contacts led him in 1948 into the British Transport Commission – set up to run the nationalised railways, their hotels and docks – as director of costs and statistics. In 1950 he moved on to BOAC.

In 1965, a year after resigning from BOAC, he took the helm at Cunard as chairman. His work at BOAC had helped to scupper Cunard's steamship passenger trade. Now, with equal enthusiasm, he saw the *QE2* through teething troubles, pressed ahead with a cruising programme and pioneered cargo containerisation.

In 1972 he left the Cunard to accept an offer which exposed him to practices for which he was not equipped by nature. He was pressed by Duncan Sandys to take on the non-executive chairmanship of Lonrho, where he was nonplussed by a tendency to take decisions without board-room discussion. Inevitable confrontation with the managing director of Lonrho, Tiny Rowland, led to an attempt by Smallpeice and seven colleagues to remove Rowland from the board. Rowland frustrated it, turned the

tables, and Smallpeice and his directors were purged by shareholders.

There were compensatory directorships at Martins and Barclays Banks and in Australian shipping, but Smallpeice was out of the mainstream and retired in 1979. He enjoyed chairing the Leatherhead New Theatre Trust and the Air League as well as his membership of his London clubs. He also wrote a candid autobiography, *Of Comets and Queens* (1981).

Edward Bishop

Basil Smallpeice, accountant and businessman, born Rio de Janeiro 18 September 1906, Chief Accountant and Later Secretary of Doulton & Co Ltd 1937-48, Director of Costs and Statistics British Transport Commission 1948-50, Financial Comptroller British Overseas Airways Corporation 1950-56, Member of Board 1953-63, Deputy Chief Executive 1954-56, Managing Director 1956-63, KCVO 1961, Managing Director BOAC-Cunard Ltd 1962-63, Administrative Adviser Her Majesty's Household 1964-80, Chairman Cunard Steam-Ship Co Ltd 1965-71, Deputy Chairman Lonrho Ltd 1972-73, married 1931 Kathleen Brame (died 1973), 1973 Rita Burns, died Epsom Surrey 12 July 1992.

IND, 17 July 1992

David Solomons (1912-1995)

David Solomons and British Accounting

R. H. Parker*

David Solomons had an impact on British accounting in at least five areas: management accounting, accounting education, accounting history, financial accounting theory and accounting standard-setting. I shall not try to cover them all in detail in this memorial but will concentrate on his book *Studies in Costing*, his writings on accounting education and on accounting history, and his report *Guidelines for Financial Reporting Standards*.

Studies in Costing

Studies in Costing (1952) was the second in a trio of path-breaking collections of accounting essays (the first of their kind in the English-speaking world), edited by accounting teachers at the London School of Economics, which commenced with Baxter's *Studies in Accounting* (1950) and continued, after Solomons' book, with Littleton and Yamey's *Studies in the History of Accounting* (1956). As Baxter stated in the introduction to the 1950 volume, those who studied or taught accounting at that time were 'sadly handicapped by a shortage of good reading' (p. iii). All three volumes provided such reading in abundant measure. Solomons once advised the present writer to produce only one volume of readings (as distinct from a collection of one's own papers) but to make it a good one. He followed his own advice. *Studies in Costing* is not only the first collection of readings in its area, but the best and, in Edey's (1995) words, of 'seminal importance'.

The criteria Solomons used for inclusion can be strongly recommended to all anthologists. He set them out in the preface as follows: a high standard of thought and expression; relative inaccessibility; and a lack of overlap with other contributions. He deliberately devoted a liberal amount of space to case studies by practitioners.

The best known paper in the collection is probably Solomons' own 'The Historical Development of Costing' (discussed further below). Other notable inclusions, which have now themselves become part of the history of cost accounting, are R. H. Coase's 'Business Organisation and the

Accountant' and three papers by R. S. Edwards on 'The Rationale of Cost Accounting', 'Cost Accounting and Joint Production' and 'The Approach to Budgetary Control'. All four were originally written in the 1930s but were still challenges to the conventional wisdom of the 1950s. The last two were 'rescued' by Solomons from the now forgotten journal *The Practising Accountant and Secretary*.

Many of the essays in *Studies* were originally intended for a book (never published) by Edwards, Solomons and George Thirlby that was to contain 'the LSE gospel on cost and management accounting'. The application of that gospel is clearly apparent in Solomons' other paper in the collection: 'Cost Accounting and the Use of Space and Equipment'. The idea for this paper came to him, he tells us, when he was having lunch in the cafeteria of the D. H. Evans department store in Oxford Street, London (1984, Vol. 2, pp. xiii-xiv).

Accounting education

Looking back from the 1990s it is difficult to imagine how appalling the state of British (and especially English) accountancy education was when Solomons returned from the War to become a lecturer in accounting at the London School of Economics in 1947. This was the year when full-time professors of accounting were appointed in the UK for the first time: William Baxter at LSE (from 1 May) and Donald Cousins at Birmingham (from 1 October). There were no other full-time professors of accounting until Solomons himself took up a chair at Bristol in 1955. Harold Edey became the second full-time professor at LSE in 1962; David Flint became the first full-time professor in Scotland at Glasgow in 1964. Only in the late 1960s did the number of chairs begin to increase. *Accounting Research*, the UK's first academic accounting journal, started publication under the auspices of the Society of Incorporated Accountants in 1948, but it was closed down in 1958 after the Society was integrated with the three Chartered Institutes.

The faults of British (and especially English) accountancy education were many in the 1950s and were forcefully pointed out by Solomons in his inaugural lecture at Bristol University delivered on

*The author is professor of accounting at the University of Exeter.

8 December 1955 and reprinted in *The Accountant* of 28 January and 4 February 1956. Baxter (1995) has rightly described this lecture as 'thoughtful and courageous—a real bombshell'. It was given four weeks after the then president of the English Institute, W. S. Carrington, had stated at an official dinner in Bristol attended by Solomons that he could foresee 'grave dangers unless university lecturers and professors are careful to avoid feeding their students with arguments and propositions which they are not mature enough fully to appreciate or even digest properly' (*The Accountant*, 19 November 1955, pp. 589–90). Solomons commented sharply in his inaugural that 'the critical discussion of accepted ideas is one of the principal purposes for which universities exist. If received doctrine is not to be questioned there, who is to question it?' (1956, p. 120).

Solomons was speaking at a time when only 10% of those qualifying as new members of the Institute of Chartered Accountants in England and Wales (ICAEW) were graduates (Solomons, 1956, pp. 85–6). He contrasted this with the legal profession in England and the accountancy profession in the US and other countries.

He was scathing about correspondence courses, finding it 'utterly incomprehensible that any profession should think it other than a third-rate substitute for real education' (1956, p. 117). His suggestion for reform was a compulsory relevant degree followed by three years of practical training, the last six months of which would be spent in a professional training school, employing personal not correspondence tuition.

Solomons' ideas found no echo in the report of the ICAEW's Parker committee on education and training of 1961. This disastrous, backward looking document (drawn up by those who because they had succeeded under the existing system could apparently see no reason to change it) helped to ensure that accountancy did not develop in British universities as rapidly as it did, for example, in Australia in the very decade that ample money was available from the state for all forms of university education.

Solomons, by then in the US, wrote a devastating critique of the report. It represented to him the 'failure of a mission' and a 'completely inadequate response' (Solomons, 1961). Its recommendation for continued reliance on correspondence courses would keep English accountancy in a 'unique state of educational backwardness'. The report was in his view notable only for its timidity and was full of specious reasoning.

It took some time for the leaders of the British (and especially the English) profession to realise how badly they had been served by the Parker Report. It is to their credit that they eventually turned to Solomons for advice and an indication of his continuing concern for the UK profession (in

spite of his increasingly successful career in his country of adoption) that he was willing to take a year's leave of absence from the University of Pennsylvania during 1972/73, to direct the Long Range Enquiry into Education and Training for the Accountancy Profession and to produce the report *Prospectus for a Profession* (Solomons, 1974).

The report was a thoroughly researched, well-written document which, inter alia, surveyed the development of accounting education in Great Britain and Ireland since 1853 and analysed education and training in other British professions, and in the US, Canada, Australia and France. The report's principal recommendation was a basic relevant education at a university or polytechnic leading to a Diploma of Higher Education or a degree.

The report received a rather lukewarm welcome from both the profession and academics. As Solomons himself stated: 'At the most, it caused a few ripples' (1984, Vol. 2, p. xv). He remained disenchanted with the English Institute's educational policies, claiming in 1981 that at least as regards its non-accounting graduates 'the Institute will enter its second century with an educational system ... not too different from that with which it began its existence in 1880' (1981, p. 142). The reason was the emergence of private sector firms with which several of the big practising firms had recently (at the date of his report) entered into arrangements. It is these firms which have been a decisive factor in enabling the ICAEW to retain practitioner control over education and certification (Geddes, 1995, p. 305).

Most of Solomons' criticisms of English accountancy education were directed at the ICAEW rather than the universities but his recommendations depended heavily not only on a sufficient number of academic accountants but also on their willingness to see themselves as educators for a profession. English universities have, however, seldom favoured commercial education and some accounting teachers in them have attempted to achieve academic recognition by distancing themselves from practice.

Accounting history

Although Solomons was not primarily an accounting historian, his paper on 'The Historical Development of Costing' published in *Studies in Costing* in 1952 is an outstanding statement of what was later to be regarded as the conventional wisdom in its area and it continues to be cited and discussed. The paper was a very thorough piece of research which not only took account of previous work (notably by Solomons' colleague and mentor at the LSE, Ronald Edwards) but also reported the results of a comprehensive search of the literature

on cost accounting and of correspondence with those pioneers of cost accounting still alive at the time Solomons was writing. He put on record the biographical information he so obtained in a paper read at the University of Mississippi in 1993 and published posthumously in *The Accounting Historians Journal*.

Solomons' argument that there was a 'costing renaissance' in the English speaking world during the last three decades of the 19th century and that the most important reason for this was the increasing difficulty of price fixing in the engineering industry has been challenged in recent years. A number of researchers have shown that cost accounting practice was more widespread and more advanced during the British Industrial Revolution than Solomons believed to be the case but they have not been able to improve on his search of the primary literature. British and French researchers are also now tackling the question Solomons posed as to why 'French writers . . . , during the first 60 years or so of the 19th century, carried forward the study of industrial accounting at a time when, as the premier industrial country of the time, England might have expected to lead the way' (1952, p. 12).

Much less well-known (perhaps because it was written for the *Lloyds Bank Review*) is Solomons' 1957 lively review article of *Studies in the History of Accounting* (1956). Solomons is rightly appreciative of the high quality of the contributions to *Studies in the History of Accounting* but does not hesitate to disagree with such distinguished contributors as Geoffrey de Ste. Croix and Raymond de Roover whose papers remain today classics on, respectively, Greek and Roman accounting and on double entry before Pacioli. For example, commenting on de Ste. Croix's view that the introduction of double entry is bound up with the spread of Hindu-Arabic numerals he points out that it was just as true for Roman numerals as for Hindu-Arabic that the speed with which a clerk could add on an abacus would be considerably increased if, instead of having to search in a narrative account for the figures he wanted, the figures were systematically set down in columns. Again, he points out that although economic backwardness may explain lack of refined accounting methods it is much more doubtful if the argument can be turned round ('a pirouette which de Roover skilfully executes') to make lack of refined accounting methods a contributing factor of economic backwardness.

Guidelines for Financial Reporting Standards

It is typical of Solomons' continuing willingness to serve the British accountancy profession that there

are two 'Solomons Reports', not just one. The second was published in 1989 under the title *Guidelines for Financial Reporting Standards*. It was commissioned by the Research Board of the Institute of Chartered Accountants in England and Wales during the period when Bryan Carsberg was the Institute's director of research. The title page describes it as being 'addressed' to the Accounting Standards Committee. It was acknowledged by the ASC as an important set of guidelines to which reference would be made as appropriate. The ASC was replaced in 1990 by the Accounting Standards Board which has based its draft *Statement of Principles* fairly directly on the International Accounting Standards Committee's *Framework for the Preparation and Presentation of Financial Statements Standards* (1989).

All these documents owe much to the US conceptual framework project in which Solomons was closely involved, particularly in the preparation of Statement of Financial Accounting Concepts No. 2 on the qualitative characteristics of accounting information.

Guidelines is clearly strongly influenced by the US framework but is notable in rejecting historical cost accounting and for its illustrations of how the *Guidelines* could be used. Whittington (1994) has traced the development of Solomons' thought on price change accounting, showing how starting from a replacement cost approach he eventually came to favour value to the business as the valuation base but constant purchasing power as the capital maintenance concept. Solomons was well aware of the difficulties of using conceptual frameworks to solve particular problems. He ran into criticism when in an Appendix to the *Guidelines* he argued that his *Guidelines* supported the immediate write off of purchased goodwill against the alternative of carrying it in the balance sheet and amortising it.

Remaining an Englishman

Throughout his career Solomons gave to the British accountancy profession more than it either deserved or understood. Although succumbing in part to 'temptations to belong to other nations' (he took out US citizenship in 1976—an interesting year to choose), it was, in the words of Gilbert and Sullivan, 'greatly to his credit' (and Britain's good fortune) that in so many ways he 'remained an Englishman'. It was his British upbringing that ensured he continued to write good plain English and to insist on it for the many papers he refereed for *Accounting and Business Research* and other journals.

As one of the most well-travelled of accounting academics he could see more clearly than most the

virtues and vices of both the country of his birth and the country of his adoption:

'To know only one country is not to know it well, for judgment, like measurement, always implies comparison' (1984, Vol. II, p. xvi).

He valued recognition in Britain, expressing great pleasure, for example, when he was awarded the Walter Taplin Prize for his paper on the political implications of accounting and accounting standard-setting in the Spring 1983 issue of *Accounting and Business Research*. In 1989 the ICAEW conferred its International Award upon him (*Accountancy*, August 1989, pp. 14–15).

He visited England almost every year, usually staying at the London Business School and making full use of London's cultural facilities. On one visit he received an honorary degree from the University of Buckingham. Having kept up the necessary contributions he received a UK state pension from the late 1970s onwards. Never did the British state receive better value for money.

Solomons did not provide short-term solutions or trim his recommendations to what his audience wanted to hear. His long-term impact on British accounting is likely to be a fruitful study of research for the accounting historians of the future, but one can already say: *Si monumentum requiris, circumspice*.

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ABR, 1995, 25, 311-314

David Solomons (1912–1995)—An Appreciation

Stephen A. Zeff*

David Solomons was one of a kind. He had a major impact on policy deliberations, and often on policy itself, in standard-setting, financial reporting and in educational preparation for the profession, on both sides of the Atlantic. At the same time, he made many admirable and important contributions to the research and professional literature, and he headed associations of accounting academics in two countries.

His many writings are models of scholarship, logical development and careful writing. He had the remarkable ability to translate complex notions into simple, understandable terms, accessible to a wide audience. He cared about the role that accounting information plays in society, and he believed deeply in the importance of rational discourse in the literature. Above all, he was a gentleman, and was possessed of a wry sense of humour.

David Solomons was born in London on 11 October 1912. He was educated at Hackney Downs School and at the London School of Economics (LSE), receiving a BCom degree in 1932. He was admitted as an Associate of the Institute of Chartered Accountants in England and Wales in 1936. From that year until 1939, he practised with a London firm, Lawrence Robson & Co. (now Robson Rhodes). During the war, he served with the British Army in the North African campaign. In June 1942, he was captured, and he spent the next two and three-quarter years as a prisoner of war in internment camps in Italy and Germany. Being a university graduate with a professional qualification, and being slightly older than many of the other officers, he gave lectures in accounting and economics and served as an administrator of the camp educational programme. He later wrote that, in April 1945, when he was released, 'I had become an educator' (Solomons, 1984, Vol. 1, p. xiv; 'Redefining Post Retirement Benefits', 1989).

On 14 September 1945, following a brief courtship, he married Kate Miriam Goldschmidt.

In 1946, with the encouragement and support of Professor Arnold Plant, who had been his teacher during undergraduate days, Solomons returned to the LSE as a part-time lecturer, while working for his old firm on Fridays. However, on the sudden death of Stanley W. Rowland, he became the only teacher of accounting, both in the daytime and evening schools, until William T. Baxter arrived the following year from the University of Cape Town to become the LSE's (and Britain's) first full-time professor of accounting. In 1948, Solomons was appointed reader in accounting, and from 1947 to 1950 he was founding secretary of the Association of University Teachers of Accounting (AUTA), known today as the British Accounting Association.

At the LSE, Solomons acquired a mentor in Ronald S. Edwards, and was especially influenced by the latter's work in income measurement (see Edwards, 1938). Throughout Solomons' career, one could discern the influence of the LSE research culture on his thought and writing, in which he sought to bring economic reasoning to accounting questions (see, for example, Solomons, 1955).¹ Much of his published work then was on management accounting, and in 1952 he edited a collection of articles entitled *Studies in Costing*, to which he contributed a pioneering essay on 'The Historical Development of Costing'.² It was the first reader on cost accounting published in the English language. A revised edition appeared in 1968 under the title, *Studies in Cost Analysis*.

In 1955, he was appointed the first professor of accounting at the University of Bristol, and in 1958 he served as chairman of the AUTA. In his eloquent inaugural address at Bristol (1956), he derided the English Institute's cherished system of articles and correspondence tuition, and advocated that, in its place, entrants to the Institute be required to complete three years of university study in economics, accounting and law, followed by

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¹For accounts of the intellectual climate prevailing at the LSE during the 1930s and 1940s, see Gould (1974) and Coase (1990).

²All of Solomons' articles prior to 1984 that are cited in this obituary are reproduced in the anthology that he published in that year.

three years of office work interspersed with periods of full-time practical training. As he acknowledged in his address, this was indeed a radical proposal. His lecture hit like a 'bombshell', and it was said that his plea 'greatly offended conservative accountants' (Obituary, 1995). The Institute, then a picture of petrification as a professional body, ignored Solomons' advice.

In 1959, partly owing to his discouragement over the state of accounting education in Britain, Solomons moved to the US to become professor of accounting at the Wharton School of the University of Pennsylvania. Two years later, he wrote an article that was devastatingly critical of the English Institute's Parker Committee Report on Accounting Education and Training (1961). The Parker Committee was safely under the control of the Institute's establishment: six of its 11 members were past presidents or would soon become presidents, including its chairman, W. E. Parker, a senior partner of Price Waterhouse & Co. Its recommendations followed the Institute line. Solomons found the Committee's characterisation of the principal as being akin to a parent 'to be pure mysticism and not a rational judgment at all', and his roll of other professions 'none of whom confuse the force of example with parenthood' would have given little comfort to the Committee. Years later, Solomons said that 'Writing my 1961 piece for *Accountancy* attacking that report gave me more satisfaction, I think, than anything else I have written' (1984, Vol. 2, p. xv).

Solomons' 1956 and 1961 articles signalled the end of a long era of unquestioned reliance on the system of articles for the education and training of English chartered accountants. Beginning in the 1960s and continuing into the 1970s, programmes of management and accounting education were established in English and Welsh universities, partly propelled by the Robbins and Franks Reports on higher education and management education, respectively. In his 1956 and 1961 articles, Solomons prophetically argued that formal education should play an important role in the preparation of chartered accountants. His contention that the Committee placed excessive emphasis on examination study instead of on the quality of the learning experience would bear repeating today.

While at Bristol, Solomons' interest in financial accounting theory had begun to intensify. He was much impressed with Sidney Alexander's monograph, 'Income Measurement in a Dynamic Economy' (1950), which, in a vein similar to that of Ronald Edwards' 1938 article, propounded an economist's framework for evaluating the accountant's income, not only under conditions of certainty but also under conditions of uncertainty. Solomons later wrote, 'I have always thought, and still think, that Alexander's monograph is one of

the most incisive discussions of income ever written, and I wanted to give it wider circulation' (Solomons, 1984, Vol. 1, p. xv).

His revision of the Alexander monograph, with the author's approval, was published in Baxter and Davidson (1962). In 'Economic and Accounting Concepts of Income' (1961), his first major article on financial accounting theory, Solomons concluded that it was not operationally feasible to separate changes in expectations from Alexander's 'economic income', thereby diminishing its usefulness as a satisfactory measure of enterprise performance. It was then that he made his famous prediction that 'so far as the history of accounting is concerned, the next 25 years may subsequently be seen to have been the twilight of income measurement' (p. 383).³

In an important essay written in 1966, 'Economic and Accounting Concepts of Cost and Value', Solomons drew on Bonbright (1937) to elaborate on the concept of 'value to the owner' in which he developed an inequality notation that did much to draw attention to this approach to modelling the accountant's asset valuation problem.⁴

In 1965, he wrote his first book, *Divisional Performance: Measurement and Control*, in which he reported on a survey of 25 major companies and presented his own recommendations on how best to evaluate and control decentralised operations. It was a path-breaking study, done at the request of the Financial Executives Research Foundation, and it earned him the Notable Contribution to Accounting Literature Award for 1969, given annually by the American Institute of Certified Public Accountants (AICPA) on recommendation of a committee of the American Accounting Association (AAA). In 1966, the University of London conferred on him the DSc(Econ) in recognition of his published work, in which his book on divisional performance held pride of place.

In the early 1970s, Solomons added standard-setting to his previous interests in accounting history, cost accounting, financial accounting theory and accounting education. Following widespread criticism of the performance of the Accounting Principles Board (APB), in 1970–71 he chaired a special AAA Committee on Establishment of an Accounting Commission. Following issue of the committee's report (1971), in which it analysed the criticisms of the APB's work and recommended the terms of an independent Commission of Inquiry to review the record and propose a course

³Twenty-five years later, he acknowledged that this prediction had not come true, and that perhaps his forte was not as a seer (Solomons, 1987).

⁴Solomons' formulation of 'value to the owner' was further refined by Parker and Harcourt (1969), whose set of six inequalities was used by the Sandilands Committee in the fashioning of its recommendations (*Report of the Inflation Accounting Committee*, 1975, chapters 6, 13).

of reform, he was appointed to the AICPA's Study Group on Establishment of Accounting Principles, chaired by Francis M. Wheat, a former member of the Securities and Exchange Commission. It was precisely the kind of commission of inquiry his AAA committee had in mind. A year later, in March 1972, the Wheat Study Group proposed the establishment of the Financial Accounting Standards Board (FASB) to replace the APB. Solomons was the principal draftsman of the Study Group's report (*Establishing Financial Accounting Standards*, 1972), and the shift from 'principles' to 'standards' owed much to his influence.⁵

His role in the Wheat Study Group led to another assignment. In 1977–78, he helped draft the report of the AICPA's Special Committee to Study the Structure of the Auditing Standards Executive Committee, which led to the establishment of the Auditing Standards Board (see Solomons, 1978a).

In 1972–73, Solomons' attention returned to accounting education and to Britain. He took a year's leave from the Wharton School to conduct a Long Range Enquiry into Education and Training for the Accountancy Profession in the UK. That he would have been invited by a committee representing all of the important accountancy bodies in the British Isles to undertake a major study of accounting education and training was an implied acknowledgement of the wisdom of the views expounded in his 1956 and 1961 articles. In 1974, under the title of *Prospectus for a Profession*, he rendered his report (Solomons with Berridge, 1974). Known as the Solomons Report, it was a thoroughly researched and scholarly study with far-reaching recommendations, yet their failure to win favour disappointed him keenly. He later wrote:

'I wish I could say that *Prospectus* . . . had left a deep mark on British accounting education, but I cannot. At the most, it caused a few ripples. It was politely received by the six bodies that had commissioned the study. They then turned their backs on it and went their several ways' (Solomons, 1984, Vol. 2, p. xv).

By the end of the 1980s, however, some of the Solomons Report recommendations were coming to be adopted ('Redefining Post Retirement Benefits', 1989, p. 15).

Solomons has also been on call in Canada. In 1975–76, he prepared a report for the Interprovin-

cial Education Committee on the new comprehensive paper in the Uniform Final Examination (UFE), and from 1986 to 1989 he was a member of the same committee's UFE study group which produced a major report (*Uniform Final Examination Study Group*, 1989), virtually all of whose recommendations were approved and implemented.

In 1974, he was designated the Arthur Young Professor of Accounting at the Wharton School, and in 1976 he became an American citizen.

The AAA was not long in recognising Solomons' ability. In 1968–70, he served as director of research and a member of the executive committee, and in 1977–78 he became its first president born outside of North America. It was no mean achievement for one who came to the US as a mature academic in 1959 to become the leader of the US academic accounting community in a little more than 15 years. He was the first person to have headed both the British and American academic accounting associations.

In 1977, the FASB invited Solomons to become a consultant on its conceptual framework project. He is largely responsible for the drafting of Statement of Financial Accounting Concepts No. 2 (SFAC 2), *Qualitative Characteristics of Accounting Information* (1980), which has been the most widely admired of the Board's concepts statements and has been a foundation-stone for the development of conceptual frameworks in other countries. The term, 'representational faithfulness', which is used in SFAC 2, was a Solomons creation.

In 1978, while he was working on SFAC 2, he began to speak out in support of the principle of 'neutrality' in standard-setting (see esp. Solomons, 1978b), an argument that he continued to press in later writings. To Solomons, 'neutrality', i.e., freedom from politicisation, was indispensable to standard-setting and a conceptual framework. It was he who coined the term.

In 1983, he retired as Ernst & Young Professor at the Wharton School, although his professional service, as well as his writing and lecturing, continued apace.

From 1982 to 1985, he served on the FASB's advisory council, and from 1987 to 1990 he was on the Academic Accounting Panel of the UK/Irish Accounting Standards Committee (ASC).

In 1984, he published a two-volume anthology of his most significant published papers, together with autobiographical notes, under the title, *Collected Papers on Accounting and Accounting Education*.

In an article published in 1986, he gave the FASB low marks for its conceptual framework, and he was severely critical of its statement on recognition and measurement (Solomons, 1986a). Later in the same year, he synthesised his ideas on standard-setting and financial reporting in a

⁵For his views on the Study Group's recommendations, see Solomons (1972). Solomons had preferred 'financial reporting standards' to 'financial accounting standards', but he was out-voted. He has told this writer that, during the Study Group's deliberations, he was unaware that 'standards' had replaced 'principles' in Britain two years earlier.

261-page book, *Making Accounting Policy: The Quest for Credibility in Financial Reporting* (Solomons, 1986b), which is an exemplar of thoroughness, careful scholarship and persuasive writing. In the book, he unveiled his valuation model of 'current cost constant purchasing power accounting', with 'value to the business [formerly "owner"]' as the guiding precept for current cost.⁶

In the 1980s, he continued to be in demand as a lecturer in North America, Europe, Asia and the South Pacific. In 1984, he was the AAA's Distinguished International Lecturer in India and Bangladesh (see Solomons, 1985), and in 1986 he was the Lee Kuan Yew Distinguished Visitor in Singapore.

In 1989, at the invitation of the English Institute's Research Board, he returned to the standard-setting stage by proposing a concise set of broad, conceptual guidelines for the ASC under the title *Guidelines for Financial Reporting Standards*. While the contents of his *Guidelines* were discussed and debated in the journals, its evident impact on policy was attenuated owing to the uncertainty over the ASC's future in the wake of the Dearing Report (*The Making of Accounting Standards*, 1988).

In the late 1980s and early 1990s, he wrote several articles in which he took issue with academics and professionals over criticisms of his *Guidelines*, the relevance of a conceptual framework, the importance of neutrality in the setting of accounting standards, and whether a balance-sheet or income-statement orientation should govern standard-setting. His last theoretical article, in which he reiterated his support for the conceptual primacy of the balance sheet and proposed seven criteria for validating an accounting model, was published posthumously (Solomons, 1995).

In 1989–90, at the age of 77, he undertook the arduous task of chairing the AAA Committee on Accounting and Auditing Measurement, four of whose members, in addition to Solomons, were senior academics or professionals from three countries, of whom two filed minority opinions in the committee's report (AAA, 1991).

He served on the editorial boards of several journals, including *Accounting and Business Research*. He regularly attended the annual meetings of the AAA and the European Accounting Association, and was frequently on the programme of the latter.

In 1980, he was chosen by the AAA as an Outstanding Accounting Educator, and at the end

of the decade he received the 1989 International Award bestowed by the English Institute 'in recognition of his distinguished contribution to the development of the profession in the United States of America and for his work in the development of accounting standards in the United Kingdom and overseas'. This was the ultimate accolade from a body that had evinced no interest in acting on his accounting education reform proposals of 1955/6 and 1974.

In 1992, he was inducted as the 52nd member of The Ohio State University's Accounting Hall of Fame. In his acceptance speech, he deplored the resistance by financial statement preparers to improvements in financial reporting standards. He concluded his speech with the following lament:

'I wish that I could have been more persuasive in my own writing and more successful in helping to change that environment. It is a task that my generation must leave to our successors' (1993, p. 113).

At the AAA annual meeting in August 1995, Solomons was posthumously awarded the 1994–95 Wildman Medal in recognition of his accumulated contributions towards the advancement of the public practice of accountancy.

Solomons died of lymphoma on 12 February 1995 at his home in Swarthmore, Pennsylvania. He is survived by his wife Miriam, daughter Jane and son Jonathan.

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⁶Whittington (1994, chapter 14) has insightfully traced the evolution of Solomons' ideas on price change accounting in relation to those of W. T. Baxter and H. C. Edey. The terms 'value to the owner' and 'value to the business' (introduced in the Sandilands Report) are also known as 'deprival value', which was coined by Baxter (1971, p. 32).

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Lord Stamp (1880-1941)

Lord Stamp

"We shall not look upon his like again," was the thought that must have come to many when they heard of the death of Lord Stamp, who with his wife and eldest son, the Hon. Wilfrid Stamp, was killed last week by enemy action, and true it is that there has passed away one of the outstanding personalities of the age. He was 61 and his great gifts, always so readily placed at the service of others, can ill be spared by this country.

The tale of Lord Stamp's achievements cannot be told in a few words, for in the course of his lifetime he did indeed play many parts, and in each of them he won distinction. He began his career as a clerk in the Inland Revenue Department and ended it as Economic Adviser to the Government, chairman of the London, Midland and Scottish Railway, and a director of the Bank of England. The years between were filled with innumerable activities which have been chronicled elsewhere and are far too many to be detailed in the small space at our disposal. Outstanding among his achievements we may mention his responsibility for the inception and administration of the excess profits duty in the last war, his work as British representative on the Dawes Committee and the Young Committee, which dealt with German Reparations, and his part in the work of the Royal Commission on Income Tax, the Colwyn Committee on Taxation and National Debt; his chairmanship of the Royal Commission which went to Canada in 1931 to inquire into the effect on prices

of trading in futures, and in recent years his chairmanship of the L.M.S. which was completely reorganised under his administration. He had been a director of the Bank of England since 1928, and President of the Abbey Road Permanent Building Society for many years. In addition to all these and many other activities he was a member of innumerable learned societies and in 1936 he was President of the British Association. A speaker of almost unbelievable fluency, he found time to give hundreds of lectures and addresses and to write many books and essays, the best known being "Fundamental Principles of Taxation in the Light of Modern Developments" and "Wealth and Taxable Capacity." He also published a number of essays and addresses on ethical and religious subjects. Lord Stamp was ever a friendly critic of accountants, many of whom were fortunate in numbering him among their friends. His connection with the profession was cemented in 1924, when he accepted honorary membership of the Society of Incorporated Accountants and Auditors.

Lord Stamp was an immensely happy and approachable man, whose strong and straightforward character, innate modesty and unfailing generosity and kindness remained completely unspoiled by the honours that were showered upon him. A man of complete integrity and strong religious faith, blessed with a keen sense of humour and robust common sense, the world is very much the poorer for his loss.

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Edward Stamp (1928-1986)

MEMORIAL

by
Michael J. Mumford

Professor Edward Stamp 1928-1986

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Professor Edward Stamp, Director of the International Centre for Research in Accounting at the University of Lancaster, England, died suddenly on 10 January 1986 in Toronto. He was born on 11 November 1928 in Liverpool, England. He had resolved by the age of 12 to become a research scientist and it certainly appeared he would achieve his ambition. He won scholarships at school and prizes at Cambridge where, in competition with a generation of war veterans far older in years and in experience, he was awarded a First Class Honours degree in Natural Sciences, a Postgraduate Fellowship, and a Fulbright Scholarship to do research in America. However, having accomplished all this he then decided against science, and in 1951 he went to Toronto where at the age of 22 he sought to make a business career in the New World.

By the age of 32 he had established himself in Canada. He was now a chartered accountant, a partner in Clarkson, Gordon and Co., the Canadian affiliate of Arthur Young. He was married to Margaret Higgins of Toronto and they had a young family. He was a Canadian citizen and a lieutenant in the Royal Canadian Naval Reserve. He was a part-time lecturer at the prestigious Osgoode Hall Law School. He had a rich network of friends and associates, in business and the profession, and he was politically well connected. He had been one of a small group who organized in 1960 a national convention of the Canadian Liberal Party which was to play a major part in shaping government policy when Lester Pearson later won power. Walter Gordon, autocratic senior partner in

Clarkson Gordon, was a leading Liberal, and later became Finance Minister under Pearson. Edward Stamp was now "Ed" Stamp, a well-established and successful young Canadian accountant with everything going for him.

Within two years he had emigrated once again. By 1963 he was an Associate Professor (Senior Lecturer) in Accounting at Victoria University, Wellington, New Zealand – knowing nobody, on a greatly reduced salary, one of a score or so of academic accountants in a country with only six universities (not all of which taught accountancy). The contrast is so marked and so sudden that it looks like the result of a terrible accident, perhaps some financial scandal. But it was not. This was a deliberate choice on the part of "Eddie" Stamp (as he came to be known outside America). He remained an academic, first in New Zealand and later in Scotland and England, for the rest of his life, despite receiving over the next 20 years several highly lucrative offers to return to professional firms on exceptionally attractive terms.

The explanation for his move is his craving for independence of thought and of expression. In part he may have been motivated by boredom with the preoccupations of many of his colleagues with money and sport. In part he was appalled by the unhealthy business climate of Montreal where he was despatched to work by his firm. But he also chafed at the need to censor every one of his words and actions to avoid giving offence to the firm's clients. It became one of his prime compliments to describe someone as "their

own man.” One of those who took part in the 1960 Liberal conference was the great Canadian academic economist, the late Professor Harry Johnson. Eddie was profoundly impressed by his expertise, integrity, and independence. And he was inspired by the idea of an academic life as a life committed to searching out and proclaiming the truth. This may appear a romantic view of universities. But in fact emotion was the fuel which powered Eddie Stamp. He derived great excitement and satisfaction from the campaigns he was to wage over issues he regarded as important. His emotions, though, were backed up by a formidable intellect, an excellent memory, shrewd appraisal both of friends and adversaries, and by an infectious sense of humour which even sometimes reconciled him with his former foes.

He soon made an impact upon accountancy and business in his new home; for example, in 1966 he was appointed by the government to be a member of the New Zealand Taxation Review Committee. He developed a deep love for New Zealand, in his words “perhaps the most beautiful and certainly the friendliest country in the world.” Even so, he was attracted away in 1968 by the offer of a post as Professor and head of the Department of Accounting and Business Method in the University of Edinburgh. His three years in Scotland were productive but, to Eddie, thoroughly exasperating. He found too much stuffy pomposity at Edinburgh University even though he also made some close and enduring friendships there. It was not difficult for the University of Lancaster to persuade him to move back to England in 1971, to take up a new second Chair in Accounting. Here he was able to set up the International Centre for Research in Accounting, financed entirely by external endowments. It was here that he was to spend the rest of his working life. In 1975 the Trustees of ICRA funded for him a full-time Endowed Research Chair. The new post was defined to embrace Directorship of ICRA and its terms were designed to give Eddie almost total independence. The Board of Trustees was kept informed of the progress of the research programmes, but it had no direct control over the day-to-day running of the Centre.

As Director of ICRA, Eddie Stamp campaigned on a host of issues in the accounting profession and beyond, within the university

and more widely in Britain and internationally. His major campaigns can be grouped into six general themes:

1. Education for Accountants;
2. Accounting Standards in the U.K.;
3. Accounting for Inflation;
4. Conceptual Frameworks for Corporate Disclosure;
5. International Standards for Accounting and for Auditing;
6. Jurisprudence, and in particular the redistributive effects of information disclosure.

He made substantial contributions through his speeches and his writings in professional and learned journals in all six fields.

1. He pressed the case for improved accountancy education in Britain and not only helped revitalise the Association of University Teachers of Accounting (now the British Accounting Association), but also played a major role in initiating the “Long Range Enquiry into Accounting Education and Training in the U.K.” conducted by Professor David Solomons and published in 1974.
2. Eddie is acknowledged as the main source of pressure which led to the creation of the Accounting Standard Steering Committee in 1969, producing for the first time in Britain accounting standards for companies. These served to clarify the general disclosure provisions laid down in the Companies Acts since 1844 but never previously interpreted in terms of specific accounting rules.
3. Inflation accounting has been discussed in Britain since 1940 at great length in two major debates, coinciding with periods of inflation, one lasting from 1945 to 1954 and the other from 1968 to 1985. Eddie Stamp championed the cause of what he named “value to the firm” and advocated combining in one set of inflation-adjusted accounts the effects of both general and specific price level changes. To his disappointment, his system was only partially adopted in “Current Cost Accounting” in Britain, a system so

crippled by compromise that it could scarcely limp into the 1980s.

4. In 1974 the Accounting Standards Committee (as it was then known) set up a working party to produce a discussion paper on corporate disclosure. Eddie was much involved in the drafting of the *The Corporate Report*¹ which advocated a radically wider set of disclosure principles than those currently in force. This work no doubt influenced the Canadian Institute of Chartered Accountants when in 1979 they invited Professor Stamp to join a project on corporate reporting which was evidently experiencing difficulties. In the event, Eddie Stamp not only wrote *Corporate Reporting: Its Future Evolution*² but, by reason of his independent status, felt able to publish a detailed account of this, and of other professional accounting research studies with which he had been involved. This was one of the last articles he published.³
5. Given the international pattern of Eddie Stamp's career, it is not surprising that he was interested in international standardisation, both of accounting and of auditing. For example, he gave a paper on the subject at the Jerusalem World Conference on Accountancy in October 1971. It was natural enough, therefore, for him to collaborate with Professor Maurice Moonitz on a study of the case for international auditing standards,⁴ which involved visiting the nine major countries whose support they considered essential for success in establishing such standards. The book which resulted in 1978 has been published in U.K., U.S., Japanese and Spanish-language editions.
6. The relationships between jurisprudence and accounting came to absorb more and more of Eddie Stamp's time and attention after 1982. He had always taken a close interest in the major legal cases concerning accountants and in government enquiries which sometimes accompanied and sometimes supplanted them. He had, for example, appeared as an expert witness for the plaintiff in *Koch Industries, Inc. v. I.*

L. Vosko et al. before U.S. Federal District Court in 1972. Now he spent many months meeting academic and practising lawyers at Cambridge, for example, and at Harvard, Yale, Toronto, and Stanford. He was working on a major study likely to take several years; sadly, this work has been virtually lost with his sudden and untimely death at the start of 1986.

What then did Professor Stamp's achievements bring him? His recognition came from academics, business people, and administrators alike. He was Visiting Professor at universities in Australia, Sweden, France, and Japan and external examiner and assessor to many more. He was a member of editorial boards of leading academic journals in Australia, Germany, and Britain as well as *The Accounting Review*; and he was a co-founder of the journal now known as the *Journal of Business Finance and Accounting*. He was the AAA Distinguished Visiting Lecturer in 1977, and the Australian Society of Accountants Endowed Lecturer at Sydney in 1966 and 1979. He was an advisor to Her Majesty's Treasury from 1971 until he resigned in 1976, and from 1975 the only member from outside North America of the Council of Accounting Research Directors. The Ontario Institute of Chartered Accountants conferred on him the rare honour of a Fellowship in 1976, and he greatly valued the award of the honorary degree of Doctor of Laws by the University of Saskatchewan in 1984. He served on technical committees for the Institute of Chartered Accountants of Scotland from 1979 to 1981 and for the English Institute from 1982. The final task he actually completed was a report, jointly authored, for the national Coal Board in Britain concerning the uses of

¹Accounting Standards Steering Committee, *The Corporate Report* (London: ASSC, 1975).

²Canadian Institute of Chartered Accountants, *Corporate Reporting: Its Future Evolution* (Toronto: CICA, 1980).

³Edward Stamp, "The Politics of Professional Accounting Research: Some Personal Reflections," *Accounting, Organizations and Society* (Vol. 10, No. 1, 1985), pp. 111-123.

⁴Edward Stamp and Maurice Moonitz, *International Auditing Standards* (London: Prentice-Hall, 1978).

financial data to justify pit closure decisions. A volume of his collected papers on accounting, auditing, and professional problems, including a valuable short autobiographical section, was published by Garland in 1984.⁵

Eddie Stamp never became a rich man, but certainly he was not poor, and he enjoyed the occasional indulgence in luxury. He relished his journey to Saskatchewan in 1984, for example, travelling out on Concorde and back by the Queen Elizabeth II. Suspicious though he was of privilege, he was a member of the Reform Club in London, and later of the Oxford and Cambridge Club. He greatly enjoyed dining at high table in St. John's College, Cambridge, where his good friend Renford Bambrough was President. It takes some subtlety to reconcile this with his antagonism towards what is known in Britain as "The Establishment." He even listed his sole recreation in *Who's Who*, year after year, as "tormenting dinosaurs," which is how he saw those who occupied positions of power but were not prepared to respond to criticism. And he complained that "Americans in particular are far too susceptible to the views of those they describe as 'the rich and the powerful'."

What about the man himself? He was, in

his happiest years, a family man. He enjoyed company, particularly when it was disputatious. He admitted to being egotistical, and his friends would admit that he was a valetudinarian. Highly intelligent, very hard-working, he was always well prepared for committees and a formidable interrogator when the need arose. He had the discerning eye of a good auditor, ready to challenge an evasive answer, on guard if an expected pattern was incomplete or if statements contained inconsistencies. He could be an uncomfortable colleague and even an exasperating one. Not a good team player, but rather a solo performer. Always, however, he had a strong, unpredictable streak of generosity, kindness, and charm which delighted his many friends, and for the loss of which we still grieve.

Above all, Eddie Stamp was a man of high principles and resolute standards. He never believed that ideals should be compromised, and if criticised for unrealistic expectations, he would always demonstrate how his ideals could be translated into practical form. His ideals live on in the form of the International Centre for Research in Accounting at the University of Lancaster which he founded and served so well.

⁵Edward Stamp, *Selected Papers on Accounting, Auditing and Professional Problems* (New York and London: Garland Publishing, 1984).

James C. Stewart (1905-1984)

The late James C Stewart, CA

The death has occurred in Glasgow on 17 July 1984 of James C Stewart, CA, a Past President of The Institute of Chartered Accountants of Scotland and former Financial Director of House of Fraser.

Born in Glasgow in 1905 and educated at Bearsden Academy and the High School of Glasgow, James Stewart qualified as a CA in 1928 and joined the staff of Wilson Stirling & Co, CA, Glasgow, in which firm he spent the greater part of his professional career. He became a partner in 1938 and senior partner in 1957 and from 1964 he was also a partner in Touche Ross & Co, with which firm Wilson Stirling & Co had then become associated. During this time he held numerous directorships. In 1967, at the age of 62, Mr Stewart left professional practice to become Financial Director of House of Fraser Limited, having been invited by the board to take up a full-time directorship in the company. He had a close professional association with the late Lord Fraser of Allander for many years. He retired in 1971.

James Stewart held office as President of The Institute of Chartered Accountants of Scotland in 1962-63. His many years of service to the Institute included membership of Council from 1956 to 1961, of various committees and of the Examining Board and the board of The Accountants' Publishing Company Ltd. In 1974 he became one of the first members of the Scottish Committee on Accounting History, and made a notable contribution to that subject in his book "Pioneers of a profession—chartered accountants to 1879". He was a regular writer, usually anonymously, for *The Accountant's Magazine*, his most recent contribution being a two-part article, published in April and June last year, in which he reminisced about his life as a newly qualified CA fifty years ago in Glasgow. In 1962 he delivered to the 8th International Congress of Accountants, in New York, an address on the future of the accountancy profession which attracted wide attention. For eight years (1966-74) he was chairman of the International Lexicography Committee of the UEC (the European accountancy body), in recognition of which he was elected in 1975 a Membre D'Honneur of the UEC.

Mr Stewart is survived by two sons, the elder of whom is a Church of Scotland Minister and the younger an engineer.

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Walter Taplin (1910-1986)

Walter Taplin

Walter Taplin. After a prolonged illness, Walter Taplin died on 19 January 1986. Editor of *ACCOUNTANCY* from 1961-1971 and of *Accounting and Business Research* from its inception in 1971 to 1975, Walter played a key role in developing the Institute's journals.

Born in Southampton in 1910, Walter was educated at University College, Southampton, where he was a Foundation Scholar, and at Queen's College, Oxford, where he was Southampton Exhibitioner.

He always referred to himself as an author and journalist, but was an acknowledged expert in a surprising variety of areas. Before the war, he was tutor-organiser for Adult Education for West Hampshire and East Dorset, before joining the editorial staff of *The Economist*.

During the war he served first in the Ministry of Food and later in the Offices of the War Cabinet, working both in London and Washington for the Central Statistical Office on warfare statistics. This post gave him the opportunity regularly to meet wartime leaders of both nations.

He joined *The Spectator* as assistant editor in 1946, becoming editor (for a relatively short period because of a change in proprietorship) in 1955.

In 1957 he became Research Fellow in Advertising and Promotional Activity at the London School of Economics and Political Science.

As a political commentator, he broadcast regularly. As senior economist of the Iron and Steel Board 1955-56 he was responsible with J.C. Carr for writing the official History of the British Steel Industry.

And his books on advertising, and on trading stamps, received world-wide acclaim, being translated into a number of foreign languages.

He retained his wartime interest in statistics throughout his time at *ACCOUNTANCY*, and his services as a statistician continued to be called upon by leading groups.

A smallish, rounded, unflappable, urbane man, Walter Taplin was a lifelong member and supporter of the Reform Club, and will perhaps be best remembered for his taste in hats – he wore larger than life, ten-gallon, wide brimmed, specially made hats, not unlike those worn by JR in Dallas.

Personally, I look back on my 10 years as assistant editor to Walter with affection, and respect.

He had a thing about 'with respect', which I exploited. He could be relied upon to fly off the handle if ever one began a sentence: 'with respect' . . .

'When people say that', he would snort, in somewhat Churchillian tones, 'I know they have *no* respect.'

– Geoffrey Holmes

Sir Nicholas Waterhouse (1877-1964)

SIR NICHOLAS E. WATERHOUSE, K.B.E.

SIR NICHOLAS EDWIN WATERHOUSE, K.B.E., M.A., F.C.A., died in the Nuffield Nursing Home, Woking, on Monday, after a brief illness. His father, Edwin Waterhouse, was one of the original members of The Institute of Chartered Accountants in England and Wales when it was formed in 1880, became a member of its Council in 1887 and was its President in 1892-94.



Sir Nicholas Waterhouse

Born on August 24th, 1877, Nicholas Waterhouse was educated at Winchester and New College, Oxford, in which University he took the degree of M.A. He was articled in his father's firm of Price Waterhouse & Co in 1899, was admitted as an associate of the Institute in 1903 and became a fellow in 1911. He became a partner in his firm in January 1906 and senior partner in 1945.

He was elected to membership of the Council of the Institute in 1915 and thereafter played an increasing part in its committees and other activities, becoming Vice-President in 1927-28 and President in 1928-29. He retired from membership of the Council in 1956 but continued as senior partner in his firm until his retirement from practice in 1960.

During his professional career Nicholas Waterhouse held many important personal appointments, including those of auditor of the Royal Exchange Assurance, The Orient Steam Navigation Co Ltd, The Duchy of Cornwall, and Westminster Abbey; and joint-auditor of the London, Midland & Scottish Railway, the Southern Railway and the National Provincial Bank.

He also served on many Government committees and was engaged in other public duties. In the First World War (having been rejected from military service because of an injured knee) he was Director of Costings at the War Office and later was a member of the Disposals Commission and chairman of the liquidation committee which was given responsibility for closing down the War Office contracts which were outstanding at the close of hostilities. For his public services in this period he was created K.B.E. by King George V in 1920.

In the Second World War he was a member of the Admiralty Contracts Advisory Committee and chairman of the panel of accountants which advised the Ministry of Supply.

An appreciation of Sir Nicholas appears on page 27 of this issue.

Sir Nicholas Waterhouse, K.B.E., M.A., F.C.A.
AN APPRECIATION

We are indebted to Sir Thomas Robson, M.B.E., M.A., F.C.A., for the following appreciation of Sir Nicholas Waterhouse whose death last Monday is announced elsewhere in this issue.

* * * *

The work of Nicholas Waterhouse for The Institute of Chartered Accountants in England and Wales, as indeed his work for his own firm, was characterized by gifts of perception, kindness, modesty and a sense of the relevant. When difficult points were under discussion he was accustomed to wait until others had made their points, sometimes with greater heat than reason, and then with unfailing charm and brevity to prick the balloon of their rhetoric with the pin of humour and common sense.

His technique in his firm was similar. He never pretended to a deep knowledge of accountancy, but members of his firm's staff who took him at his own valuation soon found themselves ashamed when his apparently simple but searching questions confronted them with their ignorance of the reply with which they ought to have been ready. His readiness to forgive was a stimulus to them to strive for better things; he had a unique capacity for evoking affection from old and young alike.

Outside his profession, Waterhouse was keen on most outdoor sports and pursuits and when at Oxford represented the university as a cross-country runner and his college at football, rowing and athletics. He was also a keen billiards player and was winner of the Earl Howe Challenge Cup at the Marlborough Club in 1927. His most absorbing indoor hobby, however, was stamp collecting. He began to collect in the eighties, but disposed of his general collection in 1914 and thereafter specialized in the nineteenth-century stamps of the U.S.A. on which in 1916 he published a book which at the time was well reviewed both in Britain and abroad. At the 1936 Philatelic Exhibition in New York he was awarded the gold medal of honour for the best collection of these stamps in the whole world outside the United States. The greater part of this collection was sold in London in 1955.

If the standard by which the leader of a profession should be judged is the view formed of him over a long period of years by those who serve or are in constant contact with him, Nicholas Waterhouse must take a high place; for he was so tested and never found wanting by successive generations of his firm's partners and staff, by his clients and by his fellow members of the Council of his Institute.

Thomas R. Watts (1917-2005)

TOM WATTS was due to retire five years ago but the idea of such an incisive mind, an encyclopaedic knowledge of our profession and such a deep involvement being allowed to leave was as unthinkable as it proved impossible. Even now the departure of the profession's Mr Europe and its Master Accountant is hardly believable.



Tom Watts

To list all that he has done in his years in the profession would take more space than even this enlarged issue of the Quarterly could accommodate but with people like Tom, of whom there are few, what he has done has been so influential that everyone in the profession knows it. It is typical of his life that in his retirement year he should still be so involved with our work, the changes being made in it, and its development, that he should be given the accolade of Accountant of the Year, the Founding Societies of the Institute of Chartered Accountants in England and Wales Award for 1982.

It is also typical of him that his intentions for his 'retirement' include 'staying on to see the passage of the Eighth Directive through, keeping an eye on the Seventh Directive on Consolidated Accounts, remaining active with my work for the EEC and taking over from Stanley Duncan the chairmanship of the Dental Rates Study Group."

He is retiring from the Council of the Institute and handing over the chairmanship of the profession's most prestigious committee, that for Accounting Standards; an office that overlapped with his chairmanship of the EEC Company Law Committee and of the EEC Freedom of Establishment Committee. Between 1975 and 1979 he was also vice-president of the Groupe d'Etudes des experts comptables de la CEE and is now its vice-president d'honneur. He was awarded the CBE in 1978.

Tom joined London office as an articled clerk in January 1934 - 48½ years ago. His father paid the firm 500 guineas for him to be articled: equivalent in purchasing power to about £10,000 in 1982 money. Articled clerks in those days received no pay but were given a Christmas bonus. Tom recalls that many years later when he was partner in charge of recruiting articled clerks he came across the 1934 Christmas Bonus list. "I was put down for 15 guineas" Tom says "But some blighter had crossed it out and put down 10 guineas instead". He is still trying to identify that handwriting.

It is typical of the man that his hobbies are as unusual as his other attainments; collecting designs of theatrical costumes for example: 'something that gets harder and harder each year because all the theatrical museums are snapping them up'. We suspect if it was an easier task Tom would have to find something else. Life without challenge would hardly be life.

About the authors

Robert H. Parker is emeritus professor of accounting at Exeter University. A fellow of the ICAEW, he is a former editor of *Accounting and Business Research* and a former Professorial Fellow of The Institute of Chartered Accountants of Scotland. He has received the Distinguished Academic of the Year Award from the British Accounting and Finance Association, the Hourglass Award from the Academy of Accounting Historians, and the Outstanding International Accounting Educator Award from the International Accounting Section of the American Accounting Association.

Stephen A. Zeff is the Herbert S. Autrey Professor of Accounting at Rice University. He is a former editor of *The Accounting Review* and president of the American Accounting Association (AAA). He was recipient of the AAA's Outstanding Accounting Educator Award. He is an ICAS Honorary Research Fellow and an honorary member of the Institute of Chartered Accountants in England and Wales. He has twice received the Hourglass Award from the Academy of Accounting Historians. He recently received the inaugural IFAC Gold Service Award from the International Federation of Accountants.

Malcolm Anderson is a Lecturer in Accounting at Cardiff Business School, Cardiff University. He is a trustee of the Academy of Accounting Historians. He organises the annual accounting history research conference in Cardiff and is a member of the Management Committee of the World Congress of Accounting Historians, Newcastle 2012. He is currently bibliographer for *Accounting History Review*, having previously filled this role with *Accounting, Business & Financial History* where he also served as book review editor for over 15 years.

As the accountancy profession continues to grow and develop it is important to look back and see how and why the profession is where it is today and recognise the significance of the individuals who contributed to its development. This book brings together biographies of some 37 twentieth century leaders of the British accountancy profession. They include amongst others partners in audit firms, accountants in business, academics and employees of accountancy bodies. The twentieth century saw significant change in the profession with the growth of leading accountancy firms, an expansion of the role of accountants in industry, the growth of accounting academe, the emergence of standard setting and the enshrinement of the 'true and fair view' in company law. The biographies in this book highlight some of the roles played by these individuals in these events.

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