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SUBJECT AREA: ACCOUNTING AND CONTROLLING

French Presence in Brazil in the Nineteenth Century: analysis of the accounting archives of Casa Boris's in the period from 1872 to 1887

Presença francesa no Brasil no século XIX: análise dos arquivos contábeis da Casa Boris no período de 1872 a 1887

La presencia francesa en Brasil en el siglo XIX: análisis de los archivos de contabilidad de Casa Boris en el periodo de 1872 a 1887

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ABSTRACT

Founded in Brazilian imperial period, Casa Boris had an important commercial role in the Northeast region of Brazil. Using a competitive business structure, it linked the Ceará Province (branch) with France (headquarters), by importing manufactured goods and exporting raw materials. In this paper, we studied the Journal and Ledger of Casa Boris, particularly from 1872 to 1887. The study aimed to analyze the contents of the accounting records contained in these books so as to report facts and points of historical interest to the Brazilian Accounting. The main contribution of the research, in general, is associated with an

attempt to understand the influence of political, economic, social and institutional settings on accounting practices and vice-versa. Our findings led to the conclusion that the bookkeeping of Casa Boris was transparent to reveal the quality of accounting control of commercial operations undertaken by the firm and also shows the coexistence of a incipient provincial market that concomitantly linked Brazil to Europe in the second period of Brazilian Monarchical Empire.

Keywords: Accounting history. Accounting practices. Monarchical Brazil. Commercial law. French firms.

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RESUMO

Fundada no período imperial brasileiro, a Casa Boris teve importante papel comercial na região Nordeste do Brasil. Utilizando-se de uma estrutura comercial competitiva, unia a Província do Ceará (filial) à França (matriz), através da importação de produtos manufaturados e a exportação de matérias-primas. Neste trabalho, são pesquisados os livros Diário e Razão da Casa Boris, particularizados ao período 1872-1887. O estudo tem como objetivo analisar o conteúdo contábil dos registros efetuados nesses livros, de modo a relatar os fatos e aspectos de interesse histórico para a contabilidade brasileira. A principal contribuição da pesquisa, em termos gerais, está associada à tentativa de compreender a influência dos eventos políticos, econômicos, sociais e institucionais sobre as práticas contábeis e vice-versa. Os achados conduzem à conclusão de que a escrituração contábil da Casa Boris era transparente, a ponto de revelar a qualidade do controle contábil das operações comerciais realizadas pela empresa e, também, mostrar a coexistência de um incipiente mercado provincial que ligou concomitantemente o Brasil à Europa no segundo período monárquico brasileiro.

Palavras-chave: História da contabilidade. Práticas contábeis. Brasil monárquico. Leis societárias. Empresas francesas.

RESUMEN

Fundada en el período imperial brasileño, Casa Boris tuvo papel comercial destacado en la región Nordeste de Brasil. Utilizándose de una estructura empresarial competitiva, ella unía la Provincia de Ceará (sucursal) con Francia (sede) mediante la importación de bienes manufacturados y la exportación de materias primas. En este trabajo se han estudiado los libros Diario y Mayor de la Casa Boris, relativos al período 1872-1887. El estudio tiene como objetivo analizar el contenido de los asientos contables apuntados en estos libros, buscando informar los hechos y puntos de interés histórico para la Contabilidad de Brasil. La principal aportación de la investigación,

en general, se asocia al intento de comprender la influencia de los componentes políticos, económicos, sociales e institucionales sobre las prácticas de contabilidad y viceversa. Los resultados permiten concluir que la contabilidad de la Casa Boris era transparente hasta el punto de demostrar la calidad del control contable de las operaciones comerciales llevadas a cabo por esa empresa y también muestran la coexistencia de un mercado provincial incipiente que unía concomitantemente Brasil a Europa en el segundo período monárquico brasileño.

Palabras clave: Historia de la contabilidad. Actividad contable. Monarquía en Brasil. Derecho mercantil. Empresas francesas.

I INTRODUCTION

When looking at the accounting literature on the history of accounting in the nineteenth century, we notice the predominance of studies on the issue of the Management and Cost Accounting application, particularly in the UK and English speaking countries. To Fleischman and Tyson (2003, p 44), language barriers limit the exposure of research on accounting history considering non-English primary sources. This situation occurs because the English language is traditionally the “Lingua Franca” in communication of accounting research.

From a scientific standpoint, the research problem emerges when considering that in the same time that countries like France and England went through a process of industrial revolution, across the Atlantic, Brazil still lived under an economic context in which commercial relations and services predominated, but showed a pattern of accounting conduct with great similarity to the European accounting model (in terms of structure and financial accounts), as will be illustrated by means of the company studied in this paper.

This research was structured to analyze the accounting and corporate aspects implicit in the accounting practices adopted by a commercial company that operated in the wholesale, by selling

imported manufactured products and buying raw materials for export, and has held a privileged position in the Northeast region during the second reign of the Brazilian imperial government

The aim of this study is to analyze the content of the records of the books in this trading house, in the period between 1872 and 1887, to understand the facts and issues portrayed in accounting practices and the linkage and relationship of accounting with economic, political, social and institutional events, and vice versa.

Therefore, the research was structured in eight sections, including this introduction. Section 2 describes the factors that induced the French commercial expansion in the nineteenth century. The third section presents a brief account of the role of French traders in Imperial Brazil. In the fourth section, Boris Frères & Co. Ltd. (popularly known as Casa Boris, a name which will be used in this article) is briefly characterized in its corporate and commercial aspects. In the following section, there will be a brief report contextualizing the core business of the Casa Boris and its economic, social and political importance in the state of Ceará. The sixth section deals with the methodological aspects applicable to the research, and then, in the seventh section, certain accounting records of accounting professional theoretical interest, found in the accounting documents based on which this research was based, are analyzed. Finally, in the last section, the conclusions and final thoughts on the subject are presented, complemented by references used in the study.

2 FRENCH COMMERCIAL STRATEGY IN THE NINETEENTH CENTURY

From 1850 until the end of the nineteenth century, the French commercial presence began to expand, gaining a prominent position on the international market. To Monteiro (1998, p 56), among the major reasons for this strong growth in foreign trade we may cite as fundamental the internal social and democratic reforms

program, which ended up stimulating an external policy focused on colonial expansion, based on economic growth and supported by the industrial-technological progress and overseas trade. According to Monteiro (1994), this strategy led France to a privileged position in foreign trade, especially with countries in other continents, as was the case of Brazil. At that time, the commercial balance between France and Brazil, according to Rocha and Gandara (2009, p. 292), showed a movement of import and export of goods only surpassed by Brazilian trade conducted with England.

It should be stressed, however, that the significant French trade competitiveness was partly linked to the role played by so-called "commissioners goods" in France, associated with French immigrants (MONTEIRO, 1998). Along the French expansionist process, they established small trading houses which occupied prominent economic role, operating in the importer-exporter sector of goods and products.

Concomitant with this movement of the French commercial expansion, Rego (2010, p. 175) points to the existence of an articulated internal process of socio-economic evolution of France as a whole, which led to an experience of unified national economic development based on an efficient rail and sea transportation system and a fully installed telegraph network that covered the French territory. To Rego (2010, p. 176), the instant communication of thought, together with the rapid transportation of people and things, was a revolution in French trade, serving to stimulate capital investments and working abroad. According to Rock and Gandara (2009, p. 291), the establishment of enterprises dedicated to the import and export trade, linked to the French headquarters and established as a trading houses, accounted for much of the French emigration to the New World.

In Brazil, these trading houses have fundamental importance in corroborating this French expansionist policy. According to Bertelli (2006), the French traders acted as wholesalers and were structurally organized with a headquarters located in that European country and a branch in

Brazil, thus enjoying strong strategic competitive advantages. Thus, the direct France-Brazil commercial relationship in the nineteenth century was favored largely by migration of French-Jews who have devoted themselves primarily to trade in the major urban centers, and the possibility of making the shipping of goods and products through a safe and direct route of navigation, thus minimizing the risk of loss and reducing the cost of calls at other ports on the west coast.

According to Martins (2009, p 27), French traders coming to Brazil in the nineteenth century can be seen as a result of movements preliminarily targeted to specific geographic points, motivated by the possibility of commercial exploitation of the New World. The first waves of French emigration movement date from the end of the Napoleonic wars, when this side of the Atlantic was perceived as territory for new job opportunities, leaving these immigrants set the tone of civility and refinement of specialized services, particularly in thin trade (MARTINS, 2009, p. 29).

3 THE FRENCH TRADER IN IMPERIAL BRAZIL

According to Almeida (2003, p. 2), Brazilian law and customs established certain restrictions on foreign labor in Imperial Brazil. However, uniquely in commercial activity, any foreigner could become a dealer in the country, enjoying the same rights and privileges as nationals. According to the author, in certain historical moments or certain places that exceptionalism and freedom of participation of foreign capital, mainly European, with activities such as retail trade, represented sources of tension due to the economic monopoly, arousing animosity or even hostility of the locals.

French investments in Brazil during the nineteenth century were greatly focused on retail, mainly in Rio de Janeiro, which would result, in

the opinion of Mauro (1999, p. 85), in conditions for the formation of a French community that would create the favorable atmosphere for the establishment of larger enterprises. The accumulation of capital arising from commercial activity favored the expansion of business; larger organizations as banks, insurance companies and importing-exporting firms appeared.

As a great part of State revenues stemmed from taxes levied on imports, the power of the merchants became even stronger and more relevant to those concerned with public affairs (SABA, 2010, p. 78). The Brazilian Commercial Code of 1850 made the connection of links between traders and authorities official.

Not only in Rio de Janeiro, however, did the French settled; but also in Ceará these immigrants were present. In Brazil's development, Ceará economy also grew and diversified during this period (GIRÃO, 1968). During this phase, however, only two products were significant in the list of export products by northeastern port of Fortaleza, at the time the, most important channel for the flow of regional agricultural production. According to Girão (2000), these products were cotton and sugar, although there were shipments of carnauba wax, salt, cocoa, castor oil, leather, bones, horns and claws. The flow of imports, on the other hand, predominantly referred to fabric, clothing, perfumery, decorative items, wines, preserves, butter, wheat flour, drugs, haberdashery and stationery materials.

With the port movement, urban infrastructure grew, capitalist relationships increased and an elite was thus formed. According to Menezes (2006, p 29), these effective "lords of progress" appeared more strongly in Fortaleza from the 1860s and established their relationship networks more effectively in the 1870s. To Takeya (1995, p. 116 -135), the installation of Casa Boris in Ceará province in 1872 was a great example of the complementarity of private interests with the local elite.

The Boris family's electing Fortaleza contrasted with the preference of French investors.

In general, after Rio de Janeiro, the capital of the Empire, they had a preference for the cities of Recife and Salvador. However, the differentiated option of Boris Frères for the city of Fortaleza placed them close to the circles of political and administrative decisions of the province, which later proved to be an extremely wise and fruitful decision, according to their interests in Ceará (MENEZES, 2006, p. 30).

The expansion of the Ceará economy between 1860 and 1870 meant for the Casa Boris, according to Bertelli (2006), the ability to act not only in the business of raw material export to Europe, but also in the import of manufactured goods for a Brazilian consumers lacking French products, especially the said "luxury" items, such as perfume, garments and decorative objects, as well as wines and preservers. This would enable it to gradually increased competition, winning a privileged position before the new French trading houses that settled there with it.

4 CHARACTERIZATION OF THE MERCANTILE PROJECT

According to Monteiro, (2009, p. 253), the Boris family had their historical origin linked to the city of Chambrey, in the Alsace-Lorraine region, border with present-day Germany, the region responsible for the immigration of most of the Jews who came to Brazil. About emigration from France to Brazil, according to Fridman (2009, p. 178), it was composed by travelers, naturalists, scientists, columnists, artists, merchants and printers, especially with urban destination. The French immigrated due to the Franco-Prussian war, since many of them refused to accept German citizenship, with the conquest of sovereignty of that region by Germany (FRIDMAN, 2009).

The patriarch of Boris, Moyse Abrahan, was born in Cernay in the year of 1734. According to Monteiro (2009, p. 254), he was a merchant of

horses, in Chambrey, who adopted the surname Boris during extension of rights of citizenship to French Jews in the French Revolution. Among his grandchildren, Isaac Boris was born in 1789, who, in addition to taking on the profession of merchant animals of his grandfather, became City Councilor in Chambrey and had five children, one of whom Joseph Boris, father of the five siblings responsible for Casa Boris (Theodore, Alphonse, Isaye and the twins and youngest Achille Adrien, born in that order).¹

Alphonse and Theodore arrived in Fortaleza in 1865 and 1867 through Rio de Janeiro and Recife, respectively (MOTA, 1982, p. 12). Soon after, in 1869, these brothers founded the trading house Theodore Boris & Brother, in the city, whose main activity was the trade exchanges (SABA, 2010, p. 36). Given the Franco-Prussian War (1870-1871), however, they returned to France a year later. Subsequently, on February 14, 1872, with their brother Isaye, they founded in Paris the so-called Société Boris Frères, a general partnership, with registered capital of 300 million francs.

Still in 1872, accompanied by his brother Adrien, Theodore returned to Brazil and, with the later arrival of Achille, founded on Rua da Palma, in Fortaleza commercial center, a branch of the French headquarters, which would be popularly known as Casa Boris (MONTEIRO, 2009, p. 259). It is important to note that the Boris family moved economically into two geographical sections, one located in the French capital and the other one in Fortaleza. The Casa Boris was therefore a French investment as from 1872, with facilities in the province of Ceará, in Fortaleza, which became one of the most prestigious houses dedicated to foreign trade import and export business in the Northeast of Brazil in the nineteenth century.

The selling strategy of Casa Boris was engineered based on a hierarchy of distribution of imported goods and local products be exported to the supported by the head office in Paris, at one

end, and an agent, which was the small trader of the province at the other end, with Casa Boris interconnecting them. To Monteiro (2009, p. 261), the performance in large wholesale trade, selling imported manufactured goods or buying manufactured raw materials for export supported preferably by the headquarters-branch structure, was what distinguished Casa Boris from other competitors, gave it competitive advantages to operate in two markets-centers (Paris and Fortaleza), and guaranteed its continued expansion and survival for following decades.

Barroso (1973, p. 17) indicates that the Brazilian branch, under the management of Isaye, Achille and Adrien brothers, eventually progressed much more than its counterpart in Paris, managed by the older and more experienced brothers (Theodore and Alphonse). Mota (1982, p. 17), however, notes that, during 1917, Casa Boris, due to internal need for restructuring, was renamed Boris Frères & Cia., and continued with the export business, insurance companies, shipping, chartering and stowage, farming in upstate Ceará and creeping rubber. The import activity had been suspended in 1910.

The fact is that the organizational structure consisting of a French headquarters and a Brazilian branch, under the corporate control of the same family established on both sides of the Atlantic, would be abolished in 1925. Only on September 1, 1927, however, is that the headquarter-branch relationship eventually ceased altogether, with the liquidation of the company because of the heirs of member Isaye leaving the business. Therefore, a

new firm was organized, the strategy was reshaped, and group business divided into two branches: Boris Frères & Cia., headquartered in Paris, at Rue de la Victoire, 65; and Boris Frères & Cia. Ltda., headquartered in Fortaleza (office and warehouse at Rua Boris, 10), receiving assets and assuming liabilities from former company.

The Brazilian company, which had as members and managers Theodore Boris (the oldest of the brothers and the last one to die, in 1933), Georges Boris (son of Theodore), Adrien Seligman (nephew from France), Joseph Boris (nephew from the USA) and Bertrand Alphonse Boris (son of Achille), would devote itself to the trade of import and export on a large scale (as commissioned or on consignment) and also act as sales representative of several banks and banking houses, and be a commissioner of several foreign insurance companies.

In 1930, Casa Boris suspended its export activities due to economic hardships caused by the Great Depression of 1929. That ended up implying the decreased flow of Ceará products to parties abroad and forced it to concentrate efforts on increasing new business opportunities in segments of steam and stevedoring agencies, real estate investments and farming (MOTA, 1982, p. 18-19). These new activities have progressed successfully and started to add enough value to Casa Boris business. Consequently, there was a new corporate restructuring, and companies have been created in line with the progress objectives sought in Boris' corporate strategy:

CHART 1 – CAsa Boris corporate structure – 1930

Project	Activity
Boris Frères & Cia. Ltda.	<ul style="list-style-type: none"> - Owner of urban real estate - - Maritime and land insurance company agent (Companhia de Seguros Marítimos e Terrestre Confiança; Esperança – Companhia de Seguros; and Companhia de Seguros Riachuelo) - Damage agent (Comitè Central des Assureurs Maritimes) - Bureau Veritas representative - Resumption of its traditional exports of leather and skins
Boris Navegação Ltda.	<ul style="list-style-type: none"> - Representative of a number of navigation companies (Frota Nacional de Petroleiros, Companhia de Navegação Marítima Netumar, Empresa de Navegação Aliança S.A.; Navegação Mercantil S.A.; Moore McComarck Lines Inc.; Serviços d’Affretement Atlantique Sud – S.E.A.S.; Wilson Sons & Co. Ltd. Londres; Esso International Corp.; Johnson Line; Royal Interocan Line and several other foreign lines) - Provision of stevedoring services
Fazenda Serra Verde Ltda.	- Production of cotton, sugar cane, and agricultural food
Fazenda Agropecuária Serra Verde S.A.	- Creation and fattening of cattle and pigs
Comercial de Produtos Agroindustriais Ltda. (Coprál)	- Distributer of chemical products for household use

Source: Prepared by the authors.

The capitalist crisis that followed the Great Depression of 1929 triggered, however, an environment of increased international economic competitiveness. This framework was extended to the issue of the line of succession in business direction of the Boris's. To these factors, another factor of a political character was added, which was the predominant anti-Semitism due to the advent of Nazi dominance in Europe, responsible for the final blow that would determine the physical elimination of the headquarter in France. According to Monteiro (2009, p. 267), the company in Paris disappeared in the context of the kidnapping of Jewish property in the early 1940s and, with it, all their accounting documentation. The combination of all these aspects, concomitantly, would result in the end of the commercial activities of Boris Frères Paris, indirectly affecting the activities of the Casa Boris in Ceará, which would then start a process of decline until its complete extinction in the 1980s.

5 ECONOMIC IMPORTANCE OF PERFORMANCE OF CASA BORIS

The trading houses have played an important role in the economic history of Ceará and neighboring states. Casa Boris was one of the commercial ventures organized in this sense, having assumed a position of highlight in Ceará economy, especially in the last eighteen years of the Second Empire and the first ten of the First Republic (MAURO, 1999, p. 86). In the face of strong commercial tie kept with its headquarter in France, the firm made significant transactions of import and export trade in the most important cities in the Province of Ceará. Mota (1982, p. 9) writes that the commercial activities of the Casa Boris covered particularly the cities of Fortaleza, Aracati, Sobral, Icó, Camocim and Itapipoca, but it also acted in northeastern states (Pernambuco, Paraíba, Maranhão, Rio Grande do Norte and Bahia), North (Piauí and Pará) and Southeastern (Rio de Janeiro).

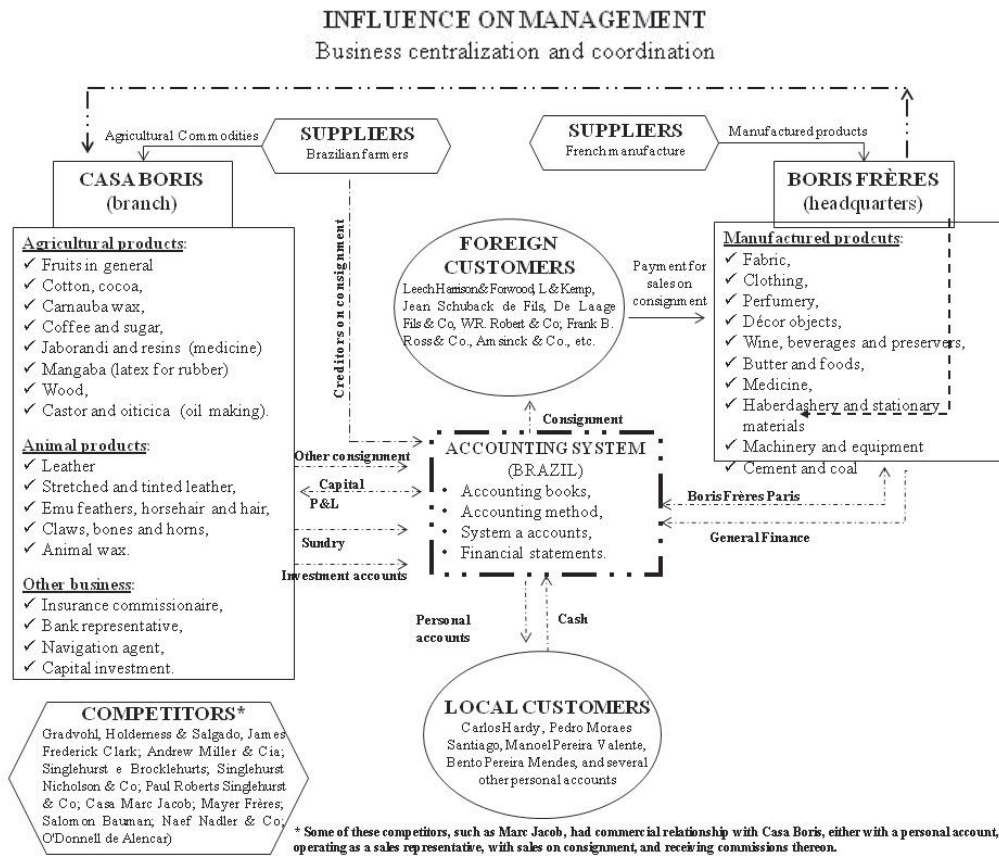


FIGURE 1 – Interrelationship between business structure and accounting mechanism

Source: Prepared by the authors.

According to Barroso (1973, p. 16), the creation of Casa Boris resulted from Boris family strategy to expand their business to the Americas. This decision led to the creation of a fully articulated company with the headquarter in Paris. The French head was centralizing the business and also responsible for the coordination of the two commercial companies, and the activities of both companies treated in an integrated manner, aiming at the perfect mastery of the two main markets of the family – the French and Brazilian. The Brazilian subsidiary exported the major products of the country to domestic and foreign ports and imported mainly French manufactured goods.

Most agricultural products for export to the foreign market came to Casa Boris by means of local farmers (TAKEYA, 1994, p. 120). According

to Bertelli (2006), some more specific products were also marketed, such as the “jaborandi” and “resins,” both used in the manufacture of medicines. Casa Boris also sold other products of animal origin, such as carnauba wax candles and beef jerky, and even spirit. After fabrics, leathers were the products most sold by Casa Boris, one of the main items on the agenda of Brazilian exports to France. Carnauba wax and rubber were also sold in exports, although in much smaller degree. On the other hand, objects worked with this raw material were, according to Bertelli (2006), one of the eight most important imported goods from that country by Brazil for the period. Third, came emu feathers, used in France, probably in the decor and apparel industry.

Imports contemplated manufactured products whose orders were made directly to

the headquarter. Also according to Bertelli (2006), products from other countries were also part of the portfolio of products marketed by the Fortaleza branch, with wheat flour coming from the North American market being considerably sold for baking bread and biscuits. While acting in the wholesale business of import-export, the quoted author points out that Casa Boris, by means of trade for commissions and consignments, was also commissionaire of several foreign insurance companies and represented various domestic and foreign banking houses and banks, one of which Banco do Brasil.

According to Monteiro (1998, p 60), as from 1884, the Boris family came to represent consular interests of France in the province of Ceará, representation which lasted uninterruptedly until 1925, and then from 1928 to 1977. Monteiro (2009, p. 256) reports that the role of the French consular body was to produce information on the economic potential of Brazil as a market for French products, to be released to dealers in France, usually by different institutional channels.

We also observe that, due to the position of Casa Boris in Ceará economy, there was a strong bond with the elite Ceará, including support for local politicians (MENEZES, 2006), which is why the Casa Boris accounting document collection preserved helps us explain the historical attempt of French commercial expansion to Brazil, especially to French labor and capital reversal policy in Fortaleza in the Brazilian monarchic period.

We should point out that Casa Boris played a prominent role in the economic activities of the former province of Ceará and in the first decades of existence of the current state of the Ceará (performing the import and export trade, besides having insurance and shipping agencies and factories). On the other hand, it also kept close relationship with the oligarchy and the political class of Ceará, and was responsible for providing financial incentives and brokering the

purchase of materials for construction of public works in the region (MORAIS, 2009, p. 26-27). The importance and the power of Casa Boris, according to Monteiro (2009, p 253), can be expressed in the following popular phrase: “the sea of Ceará [was] the weir of the Boris family, and Justice, their mother.”

To Monteiro (2009, p. 262), understanding the trajectory of the business activities of Casa Boris starts with understanding the Ceará trade framework relating to import and export on the basis of the current capitalist economic system in the second Brazilian imperial period, as well as other aspects of the Brazilian society that were shaped by it. Competing with traditional local enterprises and other regional British and French trading houses, Mota (1982, p. 10) points out that, while the performance of the activity of import of goods for local and interstate consumption, i.e., products needed at the time, Casa Boris exported Ceará products to France, England, Germany, the USA, etc., it also acted as insurance companies and navigation agent, as and invested in agro-industrial projects, railroads, mining and banking house.

According to Monteiro (2009, p. 266), the period from 1880 to 1930 represented a stage of consolidation and then the beginning of the decline of the commercial activities of Casa Boris, in Ceará. The matching of its interests with those of the political elite of Ceará strengthened its economic power and gave it increasing importance in Ceará economic scenario. Its performance from 1880, as insurance companies and shipping agent (e.g.: French Chargeurs Réunis and German Hamburgo Suedamerikanische) and also as a representative of the French consular interests in the province, as well as participation in the agribusiness sector, reinvigorated its links to the international market and strengthened its political influence in the Paris-Fortaleza relationship, further strengthening its economic power and influence in the Province of Ceará.

These facts led it to perform an active role

in the economy of Ceará, participating in the promotion of new activities in the agribusiness sector (direct investments in agriculture and processing of agricultural products) and construction projects of railways and public works. According to Monteiro (2009, p. 266), Casa Boris served as the creditor of the Province/ State Government itself, upon making it feasible to implement various public services, and worked in the field of raising capital via external borrowing, serving as an agent of funding lines for the Government of Ceará with major European banks, especially a loan made from Banque Louis Dreyfus et Compagnie, in France. This agreement, signed in 1910, intended to provide the capital required for the implementation of water and sewage services in Fortaleza, being secured to Casa Boris revenues from the State and duties on export duties.

The unfavorable international market conditions, associated with the line of succession issues in business direction, led, however, Casa Boris to the decline of its commercial activities, most strongly as from the 1920s, culminating with its liquidation in 1984. According to Monteiro (2009, p. 267), due to France's progressively losing position in the world market, the business of Casa Boris was eventually affected, leading to the closure of the import trade in 1910, and given the capitalism crisis that followed the Great Depression of 1929, the end of exports in 1930, which made the activities of Boris Frères, in Ceará, stay restricted solely to the business of navigation and insurance.

6 METHODOLOGY

In developing this work, the authors followed the approach suggested by Christopher J. Napier, which compares the role of the historian to an auditor's. According to Napier (2002), the researcher of the accounting history should behave as an auditor, seeking to understand "how"

and "why" the accounted facts interact with the economic and social environment in which the analyzed entities are inserted, leading to changes and the development of the surroundings.

According to Hammond (2003), from two decades to now, research in accounting is increasingly taking totally unexpected paths. Although most academic institutions and accounting journals fail to appreciate the contributions of non-traditional segments of research, other channels that promote alternative perspectives on accounting are flourishing worldwide (e.g.: conferences and internet). For the author, positivist methodologies dominate the accounting literature; She believes, however, that qualitative methods applied to oral history or to the primary files allow critical immersion in a new area of research. This form of more critical analysis would be essential to understand the fundamental facts and to avoid dilettantism and deepen understanding of aspects marginalized in the accounting literature.

For Laughlin (1987), the field of positive view on accounting hinders the advancement of the accounting process to a more subjective understanding of reality and knowledge in accounting theory. This limitation accentuates the fact that researchers, due to institutional pressures, prefer to produce articles that have easily verifiable methods with the goal of achieving a publication instead of investigating what they really would like to study and analyze (TUTTLE; DILLARD, 2007). Thus, it is no coincidence that only a minority of accounting researchers in the country show interest in retrieving facts and phenomena related to the accounting activity in Brazil.

Monteiro (1998, p. 59) points out that a major reason for the little Brazilian academic interest in the study of historical accounting facts arises from the difficulty of working with private archives of old trading houses, especially those that were controlled by foreigners, as most were family businesses and organized as limited liability companies. Therefore, they were not legally

obliged to disclose their financial information. Even so, the author draws attention to the fact that one should not confuse the lack of old files with ignorance thereof, since existing sources may be available not only in the country but also abroad. This is exactly the function of the historian: “finding out where these historical records are.”

Although research employing the positive accounting view of accounting are dominant, which are almost exclusively guided by a statistical quantification of the study, we note limitations in data processing, since it does not take into account the behavioral issue in determining the methods of economic and administrative records at each period of time. This deficiency impairs a fair assessment of equity facts and, especially, their correct interpretation. Therefore, the evaluation of influential data and variables of this research was based on the concepts and assumptions that guide the New Institutional Sociology. The theoretical framework of this approach focuses on organizations from a wide network of interorganizational relationships and cultural systems, and identifies organizational isomorphism, i.e., the phenomenon by which organizations are structured motivated by the demands of the environment.

The achievement of this research is justified by: a) using primary data to make historical research on accounting practices developed by a company that retained much influence and social, political and commercial hegemony in the state of Ceará and surroundings during the period Imperial Brazil; b) documenting and bringing to the academic debate assessment tools and description of the influence of political and economic events on the institutionalization of habits and routines in Accounting; c) providing concrete evidence about the differences and similarities between the currently adopted accounting practices and accounting practices adopted at the time covered by the investigation; d) allowing the construction of a platform for accounting research in an alternative perspective

to the positivist epistemology and ontology, which encourages predominantly procedures of quantitative research as a research methodology.

In this work, registered economic facts are examined basically in five accounting books of Casa Boris. These books refer, respectively, to the 1872-1887 period and describe not only the effective corporate governance structure used in the management control of the company, but also the quality of the accounting records of assets and liabilities, as well as the rational management of funds and business opportunities. The research question of this study, therefore, boils down to analyzing such accounting documents – especially the accounting practices used by Casa Boris in conducting its business – and identifying the accounting issues deemed relevant and of interest to the history of Brazilian accounting.

With respect to the methodological procedures, the study employed a descriptive and exploratory approach, basically adopting a historical perspective of the events, by analyzing data from primary sources. Some more critical historians despise the use of primary files in accounting research, whereas Fleischman and Tyson (2003, p 45) judge them as essential for the formulation, development and validation of the theory itself and then to respond to the ideas proposed by other scholars. For them, historical research from a primary source equals enthusiastically embarking on a search path in which the journey, in part, can be as rewarding as the final product. In the opinion of these authors, the thrill of finding a “buried treasure” in the form of a key document or a letter, in most cases, is incomparable to other forms of academic research in accounting.

To develop the research, we selected Casa Boris. The main reasons for selecting this sample are: a) secular company, founded in the object-of-study period; b) existence of accounting books to study, in reasonable state; c) availability to conduct the survey, upon request and scheduling of a visit; d) unique opportunity, in that, at this

time, several trading houses of foreign control were installed in Brazil. In the case of Casa Boris, the preservation of its document archive is a very rare and fortunate position, as its main accounting books are fully available for academic research in the Public Archives of the State of Ceará. Therefore, this is the motivation for researching the files in this company in this article.

The use of the historical approach on the preserved accounting records help us understand its economic, and social and political importance, since, according to the assumptions and concepts emanating from the institutional perspective to the study of organizations, accounting practices can be explained as a means of legitimizing actions and strategies of organizations (MOL, BURNS, MAJOR, 2006). As the research method applied in this work is documental, empirical research is based on a qualitative approach focused on the analysis of the main accounting practices adopted by a commercial company controlled by a family of French origin, vis-à-vis certain rules and legislations in the second Imperial Brazilian period.

As for the procedures of data collection for the study, we performed them in two phases of seven days each, i.e., in two weeks (the first in September 2011 and the second in January 2013). On both occasions, in addition to noting the evidence found, with proper authorization, photos of the contents of books for further additional check of the evidence obtained during the survey were taken. As a second phase of the research, we performed the reading and critical analysis of data extracted from selected books, focusing upon examination: (a) of accounts, and historical accounting entries used, observing all their features; (b) of the financial statements (Balance Sheet) prepared by the company in the years covered by the survey; (c) the carrying amounts and changes therein; and (d) the intrinsic and extrinsic characteristics of formal accounting books surveyed.

According Vollmers (2003), the role of a historian is to organize data and evidence in chronological order, placing them within the dominant culture and the social, political and economic scenario, to the extent that they are known and explained. The evidence from the accounting documents of Casa Boris reveal its economic reality in the period analyzed, showing the role of accounting as an information system, since the major data provided by the accounting system relating to trade in import and export operations, allowed proper decision making and maintaining a competitive trade policy against key competitors.

7 CASA BORIS ACCOUNTING PRACTICES

The book collection of Casa Boris is valuable and relevant, in all respects, since it comprises a Brazilian historical cycle that begins in 1872 and extends for 112 years, covering various social, political and economic changes experienced by the country during the monarchical, republican, dictatorial and democratic regimes. In this article, we present aspects of the accounting records of Casa Boris in the 1872-1887 period, relating to five accounting books of the company: a) Ledger 1872-1878; b) Ledger 1878-1886; c) Journal 1876-1882; d) Journal 1882-1884; e) Journal 1885-1887.

7.1 Formal characteristics of the accounting books

The accounting records are traditionally made in books inspired by “evidence” (SÁ, 1980, p. 11). The reference to this criterion is found in the documentation preserved of Casa Boris. With respect to the accounting issues of the accounting books investigated, we detected that they were kept as current legal framework, fulfilling the intrinsic and extrinsic formalities of the time.



FIGURE 2 – Journal and ledger of Casa Boris

Source: Casa Boris File – ACB ([1878], [1882], [1884], [1886], [1887]).

Law no. 556, of June 25, 1850, which governed the application of the Commercial Code of Imperial Brazil, required maintenance, uniformly, of the accounting books, aimed at preparation of an annual Balance Sheet of assets and liabilities of the business, which should be dated and signed by the dealer (Art. 10). It also prescribed that the accounting books were to be bookkept in a commercial manner, in chronological order of day, month and year, with no blank spaces, in between lines, blotting, erasures, amendments and information carried over the margins (Art. 14). According to Schmidt and Santos (2008, p. 140), however, the Brazilian Commercial Code did not standardize accounting procedures, but only demanded that Brazilian companies follow a uniform order of accounting and bookkeeping procedures, keeping books needed for this purpose.

Technically, Casa Boris bookkeeping followed the precepts emanating from the literature of Personalism School, which, according to Cerboni (*apud* HERMANN JR., 1951, p. 35):

Accounting, considering the company in all its extension, in its organization and its purposes, inquires of them about the functions, determines

under what criteria should the various responsibilities of managers and agents be based, and provides the methods and means with which the results obtained in the various periods of the company life should be known, measured, computed and disclosed.

To Mellis (1950), the beginning of accounting as science took place in the nineteenth century, when the development of several new schools of accounting thought occurred. Among the schools of thought founded at this time, there is personalist, also known by some accounting scholars as logismographic, legal and personalist or Tuscan (SCHMIDT, SANTOS, 2008, p. 62). According to Sá (1980, p. 26), the importance given to “personal accounts” at that time was notorious, both in practice and in doctrine in effect (it is assumed that the creation of the double entry process, whose author is not formally known, has derived from an “extension” of the personal accounts to those goods by means of debits and credits).

According to Poisl (1996, p. 61-62), although the customization of accounts has been the result of a historically real fact, the attention to open breakdown accounts of debtors and creditors as equity was not yet necessary to be noted,² the idea of personifying the accounts date from the first exhibitions of the double entry method, but without the scientific strictness of the Personalism accounting School, since it was a mere artifice that the first authors have used to explain the mechanism of accounts.

Bacci (2002, p. 29) points out that, given the needs of owners to represent their assets within an economic order, classification of accounts according to the Personalist Theory was divided into accounts of the Owner (the one who owns the entity and all Equity), accounts of Trustees agents (in whom the owner has trust in the delivery of goods and material values) and correspondent agent accounts (those third parties with whom it maintained relationship of debits and credits).

Among the general aspects that directly concern the issue of formalizing books examined

for maintenance of their probative value, it was found that the records made in these books are carried at double entry method, in the Portuguese language, in handwriting, without any error or erasure, with reversal entries, when necessary, and follow an accounting model based on a personalist approach in which the individualization of accounts of creditors and debtors was used in a single monthly accounting entry, usually standardized and detailed accounting transaction history.

The terms of opening and closing concretely evidenced the date of commencement of bookkeeping and the location to which it referred. The frequency of records was monthly and entries history was usually detailed, with almost all transaction specifications, which provided a subsidiary control, mainly for credit recovery, since the accounts clearly individualized the name of the debtor and the amount due thereby. The financial year of Casa Boris had lasted one year and the end date specified in the articles of organization was April 30 of each year.

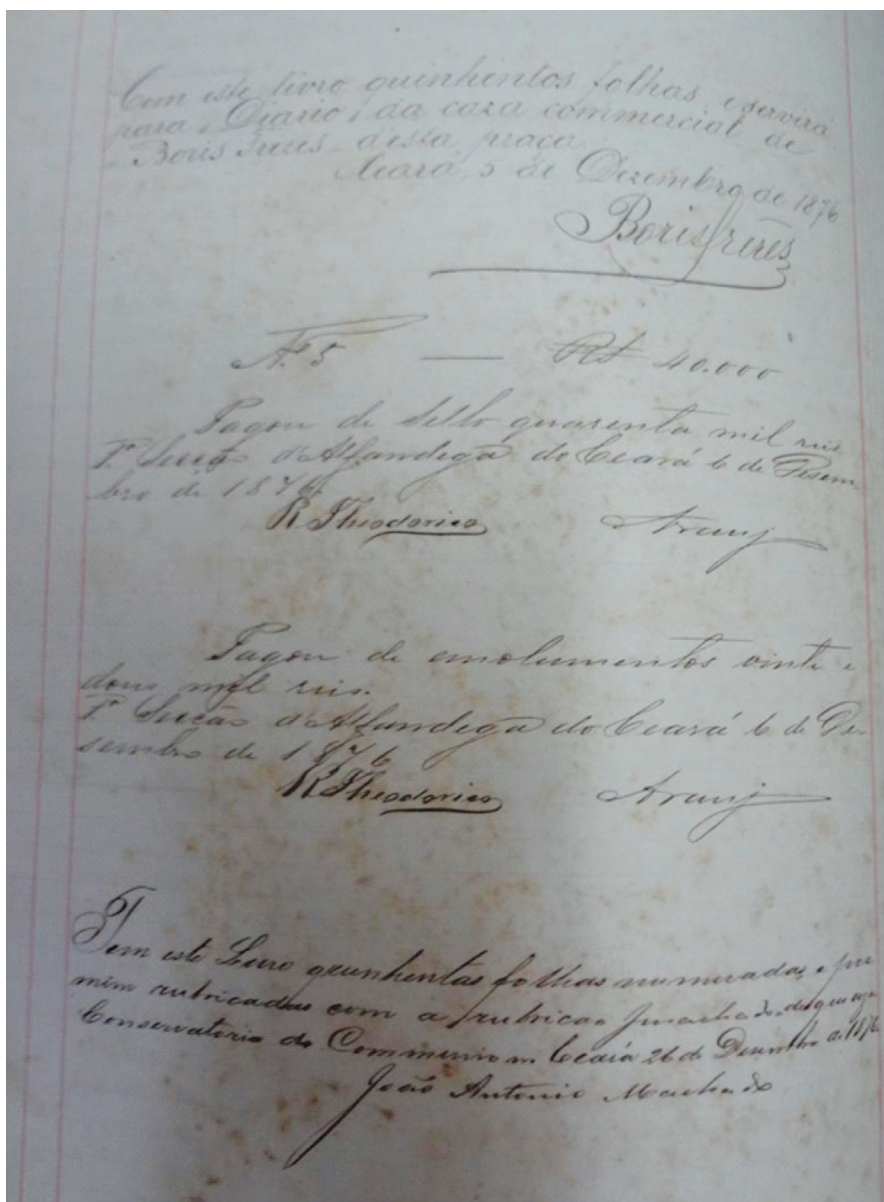


FIGURE 3 – Opening term of Casa Boris journal (1876-1882)

Source: Casa Boris File – ACB ([1882]).

Casa Boris bookkept its accounting books following an organizational logic involving management needs in terms of numbering and specificities of books vis-à-vis the nature of operations. For proper accounting control of accounting entries, there was concern about the clarity and reliability of data (sound and

convincing documentation), which justified the economic records (facts and values), therefore using the double entry method, strictly respecting the chronology of events and always making reference to the corresponding record in the journal and ledger books.

CHART 2 – Description of Casa Boris accounting books

Accounting Books	Attributes
Ledger used from 1872-1878 (ACB, [1878]):	Bound in hardcover lined with dark brown leather in reasonable condition, has dimensions of 44 cm long by 29 cm wide and 5 cm thick. It weighs about 5 kg, and contains 125 sheets numbered in sequence typographically, and it was manufactured in France. This book contains, in the last twenty-five pages, an index of accounts and the number of corresponding page, and each account uses two pages of this book, with the page on the left reserved for debit entries and the one on the right, for credits.
Ledger used from 1878-1886 (ACB, [1886]):	Manufactured in France (Fabrique of Registres Perfectionnes A. Sedille - Paris, under no 37.154) and is in good condition, bound in hardcover lined with green leather with metallic finishes on the ends. It measures 51 cm long by 39 cm wide and 10.5 cm thick, and weighs approximately 15 kg, with its 500 typographically and sequentially numbered pages.
Journal used from 1876-1882 (ACB, [1882]):	Bound in hardcover lined with dark green leather with metallic finishes on the edges, in good condition, has dimensions of 51 cm long by 39 cm wide and 10.5 cm thick. It weighs approximately 15 kg and contains 500 typographically numbered pages in sequence, manufacture in France (Fabrique of Registres Perfectionnes A. Sedille - Paris, under number 37.153.). The opening term of this book was on December 5, 1876 (signed as Boris Frères). On December 6, 1876, there was a payment of \$ 40,000 reis for Journal sealing, and \$ 22,000 reis as expense with fees, according to the signature of two officials of Customs (R. Theodorico and Araújo). Subsequently, on December 26, 1876, the book was recorded in the Ceará State Commercial Registry (equivalent to the current Commercial Registry) according to the signature and initials on subsequent pages by the substitute Representative of the Commercial Registry, Mr. João Antonio Machado. The pages of the book were initialed in the upper left corner of the page.
Journal used from 1882-1884 (ACB, [1884]):	Bound in hardcover lined with dark green leather with metallic finishes on the ends, in perfect condition, has dimensions of 51 cm long by 39 cm wide and 10.5 cm thick. It weighs approximately 15 kg and contains 500 typographically numbered pages in sequence, and was manufactured in France. It was open on April 27, 1882 by Casa Boris accountant, was registered with the Commercial Registry on May 1, 1882 and has been endorsed by Secretary José Candido Cavalcanti and its leaves initialed by the deputy of the Commercial Registry, Mr. Álvaro Joaquim Garcia.
Journal used from 1885-1887 (ACB, [1887]):	Bound in hardcover lined with dark green leather with metallic finishes on the ends, in perfect condition, has dimensions of 51 cm long by 39 cm wide and 10.5 cm thick. It weighs approximately 15 kg and contains 500 typographically numbered pages in sequence, and was manufactured in France.

Source: Prepared by the authors.

7.2 Wide use of current accounts

On examination of the books, it is interesting to point out that there are many records made in current accounts relating to personal accounts (correspondents, owners and consignees). In the 1878-1886 period, there was significant increase in the number of accounting entries related to correspondent and consignees accounts, partly stemming from the large volume of time sales and transactions with Brazilian farmers for the purchase and/or acquisition of products on consignment.

It is noteworthy that, despite the intensity of changes in personal accounts, the accounting entries indicated the full name of debtors and creditors as the title of the book accounts, following a personalist approach, supposedly

to safeguard against the need to present any probative value to solve legal claims, if any. In parallel, there was also the bookkeeping of the Current Account book for the periods 1880-1882 (494 p.) (ACB, [1882]) and 1885-1887 (601 p.) (ACB, [1887]) and Current Account file, for periods 1884 (499 p.) (ACB, [1884]) and 1885-1887 (1000 p.) (ACB, [1887]).

We should point out that the information in these books was not compared to crosscheck it against that extracted from the books on which this article was based. Given, however, the seriousness with which Casa Boris addressed its current accounts and the systematic control of its books, either by concept or by evidence in the bookkeeping of movement of values for each person, no serious incongruity problems were detected in the books analyzed.

Item	Description	Value	Total
142	Café, 151 sacos salgados que consignamos aos Srs. Leech Harrison & Forwood em 14 de corrente pelo vapor inglês "Paranaíba", como da lista de consignação f.º 69.	1102,937	
143	Borracha, 16 fardos de borracha que consignamos aos Srs. Leech Harrison & Forwood em 17 de corrente pelo vapor inglês "Bernard", como da lista de consignação f.º 70.	2476,922	
		76	3579,917
143	Leech Harrison & Forwood		3579,917
144	a Consignação		3579,917
	Pela seguinte que lhe fizemos em 4 de corrente pelo vapor inglês "Paranaíba".	756,210	
	151 sacos salgados pagando liquidez de 200.	135,477	
	Despesa d'empacotação.	11,250	1102,937
	Frete, seguro e embarque.		
	Pela seguinte que lhe fizemos em 17 de corrente pelo vapor inglês "Bernard".	2.099,200	
	16 fardos de borracha pagando liquidez de 1779,500	383,110	
	Despesa d'empacotação	24,622	2476,922
	Frete, seguro, canote, embarque.	76	3579,917
147	Barris Fios		9561,225
148	a Diversos		9561,225
149	João Schubach & Filhos		3645,707
	Produto de 100 sacos de café consignados a cáted em 27 de Outubro f.º 40, pelo paquete alemão "Lathúnia", como da lista de consignação f.º 25.	3645,707	

FIGURE 4 – Accounting entry of sale on consignment to Leech Harrison & Forwood

Source: Casa Boris File – ACB ([1878]).

The main current accounts collected in the books analyzed were: Jaques Weil, Carlos Hardy Ceará Pedro Moraes Ceará Santiago

Ceará, Manoel Pereira Valente Ceará, Bento Pereira Mendes Ceará, Several others, Several Creditors, Leech Harrison & Forwood. The latter

referred to the consignment transactions with that merchant from Liverpool, England, from May 1878 to January 1888, as shown in Fig. 4. The accounting entries of goods sold on consignment to this customer were related to trading of sacks of carnauba wax, sacks of cotton lint, and barrels of castor oil seed, and barrels of jatoba resin.

In general, as can be seen in Fig. 4, all expenses incurred in the marketing process were recorded in the account of the customer, including the costs of import or export customs as municipal and provincial rights. Freight expenses and charters, seals and order of knowledge customs, stamps, insurance, priming (payment made to the vessel commander), wharfage, twine, rope, paint, shape of boxes, bales, can welds, telegrams and other were also recorded. According to Rego (2010, p. 201), all amounts related to these expenses were recorded in the account of the customer and subsequently charged in cash or even divided into installments. In the ledger analyzed, we detected the use of "Customs", "stamps" and "Insurance" accounts.

With respect to sales of goods on consignment, we observed that the accounting records were following a business agenda prepared by Casa Boris especially on the export of raw materials, at different times, as follows:

CHART 3 – Major products sold on consignment by Casa Boris — 1881 to 1886

Year	Product
1881	Rags
1881-1882	Leather, bones, horns, stretched leather, and claws
1882-1885	Castor oil
1883-1885	Carnauba wax
1883-1885	Salt
1884	Tinted leather
1884-1885	Raw silk
1884-1885	Soaps
1885-1886	Cocoa and other foods

Source: Casa Boris File – ACB ([1886]).

Other goods found in the journal entries of the Casa Boris were oiticica (a type of castor oil which provides very good oil), tatajuba wood, taboranas, sugar, cotton seed, rubber, orange, coffee, emu feathers and hair.

In general, the matching entries of "Consignment" were correspondent accounts, of which we should mention, for example, Jean Schuback de Fils, from Hamburg, Germany, to whom several exports on consignment of salted leather were made on consignment. Commodities like coffee, cotton, emu feathers, several items, carnauba wax, oranges and rubber, among others, were recorded in various accounts on consignment (Carlos Hardy Ceará, Pedro Moraes Santiago Ceará, Manoel Pereira Valente Ceará, Bento Pereira Mendes Ceará, Several Others, etc.). There was also an account on "Consignments of Other account," used by Casa Boris to record goods received to be sold on behalf of other producers or domestic and foreign merchants.

Goods exported and sent to traders from other regions of the country with which the Casa Boris had business relationship were recorded as consignments, which should correspond to the accounting manner in which they were remitted to the sellers. This system allowed the sender, in this case, Casa Boris, not to lose ownership of the goods until the seller could sell them to third parties, when sales revenue should be accounted for, at the amount agreed upon by the parties, less commission owed to the seller. In other words, the sales on consignment benefitted ownership of the goods before actual sale by the consignee, as exemplified in the following journal entry, excerpted from the Journal of Casa Boris.

NAME OF CONSIGNOR (Local farmer)		NAME OF PRODUCT (Leather, castor oil, rubber, cocoa, etc.)		NAME OF CONSIGNEE (Leech Harrison; Jean Schuback; etc.)	
	Balance as of transaction date (0)	(0) Balance as of transaction date	916,349 (1)	(2) 916,349	916,349 (3)
CONSIGNMENT		BORIS FRÈRES PARIS		P&L	
(1) 916,349	916,349 (2)	(3) 1,611,899			695,550 (3)
(0) To record goods received on consignment from farmer (1) To record operations contained in the agreement assigning goods on consignment (2) To record shipment of goods on consignment by steam vessel (3) To record sales notice by the consignee and record the right of receipt in the intercompany account held with the French headquarters					

FIGURE 5 – Accounting mechanism to record “on consignment” operations

Source: Casa Boris File – ACB ([1886]).

The use of the “Boris Frères Paris” account instead of “Cash” is justified because, in general, operations of consignment were conducted with members abroad and who collected the money was the headquarters in Paris. Therefore, the accounting adjustment occurred in the intercompany account of both companies, and absorbed during the shipment of the finished products by the French company to the Brazilian branch.

Accounting records relating to commissions paid to sales representatives who worked for Casa Boris were also used. Significant accounts used were: “Commission on Procurement and Transport by Land,” “Commission on Procurement and Transport by Sea,” “Commission on Dams,” “Commissions Ceará” and “Commissions Boris Freres Paris.” This subdivision is simple evidence that Casa Boris had an incipient system of Managerial Accounting, considering it maintained parallel controls to measure the result of several of its activities, even as a commercial enterprise. In the documentary collection of Casa Boris, we find recorded information about amounts paid to port

workers and expenses with loading and unloading services, detailing the type of work, recruitments, the type of vessel, working hours and wages paid to those recruited. There was also an off-book control by type of vessel that performed the transportation service by sea, with the respective “owner,” the amount paid in accordance with the cargo and trip performed; besides several control documents of loading and unloading of ships and warehouses, tax receipts, notes of receipts of goods from the upcountry, expenses control of labor of warehouses etc.

Among the facts relating to customers we should mention, we observed the collection of 2% interest for late payment of sales in installments, with debit from “Oriana & Brothers” account and credit to «del credere” account, amounting to \$ 34,650 reais. Furthermore, there is a fact recorded in the journal and general ledger in July 1880, as there was a credit entry in Cash related to the payment of a house provided in guarantee for the debt of the “João Cabral de Albuquerque” account, as payment for his debt, amounting to \$ 232,700 reais. The debited account was Real Estate, but we did not manage to observe the debt

write-off record (most certainly, the transaction must have been recorded at its net carrying amount). Regarding this fact, many marketers in Ceará, in their business dealings with Casa Boris, paid debts with cotton, carnauba wax, emu feathers, leather, rubber and jaborandi. According to Monteiro (2002, p. 220), to pay off their debts to Casa Boris, due to purchase of manufactured products, as they underwent financial hardship, they benefited from a very common mechanism for payment of debts accepted by Casa Boris, which consisted in the discharge of this liability through the delivery of raw materials or realizable goods. This type of payment, according to the author, was more usual as the Brazilian economy was more undercapitalized, to the point of the Commercial Code of 1850 providing for it in its article 354 that the bill of exchange could be paid in goods.

7.3 P&L accounts analyzed

For the closing of the accounting period, in order to highlight the changes in equity, Casa Boris used a transitory P&L account. This account was used to record the P&L computed in several accounts and was closed at the end of each period against a book entry in the Capital account. We detected that, during the period analyzed, there was no Cost of Goods Sold account, with gains and losses recorded on a net basis in the approach used for the calculation of P&L for the year. An example was the accounting for, in July 1880, of an exchange transaction in which the amount goods received exceeded the carrying amount of the exchanged goods. In this case, goodwill (profit) charged on the trading was credited to the "Profit or Loss" account, in the amount of \$ 24,800 reis, against a Cash debt. We should point out that, in this procedure, the Goods account would not evidence its recoverable amount, considering that entry recording were

made recording the difference (increased amount) obtained from the exchange of goods.

With respect to sales, accounts used to depict them were "Cash Sales," "Country Type" and "Interest and discounts." The matching entries of the "Finance Treasury" account were customers who acquired products in installments. The company charged a percentage of 2.5% on sales of goods in installments, as "del credere." Rebates granted were posted directly to "Profit or Loss." The "General Finance" account was related to changes in products already manufactured (usually imported from the French headquarters) and the "Miscellaneous" account included changes in goods in kind, such as barrels of beeswax, horsehair, annatto, leather, rubber, emu feathers, coffee etc. We observed that, in general, this account was recorded with 2nd formula entries (various debts and a credit) on behalf of personal accounts to which products were sold; we did not manage to identify whether the Casa Boris had some inventory system, as "General Finance" represented a number of items of goods sold by Casa Boris (perfumes, wine, butter, books, shoes, clothing, bedding and table, wigs etc.). However, since the collection of the company has specific books: "Goods" (1894-1897), p 500, and "Receipt of Goods from Upcountry" (1883-1884), p 200, and the maintenance of 105 boxes containing epistolary handwritten documentation that was not analyzed in this research, we have the impression of the existence of an incipient off-book inventory control, given that the performance in the large wholesale trade, both in the sale of imported manufactured goods and the purchase of raw materials for export, would demand that Casa Boris have a mechanism for effective inventory control and to be able to distinguish it from other competitors who had settled in the Province of Ceará and guaranteeing its survival for decades as indeed happened.

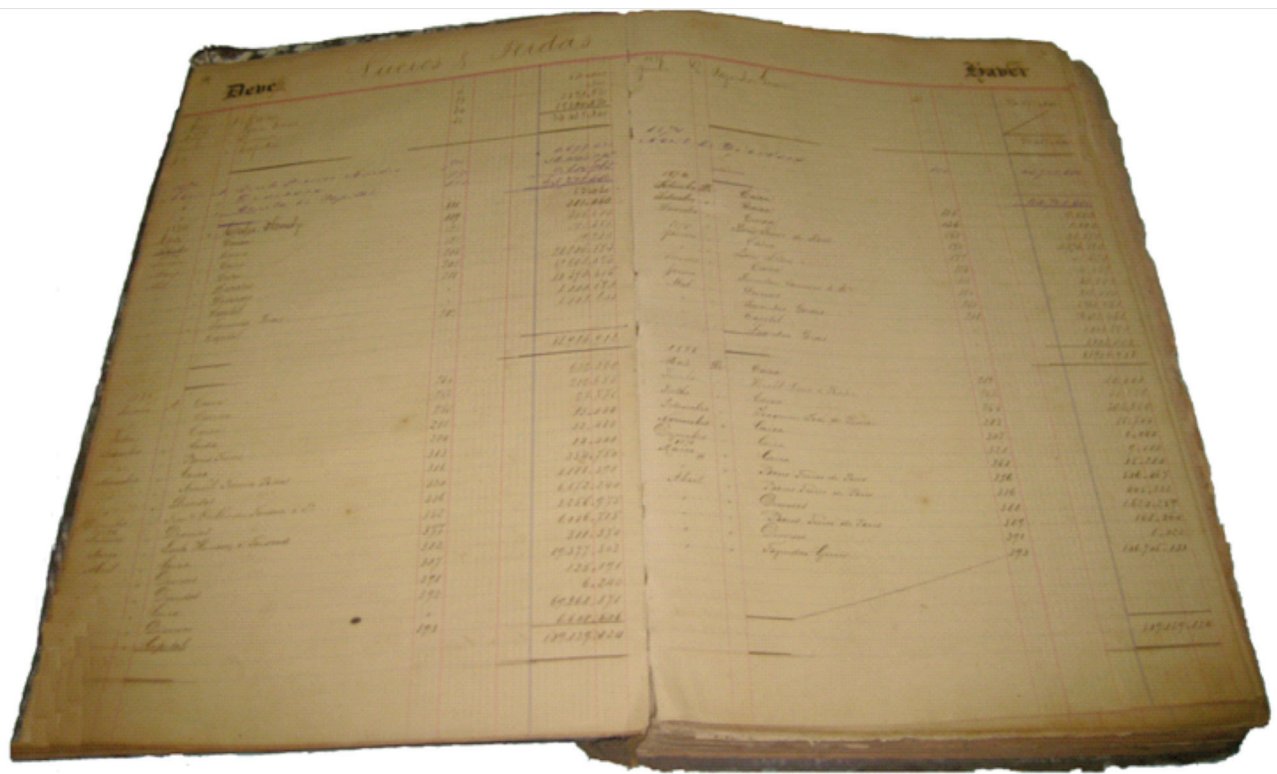


FIGURE 6 – Casa Boris ledger page (1878-1886)

Source: Casa Boris File – ACB ([1886]).

Another entry that drew our attention was an entry made in an account called “Reversal,” which, in January 1875, was debited against credit in the “Boris Frères de Paris” account, in the amount of \$ 238,842 reis. In April 1875, the same amount was credited against a debit in the “Profit or Loss” account. This is an interesting aspect to highlight, since, in accounting practice, registration of reversal corresponds to reverse postings, in which the account previously debited is credited, and the account previously credited is debited, not necessarily by the same original amount because reversal could be both total and partial. The postings were intended to reverse adjust misstatements and irregularities, given the precepts of the Brazilian Commercial Code, which required mandatory records in the accounting Journal and Letters File (Ledger, although essential for the preparation of balance sheets and essential for understanding the accounting entries, was considered a book for optional use). Examples of reversal records found in the Journal entries

were: a) wrong bookkeeping account of another customer (amount of \$ 726,340 reis debited from “Francisco Gaspar D’Oliveira” account and credited in the “Rodolpho Theophilo” account); b) refund of unduly tax rights in July 1880 (\$ 210,000 reis debited from “Cash” against credit in “Customs”), and May 1881 (\$ 220,000 reis debited from “Cash” and credited in “Customs”).

In January 1877, in the “Profit or Loss” account, events such the following were recorded: a) “money received that was deemed to be lost” (\$ 9,000 reis); b) “profit made on exchange transaction with customers” (\$ 59,310); c) “money exchanged with treasury and we had already debited this account” (\$ 20,200). In October 1880, there is a reversal of losses recorded by debiting “Cash” and crediting Profit or Loss. This entry was concerning a surety letter for the debt of the “Padre João Augusto Scaligero de Maravallho” account, which Casa Boris had already included in the “Allowance for Doubtful Accounts.”

7.4 Balances and inventories

Formally, the bookkeeping practice in Brazil originates in the public area, with the publication of the Charter of Prince Regent John VI, in 1808, which made official reference to records and accounting reports through the double-entry method by Royal Treasury.

In the private field, the first reference ever heard in Brazilian history date from enactment, the Emperor Peter II, in 1850, of the Brazilian Commercial Code, which regulated the accounting procedures to be followed by companies in recording accounting books (Law no. 556, of June 25, 1850, Art. 290).

With the establishment of this Code, a requirement that commercial companies account for their activities, prepare an annual statement of Balance Sheet, comprising its assets, rights and obligations (Art. 10) was regulated for the first time. The guidelines stipulated in this Article of the Code required the orderly, systematic and uniform bookkeeping of ledgers, aiming at the preparation of an annual Balance Sheet assets and liabilities of the venture, which should be signed and dated by the merchant (Art. 10, paragraph 4). Mandatory accounting books of trade were the Journal and Letter File (Art 11). In the first book, all economic events should be recorded with individualization and clarity to portray the trading operations and their consequences; in the second, the dealer was required to record all letters issued, with bills, invoices or instructions that accompanied them (Art 22.). Both books should be bound, numbered, sealed and initialed on all its pages by a member of the local Court of Commerce, and contain the opening and closing terms undersigned by the Secretary of the Court and signed by its president (Art. 13). These books should be bookkept in a commercial manner, in chronological order of day, month

and year, with no blank spaces, in between lines, blotting, erasures, or amendments (Art. 14), and the occurrence of any of these vices would nullify the specified book public faith (Art. 15).

Therefore, following the legal principles set forth in the Commercial Code (Art. 10), Casa Boris was required to annually prepare the Balance Sheet of its assets and liabilities, which should be signed by its owners and must comprise all real and personal properties, goods, money, credit papers and any other kind of assets, as well as all debts and obligations. The identification, regularity and ownership of the balances were held annually in April. A systematic identification of P&L was as follows: first "General Finance" was debited against "Profit or Loss," then "Capital" was credited against "Profit or Loss," then "Balance" was debited against credit in "Debtors" and, also, "Balance" was credited against debit in "Creditors." With these entries, the company complied with statutory provisions, as in subsequent entries, the company debited "Debtors," detailing all its debtors (assets) and credited "Balance." It also debited "Balance," and credited "Creditors," detailing all its creditors (liabilities). This, then, was the system used to calculate annual P&L of Casa Boris. As an example, it is shown in Chart 4, the identification of the Balance Sheet for the years 1880 and 1881.

We should point out that, in the case of liabilities, the Balance Sheet of Casa Boris, even though it was not segregated into current and noncurrent, followed the same system currently specified in the applicable corporate legislation, presenting the balance sheet accounts in order of increasing degree of enforceability of the elements contained therein. Starting by the corresponding creditors, sorted alphabetically, and the intercompany account maintained with the French headquarters (Liabilities), and then the disclosure of accounts affecting equity.

CHART 4 – Balance sheet of Casa Boris – in Reis

Assets	30/04/1881	30/04/1880	Liabilities	30/04/1881	30/04/1880
“General Finance”	475.627.140	81.642.370	Creditors*	204.226.321	160.697.353
Debtors*	448.275.677	423.648.045	Boris Frères Paris	616.248.758	380.488.335
Isaye Boris	1.615.040	-	Del credere	20.587.665	1.345.149
Achille Boris	843.500	-	Insurance	3.498.198	556.456
Personal properties	3.660.090	3.343.430	Exchange account	14.054.719	3.687.705
Slaves	-	765.720	Capital	139.873.980	99.611.320
Sundry	7.720.424	6.435.990			
Cotton	794.750	-			
Leather	22.671.790	20.626.018			
Rubber	-	582.700			
Emu feathers	913.900	142.500			
Coffee	7.331.342	4.358.052			
Cernamby	50.000	-			
Mangaba	100.000	-			
Real properties	232.700	-			
Ceará Railroad Company	5.000.000	1.000.000			
Cash	23.653.288	103.841.493			
Total	998.489.641	646.386.318	Total	998.489.641	646.386.318

* Generally, all creditors and debtors were individually detailed by name and in alphabetical order.

Source: Casa Boris File – ACB ([1882]).

As regards assets, the company followed a criterion and assets and rights were arranged in order of decreasing degree of realization of the elements contained therein. Based on the foregoing, first inventories were stated (“General Finance”), and consignees in debt, arranged alphabetically, followed by the revolving credit cash fund with the members. Then, it presented permanent assets (real and personal properties) and goods held on consignment and investments, ending with a Cash account, as it is good and marketable, i.e., it is already realized.

Among the accounts indicated in the Balance Sheet, there were some relating to transactions with other institutions, as was the case of “Ceará Reading Office,” “Ceará Club,” “Works Chain,” “Christal Palace,” “Reform Club” and “Railroad Baturibé.” We also observed the use of other accounts, such as the so-called “Seminar,” which recorded credit entries against “Cash” and “General Finance,” and “Public

Works” accounts from November 1881 to March 1885, and “Funeral Company” in 1881 and August 1882. Because of the customization of accounts receivable, all these accounts represent institutional customers, since the balance sheets at the time also presented “current accounts.” For example, in April 1881, there is a journal entry recording a debit to the account “Works Chain” and a credit to “General Finance” amounting to \$ 72,000 reis, which probably must have been made for the sale of manufactured imported products to that institution.

Another aspect to be shown is the existence of the “Ceará Railroad Company,” which corresponded to an investment in which the Company held interest. In the following books we show some events recorded in this account, emphasizing that this asset was acquired by brothers Adriano and Achille, for \$ 500,000 reis each, using it for the revolving cash fund to which they were entitled as members.

FERRO CARRIL (RAILROAD)	ADRIAN	ACHILLE
(0) 1,000,000	500,000 (0)	500,000 (0)
(1) 600,000,000		
(2) 400,000,000		
(3) 3,000,000,000		
(4) 300,000,000		
	CASH	INTEREST & DISCOUNTS
	(0) Balance as of transaction date	300,000 (4)
	600,000 (1)	
	400,000 (2)	
	3,000,000 (3)	

- (1) To record investment acquisition, using personal revolving cash fund of members Adrien and Achille
- (2) To increase interest in the investment, with payment in cash
- (3) To increase interest in the investment, with payment in cash
- (4) To increase interest in the investment, with payment in cash
- (5) To allocate financial gains on equity interest

FIGURE 7 – Accounting entry of investment in other entities

Source: Casa Boris File – ACB ([1882]), [1886]).

We should point out that we did not identify in the personal accounts of these two members any subsequent accounting adjustment to reimburse the amount originally invested by them. Especially because many of the personal expenses of the members were paid by the company

and vice-versa, and financial crosschecking could take place in countless manners. To get an idea of the operation of revolving cash fund, the following chart lists some typical accounting events recorded in these accounts along the normal operations of the company:

CHART 5 – Exemplification of transactions contained in the members' current accounts

Member name	Type of expense
Achille, Alfhonse and Adrian	They received payments in cash and in imported goods, necessary for personal use, such as slippers, books and curtains.
Achille, Alfhonse and Adrian	Debit in the "General Finance" account, and credit in the "General Expenses" account, amounting to \$ 62,440 reis, related to the delivery of goods for use in the brothers' house: French calico, brim, rings and three hammocks.
Achille, Adrian and Isaye	Sometimes, members in Brazil had records of purchases of goods in installments credited to "General Finance," with an offsetting a debt of a right to receive from Casa Boris against their names, as in the case of a record in April 1880 (Achille and Adrian) and another one in October 1880 (Isaye).
Adrian and Achille	It was customary to allocate members' expenses to "General Expenses," as occurred in April 1880, when personal expenditures for the financial year were accounted for, respectively, amounting to \$ 2,817,405 reis (Adrian) and \$ 1,463,670 reis (Achille).
Alfhonse, Adrian and Achille	Allocation of personal expenses incurred by the members for the financial year.
Isaye	Debit entry under "General Finance" for the purchase, in installments, of goods amounting to \$ 6,000 reis.
Adrian	Expenses with doctors, albums, apothecary, wallet with razor and tailor
Achille	Expenses with apothecary, tailor, uniforms, books, clock mending and sun hat.
Alfhonse	Expenses with apothecary

Source: Prepared by the authors.

In practice, events related to the owners were recorded in personal accounts with nominal quote from each of them. These accounts included the accounting entries of events relating to their business, professional and private activities, arising from events relating to their particular tastes and life styles. As examples, we may cite expenditure on the account of their hygiene habits and food consumption, as well as expenditures with clothing and furniture, office supplies and expenses with the servants.

Based on the foregoing, it is clear that the economic facts concerning private events of company owners were accounted for as expenses of the firm. Records cited show the lack of concern with obedience to the “entity” principle that determines that the worth of the company should not be confused with the heritage of their owners. This concept, widely applied nowadays as one of the generally accepted accounting principles, only formally came to exist in theory in the 1920s with the disclosure of the doctoral thesis of William Andrew Paton and the publication of his books entitled *Principles of Accounting* (1918) and *Accounting Theory* (1922). Perhaps that was the strategy found by the members to compensate members’ capital

(interest on equity), given that no accounting records were identified regarding statements of earning distribution or dividend payment for the period covered by the analyzed books.

Based on data collected from the books of Casa Boris, we detected that there was a “disguised” form of remittance of profits to parties abroad by crosschecking the headquarters against branch, the intercompany account (Boris Frères Paris), and we detected that the interest rate used was 6% on the Capital Account for allocation of minimum wage on the opportunity cost of capital invested in the business, equivalent to the current concept of interest on equity.

7.5 Other outstanding accounting facts

In addition to the abovementioned equity facts, Casa Boris accounting records show the use of various other accounts, such as Cash, Boris Frères Paris, Commissions Ceará, Overheads, F. Boris Ceará, Profit of Loss, Massa de Jacques Weil, Customs, del credere, Interest and Discounts, Property and Bills Discounted. Regarding economic facts portrayed in these accounts, we highlight some, as shown in the following chart:

CHART 6 – Evidence of some typical casa boris transactions

Date	Type Of Record
April 1880	Accounted for the appropriation of wages paid during the financial year to employees Seraphim Coelho de Souza Catunda, totaling \$ 660,000 reis (six months at \$ 30,000 reis and six months at \$ 80.00 reis); João Guilherme da Silva, totaling \$ 660,000 reis (as above); Argemiro Queixada, totaling \$ 400,000 reis (five months at \$ 80,000 reis); and José Fernandes Moura, totaling \$ 424,580 (his wage for the time he was in the house). All these entries were made with an offsetting debit in the “General Expenses” account.
June 1873	For the first time a fourth formula ³ book entry was recorded (debit of Sundry against credit of Sundry) totaling \$ 125,769,310 reis. This type of accounting entry, also known as “compound entry,” was created by Dutch Nicholas Petrie in 1588 (Jencks, 1954), but was not widely spread worldwide at the time, because the bookkeeper considered it difficult to understand. Its practical use highlights the technical advancement of Brazilian accounting of the time, and shows that the accounting records of Casa Boris were under the care of competent professionals who were worthy of complete trust of owners and managers.
March 1885	Use of the “Reserve” to record debit against credit of “Boris Frères” in the amount of \$ 7,200,000. In March 1886, there was a credit in that account, in contrast to a debit in “Balance” in the amount of \$ 7,200,000. Assuming Boris Frères refers to the French headquarter, this fact probably corresponds to the charging of commission for sales in Brazil. In this case, the debit entry against the “Balance” account [account of “closing” of the ledgers for identification of the balance] has an equivalent credit in the “Statement of Profit or Loss,” financial statement which is currently replaced by the “Statement of income for the year.”.
June 1873	Journal Entry of debit in the account “Capital,” with credit in the “Profit of Loss” in the amount of \$ 17,001,302 reis and “Balance” in \$ 52,887,958 reis, for a total amount of \$ 69,889,260 reis. This fact seems to correspond to capital reduction as a way to absorb some financial loss, given that the Capital was given the function currently attributed to equity, i.e., it functioned in accounting for the rights and duties of the members before the company. As of the same date, there was also an entry credited to “Capital,” debited against the “Exchange” account in the amount of \$ 4,072,111 reis and a carrying entry of \$ 65,817,749 reis. This second release seems to refer to the incorporation of foreign exchange differences to capital, derived or arising from foreign operations regarding sales made on consignment.

Source: Casa Boris File – ACB ([1878], [1886]).

With respect to foreign exchange transactions, we noticed that they stemmed from exports on consignment and were recorded upon collection by the French headquarters. We detected that the system of accounting for the effects of exchange differences as of the closing date of «Boris Frères Paris» was made a bit different from the current accounting standards, considering that exchange gains and losses were not recorded in the very balance sheet account as we usually do these days, but directly against the Capital account. The accounting adjustment

that took place a little later, at the monthly closing of the financial year of Casa Boris, using a provisional account called “Profit or Loss,” in which changes in assets and liabilities were recorded, for subsequent transfer of the closure and preparation of the Balance Sheet, with an offsetting entry in the Capital. The following books show the accounting procedures adopted in a journal entry of a P&L with operating exchange gain extracted in April 1881, from one of the Journals of Casa Boris.

JOÃO SCHUBACH & SONS		EXCHANGE		P&L	
(0) 764,807	764,807 (1)*	(0) Balance as of transaction date	(1) 4,836,818	(3) 4,836,818	4,836,818 (4)
BORIS FRÈRES PARIS		CAPITAL			
** (2) 9,196,828	Balance as of transaction date (0)	(4) 4,836,818	Balance as of transaction date (0)		
				4,072,111 (1)	4,836,918 +
				9,196,828 (2)**	

Regular accounting records of the exchange variation account for the monthly computation period:

- (0) Balance as of transaction date, not reported
- (1) To record exchange gains of franc vis-à-vis Brazilian currency (Thousands of reis) and write-off of sale on consignment
 - * The currency in the agreement for sale on consignment was the franc and the account was recorded in Brazil at nominal value
- (2) To record the right or receipt in the intercompany account held with the headquarters
 - ** The amount recorded in this book entry was \$ 9,196,828 thousand reis, which is equivalent to \$ 4,836,918 thousand reis in exchange gains and further \$ 4,359,910 thousand reis in other accounting allocations in the intercompany account for the month.

Subsequent accounting records with adjustments that should be made at each month end:

- (3) To be transferred for computation of P&L in the temporary account of changes in assets and liabilities, upon closing of the year at the end of the month.
- (4) To close the temporary account, at month end, with transfer of its amounts to Capital

FIGURE 8 – Accounting entry of exchange operation

Source: Casa Boris File - ACB [1886]).

Notice that the system of accounting records in “Profit or Loss” also included the recording of facts such as interest on late payment, discounts granted, gains or losses on assets and liabilities, as well as determining the net amount of income with goods and products sold.

7.6 Subsidiary activities

Casa Boris also accounted for operations it conducted as a commissionaire of other companies. In the insurance area, entries referring to the sales of policies recorded by debiting “Cash” and crediting “Insurance.” Upon rendering of accounts to Cie l’Etoile de la Men, for example, it debited from “Insurance” and credited the “Boris Frères Paris” intercompany account, considering that the headquarters in France would be responsible for paying the insurance company. In this accounting entry, amounts were put in the first column of the Journal in franc and the exchange was detailed as of the date of translation into the Brazilian currency (in this specific case,

246.30 francs at the exchange rate of \$ 465 reis, totaling \$ 114,529 reis).

In an event in which Casa Boris acted as a navigation agent, the boat Francis G. Daves, which carried goods sank and was broken in Periquara Beach, on the coast of Paracuru, Ceará. With that, the cargo needed to be urgently sold at the very incident site. According to Barroso (1973, p 29), this incident was the first documented case of a maritime accident in Ceará history and perhaps in Brazil. Therefore, it was incumbent upon the company to preserve the interests of the insurer it represented.

In this fact, occurred in 1878, the company used ledger account “Massa de Jacques Weil,” man of trust of the Boris brothers, who acted as agent of Casa Boris. Normally, in the process of maritime claims there were two representatives of Casa Boris, Jacques Weil and Ernesto Maeckert, French workers of trust who gave invaluable contribution to the Boris brothers, especially in the decisive phase of deployment and development of the company in Brazil. Persons of opposite tempers,

according to Barroso (1973, p. 27), the first one was responsible for replacing any one of the brothers as Casa Boris correspondent, whenever they needed to be absent from Fortaleza, whereas the second one played multiple tasks, especially in upstate province, whenever issues and cases of different natures needed to be solved on behalf of the firm.

This claims process lasted from September 15, 1878 to December 13, 1878. According to Barroso (1973, p. 30), goods were transported from the boat to the auction site (Paracuru Beach) in oxcarts that would bog in the sand, not so much by contingency of winds but by speculation of the carrier, interested in more expensive services, to benefit from the merits. The auction was conducted satisfactorily, with Jacques Weil as auctioneer. To Barroso (1973, p. 30), it was a pioneering event, and this maritime legal auction was the first official act of this nature in the Province of Ceará, which qualifies Jacques Weil as the first official auctioneer in the State.

As Casa Boris served as commissioned in this insurance transaction, there is no accounting entries related to this fact, as the loss does not refer to items of their heritage. All expenses arising under this liquidation process were paid directly by Jacques Weil, who at that time withdrew cash, against a debit in his personal account ("Mass of Jacques Weil"). Just as in the case of members, expenses with apothecary and payment and shopping for clothes to his servant, made in the financial year by Jaques Weil, were allocated to "General Expenses."

There were also banking operations recorded. In March 1886, the "Banco do Brasil" account was debited against credit in "Francisco Barrozo Valente" in the amount of \$ 10,000,000 reis. Then there was a credit in this account of \$ 10,000,000 reis against debit in "Cash" in the amount of \$ 3,997,170 reis and in "Balance" in the amount of \$ 6,002,930 reis. This record is associated with the fact that Casa Boris also acted as a trading house working as a bank, as it had capital and had established an extensive contact network supported by goods distribution, whether in the import or export

services (MONTEIRO, 2009, p. 262). Through its main member Theodore Boris, who, according to Monteiro (2009, p. 261), was a man that gathered dealer-exporter, dealer-importer and dealer-banker qualities, Casa Boris acted as the commercial agent of the Banco do Brasil, receiving a commission for transactions. Therefore, the credit in the Banco do Brasil account and debit in Francisco Barrozo Valente (\$ 10,000,000) relates to registration of financial brokerage. The second entry was necessary to mirror the release of money to the borrower (\$ 3,997,170 reis) and the commission allocation for the exercise of this activity (\$ 6,002,930 reis), in the balance account.

Apparently, on the date of loan repayment by the borrower (\$ 10,000,000 reis), Casa Boris would have a debit of \$ 10,000,000 reis in Cash, against the settlement of a right to receive \$ 3,997,170 from Banco do Brasil for the use of its name and brand as a financial broker. Noteworthy is the high interest rate charged to the customer, around 60% of the amount lent, very similar to those charged by current loan sharks, who offer easy and no-bureaucracy cash amounts, in exchange for charging interest rates higher than those charged by banks and financial institutions and making use of threat or extortion to get debt payments.

7.7 Permanent assets accounts

Regarding permanent assets of Casa Boris, there was the use of four accounts to show equity facts. The first is the "Personal Property" account, which was used for the accounting of tools, presses, furniture, machinery and equipment used in company operations. Then, there were the "Real Property" account, which, in July 1880, recorded for the first time, book entry as assets that were used for income, considering that, in December 1880, revenue from rental was recorded in this account in the amount of \$ 12,000 reis, relating to two months' rent, and in April 1881, rentals received by Casa Boris, for the business year, were recorded in the amount of \$ 24,000 reis. Thirdly, accounts with nature of investments, such as was the case of Ceará Railroad Company,

already mentioned in topic 7.4 (Balance sheet and inventories) of this paper. Finally, we have an account very atypical to the current accounting bookkeeping procedures, which was the account named “Slaves,” in September 1875.

It is interesting to notice that slavery in Brazil was regulated during the Empire, through a bill signed by Antonio Pedro de Carvalho, dated July 7, 1850, in Rio de Janeiro, whereby keeping black people, whether free or freed, and the colonization of Africans was prohibited, in replacement with the import of slaves. Abolition occurred on May 13, 1988, with Law No. 3353 (popularly known as Golden Law), which declared slavery abolished in Brazil.

According to Cosenza (1999, p. 135), slaves were recorded in the accounting books as capital investment (assets), recorded as “real properties,” as done with animals like cattle, bulls for breeding etc. According to this author, these slaves were marked with hot iron (also called a stamp) to register the ownership mark of these slaves. The marking of slaves, according to Carreira (1983, p. 138), was also an evidential sign of its legalization, as upon marking them, a fee was to be paid. In accounting of Casa Boris, this “Slaves” account has a number of records over time, as shown in books below.

SLAVES		BALANCE	
(1) 850,800	850,800 (2)	(2) 850,800	850,800 (3)
(3) 850,800	850,800 (4)	(4) 850,800	850,800 (5)
(5) 850,800	850,800 (6)	(6) 850,800	850,800 (7)
(7) 850,800	850,800 (8)	(8) 850,800	850,800 (9)
(9) 850,800	480,000 (11)	(12) 765,720	765,720 (13)
(10) 480,000	1,330,800 (12)		
(13) 765,720	765,720 (14)		

P&L		CASH	
(12) 85,080		(11) 480,000	850,800 (1)
(14) 765,720		(12) 480,000	480,000 (10)

- (1) To record, for accounting purposes, the acquisition of a female slave in September 1875, with payment in cash
- (2) To record, for accounting purposes, in April 1876, the closing inventory for preparation of the Annual Balance Sheets for the year
- (3) To record, for accounting purposes, in May 1876, the opening of an account for the beginning of a new annual period
- (4) To record, for accounting purposes, in April 1877, the closing inventory for preparation of the Annual Balance Sheets for the year
- (5) To record, for accounting purposes, in May 1877, the opening of an account for the beginning of a new annual period
- (6) To record, for accounting purposes, in April 1878, the closing inventory for preparation of the Annual Balance Sheets for the year
- (7) To record, for accounting purposes, in May 1878, the opening of an account for the beginning of a new annual period
- (8) To record, for accounting purposes, in April 1879, the closing inventory for preparation of the Annual Balance Sheets for the year
- (9) To record, for accounting purposes, in May 1879, the opening of an account for the beginning of a new annual period
- (10) To record, for accounting purposes, in August 1879, the acquisition of a “boy” slave, with payment in cash
- (11) To record, for accounting purposes, in December 1879, the sale of a “boy” slave, with payment in cash
- (12) To record, for accounting purposes, in April 1880, the closing inventory for preparation of the Annual Balance Sheets for the year, accounting for 10% depreciation of the female slave in P&L
- (13) To record, for accounting purposes, in May 1880, opening of an account for the beginning of a new annual period
- (14) To record, for accounting purposes, in April 1881, loss in P&L for the write-off of the female slave who was granted freedom

FIGURE 9 – Accounting entry in the slave account

Source: casa boris file - acb [1878]), [1882]), [1884]), [1886]).



It is worth mentioning that, by determining the Brazilian Commercial Code of 1850, Casa Boris was required to prepare and record in its Journal a summarized balance sheet of each financial year. In the years covered in this study, we found that the company was preparing a statement of its financial position, presented in the journal under the heading "Balance Sheet," but, in practice, it was a mere realization of accounting entries of financial years' "closing" of bills aimed to determine total assets and liabilities to be evidenced in the Journal. At the beginning of the new financial year, the previous accounting write-off record was reversed and amounts were duly reallocated to the book accounts. In other words, two accounting entries were recorded: a) debit from Balance against all creditor accounts (liabilities); b) credit from Balance against all debtor accounts (Assets). Accounts that had an effect on capital: del credere, Insurance, Exchange Rates, Fees, Interest, Discounts, "General Finance" stood out of this procedure because they had their balances matched against Profit or Loss. And finally, the "Capital" account would receive a positive or negative amount from Profit or Loss.

Therefore the "Slaves" account would be zeroed in April each year, and then reopened in the following May. Notably, there was initially a purchase of a fixed asset (a female slave) who was to work in the residence of the Boris, in Fortaleza. Then, systematically, from April 1876, this account was credited against a debit in "Balance" in the amount of \$ 850,800 reis. This fact was due to compliance with the legal provision requiring the annual preparation of the Statement of Balance Sheet, comprising assets, rights and obligations. Likewise, in May, there was a debit against "Balance" in the same previous amount of the entry in April, which was the accounting procedure used for setting up the assets of the new financial year and the same technique was systematically performed until April 1881.

In August 1879, "Cash" was credited due to the "purchase of a little slave from Luiz Felipe Cavalcante", for amount of \$ 480,000 reis. In December 1879, there was a debit in Cash in the amount of \$ 480,000 reis against credit in

that account. We then noticed a difference in bookkeeping between the Journal and the Ledger of Casa Boris, as this entry was due to the sale of "little slave" with profit. When analyzing it from the ledger, it is not possible to identify the profit resulting from the operation, as can be seen in previously shown books.

When looking, however, at the accounting entry in the Journal on the same date, we detected that the "little slave" was sold for \$ 500,000 reis, with 480,000 reis debited from the "Slaves" account and \$ 20,000 reis credit recorded as gain in "Profit or Loss." We also point out that the expenses with "our slave" were recorded under "General Expenses," as well as other expenses such as the rental of a boy, money of a cook, rental of house no. 37, rental of house no. 34, food, bottled gas, monthly wage to Mr. Marckert etc. It is also worth mentioning that the costs related to taxes on the slave were also computed in "General Expenses" against credit in "Cash," as was in February 1877, February 1878 and August 1879.

In April 1880, Casa Boris started to adopt the criterion to depreciate "Slaves" at a rate of 10% on the value of the account balance. Therefore, the "Profits or Loss" account was debited by \$ 85,080 reis and "Balance" by \$ 765,720 reis, which totaled the slave amount recorded at year end.

It seems, however, that Casa Boris accountant made another mistake in the ledger bookkeeping, as he mistakenly included, in the entry, book cost of the "little slave" that had already been sold in December 1879. The amount credited to the "Slaves" account in the transfer to the closing balance sheet was \$ 1,330,800 reis, which is equivalent to the total cost of both slaves, respectively, \$ 850,800 reis and \$ 480,000 reis. When he set up assets for the new financial year, in May 1880, the "Balance" account was credited only by the amount of the female slave, \$ 765,720 reis, which was debited against "Slaves," i.e., the error was adjusted.

Finally, in April 1881, the "Profit or Loss" account had a debit in the amount of \$ 765,720 reis, which was computed in the Journal history as losses on the granting of the letter of freedom to the female slave. We should point out that the

depreciation concept was also applied from April 1880, to the fixed assets, in this case “Personal Property,” which was “by expropriation estimated for this account,”⁴ amounting to \$ 371,490, amount which would be equivalent to 10% of the account balance.

8 CONCLUSION

Evidence collected in this study contributes to reveal the existence of an important business file preserved in Brazil, related to commercial activities in northeastern Brazil by a family company of French control in the period between 1872 and 1887.

The company in question, popularly known as Casa Boris, acted competitively in the wholesale business, by selling imported manufactured products and buying raw materials for export, in addition to providing banking, insurance and navigation services, holding a privileged position in the economy of Ceará for more than a century.

Regarding accounting issues, the research allowed us to know in detail the main characteristics of the “accounting” procedures adopted by Casa Boris, showing the effective role played by records and book accounts used in the management process of this company.

Among major issues detected in the analysis of the accounting books surveyed, we mention: (1) accounting system shaped to function as an instrument to support the management of business and management control, allowing the large volume of commercial transactions resulting from various economic activities operated by the company to be recorded and put in a system; (2) accounting practices organized under the influence of an individualistic accounting literature, which relied on an accounting model to a personalist approach of creditors and debtors in the form of description of the accounting records in the legal and subsidiary accounting books; (3)

use of accounting records with concepts not yet set forth in the Brazilian commercial legislation of the time, such as depreciation, exchange rate, allowance for doubtful accounts and interest on equity, among others.

In addition, the study allowed us to document and rescue a significant part of the history of accounting in Brazil and the economic history of Ceará, showing that accounting procedures adopted at that time, nowadays widely spread in the existing accounting literature, played a major role in the accounting of Brazilian trading houses in the period of transition from the empire to the republic.

Based on the analysis of the accounting system adopted by Casa Boris, we conclude that, despite the apparent simplicity of the accounting system used, accounting controls were used for monitoring business evolution and monitoring asset evolution, allowing us to state that: a) the bookkeeping system was focused on management control aimed at business decision making; b) the management control mechanism used allowed monitoring of business performance and measuring P&L of activities, in general and specific terms; c) there was no concern about meeting the entity principle, given the interest in the computation of personal expenses in the accounts of company members; d) accounting practices quite common nowadays were already used in order to assign the fair value of assets and liabilities (provision, depreciation and impairment).

The survey also showed a wide network of interorganizational relationships and cultural systems, revealing the influence of environmental demands on the accounting practices of the company and vice-versa, considering that the use of various financial institutional accounts (Ceará Reading Office, Ceará Club, Works Chain, Christal Palace, Reform Club, Funeral Company, Seminar, Public Works and Baturibé Railway) was detected, which evidence the influence of political, social and economic events on the

institutionalization of accounting habits and routines.

Although Casa Boris was organized in 1872, and this study was restricted only to the period between 1872 and 1887, this company existed and continued operating in Fortaleza, capital city of Ceará, until a few decades ago. Having been hit hard by the global crisis of 1929, however, the initial venture of Casa Boris was affected, forcing it to operate almost exclusively with navigation and insurance services, a fact that led to its ceasing to exist in 1984.

Since its foundation, Casa Boris saw primitive Province of Ceará in the Brazilian Empire become the state of Ceará, and hosted and witnessed major events in Brazilian history, in economic, political and social terms. On March 25, 1884, the then Province of Ceará anticipated the Brazilian Imperial Government, and declared the end of slavery, well before the enactment of the Golden Law, signed in 1888. In the accounting records of Casa Boris, we detected that a slave computed as a permanent asset of the company was written off and granted freedom in the financial year 1885.

Because Casa Boris maintained close relations with Ceará political elite, whether in economic or social terms, there are many episodes in Brazilian history which are indirectly portrayed in the books of Casa Boris, waiting for deeper historical audit, which would certainly help the understanding the geographical and economic environment of the Ceará state and the Brazilian nation. The reading of economic facts recorded in the accounting books of Casa Boris allows us to properly identify business transactions conducted by that company in its trade relationships during the period analyzed, with full transparency and correctly describing the coexistence of a provincial incipient trade with a sales network through the Atlantic to Europe.

As a suggestion for future research on the history of accounting in Brazil, we especially propose considering the influence of the French

culture on bookkeeping and accounting disclosure of companies during the Brazilian imperial period. We also recommend the development of future studies analyzing the Brazilian accounting history from the identification and analysis of the accounting documents of other trading houses installed in the Northeast, as in other regions of the country, considering that several French and English trading houses were installed in Brazil during the Monarchical Period.

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NOTAS

- 1 The spelling of members' names in the accounting books changed according to the criterion adopted by the accountant who recorded events. E.g.; Adrien was, at time, found in the accounting records as Adrian, at other times, Adriano; the same is true for Theodore, Alphonse, Achille and Isaye, whose names were translated into Portuguese, respectively Teodoro, Affonso, Aquille and Isaie.
- 2 In practice, goods, money and assets in general were overseen by their owners, who did not feel the need to keep regular accounts to record changes in equity.
- 3 Wording provided in the accounting record, in entry of the company journal.
- 4 Wording provided in the accounting record, in entry of the company journal.