Scottish chartered accountants: internal and external political relationships, 1853-1916

Ken Shackleton
Department of Accounting and Finance, University of Glasgow, Scotland

Introduction

This article explores the internal and external political relationships which existed between the three societies of Chartered Accountants in Scotland during the period 1853 to 1916. The period covers the formation of the first chartered society, the Society of Accountants in Edinburgh (SAE) in 1853[1], to the creation of the Joint Committee of Councils of the three Scottish chartered societies in 1915.

Thus, the article addresses directly a number of issues raised by Fleischman (1990), in his review of work cited in this article. Fleischman noted a shortage of information about the SAE’s social and political activities and speculated that the minutes may have been “underutilized”. He called also for information relating to the SAE’s contribution to the evolution of professional accounting in Scotland (Fleischman, 1990, p. 147). Walker’s (1988) research was essentially...
about recruitment to a profession. Political issues and relationships were outside the remit of the work and therefore require separate investigation.

This research reports on the political and administrative context of the times by reference to the considerations of, advice to, and decisions made by the Lord Advocate, the Secretary of State for Scotland and the Committee of the Privy Council on matters relating to the Scottish chartered societies. These details were gained from perusal of official papers retained in the Scottish Record Office in Edinburgh and the Public Record Office in London, much of which has not been reported previously.

Members of the three Scottish societies assumed the nomenclature of chartered accountant and the designatory letters C.A., which they defended vigorously on a number of occasions against rival nascent accountancy bodies during the late nineteenth century. The conventional view has been that, during this period, the three societies were united and co-operated when responding to all external threats and pressures (Kedslie, 1990a, p. 222; Walker, 1991, p. 274). However, other accounting groups, and contributors to contemporary journals, argued that the societies were not only independent but also antagonistic to one another (Scottish Institute of Accountants, 1885; The Accountant, 1885a, 1885b). Consideration of a number of primary records reveals that there were in fact significant underlying tensions within the tripartite relationship and in the association with the political and administrative establishment in Scotland.

The political relationships between the Edinburgh, Glasgow and Aberdeen societies began to undergo subtle shifts at the turn of the century, although legacies from these earlier relationships were to have implications for the development of accounting institutions in Scotland in subsequent years and perhaps still influence attitudes to merger proposals in modern times. This article attempts to explain why the Scottish societies were able to obtain individual charters in the 1850s, whereas the position in England resulted in the successful application for a national charter in 1880. Thereafter, consideration is given to a number of attempts to form a national society in Scotland which repeatedly were frustrated by the behaviour and decisions of the Edinburgh Society, despite promptings from the Privy Council and the Secretary of State for Scotland. The article reviews the efforts of the Scottish chartered societies to open up membership ranks in response to criticism from politicians, advised by their own Civil Servants, and also examines the campaign to establish appropriate and acceptable federal institutions in the form of the General Examining Board in 1893 and the Joint Committee of Councils in 1915.

Research methodology
The records of the Scottish societies are unusual among world accounting societies owing to the organizational structures adopted during the nineteenth century, in that they provide high level validation through triangulation. This process normally is understood as "... the combination of methodologies in the study of the same phenomenon" (Denzin, 1978, p. 291). In this study, the methodology was to identify multiple viewpoints in order to obtain greater
accuracy (Jick, 1979). Consequently, cross-validation is provided by comparing and contrasting, on a chronological scale, the official records of the three Scottish chartered societies. Thus, it is possible to observe the official recording of matters which are brought to the attention of each Council and to note the various strands of argument on contentious issues.

At least one of the societies adopted a highly selective recording of its deliberations and decisions during this period, which would have rendered a one-dimensional view of events, had the other two societies not recorded a more precise record of matters under consideration. Therefore, it can be claimed that a comprehensive and correlated examination of the Scottish societies' records avoids the major limitations discussed by Previts et al. (1990a, 1990b) that, in institutional research, there is a problem because of:

...the potential for the "selective survival" of archival sources that are incomplete or biased representations of original records.

The initial sources employed in this research began with an examination of the primary records of The Institute of Accountants and Actuaries in Glasgow (IAAG). Having access to these records did not resolve completely all issues. While it was possible to clarify the reasoning behind many decisions taken by the IAAG, it was obvious that this Society existed in a political and triangular relationship on many matters of common interest with the SAE and The Society of Accountants in Aberdeen (SA A). Consequently, the research widened progressively to encompass the records and minute books of the SAE, the SA A and the early records of the Joint Committee of Councils. On a number of other matters, additional primary records were located and consulted. These primary records were the papers of the Lord Advocate, the Secretary of State for Scotland and the Committee of the Privy Council during the period 1867 to 1910. By integrating these records into the chronological scale, it is possible to observe the manner and timing in which each of the societies responded to the political and administrative environment in which it operated. It is conceivable that many of the attitudes and convictions adopted during the latter half of the nineteenth century played an important part in the subsequent development of accounting institutions in Scotland. These in turn may have reinforced beliefs of professional exclusiveness (Hastings and Hinings, 1970) and national independence far beyond the numerical strength of the societies, either separately or jointly. In 1969 and 1989 Scottish accountants were to vote to maintain their independent status when given the opportunity to unite with other UK bodies in different organizational forms.

**Political relationships**

In the literature on the sociology of the professions, there appear to be a number of contrasting viewpoints which attempt to describe the reasons for the formation of professional associations and the attempts these societies make to secure and maintain control of their environments. Factors which require to be examined normally encompass the economic, political, social and intellectual
spheres (Allen, 1991). For many years the functionalist school (Carr-Saunders and Wilson, 1933) considered that professions could be identified by their exhibition of certain attributes, e.g. specialist knowledge, independence and self-discipline, which were necessary for practice of the service (Barber, 1963; Goode, 1960). Thus, there was an assumption that, within a self-regulatory framework, society granted social and economic privileges to professional groups on the basis that these groups operated with ethical and non-exploitative standards of behaviour and knowledge and had formal training and examination requirements for entrance. However, as Saks (1983, p. 2) stated:

It was increasingly clear that this perspective was obscuring the social and historical conditions under which occupational groups became professions – including the power struggles involved in the process of professionalization.

An alternative, more critical perspective, employs the work of Weber (1968) to explain professional activity and power. Allen (1991, p. 52) argues that for these theorists “...profession, and the manner in which it is negotiated, created and sustained...” becomes the problem to investigate. Professions, as interest groups, strive to convince others of the legitimacy of their claim to professional recognition. Consequently, the association acts as an organizational instrument for defining and securing a “respectable” and “valued” social identity. Nevertheless, the presence of competing coalition groupings within professional associations should be recognized. The professional society, being subject to these sectional and competing interests, may have difficulty in portraying itself as conducting its affairs in a unitary manner. These societies are not homogeneous bodies. Willmott (1986, p. 556) observed that:

...professional associations are primarily, but not exclusively, political bodies whose purpose is to define, organise, secure and advance the interests of their (most vocal and influential) members.

However, it is necessary to stress that the professional organization is constrained in policy and decision making by its own membership, within the terms of its constitution. Within the SÆE and SAA, major constitutional changes required a two-thirds majority, while the IAAG threshold for change was three-quarters. Harmonization of constitutional reform was made even more difficult for the Scottish chartered accountants by the necessity to consult, debate and resolve issues between the societies. This article concentrates on the political relationships which existed between the three “local” societies from their formation to the penultimate step towards eventual amalgamation in 1951 – the formation of the Joint Committee of Councils in 1915 – and also makes observations on the relationship with organs of the State such as the Lord Advocate and the Secretary of State for Scotland.

The rise of the Scottish chartered societies

There has always been some dispute on the reasons for the formation of Scottish societies during the middle nineteenth century. Brown (1905) saw formation being concerned with differences between Scottish and English law
and this interpretation has been accepted subsequently by a number of writers (Carr-Saunders and Wilson, 1933; ICAS, 1954). Stewart (1977, p. 8) was unable to trace any specific reason for the formation of the societies and considered the development to be entirely spontaneous. Macdonald (1984) argued that reasons for the formations in Edinburgh and Glasgow were different. He asserted that the Edinburgh formation was motivated by a desire to place the accountants on parity with the legal profession. This view was disputed by Briston and Kedslie (1986) who contended that the motivation was purely economic and was brought about by a Bill on Bankruptcy in 1853. Subsequent research by Walker (1993) confirms that, while bankruptcy legislation was of paramount importance to contemporary Scottish accountants, the Bill quoted by Kedslie (1990) was not the principal cause of organization and that the provisions would have had only a marginal economic consequence. Walker contends that the main threat was seen to be proposals which would have "... posed a massive... threat to the whole insolvency practice of Scottish accountants". The proposal to which he refers was the Bankruptcy and Insolvency (Scotland) Bill, 1853, which had its roots in the free trade debate of that time and pressure exerted by London merchants for the harmonization of commercial law between England and Scotland.

The three Scottish chartered societies were formed and obtained their charters between 1853 and 1867. At the time of their application for charters their membership numbers were as shown in Table 1.

From the earliest days, the SAE assumed leadership of the profession in Scotland, acting out its role as the senior society based in the capital city. It is interesting to note that the official history of ICAS described the first 50 years of the societies as having various periods when tranquillity reigned and attendance (at meetings) was small. It was recorded that "... there was a measure of joint consultation among the Societies on matters of common interest" (ICAS, 1954, p. 34). Furthermore, it was stated that there was some consideration given to federation or amalgamation of the three societies during the nineteenth century, but that "... this feeling, far-sighted though it may have been, could not be said to have been a majority view in those days" (ICAS, 1954, p. 35).

Towards the end of the nineteenth century some concern was expressed that the accountancy profession in Scotland was overstocked, generating an editorial in The Accountants Magazine which questioned whether there was sufficient professional work for the new entrants to the societies' membership (The Accountants Magazine, 1898). However, the structure of professional work

<table>
<thead>
<tr>
<th>Society</th>
<th>Formed</th>
<th>Charter granted</th>
<th>Members</th>
</tr>
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<tbody>
<tr>
<td>Edinburgh</td>
<td>1853</td>
<td>1854</td>
<td>61</td>
</tr>
<tr>
<td>Glasgow</td>
<td>1853</td>
<td>1855</td>
<td>49</td>
</tr>
<tr>
<td>Aberdeen</td>
<td>1866</td>
<td>1867</td>
<td>12</td>
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in accounting practices had begun to change. Towards the end of the nineteenth century, accounting practices began to become more involved in corporate auditing. Accordingly, during the last 20 years of the nineteenth century the societies' memberships grew significantly. The Companies Act, 1900 required all registered companies to conduct an audit, although there was no specification that the auditor should be a professionally qualified accountant and further audit work became available from banks, railway companies, Scottish burghs and councils (Kedslie, 1990b, Ch. VI).

In addition to specific expansions in accountancy practices, the growth and distribution of the societies' memberships also reflected the different economic structures in Scotland during the latter part of the nineteenth and early twentieth centuries. The city of Glasgow became the centre of an area of heavy manufacturing industry, with a strong emphasis on shipbuilding and engineering in addition to being a major commercial and trading centre (Daiches, 1977; Massie, 1989). Particular industries "... increased their outputs in a spectacular fashion in the period 1870-1914... " and Scottish engineering gained a worldwide reputation. The west of Scotland "... derived great prosperity before 1920 from its very dependence on the production of capital goods". Steel production increased to 964,000 tons in 1900 from 241,000 tons achieved in 1885, while the proportion of the total shipbuilding output reached 35 per cent of the total UK output by 1902 (Lythe and Butt, 1975, pp. 202-23). The Scottish economy during this period operated as a dual economy with the major growth emanating in the West (Slaven, 1975). Edinburgh, by contrast was not a major manufacturing centre and did not benefit to the same extent. Between 1851 and 1911 there was a significant shift in the proportions of the population resident in the major cities in Scotland. The Edinburgh population doubled during this period, although there was only a small increase in the proportion from 6.7 per cent to 8.4 per cent. In Glasgow, by contrast, the population almost tripled and the proportion increased from 11.9 per cent to 21 per cent (see Table II). Thus the increase in the number of Glasgow chartered accountants reflected local industrial, commercial and demographic transformations. Membership of the IAAG expanded at an annual rate of 10 per cent during the first five years of the

<table>
<thead>
<tr>
<th>Year</th>
<th>Aberdeen (thousands)</th>
<th>Edinburgh and Leith (thousands)</th>
<th>Glasgow (thousands)</th>
<th>Total (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1851</td>
<td>72 (2.5)</td>
<td>194 (6.7)</td>
<td>345 (11.9)</td>
<td>2,889</td>
</tr>
<tr>
<td>1881</td>
<td>105 (2.8)</td>
<td>295 (7.9)</td>
<td>587 (15.7)</td>
<td>3,736</td>
</tr>
<tr>
<td>1911</td>
<td>164 (3.4)</td>
<td>401 (8.4)</td>
<td>1,000 (21.0)</td>
<td>4,761</td>
</tr>
</tbody>
</table>

Table II. Population of the principal towns (thousands) 1851-1911

Note: Percentage of total population in parentheses
twentieth century, (i.e. twice the rate of the Edinburgh increase), becoming the numerically larger society in 1902. While the outbreak of the First World War had a deleterious effect on membership numbers, by the time of formation of the Joint Committee of Councils in 1915, the membership numbers of the Scottish societies of chartered accountants showed that the IAAG was 40 per cent larger in membership than the SAE. The constitutional affairs of the societies were determined by the local members. Members who practised in English cities were not able to play any significant part in the deliberations of their society and enlargement of Council constituency was a twentieth century development.

Although the SAE played a leading role in the affairs of the Scottish societies throughout the period being reviewed, it is clear that the IAAG began to exert a major influence on Scottish professional affairs, no doubt influenced by its increasing numerical dominance. It remains for later research to demonstrate that the IAAG was able to develop as the dominant political influence, until the amalgamation (as The Institute of Chartered Accountants of Scotland) of the three Scottish societies in 1951.

**The Scottish royal charters**

The formation of the three chartered societies, in whole or in part, has been well documented (Brown, 1905; ICA S, 1954; Kedslie, 1990b; Stewart, 1977; Walker, 1988). Although it is often noted that the SAE was the senior grouping and held the oldest royal charter, the fact that the SAE charter was obtained in a manner which was ultra vires its own constitution has always been overlooked. It may be that the outline provided by Brown is responsible for this oversight. In his description of the process whereby the SAE obtained its charter, Brown is very specific on the dates of early meetings and yet he states that: “In May 1854 the Council approved of a draft Petition... and at a General Meeting... held on 30 May 1854 this Petition was adopted…” (Brown, 1905, p. 207)[2]. Referring back to the primary record, it transpires that the Council meeting to consider the draft petition (prepared by John C. Brodie, W.S.)[3] was held on 29 May and it was recorded that Mr. Brodie was travelling to London on other business and “…would have the opportunity, if desired by Council, of forwarding the object in view” (SAE, 1854a). The Council, having approved the petition, and anxious to avail themselves of Mr Brodie's offer, called a Special General Meeting to be held the next day. While the underlying reason for calling the meeting can be understood, it has to be recognized that this meeting was in fact unconstitutional. Clause 12 of the original and prevailing Constitution and Rules required ten days’ notice for the calling of a Special General Meeting (SAE, 1854b) and there was no time-waiver clause in the Constitution.

Before the SAE petition was prepared, the IAAG had called a Council meeting for the 17 May 1854 to consider an application for a royal charter. This was cancelled because the meeting was not quorate (IAAG, 1854a). Thus, when the IAAG meeting to proceed with an application was held in July 1854, the SAE Petition was already in process with the Privy Council. There is no record of any apprehension about the IAAG intentions in the SAE records, yet there
must have been some concern because the IAAG minutes record that the SAE president had written to suggest that “... it would be better to delay the presentation of the Glasgow Petition until the outcome of the Edinburgh Petition was known”. Despite this plea by the SAE for a clear run, the IAAG Council resolved “... to take immediately the requisite measures for making an application” (IAAG, 1854b).

The SAA application to the Privy Council was made in 1867. Following normal consultation the Lord Advocate proposed that a supplementary charter be granted to the SAE. The purpose of this supplementary charter was to provide the SAE with powers to grant diplomas to accountants in the various provincial towns of Scotland. It soon became clear that the Lord Advocate was not aware that a charter was held by the IAAG and, when he was apprised of its existence, declared that it would be necessary to widen the consultation process (SAE, 1867). However, there is no record of any formal discussion being held between the Lord Advocate and the IAAG nor any subsequent communication with the SAE. Kedslie (1990a, p. 76) speculates that:

One can imagine the reaction that such an act would have had in the city of Aberdeen which almost certainly was not considered by its inhabitants to be a provincial town and whose accountants would have been appalled at an attempt to make them inferior members of the Edinburgh Society.

An alternative interpretation is that the Lord Advocate was attempting to establish the SAE as the national accounting body but that, ultimately, he had appreciated that the existence of the Glasgow charter constrained his ability to achieve such a logical objective. There is no evidence to suggest that the Lord Advocate consulted either the IAAG or the putative SAA on this matter. Such evidence as does exist records (in the Aberdeen charter) that the Lord Advocate’s views had been sought. Evidence from a slightly later period suggests that the SAA was positively in favour of being a constituent member of a national organization.

A national society: the Scottish chartered societies

Although the three societies were formed and awarded charters on an individual basis, they attempted, retrospectively, to provide a rational explanation for this. In a statement made by them jointly to the Privy Council in 1890, while opposing a petition for a royal charter by The Scottish Institute of Accountants (SIA)[4], it was stated that:

The system of separate Societies, with separate Charters, had been deliberately preferred to the English system of one National Society. Each system has its advantages, but the circumstances in Scotland, where substantially the whole business of accounting proper is done at the great centres, seemed to render the system of separate Societies most expedient (Privy Council, 1890, p. 27).

This proposition was advanced as a counterclaim to the SIA contention that the SIA could be regarded as a national body, while the Scottish chartered societies were merely local in character (Walker, 1991, p. 258). However, this argument is untenable chronologically. The reality was that a national system had not been
specifically considered during the applications by the SAE and IAAG. Furthermore, the English charter of 1880 postdates the Scottish charters by many years and there is evidence that the ICAEW became a national society at the behest of the Privy Council rather than by deliberate choice of the English societies (ICA EW, 1966). It would appear that the Scottish societies were attempting to counter the SIA's claim to national status. Scottish Office officials advised the Minister that some form of "consolidation" in the form of a national society was desirable (Lord Advocate, 1890), and the societies had prepared the outline of a contingency plan. This contingency plan was no more than a vague intention to be activated if the Privy Council made recommendations for the formation of a national society.

Evidence exists that two of the chartered societies (the IAAG and the SAA) were prepared to contemplate a national organizational structure and in fact at various times both societies made proposals to accomplish this objective. There were four documented attempts to establish a national organization during the period 1883 to 1915. However, it proved impossible for the "senior" society (SAE) to be convinced that this proposition was in the long-term interest of Scottish chartered accountants. It is a matter of concern that these proposals were not recorded in the minute books of this "senior" society for reasons which are not specified but possibly arising from the relationship of that Council with its own members. A reasonable assumption is that the proposals were discussed among a small group of the Council and that this group concluded that advocating such proposals might not meet with universal approval from the SAE membership. Rather than raise the matter within the SAE for further debate and discussion, the issue was put to one side and not discussed formally. Evidence to support this assumption is provided below.

The first occasion on which one of the societies considered organizational change arose in 1883. At the 1883 Annual General Meeting of the IAAG a motion had been proposed to liberalize admission rules. In the ensuing discussion it was determined not to proceed with this resolution because, it was argued, a more laudable objective would be the creation of a national body. If the other societies were willing to discuss merging, it would facilitate the process if there was an approximate harmonization of the rules of the three societies. It is clear from this occasion that the IAAG always considered it advisable not to alter its own rules when possible amalgamation was being proposed or discussed.

Wyllie Guild, a past president of the IAAG, was delegated to meet the Edinburgh Secretary to discuss the resolution passed at the AGM which proposed "...to have a General Institute for Scotland to be formed by amalgamation of the three Scottish Societies" (IAAG, 1883a). In the event Guild was unable to broach the subject of amalgamation as instructed, for he found the Edinburgh Council in session on his arrival, holding urgent discussions on the issue of the application for a royal charter by the Scottish Institute of Accountants. Guild reported back to the Council of the IAAG that he had proposed co-operation between the IAAG and the SAE in opposing this
application. This offer of co-operation had been accepted, and Guild reported that he would “…endeavour to accomplish that (the amalgamation proposal) shortly” (IAAG, 1883b).

However, there is no further record of the IAAG proposal being resubmitted and it has to be assumed that no immediate further opportunity arose. There is no doubt that the chartered societies found themselves actively defending their status and position against the SIA and later the Corporation of Accountants Limited (CofA)[5], for a number of years (Kedslie, 1990b; Shackleton, 1991; Walker, 1991).

In 1884, the SIA again petitioned for a royal charter to which the three chartered societies objected vigorously and with ultimate success. The chartered societies had prepared an article of objections for presentation to the Lord Advocate, although, during this preparation, the Council of the SAA sent a letter to the SAE suggesting “…the propriety of the three societies endeavouring in some way to unite into one Incorporation” (SAA, 1884). There is no record of this approach being discussed formally by the Council of the SAE.

The next attempt to raise the issue of a national organization was in 1889 which again coincided with, and indeed was almost certainly motivated by, another petition for a royal charter by the SIA (under the title of The Incorporated Society of Accountants in Scotland[6]). Although the chartered societies were again unanimous in their opposition to the petition, it is clear that the SIA application prompted the Glasgow Council to reconsider the issue of uniting the Scottish societies. In 1889 the IAAG Council minuted that “…some steps should be taken with a view to bringing the three Chartered Bodies in Scotland into closer connection with one another…”, and the Council resolved to make an approach to the SAE (IAAG, 1889a). Yet again there was no formal consideration of this approach being minuted by the SAE, although there must have been some discussion on this issue among a number of the SAE Council members, because in 1890 the secretary of the SAE was quoted (at the Aberdeen AGM) as saying that:

…his Society quite concurred in the idea the time had now come for the proposal that there be a General National Society of Accountants in Scotland similar to that for England & Wales (SAA, 1890a).

This statement was made at the time of a further application by the SIA, when that society was emphasizing the local character of the three societies and effectively claiming that the SIA was capable of embracing all Scottish accountants. At a meeting held in Edinburgh on 14 February 1890, the three chartered societies had agreed to instruct Counsel to disclose to the Committee of the Privy Council that the adoption of a scheme of national co-operation was actively being contemplated. This “offer” was to be made only if the issue was raised directly by the Committee of the Privy Council (SAA, 1890a). The exact position to be taken had been drafted for this meeting at a meeting of the SAE Council on 10 February which concluded that, in the event of the Judicial Committee finding the SIA application reasonable, then:
Counsel should be instructed to say that, while there are many difficulties surrounding the question of the Societies extending their privileges beyond the limits of the three cities... the matter was one which had already engaged the attention of the Societies and that they were prepared to consider carefully the whole question with a view of ascertaining whether such a suggestion could be carried into practical effect (SAE, 1890a).

The Aberdeen Council reacted positively to the apparently radical declaration of policy attributed to the secretary of the SAE. However, the Aberdeen representatives who attended the meeting of 14 February warned the Council, on their return from Edinburgh, that the SAE, while most anxious to oppose the application jointly, seemed unwilling to unite with the other chartered societies, whereas the Glasgow delegates appeared enthusiastic for an amalgamation and the establishment of a General Board of Examiners. Nevertheless, the Aberdeen Council submitted a letter to the Edinburgh society (with a copy to Glasgow) on 20 February. In this letter, the SAA claimed that opposition to the SIA application was not sufficient, and that the Aberdeen society was:

... disposed to admit (the) propriety of establishing a General Society for Scotland... Such proposal... should be that a new Charter be granted to a Society consisting of the members of the three present Societies, with instructions to them to form an Examining Board and to admit such of the petitioners (of the SIA) as are in practice on their own account and are found qualified and eligible (IAAG, 1890a).

The response from the other two societies is most revealing in reflecting Council procedures on sensitive discussions and issues. The Glasgow minute book records fully the receipt of this letter and its terms. It also records that the Glasgow Council wished to hold to the agreement reached at the 14 February meeting at that juncture in the Privy Council proceedings, as:

... we may be unable at once to condescend on the details of the proposed federation... and (it) would weaken our position by showing the Privy Council that there were divergences of opinion among us (IAAG, 1890a).

Thus, on purely tactical grounds, it was thought that a change in the official defensive position was not advisable.

The SAE minute book contains no record of the Aberdeen letter having been either received or discussed, which is additional evidence that sensitive proposals were not always minuted. The salient issue is whether these issues were discussed within the SAE Council. One analysis would be that because these matters were not minuted they would not appear to have been discussed. However, this proposition seems inconceivable. Discussion must have taken place among some members of the SAE Council, even if only on an informal basis. Messages transmitted to Aberdeen and Glasgow were in no doubt about the Edinburgh position on amalgamation. A minute recorded at a meeting of the Aberdeen Council stated that:

It is quite evident that the Edinburgh Society will consent to no amalgamation with other Societies until they are compelled to do so (SAA, 1890b, emphasis added).

Therefore it would seem reasonable to conclude, on the evidence from all three societies' records, that amalgamation was not considered explicitly through the
formal decision process of the Council of the Edinburgh society, but was given consideration by a process of informal discussions within that Council.

Awareness of the Edinburgh position must have had some substantive basis, probably arising in the form of a message from an Edinburgh Council member or official. The problem for the SAE was that there was a body of opinion among its members which was opposed strongly to any scheme of national structure even in a federal form. A prominent Edinburgh member, James Walker, proposed an amendment at the 1891 AGM which stated that "The Chartered Societies are indisposed to Federation through the Constitution of a National Society...", and this motion was added as an amendment to the President's motion. The President's motion had asked that the question of the status of the Edinburgh society in relation to other existing societies be referred back to the President and Council for more detailed consideration (SAE, 1891a).

It seems quite clear that the Scottish chartered societies united in the face of a definite threat to their professional monopoly in the form of the SIA applications to the Privy Council for a royal charter. Nevertheless, it is also clear that within their ranks there was considerable divergence of opinion concerning how to meet this threat. The SIA applications were the catalyst in forcing the societies to consider their organizational forms. Both the Glasgow and Aberdeen societies were amenable to proposals for a national society promulgated by agreed merger. The Edinburgh society, on the other hand, regarded fusion into a national society as something which would only be agreed under external duress (i.e. Government/Privy Council pressure). This attitude was probably a function of two factors. First, the SAE saw itself as the predominant and elder society, based in the capital, and with close links to the national legal and administrative institutions of that city. This was implied most clearly in the report on the 50th anniversary celebrations of the IAAG, which drew the comment in The Accountants Magazine leader that:

The Glasgow banquet, although it had the disadvantage of coming after that of Edinburgh... lacked nothing in enthusiasm, and considerably exceeded the Edinburgh meeting in numbers. While the numerous guests who were present to do honour to the Institute were not perhaps as a whole so widely representative of Scottish national institutions or of the learning and dignity of the country as those who were present at Edinburgh, they were fully representative of that for which Glasgow stands pre-eminent, viz. its manufacturing, commercial and financial interests (The Accountants Magazine, 1905, emphasis added).

Second, members of the SAE were reluctant to accept any change to the constitutional position. The possibility that the SAE Council could propose and obtain support for constitutional change was very remote.

In order to place the pressures for a national society in its wider context, it is important to assess the considerations and attitudes of the political and administrative authorities. The applications of the SIA to the Privy Council were always referred to Scotland for advice and, by tracing the advice to Ministers, and the response of those in political power, it is possible to obtain a wider dimension of understanding about the position and status of the Scottish chartered accountants.
A national society: the political and administrative authorities

The relationships between the three chartered societies and political institutions in Scotland was in an evolutionary stage during the period 1880-1915, not only because of the recent formation of the societies, but also because, in 1885, the office of the Secretary for Scotland was created (Gibson, 1985). Prior to 1885 the Lord Advocate had performed a similar role but political feelings in Scotland had been assuaged by the appointment of the Secretary for Scotland, with a seat in the Cabinet, arising from the actions and support of Lord Rosebery (Gibson, 1985, p. 24).

The procedure for consideration of applications for a royal charter changed in Scotland during the period under review. Initially, the advice of the Lord Advocate was sought by, and was sufficient guidance for, the Committee of the Privy Council, which was established to proffer advice to the Monarch. However, the creation of the Secretary for Scotland in 1885 caused the Privy Council to seek his advice as the principal political government officer in Scotland.

When the first SIA application for a royal charter was made in 1884, the Privy Council sought the opinion of the Lord Advocate. In defending their position, the chartered societies prepared a petition of objection for presentation to the Lord Advocate and the Privy Council. The chartered societies were able to put forward a sufficiently persuasive case such that, on the advice of the Lord Advocate, the SIA petition for a charter was rejected by the Privy Council in August 1884.

In his opinion on the 1884 application, the Lord Advocate made a comment which, in later years, was to allow a wider consideration of subsequent applications:

...if there was a large and important body of educated and skilled accountants in the other towns of Scotland outside Edinburgh, Glasgow and Aberdeen, who desire to be incorporated and who could show evidence of adequate qualification, a Petition for their Incorporation would deserve very serious consideration (Lord Advocate, 1890).

In subsequent applications the SIA laid great emphasis on the number of accountants practising in Dundee and claimed that these accountants and others were disadvantaged by the “closed” memberships operated by the three chartered societies.

On the 1889 application by the SIA for a royal charter, the Privy Council sought the opinion of the Secretary of State. The Secretary for Scotland was advised by his officials that, if he advised against the petition, it would be refused but that, if he thought there were prima facie grounds at least for considering it, then a Committee of the Privy Council would hear the petition, and that the Secretary of State would be asked to sit on the Committee. He was therefore advised “…not at present to give a decided opinion in favour of the Petition, although he may, with propriety, report decidedly against it” (Scottish Office, 1889).

On full consideration, the advice was that he would be justified in advising the Privy Council against that application, but that:
it would evidently be for the public advantage if the existing Societies were to open their ranks, or in some way consolidate, and any influence or pressure in this direction would... be properly applied (Scottish Office, 1889).

A further Civil Service minute in this set of articles supported this view and amplified the argument, stating that:

A satisfactory solution would be the opening of the ranks of the existing bodies, but I go further and think that if the existing bodies were to join together and add to their members all duly qualified persons in Scotland, so as to make one Society of Chartered Accountants for Scotland with the existing safeguards for efficiency and training and possibly a reconsideration of the very high fees existing in Edinburgh... it would be the most satisfactory solution (Scottish Office, 1889, emphasis added).

This minute is marked in red in the margin GOOD, presumably by the Secretary of State. The Lord Advocate was requested by the Secretary of State to advise on the petition and he reported that he was not prepared to recommend that the application be refused without a hearing, although it was noted that “...the objections... are certainly most weighty and I do not see how they are to be got over” (Scottish Office, 1889).

The Lord Advocate summarized his fundamental objections as:

1. It is practically avowed that the petitioners propose, if a Charter is granted, to assume the designation CA. It is manifest that this would be an injustice, not merely to the other Chartered Bodies, but also to the public, who would be induced to believe men to be of equivalent status, who are not so.

2. While many of the petitioners are very good accountants, I am afraid this can hardly be affirmed of all, and yet it is proposed... that they shall all be members without any test or examination.

3. The name proposed is misleading, having regard to the comparatively small proportion which the petitioners bear to their profession in Scotland (Scottish Office, 1890).

In 1893, the SIA made an unusual, and ultimately unsuccessful, plea direct to the Secretary of State for Scotland, requesting that the application rejected by the Privy Council in 1890 be reconsidered. The Minister was advised that he did not have any formal powers in the matter because the Privy Council offered the view that it was an irregular course for the petitioners to approach the Secretary for Scotland directly. The Scottish Office concluded that the petition was more of a remonstrance against the refusal of the Privy Council in 1890. The Scottish Office officials minuted that:

The Memorialists would no doubt make a regular application to the Committee (of the Privy Council) if they now get any encouragement from the Secretary for Scotland. If the Secretary for Scotland, without giving any encouragement, simply refers them to the Council office, I should think the odds are that they do nothing further in the present.

In the event the Secretary for Scotland accepted this latter advice but requested that “…the letter should be not an unfriendly communication... I have seen these gentlemen more than once”.

It is interesting to note that the advice of officials contained in this set of articles refers yet again to the “true” solution being the establishment of one Society of Chartered Accountants for Scotland:
I think we go too far in reflecting the vested interests of those closed Corporations in Edinburgh, Glasgow and Aberdeen. If such respect leads to the refusal to allow cities so important as Dundee to have Chartered Accountants of its own and sooner than have a new Charter for every fresh town that wants one, I think that one Charter for Scotland would be better (Scottish Office, 1893).

It is a matter of record that by 1893 the Glasgow and Aberdeen societies had opened their ranks by making amendments to their admission requirements, although this was not to the complete satisfaction of the SIA, many of whose members were excluded from admission to the Chartered societies. Nevertheless, the actions of the Aberdeen society, and Glasgow in particular, in 1890 (referred to below) limited the force of this particular argument about closed corporations. However, the failure of the SAE to make similar concessions weakened the Scottish societies’ case to counter fully this criticism. The suggestions made by Scottish Office officials on forming a national society were repudiated effectively by SAE resistance.

**Opening membership ranks**

There were at least two fundamental differences between the Scottish societies on recruitment to membership. The first matter, which remained unresolved throughout their existence as independent societies, was the issue of indenture fees. From its formation, the SAE demanded that there be a substantial indenture fee payable by the apprentice to the master (Walker, 1988, p. 129). The IAAG had no such requirement and pursued, as a matter of principle, a more egalitarian recruitment policy which did not require the payment of indenture fees. The SAE were often criticized for the high cost of entrance fees and made a number of attempts to harmonize the position among the Scottish societies in order to mitigate its specific exposure to criticism on this issue. However, in order to succeed it was necessary for the SAE to persuade the IAAG to modify its position. All these efforts failed, with the IAAG making abundantly clear its total opposition to imposing an indenture fee. The Council of the IAAG made a statement of principle on this matter in response to a formal request for harmonization on rates of indenture fees made by the SAE by stating:

> The feeling of the meeting was distinctly opposed to the proposal for the imposition of such an Apprentice Fee as would deter any large proportion of lads from which Glasgow Apprentices were principally drawn from entering into an Indenture with a member (IAAG, 1910).

The second difference which arose was the issue of opening the membership ranks to other accountants who were regarded as well qualified (usually by experience) and had been in public practice for a number of years. The IAAG Council came under pressure from its younger membership to open up the ranks to other accountants. The IAAG Council often deferred taking such steps on the declared grounds that sensitive discussions were being held with other UK accounting bodies and advanced the claim that the existence of differences among the societies’ rules for admission precluded any steps to amalgamation or co-operation. However, when the IAAG did effect changes to open the
Scottish chartered accountants

...this action prompted considerable criticism from the SAE (IAAG, 1892a).

The first attempt by the IAAG to alter admission regulations was in 1882. This proposal was deferred, as noted earlier, when Wyllie Guild was delegated to discuss with Edinburgh the possibility of forming a national society (IAAG, 1883a). In the immediate aftermath of the rejection of the SIA approach to form a national organization in 1885, the IAAG considered another amendment to admission rules, so that the undernoted accountants could be admitted:

(a) gentlemen who had been in practice for a period of four years
(b) men who had been trained with other than a Glasgow member and
(c) members of the ICAEW (IAAG, 1885).

Throughout the 1880s and 1890s the Council of the IAAG was lobbied persistently by John Mann Jnr (later Sir John Mann) and a number of younger members, to admit accountants who had been in practice for many years. Mann pleaded that experienced accountants should be admitted without apprenticeship and without examination.

The IAAG Council procrastinated on this issue for a number of years, but the Council, while clearly unwilling to accede, was reluctant to reject outright the pleas of Mann (1951). Consequently, at the quarterly meeting, in April 1889, it was proposed that membership should be offered to those accountants who had been in practice for a number of years. However, this proposal was not put to members because at the October quarterly meeting it was decided that it was not expedient to proceed in view of moves for proposed negotiations for uniting the three Scottish societies. It was considered that controversial constitutional changes might undermine the more important issue of union into a national society (IAAG, 1889a).

After the rejection of the SIA petition in 1890, all three societies determined to counter criticism on entry policy by amending the rules of admission. The IAAG and the SAA were successful in obtaining members’ approval but the SAE encountered extraordinary opposition, not only from the members but also from within the body of the Council.

The Glasgow Council first considered the issue of admitting experienced accountants to membership at a meeting on 8 July 1890 and, at the July quarterly meeting, President Walter Mackenzie moved:

that now they could, with a good grace, open the door to admit some of those who were ineligible... but whose position and qualifications fitted them for membership (IAAG, 1890b, emphasis added).

This amendment became known as the “ten year” rule. Under the terms of the rule, the IAAG admitted 16 members of the SIA, including Thomson McLintock from Glasgow (who was also a member of the ICAEW), and David Myles (ex-president of the SIA) from Dundee. Aberdeen altered its rules in a similar fashion, although the only additional admission was Mr Cram, the Chamberlain of the city of Aberdeen (SA A, 1890c).
Consideration of the change in the Edinburgh rules did not proceed so smoothly, and it soon became apparent that the Council was split on the issue into at least three different factions, including outright opposition to the principle of admission (SAE, 1890b). The majority of the Council was able to propose at the 1891 Annual General Meeting that a modification should be passed which imposed no time restriction for implementation. However, the split in the Council was so fundamental that it became necessary, prior to the AGM, to announce that the Committee and Council were not bound by the terms of the resolution. At the AGM, a resolution “to consider the previous question” attracted such support from the members that defeat for the admission rules resolution was certain. In the face of such hostility from the members, the rules resolution was withdrawn (SAEGM, 1891). It should be noted that the Edinburgh members acted contrary to the statements made to the Privy Council on their behalf and the full-powers mandate given to their representatives in attendance at the 1890 Privy Council hearing. Furthermore, it could be argued that the SAE proved less gracious to the SIA members than the IAAG. It is a matter of record that from 1890, chartered accountants practising in the fourth Scottish city of Dundee (situated on the East coast) were almost entirely members of the IAAG (situated on the west coast) through to 1951.

There is some evidence that the SAE considered that the actions of the IAAG were opportunistic and unacceptable. During negotiations with the IAAG over the formation of the General Examining Board (GEB), the Edinburgh Council indicated that the “ten year” rule posed problems. In a letter dated 19 November 1892, the SAE secretary stated:

“As regards the continuation of your rule admitting outside accountants under certain restrictions, I fear this proposal would give rise to considerable discussion in our Society and I should have thought that you had already admitted as many under this rule as was desirable (IAAG, 1892a).”

The Council of the IAAG was clearly not impressed by this viewpoint and indicated its intention to renew the rule. Eventually, this issue was resolved by a compromise which allowed the IAAG to maintain this admission rule, although formal admission of applicants had to be submitted for approval by the GEB. It was already apparent that the actions of the IAAG in admitting a significant number of ex-SIA accountants had reduced the effectiveness and credibility of the SIA as a political force in Scottish accountancy. Almost all the important senior accountants in the SIA were admitted to the IAAG and the principal objective of the proposals of John Mann and other younger members, which had been made with the intention of reducing external competition and bringing these accountants within the scope and discipline of the IAAG, was realized.

**General Examining Board**

Until 1893 the Scottish chartered societies conducted examinations on an independent basis (Kedslie, 1990a; Shackleton, 1993; Walker, 1988). The first indication that the three societies might co-operate in the establishment of a
Scottish chartered accountants

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Joint examination body arose at a meeting in Edinburgh, on 14 February 1892, to consider the positions to be adopted by the Scottish societies in opposing an application for a royal charter to the Privy Council by the SIA. The meeting comprised representatives of the three societies and they resolved:

To instruct Counsel, if the Privy Council indicate the necessity, in their opinion, of providing a qualification for practitioners in the smaller towns, and outside the existing Societies, to state that the three Societies are considering how these objections might be overcome by an affiliation or other arrangement, between the existing Societies (SAE, 1890c).

Aberdeen had suggested to the SAE, in a letter dated 20 February 1890, that this proposal be activated. The SAE reaction to this overture had been ambivalent. The SAE Council at that time was struggling to reconcile different viewpoints within its own ranks and within its membership. There were substantial and vocal elements hostile to any forms of federal structure being created. However, external pressures, most particularly in the form of SIA and CofA made the position of separate and independent societies difficult to sustain, particularly in the relationship with the administrative and political authorities in Scotland and London. Thus, the SAE Council, in formulating a policy response to these external pressures, deduced that the formation of an examining board, comprising the three chartered societies, would be the maximum response to external criticism which would be acceptable to the coalition groups within its membership. As became clear later, it also provided the SAE with the opportunity to maintain its hegemony within the Scottish societies by prescribing the examination and training requirements for all Scottish societies, modelled on the Edinburgh system.

Consequently, the SAE revived the proposal for the creation of a General Examining Board at a Council meeting on 11 December 1891:

... the general opinion being that steps should be taken in the direction of forming a closer bond of union with the Scotch Societies, it was resolved to ascertain the views of these Societies on the subject of the formation of a General Board of Examination for Scotland (SAE, 1891b).

This proposal was contained in a letter to the IAAG dated 15 December 1891. A conference of delegates was held in the chambers of Alexander Sloan, the IAAG secretary, on 21 December, at which broad general agreement was reached to form a board to embrace the three chartered societies. The representatives of the SAE volunteered to draft an agreement. Sloan's report to the IAAG Council stated that the Glasgow delegates thought that "... no difficulty of any importance would present itself in the way of assimilating examinations" (IAAG, 1891).

However, when the committees met next in Edinburgh, in February 1892, the Glasgow representatives were surprised that, in addition to the scheme for the establishment of the board and a syllabus of examinations, the SAE had incorporated general regulations relating to admission to the societies. As this had "not formed part of the scheme agreed at the conference", the IAAG Council was unable to agree to the draft terms (IAAG, 1892b). The major problem was the insistence of the SAE that apprenticeship should be for a period of five years.
and under a proper form of indenture. The SAE wrote to the IAAG stating that they would not join in any regulations which would permit any society to dispense with the five-year apprenticeship. The IAAG conceded the principle of the indenture but resisted successfully the five-year term, preferring their own requirement of four years. (The IAAG revised this period to five years in 1898.)

By September 1892, the IAAG Council appeared ready to confirm the draft agreement establishing the General Examining Board. However, by the Council meeting of the 25 October, some of the Council members expressed second thoughts, sufficient for the minute to record that:

... it having become apparent to certain members that the proposed alterations were more radical than had been contemplated, it was agreed, after considerable discussion, that it would be premature to submit to the quarterly meeting the proposed alterations (IAAG, 1892c).

The new major points of disagreement centred on the “ten year” rule, which the SAE wished to have abolished, and the appointment of the president and secretary of the SAE as chairman and secretary of the GEB respectively. The IAAG informed the SAE that the Council felt “very strongly the importance of retaining the power to meet exceptional circumstances in the admission of members” (IAAG, 1892d).

After considerable correspondence and further meetings, it was agreed that the IAAG position on special admissions be accepted, subject to approval by the GEB. Chairmanship rested with the president of the city in which the GEB meetings were held. In general, the three societies co-operated throughout the life of the GEB to 1951[10].

The Joint Committee of Councils

For many years from about 1890, the Scottish societies were involved in formulating, negotiating or objecting to various bills which were proposed to Parliament for the registration of the public accounting profession (Kedslie, 1990a; Kirkham and Loft, 1992, Macdonald, 1985). Many of these attempts were started on a UK basis, although, among the Scottish chartered societies, the major effort was undertaken by the SAE, with the fairly passive co-operation of the IAAG and the SAA (SAE, 1891a, 1891b). There was no satisfactory outcome to any of these attempts to obtain the highest level of monopoly status primarily because mutual understanding and agreement were required between all the accounting bodies and these proved impossible to obtain. The endeavour was, to an extent, satisfied partially many years later by the passing of the Companies Act, 1947 (later consolidated to the Companies Act, 1948).

In addition to these Registration Bills there were two other attempts to restructure the profession which affected the Scottish societies directly. The first attempt was in 1901 and involved the Institute of Chartered Accountants in England and Wales (ICA EW). The origins are to be found in a letter addressed to the IAAG by the Council of the ICA EW dated 10 December 1888 which expressed the desire “to bring about closer co-operation of English and Scottish Chartered accountants” (IAAG, 1888).
These feelings were reciprocated by the Council of the IAAG and a conference was held in London where the Glasgow representatives anticipated that, although matters of mutual eligibility were to be discussed, “it was thought that the Conference might lead to some wider scheme of Incorporation being proposed” (IAAG, 1889b). After the meeting on 3 April 1901, the ICAEW undertook to contact the SAA and SAE. This approach was probably deferred for a period as the Scottish societies were involved heavily at that time in opposing the SIA application for a royal charter.

However, in January 1901, the SAE received a letter from London members complaining about disadvantages which they claimed to suffer and, in response, the SAE proposed writing to the ICAEW to formulate a scheme of mutual recognition and co-operation between the societies of chartered accountants in Britain (SAE, 1901). A conference was duly held in March in London, at which it was determined to form a Joint Committee of 20 members to consider practicable actions and to invite the Institute of Chartered Accountants in Ireland (ICAI) to join the committee. A meeting held in December constituted the Joint Committee but thereafter the arrangement faltered, primarily because the SAE took the view that:

as the duties of the proposed Board are merely deliberative and no independent administrative powers are to be given to it, they do not consider the execution of a joint Agreement necessary especially as such an Agreement would require to be submitted to a General Meeting of the Society before it could be effective (SAE, 1902; emphasis added).

This conclusion was communicated to the IAAG and the SAA. There were two difficulties for the SAE. The first was the fundamental problem that the SAE Council was unwilling to delegate administrative powers outside Council. The second problem was that the SAE Council was reluctant to resuscitate the considerable opposition in its own membership to any form of constitution based on a national society.

The IAAG noted the Edinburgh position but disagreed, stating that the Council was “of opinion that, in order to constitute a right the proposed Board, an Agreement would be necessary” (IAAG, 1902). Although this opinion was communicated to Edinburgh, it did not change the SAE position and, ultimately, the ICAEW confirmed that it would accept the SAE view. Thus, the Joint Committee did not have any executive powers, nor was it constituted by formal agreement. Eventually, the Joint Committee became ineffective, holding its last meeting in 1905 (IAAG, 1913), and an opportunity to establish a British institute passed through the disinclination of the SAE to submit proposals for major constitutional reform to its membership in general meeting.

The second effort to restructure the Scottish profession arose from proposals made in 1915 to establish a Joint Committee of Councils of the Scottish chartered societies. The Scottish chartered societies had benefited in a number of ways from the establishment of the GEB. One advantage gained was the provision of a forum for discussion and co-operation between them. Another advancement was the demonstration of national co-operation through the activities of the GEB, which could be presented as evidence to deflect criticism
from external sources. Therefore, it is surprising in retrospect that it took a number of years for these particular lessons to be absorbed fully.

By 1915 it was clear to the IAAG that issues of mutual interest to the Scottish societies raised in the early years of the twentieth century were difficult to resolve. This was attributed to the structures of governance within the Scottish societies. Decision taking, which involved discussion between the societies, was performed in an ad hoc manner, was time-consuming and often proved difficult to co-ordinate [11]. Consequently, the IAAG President, Mr Alexander Moore, proposed the formation of a permanent Joint Committee of the Councils of the Scottish societies for the consideration of matters of mutual interest (IAAG, 1915). The specific event that instigated this proposal was a letter in June 1915 from the Association of Scottish Chartered Accountants in London:

... calling the attention of the Council to certain English Private Bills now before Parliament containing an audit clause limiting the election of auditors to members of the English Institute and the Incorporated Society.

The Association asked that the Scottish societies should take immediate steps to have this clause altered so as to permit the election of Scottish chartered accountants (IAAG, 1915). Initially the SAE response had been to the effect that there would be considerable difficulties and, therefore, had proposed no particular actions. The IAAG responded in a more positive manner recording that:

The President suggested that it was very desirable that a Joint Committee of the three Scottish Societies should be formed to deal with questions of this kind and other mutual interests and it was accordingly agreed to ask the SAE and SAA to confer as to the appointment of such a committee (IAAG, 1915).

The SAE and the SAA proved to be in full agreement with this proposal and during November and December 1915 a draft agreement was approved by the three societies. The agreement stated that the general objects were:

... the furthering and protecting the mutual interests of the Chartered Accountant Societies in Scotland, of maintaining the high standard of the profession, of considering all questions and matters relating to the profession that may come under their notice and reporting to the Councils of the several Societies thereon (Joint Committee of Councils, 1915).

The membership of this Committee comprised the three presidents plus three representatives from the SAE and the IAAG and one from the SAA. Expenses, however, were to be borne in proportion to the membership of each society. The original structure of the Joint Committee remained in force until 1951, although the membership proportions of the individual societies changed significantly throughout the first half of the twentieth century (see Table III).

While the duties of the Joint Committee were to consider issues and report back to each Council, there was no intention that it should have executive powers. It was explicitly stated in Clause 4 that:

The Committee shall in no manner regulate or (except by way of report, advice, suggestion or recommendation to the Councils of the several Societies) interfere with the management or organization of any of the three Societies (Joint Committee of Councils, 1915).
The SAE justified the creation of this Committee to its members by referring to the fact that, in the past, a Special Committee had been required for each issue, whereas "the appointment of a Standing Committee ready to act at once will obviate some inconvenience which has been experienced" (The Accountants Magazine, 1916a). The IAAG noted that the Committee was "only advisory" (The Accountants Magazine, 1916b), but before long it was suggested that the Joint Committee be given "full powers to take whatever steps might be necessary in connection with the new Finance Act" (IAAG, 1916). The SAA was prepared to remit consideration of the Finance Act to the Joint Committee and confer full executive powers and stated that it was prepared for this remit to be widened beyond the Finance Act to encompass other legislation (SAA, 1916).

However, the SAE disagreed with these proposals, saying that, before the Joint Committee acted on any particular matter, it should, in the first instance, report the matter back to each respective Council (SAE, 1916). Thus, the SAE maintained its position of independence and unwillingness to become involved more closely in anything that corresponded to a national organization.

**Summary and conclusions**

The official history of the first 60 years of the three Scottish chartered societies suggests that their relationships were based on joint consultation on matters of common interest followed by unanimity in pursuing agreed policies. Some recent research (Kedslie, 1990b; Walker, 1991) appears to confirm that political differences between them were submerged and common interests pursued successfully in response to external threats. In an address at the Closing Plenary Session of the centenary celebrations of ICAS, Browning (1954, emphasis added) stated:

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Source: ICAS (1954)
Much is said... of the antagonism between... Edinburgh and Glasgow. It has a high local entertainment value and we would not be without it, but, in so far as it applies to matters of importance, it is a truly magnificent fiction by which the outsider is not infrequently deceived.

Browning was presenting a historical perspective only three years after the three societies had finally united in 1951. It is unlikely that a critical historical analysis of inter-society affairs would have been welcomed with acclamation. Close examination of the affairs of the three societies suggests that the reality was in some respects different from that portrayed by Browning. On certain important issues, such as establishing the closure of the profession against external threat, there was agreement on the objectives but there were also strong underlying tensions between the societies. Furthermore, it is clear that there were strong forces within the Edinburgh membership which were capable of wielding an influence much greater than their numbers in Scotland merited. They were able to exercise an effective control, not only on the affairs of the Edinburgh society, but also to frustrate the viewpoints of the eventually larger institute in Glasgow and the small society in Aberdeen.

It is clear from the foregoing that during the second half of the nineteenth century the Edinburgh society saw itself as the dominant force in Scottish accounting specifically and, thus, the major Scottish voice in British accounting circles. The SAE wished to prevail over the Glasgow and Aberdeen societies to the extent that the alternative views expressed by these “junior” societies, often on matters of great principle, were not accorded formal consideration by its Council. The SAE adopted a highly selective recording of matters of concern in its official records and this becomes apparent when the researcher is able to cross-check against the contemporary records of the other societies.

Among the most important issues arising during this period were the numerous attempts by the SIA to obtain a royal charter and the efforts of the Corporate Accountants to adopt the nomenclature “CA”. On this the Scottish chartered societies were united in opposition to the applications. However, it became clear that the concept of operating as independent “local” bodies was under attack and it was suggested, on a number of occasions, that a national society be formed. The SAE was opposed to this and refused to contemplate such a structure until persuaded by counsel that the Scottish chartered societies should concede the principle before the Privy Council. Even after the successful appearance before the Privy Council, the SAE members refused subsequent efforts to alter its constitution to open membership ranks and found it difficult to discuss any form of union such as a Federation. A reasonable conclusion based on analysis of the primary records suggests that the SAE had significant schisms within its own membership and that this realization influenced the Council. It is conceivable that, as a consequence, the Council of the SAE was reluctant to disclose to the general membership that such matters were being given further consideration. A common phrase employed by the SAE to deflect consideration of contentious matters was to state that “it (i.e. contemplation of the problem) would present Council with great difficulties” (IAAG, 1892a). This phrase was employed on a number of occasions, most particularly addressed to
the IAAG Council, stating effectively that the SAE did not wish to discuss the matter further.

The societies were also under pressure from the Secretary of State for Scotland, advised by his officials, that the real requirement in Scotland was for the formation of a national society which would incorporate all members of the accounting profession who could be regarded as properly qualified. This normative perspective did not recognize the considerable differences existing, not only between the three chartered bodies, but also among other accounting groups in Scotland. There is no evidence that the Secretary of State pursued actively the advice given to him and, as a consequence, the chartered societies were not strongly pressed on the issue from that quarter.

Towards the end of the nineteenth century the "old" idea of forming a General Examining Board was resurrected by the SAE and indeed was seen by its Council as a means of accommodating some of the federalist ideas held by other societies. However, even this issue was controversial, primarily because of the manner in which the SAE attempted to dominate by administrative control. The IAAG was so concerned at the SAE tactics that the Council of the Glasgow Institute almost withdrew from the negotiations on at least two occasions before formal agreement was reached. This matter probably induced the realization within the IAAG that it was no longer a junior partner in the tripartite relationship. Thereafter, the IAAG began to be more assertive on a number of issues.

By the outbreak of the First World War, the IAAG expressed dissatisfaction with the decision-making system adopted by the Scottish societies and proposed that a Joint Committee of Councils of the Scottish Chartered Accountants be formed in 1915. The IAAG proposal was made in the knowledge of failure to achieve previously any significant advances in British accounting by the creation of a Joint Committee with the ICAEW and the ICAI. The Scottish societies were able to reach agreement on the principle of forming a Joint Committee quite quickly, although it is significant that the Scottish Joint Committee was not given executive powers. Eventually the IAAG and the SAA indicated that they would be willing to delegate such powers but they were frustrated by the SAE's unwillingness to accede to this proposal, thereby delaying the eventual union of the Scottish chartered societies for a further 35 years. Nevertheless, the structure of the relationship was altered fundamentally by the arrangements made between the societies by the formation of the General Examining Board and the Joint Committee.

It becomes apparent, from careful study of the internal and external political relationships of the three Scottish chartered societies, that the catalyst for any major co-operative action was always exogenous to them. If there had been no external pressure for change then there would have been little incentive for the SAE to accept any proposal from the two "junior" societies of Glasgow and Aberdeen with which the Edinburgh members were in disagreement. This situation certainly prevailed during the second half of the nineteenth century. During this period, the SAE enjoyed leadership of the Scottish societies, a reflection of its seniority, status and connections to the administrative, political
and legal establishments in the capital city. Furthermore, the constitutional independence enjoyed by the three societies provided no mechanism for discussion and compromise. At the turn of the century, Glasgow began to approach equality in numbers and, thereafter, proceeded to exceed the Edinburgh membership. This was primarily a function of the social and economic development of Glasgow. The IAAG became unwilling to accept the position of the SAE on a number of matters and effectively questioned its dominance. However, because there were no mechanisms in place to accommodate these aspirations, advancing new concepts of governance was dependent on being able to proceed by consensus, however difficult that was to achieve.

Future research on the political relationships of the Scottish chartered societies in the period 1916 to 1951 has to be traced in the accounts offered by the minutes of the three societies, enriched by the opportunity to cross-reference to the records of the General Examining Board and the Joint Committee of Councils.

Notes
1. A further two Royal Charters of Incorporation were granted to Scottish accounting societies during this period, viz. The Institute of Accountants and Actuaries in Glasgow (IAAG), formed in 1853 and granted a charter in 1855, and the Society of Accountants in Aberdeen (SAA), formed in 1866 and granted a charter in 1867.
2. Richard Brown, who edited A History of Accounting and Accountants in 1905, was a very prominent member of the Society of Accountants in Edinburgh. He was secretary of the Society between 1892 and 1916 and was elected president for 1916-1918.
3. The designatory letters W.S. denotes a lawyer, a member of the Society of Writers to the Signet, organized in 1594. The Scottish legal profession was organized in a hierarchical structure ranging from Advocates at the top, through Writer to the Signet, Solicitor to the Supreme Court to solicitor (see Grant, 1936; Walker, 1988, p. 271).
4. The Scottish Institute of Accountants was formed in 1880, by accountants who found themselves excluded from admission to any of the Scottish chartered societies either by experience or by the admission rules operated by the three chartered societies (see Walker, 1991).
5. The Corporation of Accountants Limited was incorporated in Scotland in 1891. The members of the CoA were mainly ex-members of the SIA who were determined to acquire the nomenclature of CA. Frustrated by the failure of the SIA to obtain a royal charter, a breakaway section of the SIA membership established a limited company, which, because of its corporate title, “enabled” the members to use the nomenclature “CA” after their name. The Scottish chartered societies were successful in opposing this claim in an action before Lord Kylilachy in 1892.
6. The SIA was finally unsuccessful in obtaining a royal charter and, in 1899, the remaining 123 members voted to become the Scottish branch of the Society of Incorporated Accountants. In 1957, members of this society joined the ICAEW, ICAI or ICA S under a scheme of integration. Of 11,500 society members, 128 joined ICA S (Garrett, 1961).
7. Indenture fees were required by SAE members in the sum of 100 guineas. Glasgow had no requirement for an indenture fee, while the Aberdeen fee was 50 guineas.
8. An application on behalf of the Dundee members was received by the Edinburgh society, which was considered at a Council meeting dated 7 May 1891. The Dundee accountants were informed that their application “... would not meet with favour among the members of the Society generally” (SAE, 1891a).
9. The intentions of John Mann are often implied from the proposals made to the IAAG Council. However, in a letter addressed to Campbell Davies offering his condolences on the death of
James Davies, John Mann referred to the period 1880-1892. In this letter he stated: "I quietly and persistently, over some years, urged and pled and agitated – in and out of season – for alteration of the Rules for a limited time during which the Society men who had for years been established and respected practising (accountants) should be admitted... My plea was partly based on decency and fair treatment but also upon the expediency of weakening the growth in Glasgow of the English Incorporated Society". Sir John Mann anticipates the union of the SIA with the English Incorporated Society (1899) in this letter (Mann, 1951).

10. There was one major disagreement after the First World War which almost brought about the withdrawal of the IAAG. This difference of view about the examinations to be taken by apprentices who were returning from military duties became a major issue to the Glasgow council and resulted in a motion being prepared calling for the withdrawal of the IAAG from the GEB. After considerable difficulties and many meetings, a compromise was eventually found and the motion was withdrawn.

11. Problems in co-ordinating inter-society affairs were exacerbated by differences in Council procedures for calling meetings. Glasgow held monthly meetings but it was only in June 1915 that the SA E resolved to hold its committee meetings on a regular monthly basis (SA E, 1915).

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