

# Evolution of Cameral Accounting

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## ABSTRACT

Cameral accounting represents a specific accounting theory, developed for use by governmental organizations. Historically, it has strongly influenced governmental accounting in Continental European countries (particularly the German speaking countries) as well as the Nordic countries, including Finland and Norway. Furthermore, this particular accounting theory has much to offer researchers and practitioners currently involved in further developments of governmental accounting.

Cameral accounting is, however, known to a limited extent only beyond the German speaking countries. Therefore, the purpose of the article is to present the evolution of this particular accounting theory, making it possible to use cameral accounting thinking in further developments of governmental accounting around the world.

## 1. INTRODUCTION

Historically, cameral accounting has influenced governmental accounting in many countries, particularly in the German speaking countries (Austria, Germany and Switzerland; see Buschor, 1994), as well as in the Nordic countries, including Finland and Norway (Monsen and Näsi, 1996). In later years, however, we have witnessed an

international trend towards the introduction of commercial accrual accounting in governmental organizations (Lüder and Jones, 2003), including Finland (Näsi, 2003). Olson et al. (1998, p. 462) argue, however, that one should be careful with introducing corporate (accruals-based) accounting systems in public sector organizations. Several other scholars have also questioned the usefulness of business-like accounting techniques in these organizations (e.g., Bromwich and Lapsley, 1997; Falkman, 1997; Brorström, 1998; Guthrie, 1998; Robinson, 1998; Monsen, 2002). Others have carried out empirical studies in public sector organizations in which accrual accounting has been introduced (e.g., ter Bogt and van Helden, 2000; Pallot, 2001; Newberry and Pallot, 2004). Although the results of these studies vary, Paulson (2006, pp. 47-48) underlines that most of them lead to a questioning of the accrual accounting movement.

Given the fact that cameral accounting is known to a limited extent only beyond the German speaking countries, the purpose of the article is to present the evolution of this particular accounting theory. By so doing, cameral accounting - and not only corporate (accruals-based) accounting (i.e., commercial accrual accounting) - could be used as frameworks for further developments of governmental accounting.

## 2. HISTORICAL DEVELOPMENT OF CAMERAL ACCOUNTING

Walb (1926, p. 209) points out that the expression 'cameralistics' originates from *camara*, which is the term used for the covered wagons that the warriors used to pull after themselves with their war money. This expression was also used about a vault and about everything that had a roof with a vault above itself. Thus, in this connection the Latin word 'camara' denoted the place where the master stored his treasures, and the German expression 'Kammer' referred to the room where those persons who were responsible for administering the revenues used to assemble. For that reason, the expressions 'cameralistics' and 'cameral accounting' are closely linked both to money and revenue as well as their administration since the earliest times.

### *First phase: Simple cameral bookkeeping (ca. 1500-1750)*

According to Walb (1926, p. 211) the simple (single-entry) cameral bookkeeping method (administrative cameralistics) consists of showing balance sheet changes for money and moveable property and possibly also an overview of fixed property, as well as a grouping of the revenues and expenditures according to their sources. According to Wysocki (1965) one has presumably been satisfied with showing the money revenues and money expenditures in a daybook, where the revenues and expenditures were reported chronologically, without taking into account their different characters. According to Johns (1951) it was possible gradually to extend this chronological bookkeeping in the daybook to a systematic bookkeeping in the ledger. Attempts to introduce commercial accounting also in the public sector, however, failed (Wysocki, 1965, p. 13). In this connection, Walb (1926) points out:

"The introduction of commercial accounting in the total public sector was only an intermezzo. It had to fail, because one had not shown sufficient consideration for the special demands, which the public sector makes on an accounting system. One could not remove the disparities totally in the way that had been chosen; rather one had to develop the existing accounting system." (Walb, 1926, p. 215; translated from German)

### *Second phase: Introduction of current due accounting (ca. 1750-1810)*

The development of the governmental accounting system is according to Walb (1926) closely connected to the name of the Austrian court adviser Johann Mathias Puechberg, who in 1763 published a book entitled *Einleitung zu einem verbesserten Kameral-Rechnungsfuße, auf die Verwaltung einer Kameral-Herrschaft angewandt* ("Introduction to improved cameral bookkeeping applied by a cameral sovereignty"). In 1786 a similar approach was described by the German cameralist J. H. Jung. First, the chronologically kept daybook and the ledger with its material subdivisions were separated, as were "sums payable", "accounts rendered", and "arrears" or "rests" (nominal and actual accounts). The nominal accounts and rests outstanding recorded those future receipts to which one was entitled, and those future expenses which had already been allocated (Oettle, 1990). Second, within the systematic account (the ledger), one developed any typical form of the cameral ledger accounts, which later came to determine the cameral bookkeeping method (Wysocki, 1965).

The point of departure for the considerations in this phase was the attempt not only to include already realized revenues and expenditures (cash or "actuals" accounting), but also the future revenues and expenditures (current due accounting) (Wysocki, 1965). Walb (1926) explains:

"The current due accounting for the revenues and expenditures specifies the amounts to be paid for the respective purposes, unconcerned if the payment is to occur immediately or later, and the bookkeeping is carried out as soon as it is a fact that a revenue or an expenditure has come into being. Therefore, Puechberg has denoted the current due accounting as obligation, so that one speaks about revenue obligation and expenditure obligation. This obligation or current due is compared to the actual payment, so that the payment offsets the obligation. If the payment is not carried out yet, a rest comes into being. Any current due must gradually be offset by a corresponding payment. This is a basic rule that has made the cameralistics to become a very formal system, which one at all events has to follow." (Walb, 1926, p. 217; translated from German)

The ledger prepared in this way already contained important parts for the preparation of a balance sheet containing claims and obligations, as well as a profit and loss account (income statement) (Wysocki, 1965).

*Third phase: Further grouping of the cameral bookkeeping transactions (from ca. 1810)*

The further development of the cameralist's bookkeeping method took place in silence (Walb, 1926; Wysocki, 1965) and consisted first of all of a systematic grouping of the cameral ledger. In 1810 a decree was issued in Germany entitled *Unterricht zur Anweisung der Gefällserträge für die Staatsrechnungszentrale* ("A guidance for state accounting"), which explained how to separate performance result-affecting items from non-performance result-affecting items. Help of this grouping cleared the way for the preparation of a profit and loss account containing accrual accounting information.

*Fourth phase: Development of enterprise cameralistics (from ca. 1910)*

The fourth phase in the development of the cameralist's bookkeeping method is on the one hand characterized by a crisis: The decreasing interest in cameralistics as a mercantile theory of economics spread to the corresponding bookkeeping method (Johns, 1951; Wysocki, 1965). On the other hand, the demands of the new public enterprises, particularly the municipal enterprises, led to a series of reforms of cameral bookkeeping methods (Wysocki, 1965). In this phase, practitioners introduced cameral accounts which allowed them to calculate inventories for expense items, such as goods, stocks of semifinished and finished products and physical assets due to be written off. These were then used for creating profit and loss accounts and balance sheet accounts for public enterprises (Oettle, 1990), or in other words: to prepare accrual accounting information for these enterprises. This developed version of administrative cameralistics is referred to as enterprise cameralistics.

The attempts, however, to replace the cameralist's single-entry bookkeeping method with the merchant's double-entry bookkeeping

method (i.e., the bookkeeping method used within commercial accrual accounting), once more failed. Walb (1926) comments:

"It is instructive to ascertain that one here once more recommended the same way as one had recommended 150 years earlier and partly also followed, namely the introduction of commercial accounting, even though also this time one limited oneself to the public enterprises. Further, it is instructive to observe, that also this time this way turned out not to be the correct one. Where one had followed this way, one has partly left it again (Kieler Wertf) or considers it not to be too favourable (Bayerische Staatsverwaltung)." (Walb, 1926, p. 224; translated from German)

According to Walb (1926) it cannot one more time be a question about the introduction of commercial accounting for public enterprises. The reason for this is precisely to find in the situation that the public administration, viewed totally, makes demands on the accounting system that cannot be fulfilled in a good way by help of commercial accounting, because the latter accounting theory is developed to satisfy other demands than those found in the public sector. Moreover, the principal advantage of the cameral accounting theory is that a unified bookkeeping method simplifies the interchangeability of administrative personnel between public authorities and their enterprises as well as communication within the complexes of both, which one can think of as analogous to a group of companies (Oettle, 1990). Therefore, Walb (1926) draws the following conclusion:

"The latest development (of the cameral bookkeeping method) is therefore forced to follow the same way as the one followed after the first crisis, namely further development of the existing bookkeeping method." (Walb, 1926, p. 224; translated from German)

On this platform Ernst Walb (1926) worked out his basic theory about performance result accounting (i.e., accrual accounting information), where he liberated cameral accounting from misunderstandings that had arisen because it had developed without any standard or theoretical interpretation (Oettle, 1990). He also demonstrated that cameral accounting applied in companies (i.e., enterprise cameralistics) is based on the same essential system as the

commercial profit and loss account.

Commercial profit and loss accounts and enterprise cameralist accounts both measure performance based on economic efficiency in so far as they, in the first place, attempt to establish profit and loss principally as resulting from a company's production of goods and services and their distribution. Accounting for compliance with budget appropriations (public budget accounting or administrative cameralistics) in contrast is, like the merchant's single-entry bookkeeping (i.e., commercial single-entry bookkeeping) a method of accounting which relates to an enterprise's financial management (Oettle, 1990).

Other authors (especially Rudolf Johns, Ludwig Mühlhaupt, Karl Oettle and Klaus Wysocki) have later developed Walb's basic theory about performance result accounting, and important contributions also came from practice (see Oettle, 1990, p. 348; Wysocki, 1965, p. 15). However, Wysocki (1965) comments on the effort by Walb in the following way:

"It is the merit of Walb first to have proved, that by help of the bookkeeping method of classical cameral accounting it is possible to prepare a performance result and a balance sheet (enterprise cameralistics) corresponding to the ones that are prepared by help of the merchant's double-entry bookkeeping method, without using the latter method." (Wysocki, 1965, p. 15; translated from German)

When it is a matter of the application areas of cameral accounting, Wysocki (1965, p. 15) points out that it may be maintained that the cameralist's single-entry bookkeeping method is far better than the merchant's double-entry bookkeeping method with regard to adjusting to changes, because the latter method is based upon a very strict method for bookkeeping the transactions and for closing the accounts. It is therefore understandable that the shaping of cameral accounts is very manifold compared to the commercial accounts (Wysocki, 1965, p. 15). As Walb (1926) points out:

"If one wants to understand the practical cameral bookkeeping method of today, one has to give up the thought of a uniform application of this bookkeeping method." (Walb, 1926, p. 225; translated from German)

### 3. ADMINISTRATIVE CAMERALISTICS AND ENTERPRISE CAMERALISTICS

Today there exist two main groups of cameral accounting, namely administrative cameralistics and enterprise cameralistics (Monsen, 2002). *Administrative cameralistics* (see development phases 1 and 2 above) were developed for use by the core part of a governmental organization, which is primarily financed by tax revenues. The main objectives of this original and core version of cameral accounting are financial (money) management, budgetary control and payment control. In other words, administrative cameralistics should help to control that public (tax) revenues are managed (money management) within the boundaries of a politically adopted budget (budgetary control). Furthermore, there is a general rule in the governmental sector saying that no cash can be received or paid by an organizational unit without receiving a previous or simultaneous payment instruction from another organizational unit having this competence (payment control). The cameral account (see below) has been specifically designed to help carry out this important form of control.

Administrative cameralistics use a developed version of single-entry bookkeeping, which can be referred to as the *single-entry bookkeeping method of administrative cameralistics* (see Figure 1). While the merchant's single-entry bookkeeping forms the basis of cash accounts, showing immediate cash inflows and outflows (see e.g., Kosiol, 1967), the single-entry bookkeeping method of administrative cameralistics forms the basis of *financial accounts*, showing total revenues and expenditures (i.e., immediate cash inflows and outflows as well as later cash inflows (accounts receivable) and later cash outflows (liabilities)) (see Monsen, 2002, for further details).

Over time, an increasing number of governmental organizations established their own enterprises (e.g., electricity companies), which were more similar to business enterprises (being market financed) than to the core governmental organization (being budget financed). As a result, a developed version of cameral accounting was worked out, with the objective of providing the same type of information for the governmental enterprises as what was prepared when using the

merchant's double-entry bookkeeping method, namely accrual accounting information. In fact, this development started in phase three and was fully developed in phase four with the publication of Walb's theoretical discussion about performance result accounting for business and governmental enterprises (see above). *Enterprise cameralistics* is the term used when referring to this particular version of cameral accounting.

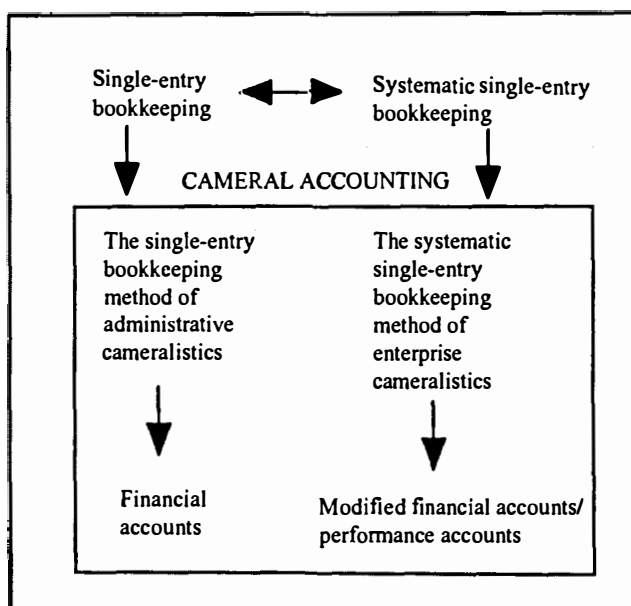
Enterprise cameralistics use a developed version of systematic single-entry bookkeeping, which can be referred to as the *systematic single-entry bookkeeping method of enterprise cameralistics* (see Figure 1). As distinct from the merchant's systematic single-entry bookkeeping, which allows the preparation of the performance result via the payment side only (see e.g., Kosiol, 1967), use of the systematic single-entry bookkeeping method of enterprise cameralistics allows the preparation of the performance result via both the payment side (as a part of an integrated balance sheet) and the activity side (profit and loss account). Hence, the performance result is reported in precisely the same two informative ways as it is reported when using the

merchant's double-entry bookkeeping method (see Monsen, 2002, for further details). The systematic single-entry bookkeeping method of enterprise cameralistics thus forms the basis of *modified financial accounts/performance accounts* (see Figure 1).

#### 4. THE CAMERAL ACCOUNT

Cameral accounting has developed a special account, which is used both in administrative cameralistics and enterprise cameralistics (see Table 1):

"In contrast with the two sides of the account within commercial accounting, the cameral account as a general rule is single-sided, i.e., it has either a revenue or an expenditure side. While the commercial account on each side (i.e., on the debit and credit sides) is single-sided, i.e., it has only one column, the cameral account consists in principle of four different columns (both on the revenue and expenditure sides)." (Mülhaupt, 1987, p. 95; translated from German)



**Figure 1** The cameralist's bookkeeping method

Table 1 The cameral account

Bookkeeping place	Revenues				Expenditures			
	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)

The concepts presented in Table 1 are previous English language translations of the German cameral accounting concepts (see Oettle, 1990; Monsen, 2001, 2002). The corresponding English language concepts of commercial accounting are given in brackets in the following text.

The column *Rests or residual dues brought forward* (RD) shows the amounts brought forward from previous periods. On the revenue side outstanding claims are shown (cp. accounts receivable), and on the expenditure side obligations are shown (cp. liabilities). The RD-column constitutes an opening balance sheet account, because outstanding amounts from the previous period here are brought forward as incoming amounts in this period. The column *Current dues* (CD) shows the new claims on the revenue side (cp. revenues) and the new obligations on the expenditure side (cp. expenditures). This column constitutes the activity side of the transactions and forms the basis for the preparation of an income statement, focusing on a financial result (revenues minus expenditures) within administrative cameralistics and a performance result (revenues earned minus expenses incurred) within enterprise cameralistics.

The column *Actuals* (A) has a double task. First, it is a settlement account for the rests brought forward (RD) and/or current dues (CD), by showing how much of the rests/current dues that have been realized. Second, when we study the column vertically, it shows the cash inflows on the revenue side (cp. immediate cash inflows) and cash outflows on the expenditure side (cp. immediate cash outflows). The A-column could also contain some non-cash transactions, but these amounts will be registered with the same amounts on the revenue and expenditure sides (see Monsen, 2002, for further details). Hence,

the net difference between A-revenues and A-expenditures reports the net change of cash.

The column *Rests or residual dues carried forward* (R) shows how much of the dues (i.e., RD+CD) have not been realized (A). Hence, this column constitutes an ending balance sheet account, where the amounts in this column (cp. accounts receivable and liabilities) are carried forward to the RD-column for the following period. The two columns *Actuals* (A) and *Rests or residual dues carried forward* (R) constitute the payment side of the transactions.

In order to fulfil the payment control objective of administrative cameralistics discussed above, the cameral bookkeeping method requires that a transaction in the *Actuals* (A) column (actual payment; i.e. immediate cash flows) cannot be undertaken without a simultaneous or previous transaction in the *Current dues* (CD) column (payment instruction). Within enterprise cameralistics, this bookkeeping rule must also always be followed, although the interpretation of the figures in the different columns (RD, CD, A and R) has been somewhat extended, implying, among other things, that the CD- and A-columns do not only contain payment instructions and actual payments, respectively (see Monsen, 2002, for further details). Moreover, the connection between the four different columns in the cameral account is reflected in the cameral basic balancing rule, which applies to both the revenue and expenditure sides (both within administrative cameralistics and enterprise cameralistics, respectively):

$$\begin{aligned} \text{Rests or residual dues carried forward} &= \\ \text{Rests or residual dues brought forward} &+ \\ \text{Current dues} &- \text{Actuals} \end{aligned}$$

$$R = RD + CD - A$$

This means that the transactions are reported horizontally on one side, i.e., either on the revenue side (fulfilling the balance equation for the revenues) or on the expenditure side (fulfilling the balance equation for the expenditures). This use of only one side of one account distinguishes the cameralist's single-entry bookkeeping method (the single-entry bookkeeping method of administrative cameralistics and the systematic single-entry bookkeeping method of enterprise cameralistics) sharply from the merchant's double-entry bookkeeping method, which always uses two sides of two different accounts (the debit side of one account and the credit side of another account).

In the Appendix to this article, the evolution of the cameralist's single-entry bookkeeping as it is carried out on the cameral account is illustrated by help of a numerical example. Further numerical examples with more detailed explanations may be found in the English article by Monsen (2002), in the German books by Walb (1926), Johns, (1951), Wysocki (1965) and Mülhaupt (1987), as well as in the Norwegian reports by Monsen (2003, 2006).

## 5. CONCLUSION

Cameral accounting was developed for use in governmental organizations as an alternative to commercial accounting. The reason for this was the fact that a governmental organization (e.g. a municipality) has other objectives than a commercial (business) enterprise, and therefore it would be advantageous to use an accounting model developed for satisfying the governmental objectives, instead of using commercial accounting, which has been developed for satisfying the performance control (profitability) objective of commercial enterprises.

The original form of cameral accounting is referred to as *administrative cameralistics*, and it is characterized by the following four main features: (1) money management, (2) budgetary control (3) payment control, and (4) non-comprehensive balance sheet (see also Monsen and Näsi, 1996). Regarding (1), the financial development directly appears from the cameral account (revenues and expenditures in the Current dues columns and cash inflows and outflows in the Actuals columns); hence the focus

is on a financial (money) result as opposed to a performance (profitability) result. Moreover, by using the cameral account also for the budget, it is possible to carry out budgetary control (2), focusing on comparing budgeted and real (accounting) revenues and expenditures (Current dues columns) and/or comparing budgeted and real cash inflows and outflows (Actuals columns). Regarding (3), the cameral account makes it possible to control that no money is received or paid without a previous instruction to do so, by comparing the Current dues (payment instructions) and Actuals (cash flows) columns. Within administrative cameralistics, only monetary claims and obligations for which payment instructions have been given, but are not yet paid, are reported on the balance sheet (Rest columns), implying that only a non-comprehensive balance sheet (4) is prepared.

Later, administrative cameralistics was developed to *enterprise cameralistics*, when an increasing number of municipalities created municipally owned enterprises, which more resembled commercial enterprises than the core municipal administration. Enterprise cameralistics was developed in order to make it possible to prepare a performance result (CD-revenues (i.e., revenues earned) minus CD-expenditures (i.e., expenses incurred)), and related balance sheet information (RD- and R-columns (i.e., assets, liabilities and equity)) based upon the congruence principle; or in other words: to present accrual accounting information, similar to what is presented when using the merchant's double-entry bookkeeping method, which is used within commercial accrual accounting. At the same time, however, the money focus of administrative cameralistics (A-revenues (i.e., cash inflows) and A-expenditures (i.e., cash outflows)) was kept, implying that accrual accounting information of enterprise cameralistics was added to the money focus of administrative cameralistics.

In the introduction to this article, it was pointed out that we in recent years have witnessed an international trend towards the introduction of commercial accrual accounting in governmental organizations. Furthermore, it was also pointed out that several scholars have questioned this accrual accounting movement. Given this situation, further developments of governmental accounting should not consider commercial accrual accounting as the only alternative.

Cameral accounting should also be considered. In particular, administrative cameralistics, aiming at fulfilling the objectives of financial (money) management, budgetary control and payment control, should be considered for use in the core part of a governmental organization. Moreover, if one also wants to report accrual accounting information (for governmental enterprises), enterprise cameralistics could be added to administrative cameralistics.

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**APPENDIX**

An organization has a cash deposit of 100 at the beginning of the period. The same day a car is purchased for 80, which is paid cash after a

payment instruction has been given. The car has an expected life-time of 10 years. In the following, the bookkeeping in accordance with the four development phases of cameral accounting will be illustrated.

**First phase: Simple cameral bookkeeping (ca. 1500-1750)**

	Revenues	Expenditures
	Actuals (A)	Actuals (A)
Investment expenditures (cash)		80
Total		80

**Financial result (A-columns):**

Revenues (cash inflows)	0
Expenditures (cash outflows)	<u>-80</u>
Net change in cash (Net A-difference)	<u>-80</u>

**Second phase: Introduction of current due accounting (ca. 1750-1810)**

	Revenues				Expenditures			
	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)
Investment expenditures (cash)					0	80	80	0
Total					0	80	80	0

**Financial result (A-columns):**

Revenues (cash inflows)	0
Expenditures (cash outflows)	<u>-80</u>
Net change in cash (Net A-difference)	<u>-80</u>

**Financial result (CD-columns):**

Revenues (revenues)	0
Expenditures (expenditures)	<u>-80</u>
Revenues minus expenditures (Net CD-difference)	<u>-80</u>

	Opening balance (RD)		Ending balance (R)
Accounts receivable (revenue rests)	0		0
Payment obligations (expenditure rests)	0	(0+80-80)	0

## Third phase: Further grouping of the cameral bookkeeping transactions (from ca. 1810)

	Revenues				Expenditures			
	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)
Cash account (opening balance)	100			100				
Equity (opening balance)					100			100
Investment expenditures						80	80	0
Capitalization		80		80				
Depreciation						8	8	0
Reduction of capitalized value with the depreciation			8	-8				
Cash reduction			80	-80				
Performance result (loss)		8		8				
Total	100	88	88	100	100	88	88	100

## Financial result (A-columns):

Revenues:	cash inflows	0	
	“artificial” cash inflows	<u>8</u>	
	Total cash inflows	<u>8</u>	8
Expenditures:	cash outflows	80	
	“artificial” cash outflows	<u>8</u>	
	Total cash outflows	<u>88</u>	<u>-88</u>
Net change of cash (Net A-difference)			<u>-80</u>

## Performance result (CD-columns):

Revenues:	capitalization	80	
	revenues earned	<u>0</u>	
	Total revenues	<u>80</u>	80
Expenditures:	investment expenditures	80	
	expenses incurred (depreciation)	<u>8</u>	
	Total expenditures	<u>88</u>	<u>-88</u>
Loss (Net CD-difference)			<u>-8</u>

	Opening balance (RD)	Ending balance (R)
Cash deposit	100	(100-80) 20
Car	0	(80-8) 72
Performance result (loss)	<u>0</u>	<u>8</u>
	<u>100</u>	<u>100</u>
Equity (opening balance)	<u>100</u>	(100) <u>100</u>
	<u>100</u>	<u>100</u>

## Fourth phase: Development of enterprise cameralistics (from ca. 1910)

	Revenues			Expenditures				
	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)
<b>Section I Performance result-effective transactions</b>								
<i>Expenses incurred</i>								
Depreciation						8		
Reverse entry to Section II (noncash)							8	
<i>Revenues earned</i>								
<b>Total Section I</b>	0	0	0	0	0	8	8	0
<b>Section II Assets</b>								
<i>Car</i>								
Opening balance	0							
Increase: Expenditure (cash)						80	80	
Revenue entry (capitalization)		80						
Decrease: Reverse entry to Section I (noncash)			8					
Ending balance				72				
<b>Total Section II</b>	0	80	8	72	0	80	80	0

	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)
	<b>Section III Accounts receivable, liabilities and equity</b>							
<i>Debtors</i>								
<i>Creditor</i>								
<i>Loans received</i>								
<i>Equity</i>								
Opening balance					100			
Increase: New equity received		0	0					
Reverse entry						0		
Ending balance								100
<b>Total Section III</b>	0	0	0	0	100	0	0	100
<b>Section IV Closing</b>								
<b>Total Sections I-III</b>	0	80	8	72	100	88	88	100
<i>Cash deposit:</i>								
Opening balance	100							
Cash reduction (A-difference)			80					
Ending balance				20				
Performance result (loss) (CD-difference)		8		8				
<b>Total Sections I-IV</b>	100	88	88	100	100	88	88	100

**Performance result (CD-columns in Section I):**

Revenues (revenues earned)	0
Expenditures (expenses incurred)	<u>-8</u>
Loss (Net CD-difference)	<u>-8</u>

**Performance result (CD-columns in Sections I-III):**

Revenues (0+80+0)	80
Expenditures (8+80+0)	<u>-88</u>
Loss (Net CD-difference)	<u>-8</u>

**Financial result (A-columns in Sections I-III):**

Revenues (0+8+0)	8
Expenditures (8+80+0)	<u>-88</u>
Net change of cash (Net A-difference)	<u>-80</u>

	Initial balance (RD)	Ending balance (R)	
<i>Assets</i>			
Cash deposit	100	(100-80)	20
Car	0	(0+80-8)	72
Performance result (loss)	<u>0</u>		<u>8</u>
Total	<u>100</u>		<u>100</u>
<i>Liability and equity</i>			
Equity (opening balance)	<u>100</u>	(100)	<u>100</u>
Total	<u>100</u>		<u>100</u>