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Keywords
Accounting history, The Salvation Army, institutional theory

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THE LEGITIMIZING POWER OF FINANCIAL STATEMENTS IN THE SALVATION ARMY IN ENGLAND, 1865-1892

Abstract

Since its inception The Salvation Army has relied heavily on external funds to survive. There is evidence to suggest that at the time of its founding, in 19th century England, and in its early years, financial statements played a powerful legitimizing role. This was crucial to an organization like The Salvation Army, newly formed and in desperate need of funds. This view is consistent with institutional theory, which emphasizes the importance of such legitimacy. However, it challenges the notion, prevalent in academic literature on accounting in religious organizations, that there is a resistance to the use of accounting as a "secular" activity in an organization with a "sacred" mission. The societal context of the early Salvation Army, the unique characteristics of William Booth, its founder, and its struggle for survival in its early years, all demonstrate an emphasis on an image of financial responsibility, and a reliance on the Army's audited financial statements to provide that image.

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INTRODUCTION

The Salvation Army is a religious/charitable organization, part of a world-wide Christian church, probably better known today for its social work than its evangelistic work. It was founded in England in the mid 19th century. In that era, when poverty and social injustice were rife, the new Christian Mission, the forerunner of The Salvation Army, became an organization with a focus on good works and a reliance on the public for funding. Even in those early days, the presentation of a sound financial image was vital to its ability to attract funds and to deflect criticism of its unconventional methods.

This paper, which is based on institutional theory and the notion of a sacred/secular tension in religious organizations, proposes that in the Army's early years (1865-1892), the organization used its financial statements to enhance and legitimize an image of financial reliability as a church and welfare service provider. These dates are significant because The Christian Mission began in 1865, and 1892 was the year in which The Salvation Army successfully defended its financial practices in an inquiry that was held into its "Darkest England" scheme. The paper begins by providing an institutional view of legitimacy and the importance of financial statements in creating a legitimate image. Next, the notion of a sacred/secular tension is briefly explored. The significance of the historic setting, Victorian England, is then outlined, followed by a history of the early Salvation Army which focuses particularly on its influential founder, William Booth. The fundraising activities, reporting practices and controversies surrounding financial management in the Army are subsequently discussed. Finally, conclusions are drawn about the significance of a sound financial reporting image to resource-dependent religious/charitable organizations such as The Salvation Army.

AN INSTITUTIONAL VIEW OF ORGANIZATIONS AND ACCOUNTING

Institutional theory offers an interpretation of the wider organizational and social context of accounting practice by emphasizing the influence of the institutions both of society and of the organization. It suggests that these institutions, which have been described as

"societal expectations of appropriate organizational form and behavior", take on "rule-like status in social thought and action" [Covaleski and Dirsmith, 1988, p. 562], and develop over a period of time. Instead of, or in addition to, technical considerations, organizations adopt institutionally acceptable practices to legitimate their existence [Covaleski and Dirsmith, 1988, p. 562], and, ultimately, to receive the prestige, stability, access to resources, and social acceptance they require in order to survive [Oliver, 1991; Ang and Cummings, 1997; Meyer and Rowan, 1977; Oliver, 1997; Meyer et al, 1992]. Because of this, there is a tendency for organizations within a particular field to assume similar structures and practices. This process, known as institutional isomorphism, leads to organizational homogeneity [DiMaggio and Powell, 1983; Booth, 1995; Powell, 1985; Covaleski et al, 1993, p. 66]. Consequently, in an institutionalized environment, organizations compete for "social fitness rather than economic efficiency" [Powell, 1985, p. 565], so conformity with institutional rules ensures survival, and contributes to success [Baum and Oliver, 1991; Meyer et al, 1992; D'Aunno et al, 1991].

The pervasive nature of accounting means that organizations which adopt "rational" accounting practices are more likely to be rewarded [Dent, 1991, p. 707]. Any organization that does not conform to societal expectations about how accounting ought to be performed, and about the accountability and transparency required in financial reporting, risks showing to disadvantage against its competitors, losing legitimacy and ultimately funding. Financial reporting, therefore, and the accountability it purports to exhibit, is an institution whose legitimizing power organizations must recognize if they are to survive.

Churches, particularly those dependent on the public for funds, cannot afford to ignore societal requirements for accountability, as demonstrated by the presentation of financial statements, auditing and systems of internal control. If they set themselves apart from the legitimizing institutions of society, they risk the achievement of their own mission. Churches cannot be closed systems because they are dependent on the flow of resources

from their external environment.[1] Bielefeld [1992, pp. 52-53], referring to nonprofit organizations, of which religious/charitable organizations are a subset, suggested that churches must be concerned about "bolstering their reputations, good standing and desirability as fund recipients to enhance and stabilize their resource flows" [ibid]. Booth [1995] suggested that institutional isomorphism meant that management control practices had spilled over from the commercial sector to the voluntary sector, by means of the requirements of funding operations, institutionally acceptable practices and solutions, and professional networks. The accountability that is demanded of religious/charitable organizations, and other nonprofit organizations, as a result of institutional expectations, has had a major impact on the management and accounting practices of nonprofit organizations. Accounting is increasingly being appealed to as an indicator of good management, providing value and legitimacy by its very presence. It therefore has a role that goes beyond mere technical considerations, being a practice constructed "in response to societal expectations" [Dirsmith, 1986, p. 357]. It is a powerful legitimizing tool [Carruthers, 1995], and nowhere is its visibility more apparent than in the presentation of an organization's financial statements. This paper suggests that this is not a recent phenomenon, but that the early financial reports of The Salvation Army demonstrate accounting's legitimizing role.

THE SACRED AND THE SECULAR

In spite of the prevalence of accounting as an institutionalized activity, it has been proposed that there is some potential resistance to the notion that a church, whose agenda is primarily spiritual, should be concerned with money, and as a result, make use of the practice of accounting, which has its roots in the secular world of money and business. Laughlin [1988], in his study of accountability and accounting systems within the Church of England, began with some insights into the "central" dynamic" of religious organizations, basing his work on Durkheim's division of all things into the "profane" and "sacred". This notion of a dialectic, a tension between opposing forces, formed the basis

[1] A well-established church, such as the Church of England, can overcome scandals more easily than a new sect-like organization. There are numerous accounts of scandals within the established church (see, for example, Parris [1998]), which do not appear to have had a significant impact on the church's survival.

for his assertion that within religious organizations there was a potential resistance to accounting, based on the tension between the need to rely on the secular world for the funding of religious work, and the desire to protect the "central sacred sanctuary" of belief from corruption by those very secular forces which helped sustain it [Laughlin, 1988, pp. 23-24].

Booth [1993, p. 50] made the observation that "the dominant ends in (religious) organizations are transcendental, which makes any empirical assessment of their achievement impossible". Accounting and management practices, he asserted, would therefore provide inappropriate measures of spiritual success, but provide a powerful example of a sacred/secular tension.

Perhaps the relationship between a church and money could be thought of as similar to a master-servant relationship. Hegel [1971, p. 175] considered the complex tension inherent in such a relationship, where the servant, in the very act of serving the master, eventually exceeded the master in worth, thereby reversing the two roles. While relying on money to fulfil its mission, a church's spiritual nature requires an independence of belief and thinking, so a tension develops, being resolved by the interaction of the two opposite notions [Gaarder, 1996, p. 303]. The resolution, if made, however, is never set, according to this approach, as the dialectical process, "a clash between a purpose or standard and its attempted fulfilment" [Taylor, 1979, p. 59], is a continuous working out of the dichotomy between opposites. The difficulty in a Christian service organization is in balancing the mission/money tension in a way that preserves the character of its mission [Jeavons, 1994, pp. 157-158]. This has implications for the way the organization embraces (or resists) fundraising methods, management principles and attitudes to accountability and accounting.

Perhaps this dialectic between churches and money is resolved in practice in at least two ways. Firstly, it may be resolved through the orientation a church has with the world. Kaldor et al [1994, p. 70] made a distinction, based on the work of Weber and Troeltsch, between a church and a sect, with the former having an open orientation to the world in the hope of influencing it, and the latter seeing the world as evil, and drawing a strict

boundary around its members. The historic orientation of a religious organization therefore will be a determining factor in the extent to which this tension is felt, and the manner in which it is resolved [Irvine, 1999, pp. 16-17].

The response of members of a religious organization to accounting will therefore have something to do with that organization's historic belief system and culture, and its openness to embracing "secular" practices. Swartz [1998, p. 324] suggested that many religious organizations were open to embracing these practices, as evidenced by the two broad institutional processes at work, secularization and institutional isomorphism. This openness has been observed in other research on the use of accounting in religious organizations. Irvine [1996] challenged the notion of resistance to accounting in the context of the budgeting system in a local church, observing that accounting enhanced the church's ability to achieve its goals. Accounting has been shown to assist members of a religious community in the ordering of their lives, including their financial affairs [Jacobs and Walker, 2000]. The results of a study of internal control systems in US churches by Duncan et al [1999] also challenges the distinction between the sacred and the secular. They found that the notion that accounting was somehow a "secular" activity was not at issue. Rather than displaying a resistance to internal control as a "secular" practice, the emphasis placed on internal control by churches varied according to their size and the "polity and hierarchical structure" [Duncan et al, 1999, p 142].

The second possibility for resolving any potential dialectic tension between churches and money is in the way money is transformed through the practice of philanthropy, or for other religious purposes. Jesus advised a rich young man to give away his wealth to the poor [*The Bible*, Matthew 19:21]. Members of the early Christian church held their property in common, and saw the giving of alms to the poor "not as a matter of mercy, but of justice, for the earth was seen as belonging to all people, and no-one had a right to more than he or she needed" [Singer, 1993, p. 60]. William Booth, the founder of The Salvation Army in England, saw his mission as spiritual but also one that involved the movement in the wider community. This emphasis attempted to break down any perceived barriers between the "so-called sacred and secular", with a great involvement of Army personnel in "that wicked world" [Watson, 1965, p. 274]. Booth believed that

"the bad can be sanctified, the secular made sacred - the devil's tunes, the brewer's money, the trade in the market-place" [ibid., p. 96].

This holistic view is more consistent with the “multidimensional” notion of Christian stewardship, which has been described as “nothing less than a complete lifestyle, a total accountability and responsibility before God” [Westerhoff, 1983, p. 15]. The steward “stands in a relationship of entrustedness whereby there is a responsibility of diligence and faithfulness in the administration of resources” [Mohon, 1999, p. 4], not just in monetary matters, but in the whole of life [ibid., p. 45]. The Iona religious community in Scotland provides a current example of the way this stewardship obligation is interpreted in practice, with biblical teachings on economics being emphasized as important in the ordering of money and the control of personal finances [Jacobs and Walker, 2000, p. 9]. As part of this responsibility, individuals also “give account of and for their daily lives” [ibid., p. 4], since money and its management cannot be separated from the whole of life. William Booth appeared to have this attitude in the way he practised his Christian faith: he was responsible to God for the way he conducted himself in *every* aspect of his life, and the way he managed money, particularly money donated by others to the cause, was a significant dimension of this.

The following excerpt from the preamble to the Salvation Army’s *Articles of War*, a document “soldiers” (members) signed before being sworn in, illustrates the commitment to whole-of-life stewardship:

> I do here declare that I will not allow myself in any deceit or dishonesty; nor will I practise any fraudulent conduct in my business, my home or in any other relation in which I may stand to my fellow men; but that I will deal truthfully, honourably and kindly with all those who may employ me or whom I may myself employ …
>
> I do here declare that I will spend all the time, strength, money and influence I can in supporting and carrying on the salvation war, and that I will endeavour to lead my family, friends, neighbours and all others whom I can influence to do the same, believing that the sure and only way to remedy all the evils in the world is by bringing men to submit themselves to the government of the Lord Jesus Christ [Watson, 1965, p. 26].

From all accounts, Booth lived a life consistent with these *Articles of* War, not only in his unstinting devotion to his cause, but in his apparent lack of interest in the accumulation of worldly wealth. He died poor, having survived on the interest on £5,000 [Watson, 1965, p. 94]. In his mind there appeared to be no distinction between the sacred and the secular as money (and accounting) were seen as a vital means of discharging his stewardship responsibilities. The acceptance of accounting was therefore desirable as a demonstration of the faithful discharge of this Christian responsibility.

The work of both Laughlin [1988] and Booth [1993], which argued for the existence of a sacred/secular tension, concentrated on established denominations with little or no reliance on the general public for funding. By contrast, the early Salvation Army was a breakaway group with no money, no established power base, and no property. This, it is suggested, had a profound impact on the young organization's policies in regard to finances and financial accountability, since it relied very heavily on funds raised from the public, unlike established denominations, which owned extensive property and had developed their own internal bureaucratic structures. At the time of the founding of The Salvation Army the Church of England was undergoing considerable change. Where in earlier times the aristocracy, as well as the tax system,[2] had supplied "all that was required to run the sacred centers and the priestly staff who worked in them" [Laughlin, 1988, p. 30], by the late 19th century, this system was breaking down,[3] with the Church losing some of its political power, and its parishioners staying at home. While membership had decreased substantially, however, the Church of England was not even close to the vulnerability (in financial, organizational and image terms) of the young Salvation Army, whose members were well known for taking around the "collection box" at public meetings.

[2] This included the system of "tithe taxes", where one tenth of "all produce and earnings by parishioners" was paid to the local parish priest and Church [Laughlin, 1988, p. 31].

[3] From 1836 onwards, various Acts of Parliament reduced the eligibility of parishioners to pay tithes, culminating in the complete removal of tithe taxes by 1936, when the Tithe Redemption Act of 1936 was passed [Laughlin, 1988, p. 32]. The Act of 1836 was not opposed by the church, probably because of the ill-will the system caused [Norman, 1976, p. 109]. By 1936, the public was at last freed from "the obligation of maintaining the National Church" [Norman, 1976, p. 346].

The Salvation Army's balance sheet for the year ended 30th September 1879[4] [*The War Cry*, 1880, p. 3] shows total receipts of £7,194/6/7, of which £4,723/10/5 (59%) was stated as being received from "outside sources". Supported only by the voluntary giving of its members, most of whom were from the poorer segments of society, and the money their members collected from the public, the Army did not have the relative financial security of investment income and tithe taxes enjoyed by the Church of England, and it certainly did not have the influence, reputation, property and political influence of that denomination.

The Salvation Army, needful of financial resources from outside its member base, recognized the legitimizing power of accounting. In order to understand this it is first necessary to offer a brief institutional analysis of the social context in which The Salvation Army was established, provide insights to its early history, and the mission of Army's founder,[5] William Booth.

THE INSTITUTIONAL CONTEXT OF THE EARLY SALVATION ARMY

The history of The Salvation Army began in England in 1865, when William Booth established the Christian Mission in the East End of London. Figure 1 outlines the significance of external institutional pressures and historic influences, all of which, together with internal factors, set in motion the Army's reliance on public funds, and its consequent use of financial reporting as a legitimizing activity.

Societal Contexts: The influence of both societal factors in the organization's early days and the idiosyncratic temperament, beliefs and mission of William Booth, were profound. It was these factors that established the early culture of The Salvation Army as a resource-dependent organization with a high public profile, outside the boundaries of other religious organizations of the day, with a unique and often unpopular mission. The Army had a desperate need for funds to survive. Its culture emphasized a respect for, and

[4] This balance sheet is reproduced in Figure 7, later in this paper.
[5] A new organization, if it is to be successfully established, will be profoundly influenced not only by existing institutional expectations [Dacin, 1997, p. 52], but also by its founder.

reliance on, a rigorous accounting system and the production of annual, audited balance sheets. These were perceived as demonstrations of Christian stewardship.

(Insert Figure 1 here)

One of the institutional elements identified by Scott [1987] as affecting organizational structure was its “imprinting” at the time of its founding. Historical contexts are highly significant, since at the founding of an organization, there will be social structures and norms to which a new organization must align if it is to be successfully established [Dacin, 1997, p. 52]. New organizations must be seen as “legitimate subunits of the larger social system” [ibid., p. 74] if they are to receive the funding necessary for their establishment. In the case of The Salvation Army, this was a crucial factor in its success, particularly in relation to financial and accounting practices.

The Salvation Army commenced its activities during a period of change in England. The British Empire was expanding rapidly and Britain was becoming established as a mature urban-industrial society. The mid 19th century witnessed advancing prosperity period, there was an expansion of joint stock companies and an attendant focus on financial reporting and auditing. The desirability of independent external audits was emphasized by major failures such as the City of Glasgow Bank in 1878. The increased importance of accounting and auditing in the industrial economy was epitomized by the formation of organizations of professional accountants. First in Scotland during the 1850s and in England from the 1870s. The Institute of Chartered Accountants in England and Wales was formed in 1880. The existence of an accountancy profession gave additional stimulus to developments in auditing, a subject which featured prominently in *The Accountant* from 1874 [Chatfield, 1977, p. 121]. From the 1890s, auditing was gradually upgraded as more analytical rather than detailed "routine verification" [ibid., p. 120]. Auditing was increasingly professionalized and founded on concepts of prudence [Maltby, 1999; Yamey, 1977, p. 28].

Yet economic expansion occurred against a background of poverty, drunkenness, crime, and substantial inequities in the distribution of wealth. According to Booth there was "no attempt at Concerted Action" [Booth, 1890] to address these symptoms of a society

where power was vested in the hands of the few. In spite of the efforts of social reformers to legislate for better living and working conditions, life was grim for the poor. The established denomination, the Church of England had little effect in alleviating the rising tide of poverty and the effects of social upheaval. Ralph Waldo Emerson [1966, p. 142] wrote of the Church of England in 1856 that "it is the church of the gentry, but it is not the church of the poor. The operatives do not own it, and gentlemen lately testified in the House of Commons that in their lives they never saw a poor man in a ragged coat inside a church".

The Founder, the Organization and the Mission: Founders have a huge influence on the structure of the organizations they set up,[6] with their own particular characteristics and practices often becoming institutionalized in the organization's culture. This was certainly the case with William Booth, the strong, charismatic founder of The Salvation Army. His sense of vision, together with his own poor background and his strict attitude to Christian stewardship and financial accountability, had a profound affect on The Salvation Army's funding arrangements and financial practices.

William Booth was born in 1829. He was converted to Christianity as a young man. His working life began in a pawnshop. From 1851, he devoted his time to preaching in London. By 1855 he had become a Methodist New Connexion travelling campaigner, on a wage of £2 per week. In that year he was married to Catherine Mumford, a committed Christian with strong feminist views. Booth was ordained as a Methodist New Connexion minister three years later. In 1861, William Booth resigned from the New Connexion and formed the Christian Revival Association. This was later absorbed into the East London Christian Mission, which, in turn became The Christian Mission in 1865. Booth was deeply committed to ministering to the poor. His sole aim at the inception of The Christian Mission, was "to convert the outcasts the clergy did not reach", and then pass them on to other churches. He often came home "bruised and bloodied", and found that his converts would not venture to the established churches [Collier, 1965, pp. 48-52].

[6] Pettigrew [1979] studied the role of the founding headmaster of a private British boarding school. He saw purpose, commitment and order, characteristics of the founder, being created and becoming part of the organizational culture of the school.

In spite of Booth's authoritarian nature, the Christian Mission had a democratic constitution, and its Annual Conference made decisions about the running of the ministry [Watson, 1965, p. 22]. After years of abiding by the decisions of a committee of 34 people, Booth became increasingly frustrated, so that when in 1876, he was approached by a deputation of evangelists who demanded a more autocratic approach [Collier, 1965, pp. 64-65], he agreed to join them. He confessed that he did not want to found a new sect, but, in 1878, at the annual conference of The Christian Mission, it was resolved by a three quarters majority to scrap the mission's Deed Poll, create a new Deed Poll, and vest control of all mission property in William Booth, as General Superintendent, "or his nominee" [ibid., 1965, p. 65; *Salvation Army Act, 1931,* First Schedule]. The founding of this new group effectively reinforced the fact that William Booth and his Christian Mission were outside the mainstream of organized Christian religion of the day. This had implications for the funding of the organization.

Booth had been a keen follower of the careers of Wellington and Napoleon, and adhered to the concept of militant Christianity. He spoke of "siege operations" against the Devil and was described in 1876 as the "General of the Hallelujah Army". His mission took on a military-like culture and was gradually referred to as a volunteer Army, and subsequently, in the 1878 Deed Poll of The Christian Mission, as: "a SALVATION ARMY recruited from amongst the multitudes who are without God and without hope in the world, devoting their leisure time to all sorts of laborious efforts for the salvation of others from unbelief, drunkenness, vice, and crime" [*Christian History*, 1990, p. 25].

In that year, Booth composed his "*Orders and Regulations for the Salvation Army*", maintaining that he could not run his "army" without a system [Collier, 1965, pp. 75-76]. A combination of rules, and homilies about the lives Salvationists were required to live, it was uncompromisingly strict. In 1879 in Salisbury, a Salvationist and his three sons, thinking the movement "lacked something", brought brass instruments along to their meeting, and accompanied the singing of songs. Hit tunes of the day were adapted into songs for the Salvation Army. Booth's comment "why should the Devil have all the best tunes?" indicated his willingness to use whatever methods were necessary to reach people with his message.

With all the accompaniments of an Army, The Christian Mission officially changed its name to The Salvation Army in 1880. William Booth became "The General" instead of the "General Superintendent". The Army model continued to gain momentum, with the use of Army terminology, the introduction of uniforms, and the publication of the weekly newspaper entitled *The War Cry*. The Army grew, according to William Booth, because of an "unqualified acceptance of military government and discipline" [Booth, 1890, Appendix 2], "the government that God himself has invented" [Wiggins, 1964, pp. 237-238]. This was to include a strict attitude to accounting and an emphasis on economical management.

Early in his ministry, William Booth recognized the difficulty of preaching the Christian gospel to people "whose whole attention is concentrated upon a mad, desperate struggle to keep themselves alive" [Booth, 1890, p. 45]. While his intentions were, at grass roots, uncompromisingly spiritual, he saw evangelical conversion as "a concomitant of drastic social and economic change - less a religion of stained-glass windows and the music of J. S. Bach, than of soap and a square meal, with noise, cheerful songs, and everyone so busy that they could not be bored" [Watson, 1965, p. 21]. Booth's early "random attempts at social work" included the establishment of "Food-for-the million" shops, where the poor could buy hot soup day and night and "a three-course dinner for sixpence". Eventually abandoned because of "administrative headaches", they were nevertheless an attempt to set into place a strategy for offering substantial and tangible assistance to the poor [Collier, 1965, p. 58].

A formal strategy was offered by Booth, when in 1890, his treatise "*In Darkest England and the Way Out*" [Booth, 1890] was published This immediate bestseller [Collier, 1965, p. 187][7] was an attempt to apply the Christian faith to an increasingly industrialized nation. Booth asserted that there was no need to look to "darkest Africa" to confront problems in desperate need of attention. He maintained that of the 31 million population of Great Britain (apart from Ireland), 3 million lived in "darkest England" as paupers, often homeless, and starving. They were the "submerged tenth", and he likened their

condition to the slavery that had been so condemned in Britain 60 years earlier [Booth, 1890, p. 23]. His famous "cab horse charter" proposed that human beings were worth at least as much as a cab horse, of whom it was said, "when he is down he is helped up" and "while he lives he has food, shelter and work" [ibid., p. 20]. The plan included a base in London, with farm colonies and overseas colonies across the world.

The establishment of the Social Reform Wing of The Salvation Army in 1890 provides a vivid example of the lack of separation, in Army culture, of the “sacred” and the “secular”. While the Army was described as "not a social reform organization", it was one that applied social reform and welfare work "to the principles on which it was founded" [Sandall, 1966, p. 74]. Booth was convinced of the theological justification for a doctrine that included "both personal salvation and social salvation" [Green, 1990, pp. 29-30]. In 1910, on his 81st birthday, he eschewed a dichotomy between the sacred and the secular, when he described the linkage between spiritual and social work as being essential, the “outcome of the spiritual life of its members” [Sandall, 1966, p. xiv].

Fundraising: The social reform and welfare work of The Christian Mission, and later The Salvation Army, required substantial funds. Booth's background, experiences and objectives emphasized the raising of money to achieve the mission but not through association with an established religious organization with an assured financial base. Funding the mission was always a challenge for Booth. He had no wealth of his own and no connections with monied persons. Conscious of the need to attract sponsorship and donations, but with a focus on the "submerged tenth" of society, there was little prospect of large scale fund raising from the upper classes. It was therefore necessary to attract other sectors of society where there might be an appreciation of the mission, and a willingness to support it. Unlike the Church of England, which could rely on income from substantial property holdings, and was secure in its own reputation and image, The Salvation Army was completely dependent on the support of the general public. This required constant drives to raise funds which in turn resulted in the importance to the

[7] The first edition, of 10,000 copies, sold out on 20th October 1890, the first day of publication. The second edition of 40,000 sold out a month later, with third, fourth and fifth editions were equally popular. Profits made from the sale of the book were donated to the scheme [Sandall, 1966, p. 79].

Army of adhering to established societal institutions, such as accounting, in order to maintain its credibility and image of worthiness.

In 1851, Booth's ministry commenced with the generous support of Edward Rabbits, the owner of a chain of boot stores in London, who offered him twenty shillings per week for three months, in order that he might devote his time to preaching [Collier, 1965, pp. 33-34]. By the time the "Darkest England" scheme was put forward 25 years later, the Army had raised more than £18,750,000 for its work [ibid., p. 185]. The incredible expansion in the work and influence of the Army had occurred by combining a vigorous fund-raising style with strict expense control. Bramwell Booth (William's son) described money as the "sinews" of the Salvation war [Woodall, 1995, p. 18; Thompson, 1985, p. 21], and from its earliest days, the Army gained a reputation for its constant efforts at money-raising. The collection box became a regular accompaniment to Salvation meetings, as illustrated by a music-hall chorus of the 1880s:

> … General Booth sends round the hat; Samson was a strong man, but he wasn't up to that [Booth, 1977, p. 115]!

Early donations came from several philanthropists and appeals were made to members and friends. *The Christian Mission Magazine* [1870a, p. 93] of April 1870 informed readers that over £50 per week was required to keep the mission going, dependent as it was on "the voluntary offerings of the Lord's people". Later that year, "friends" were told that "our funds for carrying on this great work are completely exhausted … brethren and sisters, you must help us or our work must cease" [ibid., 1870b, p. 128]. Constant pleas came from the Army's magazine, not only for money, but for donations of goods:

- our extensive operations, and their purely missionary character, render the work very costly, and only help from without … can enable us to go forward in the coming year [*The East London Evangelist*, 1869, p. 236];
- our coffers want replenishing [*The Christian Mission Magazine*, 1871, p. 96];
- help by saving us from anxiety in financial matters [ibid., 1872, p. 90];

- we must give more liberally … we must collect more diligently [ibid.,1873, p. 82];
- 'Funds again!' I think I hear you say, dear reader, yes, funds again! [ibid., 1874a, p. 67];
- Wanted, clothing of all descriptions for the poor! [ibid., 1875, p. 28].

Because of the precariousness of its financial situation, The Army was constantly looking for new ways of raising money. The Self-Denial appeal was introduced by William Booth in *The War Cry* on 14th August 1886, to expand the Army's work in Europe. Fifty thousand people were invited to join the "Self-Denying League" and to register their pledge to boost the contents of the "War Chest" by going without "some article of food or clothing, some little luxury, some ornament, some pleasure" [Wiggins, 1964, p. 216]. It became an annual appeal, focused not only on Salvationists,[8] but also on the public. General Booth, in 1908, said of the scheme, that it had proved to be one of the "greatest religious financial successes of the age", having attracted the admiration of "almost every religious and philanthropic organization in existence" [Thompson, 1985, p. 9].

Other schemes were also successful. The formation of The Salvation Army Property League[9] resulted in more property being acquired in 1887 than in the previous 17 years of its history [Wiggins, 1964, p. 234]. The "Universal Exhibition of Thank-Offerings" in 1887 was organized by the Army "to give every corps, officer, soldier and friend an opportunity of presenting to the Lord a portion of their *goods* (small or large) as a token of their thankfulness to Him for raising up The Salvation Army and sending forth its officers into this and other lands" [ibid., p. 242]. Army officers sent out to new corps were responsible for raising their own finances. Tithing was promoted as a desirable spiritual and financial practice for all Army officers, soldiers and friends, and other

[8] This was the name given to members of The Salvation Army.

[9] General Booth announced the establishment of the Salvation Army Property League in *The War Cry* of 1886 [Wiggins, 1964, p. 232]. The proposal was to attract 20,000 members of the League, each of whom would contribute one shilling per quarter. This would generate £4,000 per year, to which would be added other gifts and legacies. The plan was that once the League was established, corps (local churches) could contribute one sixth of the cost of their proposed new buildings, and the Property League would furnish the remainder. It was another example of the Army's way of meeting its financial requirements by breaking down the cost of its ventures into smaller, achievable amounts.

creative fund-raising efforts were devised, including harvest festivals, the Tea League,[10] and the Lord's corner.[11]

At the end of 1888, General Booth presented a “memorial” to the British Home Secretary, outlining the situation of “vast numbers of men and women” in East London slums. His assertion was that such shocking conditions in which people were living demanded some “special and extraordinary effort on behalf of the state”. This was the Army’s first request to the government for aid, but their request for £15,000 was denied. It was to be several years before the British government followed the example set by the Victorian Government in Australia in the early 1890s [Fairbank, 1983, pp. 90-91], when it provided funds for The Salvation Army to perform charitable works.

Booth's "*In Darkest England*" scheme of 1890 set a target of £1m. To anybody else, this might have seemed an extraordinary amount of money, but in spite of the fact that William Booth had been "bedevilled by money troubles" since the early days of the Army [Watson, 1965, p. 93], he was unapologetic about his request for funds to put his scheme into operation. He gave examples of the cost to Britain of various war expenses which greatly exceeded the £1 million he was requesting, and which were paid without hesitation by a government committed to extending its world-wide empire:

> When John Bull goes to the wars he does not count the cost. And who dare deny that the time has fully come for a declaration of war against the Social Evils which seem to shut out God from this our world [Booth, 1890, p. 251]?

Within three months of Booth's call to "arise in the name of God and humanity, and wipe away the sad stigma from the British banner that our horses are better treated than our labourers" [Booth, 1890, p. 282], £102,559/1/2d. had been contributed to the scheme. Booth's logic in his Darkest England scheme was that it would not be "irrational" to expect that the government, or some local authorities, would eventually assist in the plan, since it could ultimately be expected to provide relief in the rates and taxes of the country [ibid., p. 267]. The Army was thus willing to be a channel for the funds provided by

[10] The Salvation Army packaged tea, and at one stage had 43,344 customers [Wiggins, 1964, p. 225].
[11] Produce grown in the garden would be sold, with proceeds going to the Army [Wiggins, 1964, p. 225].

concerned donors, and possibly the government, to undertake the work for which they had the vision.

The Army became involved in financial institutions, with its Deposit Bank being set up in 1890. The bank began with no capital, its only security being “Booth’s good name” [Watson, 1965, p. 98]. There were 64 branches in England, Scotland, Wales and Jersey, and one third of deposits were invested in government securities, with the remaining deposits being lent on mortgage on real estate. Interest paid was 2.5% per annum, and all profits went towards The Salvation Army [Wiggins, 1964, p. 220]. The following year, Booth took over the Methodist and General Assurance Society Ltd. The Army turned it into a "self-formed, self-sustained organization with an administrative staff" [ibid., p. 227]. The Salvation Army Deposit Bank was defended as being "as righteous as collections and admission fees" [*All the World*, 1890a, p. 29] in its payment and earning of interest. A direct link with the "sacred" mission was claimed when the question was asked in an Army publication, "is it more "religious" to put one's money by in the traditional old stocking than in a bank which uses all its surplus capital simply and solely to multiply mission halls? We think not!" [*All the World,* 1890b, p. 208]. William Booth urged officers of the Army's Life Assurance Company to be “God’s agents”, ideally allying “business principles” with “religious practice” [Wiggins, 1964, pp. 230-231]. These "business principles" included accounting.

Trading was another source of funds for the Army. General Booth had expressed the desire that the Army's social work should become self-funding over a period of time. There was no shame in being involved in business activities, providing they adhered to strict ethical standards. In all its fundraising schemes, in the Army there was no distinction seen between the money and the mission, the sacred and the secular.

EARLY FINANCIAL REPORTING BY THE SALVATION ARMY

Financial accountability and the proper keeping of accounts were always important to William Booth, and consequently to The Salvation Army. It has been suggested that from the outset the Army has been aware of the favorable image generated by implementing accounting systems so rigorous that they “earned the unqualified commendation of

financial experts and authorities who had cause to study its workings" [ibid., pp. 212-213]. As shown in Figure 2 the Christian Mission's Deed Poll required an audited balance sheet. There were, however, no specifications as to the qualifications of auditors or the form of the balance sheet. A study of the Deed Poll indicates William Booth, as the "General Superintendent", had substantial power to direct the Christian Mission in all matters, including discipline and laws, as well as finance. The requirement for an audited balance sheet appears to have been the only constraint on those powers. Another section of the Deed Poll gave Booth the power to acquire all land, buildings, furniture and fittings "whatsoever which may in his judgment be required for the purposes of the said Christian Mission". The role of the Trustees in relation to such property was to "render him every assistance", with the right of appointment, or revocation of appointment, of those trustees vested in the General Superintendent. Booth was given the power to transfer property "to such persons or person and upon such trusts as he may direct" with the proviso that it was to be done "only for the benefit of the said Christian Mission" [*The Christian Mission Deed Poll*, 1878].

(Insert Figure 2 here)

The requirement that the General Superintendent of the Christian Mission provide an annual, audited balance sheet remained in force when The Salvation Army was instituted in 1880. Figure 3 illustrates the way in which the Army accounted for its income, and makes evident its reliance on a firm of chartered accountants to look after its financial affairs - an efficient and also legitimizing strategy. The independence of the Booths from moneys donated to The Salvation Army is a notable feature of the article. Given General Booth's financial powers, this was an important issue at the time.

Under the influence of Booth financial accountability had been a feature of the East London Christian Mission. Far from being perceived as a "secular" intrusion into "sacred" work, the raising of funds and accounting for it was seen as a spiritual activity, a demonstration of meticulous stewardship, as this excerpt from *The East London Evangelist* [1869, p 236] illustrates:

> We this month present our readers with our Balance Sheet, for the year ending Sept. 30th. From it our friends will gather how graciously our Heavenly Father has sent us help in this great work during this period. From far and near funds have been sent us. Though often brought to the very verge of a complete standstill, yet *we have never had to give up work for want of money.* Our conviction is that God is leading us forward, moulding, and fashioning the work, and opening for us spheres as rapidly as we have the right kind of workers to fill them.

(Insert Figure 3 here)

Lists of contributions such as those shown in Figure 4 were regularly included in the mission's newspaper, together with the names of the contributors. People who made donations to the Army were seen as partners in the spiritual work of the mission, so their contributions were worthy of mention.

(Insert Figure 4 here)

Finances continued to be made public in early editions of *The Christian Mission Magazine*. Amidst rousing stories of the work of the mission balance sheets of particular branches of the mission could be found [*The Christian Mission Magazine,* 1875, p. 28[12]; *The Christian Mission Magazine*, 1876a, p. 54],[13] or summaries of the "State and Finances of the Christian Mission". *The Christian Mission Magazine* [1876b, p. 172] of July 1876 included information about the amount "contributed by the people towards the support of the work", as well as details of other mission statistics such as the number of members, public speakers, preaching services, and "anxious inquirers". Some branches had not submitted financial returns, and no information was given regarding the amount expended in the running of the various mission branches, or how much they held in funds. These summaries appeared semi-regularly in early editions of the Mission's magazine.

[12] The balance sheet of the Chatham Branch was included as a model, since it was "all but self-supporting" [*The Christian Mission Magazine,* 1875, p. 28].

[13] The balance sheet for the Middlesboro branch of the Mission revealed receipts from Sunday offerings, tobacco money, donations, and male and female believers' classes, with a final balance in hand of £9/11/3 [*The Christian Mission Magazine,* 1876a, p. 54].

Finances were interpreted as having spiritual significance, together with data on the "Total No. of Preachers and Exhorters" and "Anxious Inquirers Recorded". These were usually presented in a positive light, for example, as disclosing "very cheering facts" [*The Christian Mission* Magazine, 1874b, p. 226], although sometimes some information was missing. This is illustrated in Figure 5.

(Insert Figure 5 here)

The Christian Mission Magazine of 1875 [p. 28] included a balance sheet, reproduced in Figure 6.

(Insert Figure 6 here)

The accompanying comment clearly illustrates that not only was correct accounting desirable, but the "economical" use of funds was also highly praised:

> We print the above as a remarkable example of economical Mission work. A powerful Mission has been thoroughly established in a large town, with Mission Hall and Missionary's House well fitted up, and has in twelve months become all but self-supporting; the cost of the first twelve months to our funds being only forty-five pounds! [*The Christian Mission Magazine,* 1875, p. 28].

Auditors: The balance sheet of The Christian Mission for 1877-78 listed Receipts and Expenditure, and was "audited and found correct" by a firm of public accountants in London [*The Salvationist,* 1879, p. 84]. The publication of the balance sheet for the year ending 30th September 1879 [*The War Cry*, 1880, p. 3] (see Figure 7) included an explanation of the policy of producing annual balance sheets, and an assurance that "every penny received and spent in connection with the Army has thus been publicly accounted for from the first days of The East London Christian Revival Society till this day".

(Insert Figure 7 here)

The amount received from "outside sources" represented 66% of total receipts, and there was a recognition that this kind of support warranted financial accountability. Refuting the charge that the Army had never published balance sheets, it was pointed out that the

balance sheet, for 1879, was actually the 14th that the Army had produced, and that "a firm of auditors of the highest respectability have audited our books for years past" [*The War Cry*, 1880, p. 3]. Josiah Beddow & Son, public accountants, London were the organization's auditors for at least 14 years. At some stage between 1882 and 1890, this firm was replaced by Knox, Burbidge, Cropper and Co, chartered accountants, London [*The Salvation War,* 1882, p 173*; A Review of the Operations of The Salvation Army*, 1890].[14]

William Booth was reported to place great trust in the public auditors who looked after the Army's accounts [Booth, 1977, p. 116]. Bramwell Booth (the founder's son) recounted a story about Henry Labouchere, the editor of the paper *Truth*, who was openly critical of the Army's finances, alleging that it had no accounts to show. After one of these attacks, William Booth invited Labouchere to visit the Army's headquarters, and he arrived to find one of the partners from the Army's auditing firm there, with all the accounts ready for his perusal. After one and a half hours of "going over the books, examining the Vouchers, and talking to members of the Staff", he was apparently quite satisfied, and after that, became "more or less a friend". The chief value of his approval of the Army's finances, according to Bramwell Booth, was in the fact that "he was so great an authority on such matters that when he took a thing up and even faintly praised it people accepted its credentials right away" [Booth, 1977, pp. 119-120].

In putting forward the Darkest England scheme, Booth [1890] made reference to the Army's size, its zeal, its reliance on the power of God, its successful record, and its Army discipline, as proving its capacity to pursue the grand plan. In an appendix to his book, Booth [ibid.] listed the qualifications of the Army for administering the Darkest England scheme. These included: the number of "Officers or Persons wholly engaged in the Work", a list of property vested in the Army, a catalogue of the social work of the Army, the number of officers managing the social branches, details of weekly and monthly circulation of Army publications, and, significantly, a balance sheet. Figure 8 is a reproduction of part of the first appendix to Booth's [ibid.] book:

[14] It is interesting to note that the 1879 balance sheet does not actually balance, the pence column on the receipts side adding up to 7d. when it should be 11d.

(Insert Figure 8 here)

The Salvation Army emphasized its accountability to the public, and its desire to be frank and open about the Army's dealings, including financial management. The Darkest England trust deed provided for the General to be a "genuine legal trustee", with all properties vesting in him. The moneys and properties raised through the Darkest England scheme were to be kept separate from those of The Salvation Army, and any breach of trust by the General would be proceeded against by the British Attorney-General [Sandall, 1966, p. 97]. According to Bramwell Booth, his father never touched any of the Army's money after the first ten or twelve years of the movement. While financial arrangements remained in his name, they were "attended to by others", because the founder realized "the necessity for exactness and economy in dealing with money, both private and public" [Booth, 1977, p. 116].

In General Booth's opinion, wherever his soldiers were given the freedom to act, they so swiftly proved their worth "to the hilt" that the authorities would soon step in to subsidize their work [Collier, 1965, 149]. The Army was not averse to accepting public or government funding to establish or maintain its work, and this drew attention to the group, sometimes in a negative way. It desperately needed to be perceived by the public as a reputable organization if it was to continue to receive the funding it required. However, its requests for public money, together with its unusual methods and controversial mission, led to a considerable amount of adverse public criticism.

CRITICISMS OF THE FINANCIAL ARRANGEMENTS OF THE SALVATION ARMY

From its earliest days, The Salvation Army has had a strange and intense relationship with its public, because it has always been a high-profile public movement. It did not confine its activities to church buildings, but went out onto the streets, preaching, marching, and making music. In 1903, recalling the time when the Army began, William Booth said "I was laughed at, mocked at, ridiculed and given the cold shoulder by all sorts of people, religious and otherwise, but I went forward" [Wiggins, 1964, P. 251]. In

the early days of the "Hallelujah lasses",[15] any publicity that kept the Army's purpose before the public was thought to be "good publicity", including bell-ringing, a crimson-draped donkey, and other stunts designed to attract attention and enable the Army to present its message [Collier, 1965, 77]. The fundraising efforts of the Army attracted criticism and financial innuendo. Again, accounting comprised an important defense.

Probably because of its high profile, and its constant appeals to the public for funds, The Salvation Army faced criticism about its financial affairs. It attempted to refute these by reference to its scrupulous accounting systems and accounts. These were advanced as proof of meticulous stewardship. The response in *The War Cry* of 1880 [p. 3], to accusations that “no accounts of our finances were ever published”, has already been presented. The Army argued that “every penny received and spent in connection with the Army has thus been publicly accounted for from the first days of The East London Christian Revival Society till this day”.

The Darkest England proposal put the Army in the spotlight because of the vast amounts of money the scheme was to cost, and the donations that it attracted. Figure 9 is typical of the “abusive cartoons” about William Booth that were published in the 1880s. Other critics described William Booth as "Field Marshal von Booth", a "brazen-faced charlatan" and a "pious rogue" [Collier, 1965, p. 194].

(Insert Figure 9 here)

After the Darkest England scheme was put forward, rumors began to circulate about the financial aspects of the scheme. The officer who had been in charge of one segment of the scheme, Commissioner Frank Smith, resigned, amidst charges of financial irregularity. It was also suggested that General Booth kept no accounts of any kind. Rumors grew that funds raised from the Darkest England scheme were being merged with the general funds of The Salvation Army [Sandall, 1966, pp. 101 – 102]. The Salvation Army’s publication *All the World* [1891, p. 236] included a refutation of this and other charges, prepared by the Army’s auditors. This is reproduced in Figure 10. It is

[15] This was the nickname given to young Salvationist women.

worth noting that much emphasis was placed on favorable opinions expressed in the financial press.

One rumor even suggested that Booth was planning to abscond with £2 million of funds from the Darkest England scheme. General Booth wrote in *The War Cry* of 6th August, 1892:

(Insert Figure 10 here)

> ... I have been charged definitely with using the money given for the poor for my own glorification, luxurious indulgence and family aggrandizement ... The accounts of the social scheme it has been alleged are imperfectly kept ... and the whole of our financial statements are unreliable ... It has been said that the money has not been spent at all, or not as proposed ... [Sandall, 1966, p. 92].

The Times suggested a committee should investigate the fund's legal and financial aspects. In 1892 an inquiry was held by five members, one of whom was Mr. Edwin Waterhouse, the President of the Institute of Chartered Accountants of England and Wales. 18 meetings were held and 30 witnesses called [ibid., p. 93]. Access to all records was given, and sixteen of the social centers were visited. In considering whether the money raised was devoted exclusively to the Darkest England scheme, the committee had to take note of whether it was expended in a "businesslike, prudent and economical manner, with properly kept accounts" and whether the property so raised was secured from "misapplication" [Sandall, 1966, p. 94]. The committee found that the money was being “properly spent”, and gave the scheme their full approval [Watson, 1951, p. 19].

The inquiry vindicated Booth, finding that he had "drawn no income from mission or Army funds in twenty-seven years as an evangelist" [Collier, 1965, pp. 195-196]. Further, the committee held that "... books are kept on a proper double-entry system ... audited by a firm of very competent chartered accountants ... vouchers of all payments are kept" [Sandall, 1966, p. 94]. This was consistent with the Deed Poll of the Trusts of the Darkest England Scheme, which gave the General power to “determine and enforce the laws and to superintend the operations” of the scheme, provided that “full accounts of all moneys contributed collected or received for the said Scheme and of the application thereof shall

be kept in such manner as to keep the same always distinct and separate from the accounts of all other funds of the Salvation Army" [ibid., pp. 328-329]. *The Times*, however, suggested after the inquiry that while the social wing of the Army was substantially in debt, the "spiritual wing" was so prosperous that it could advance the money to sustain the social work [ibid., 1966, p. 96].

The Army was aware of these and other criticisms, and sought to correct these impressions at every opportunity. The tenor of the Army's response was to present itself as a financially reliable organization. The primary claims to financial reliability rested on the provision of a balance sheet audited by a reputable firm of public accountants, the separation of various funds to ensure that donations were used for purposes for which they were given, and the existence of a reliable accounting system, including a stringent budgeting process, and strict monitoring of expenditure.

CONCLUSIONS

The Salvation Army is the product of a number of influences. The vision of William Booth, the society in which it was formed, its own distinctive culture and the institutional forces which influenced it, especially during its early years. Throughout its turbulent history, the Army has struggled to establish credibility, to promote its mission, to develop and maintain its own distinctive identity, and to raise the funds necessary to fulfill its mission. Its survival can be attributed to its ability to maintain an image acceptable to society, both in terms of pursuing its mission and the conduct of its financial affairs.

Accounting, as a powerful societal institution, and as one of the components of the Army's unique culture, played a significant role in presenting an acceptable financial image. From its early existence, the presentation of audited financial statements was a valuable aid to assuring the public of the Army's financial credentials and thereby securing a legitimate claim to the funds it required to continue its mission. Accounting, far from being perceived as a "secular" intrusion into its "sacred" affairs, enjoyed an important position in the organization. It is suggested that other resource-dependent religious organizations, especially those with an open orientation, are also likely to

demonstrate little conflict between the sacred and the secular, and to embrace accounting as a valuable legitimizing tool.

Covaleski et al [1993, p 66] observed that institutionalization is a "profoundly political" process, reflecting the relative power of interests and actors. Once established, accounting systems were intended to be symbolic and provide legitimacy, actually transcend that status, and are found to influence the way "external *and* internal constituents think about and act concerning the organization" [ibid., 1993, p. 67]. An interesting research question, therefore, could be a consideration of the extent to which "institutionalized legitimating practices … penetrate and influence internal organizational practices" in historical settings [ibid., p. 68]. In other words, does the enforcement of formal organizational practices that have come about as a result of institutional pressures result in "merely cosmetic changes", or do they have an impact on, for example, internal resource allocation decisions [Covaleski and Dirsmith, 1988, p 565]? It may be at this level that there is more resistance to "secular" accounting practices, as suggested by both Laughlin [1988] and Booth [1995], when accounting actually attempts to do more than legitimize an organization's existence and claim for financial resources.

The functioning of accounting in religious organizations remains a substantially unexplored field in accounting history. Examinations of the practices of financial reporting and internal control in these organizations offer important insights to the role of accounting in the relationship between the sacred and the secular and its significance in arenas beyond the corporate world.

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FIGURE 1

An institutional view of The Salvation Army's historic context

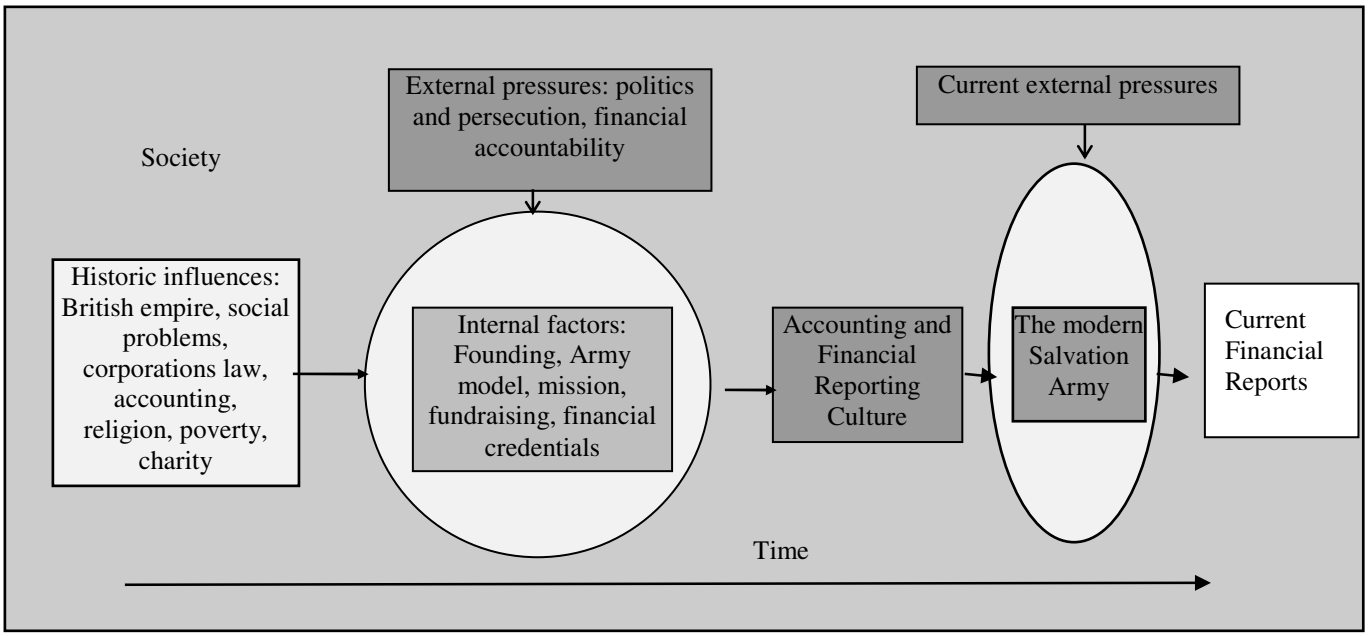

FIGURE 2

Excerpt from The Christian Mission Deed Poll

…

Thirdly:- That the said Christian Mission is and shall be always hereafter under the oversight direction and control of some one person, who shall be the General Superintendent thereof whose duty it shall be to determine and enforce the discipline and laws and superintend the operations of the said Christian Mission and to conserve the same to and for the objects and purposes for which it was first originated.

The General Superintendent shall have power to expend on behalf of the Christian Mission all moneys contributed for the general purposes of the said Christian Mission or for any of the special objects or operations thereof but he shall annually publish a Balance Sheet (duly audited) of all such receipts and expenditure.

… Dated this same 7th day of August 1878

Witnesses to both signatures	General Superintendent
THOS. WHITTINGTON	WILLIAM BOOTH
J. E. BILLUPS	G. S. RAILTON
	Secretary of the Christian Mission

Source: *The Christian Mission Deed Poll*, 1878

FIGURE 3

Finances

"The income of the Salvation Army is arranged in two distinct divisions:-

"1st. – There are the amounts sent direct to headquarters by subscribers and others.

"The particulars of this amount and of the expenditure of the same, with summary of the trade accounts, are published in the annual balance sheet, which may be had on application to us, or to the head-quarters of the Army,

"The books at head-quarters are not only audited by us, but are under our direct and continuous control, so that we have the full knowledge of all income and expenditure of every kind whatsoever relating to this division.

"*From none of these sources of income does the General or Mrs. Booth draw any moneys for their own personal income, nor have they done so for the fourteen years during which we have had the audit of the accounts. (emphasis added)*

"2nd. – The second division of income of the Army consists of the local contributions.

"These amounts are raised and spent locally by the duly appointed treasurers and secretaries of each separate corps for their own local expenses, under the direction of the officers, they are examined by local auditors, and are under the direct supervision of headquarters.

"(*Signed*) JOSIAH BEDDOW & SONS,
"*Chartered Accountants.*
"2, Gresham Buildings, Basinghall Street, London, E.C.
"*March* 8, 1882."

Source: *The Salvation War*, 1882, p. 173

FIGURE 4

Contributions

CONTRIBUTIONS TO THE EAST LONDON CHRISTIAN MISSION FROM OCTOBER 15TH, TO NOVEMBER 15TH, 1869

NEW HALL.	£	s.	d.
Mrs. Morris - -	3	0	0
Friend at Stow-market - -	0	10	0
Sir F. Crossley -	10	0	0
Anon.	0	10	0
Barnstaple	1	0	0
Mrs. Bradford (sale) - -	1	0	0
DESTITUTE SAINTS.			
W. and E. McGan - -	2	12	0
Mrs. Keer - -	0	6	0
Jos. Huntley, Esq. - -	2	10	0
J. F. - -	0	2	6
Mrs. Dennis - -	2	0	0
E. O. - -	1	0	0
Miss Arthington -	10	0	0
Mrs. McInnes - -	2	0	0
Mrs. Taylor - -	2	0	0
Mrs. J. Lambert - -	5	0	0
Miss Alcock - -	0	2	0
Mr. Young - -	1	0	0
Mrs. Freeman - -	1	10	0
J. S. R. - -	0	5	0
Hy. Roper, Esq. -	0	10	0

	£	s.	d.
Miss Kelly - -	0	6	0
Barnstaple - -	1	0	0
GENERAL POOR.			
Jas. Barlow, Esq.	2	10	0
GENERAL WORK.			
Miss Northmore	0	5	0
Jos. Huntley, Esq.	2	10	0
Miss Wilson - -	1	0	0
Mr. Belemore -	0	5	0
Rev. H. Cooke - -	5	0	0
Friend - -	2	10	0
" at Brighton	0	10	0
W. S.Lean,Esq. -	1	1	0
Miss Hurley - -	0	1	0
A.N. - -	0	5	0
W.N. - -	0	5	0
Miss Skey - -	1	0	0
Miss Chapelow -	0	2	0
Mr. J. Wilson - -	0	5	0
Collected by Mrs. Webster - -	2	10	3½
Jas. Paton, Esq. -	10	0	0
Self-denial - -	0	8	0
John Sands, Esq.	10	0	0

	£	s.	d.
Mrs. Dursey -	0	5	0
Mr. Carter - -	0	10	0
Major South - -	0	10	0
Jas. Barlow, Esq.	2	10	0
Mrs. Hogg - -	0	5	0
J.A.B. - -	0	10	0
Mrs. Spenser - -	0	10	0
Miss Oldham - -	1	1	0
Miss Diaper - -	0	5	0
Friend - -	0	5	0
Mrs. Ferguson –	0	5	0
Mr. F. Brown -	1	7	0
Friend - -	0	5	0
PERSONAL ACCOUNT.			
Barnstaple - -	1	0	0
EDINBURGH BRANCH.			
On the Mission -	3	8	3¾
John Melrose, Esq.,	0	10	0
Mr. Fairbairn - -	0	5	0
Mrs. Nixon - -	0	5	0
Mrs. Hunter - -	0	5	0
Mr. Miller - -	0	2	6
A friend - -	0	2	0
Wm. Lyon - -	0	1	0

Source: *The East London Evangelist,*1869, p. 236

FIGURE 5

District Reports

THE REPORTS FROM THE DISTRICTS FOR THE YEAR ENDING THE 31ST MARCH 1874							
DISTRICT	Total No. of Preachers and Exhorters	Outdoor Services held.	Indoor Preaching Services held.	Anxious Inquirers Re-corded	Amount contributed by the people towards the support of the work		
					£	s.	d.
Whitechapel	55	1040	780	612	307	10	4
Shoreditch	56	832	1040	424	172	13	9
Limehouse	36	312	676	350	165	3	11¾
Poplar	24	1093	988	400	169	18	2¾
Croydon	17	520	520	280	157	3	3½
Hastings	38	364	572	150			
Portsmouth (9 months)	19	546	676	650	390	2	7¼
Wellingboro'	4	156	156	120	73	17	0¾
Kettering	8	116	232	80			
Chatham (3 months)	8	91	104	154	46	13	9
Totals	265	5070	5744	3220	1483	3	0

Source: *The Christian Mission Magazine,* 1874b, p. 226

FIGURE 6

A Branch Balance Sheet

BALANCE SHEET
OF THE
CHATHAM BRANCH OF THE CHRISTIAN MISSION,
From November, 1873, to 1st December, 1874.

DR.	£	s.	d.	CR.	£	s.	d.
To Offerings at Lecture Hall	90	6	1½	By Rent of Lecture Hall	43	16	8
" " " People's Hall	7	13	6	" Stationery and Printing	3	13	3
" Believers' Offerings	19	1	4	" Rent, Gas, and Cleaning of People's Hall	22	8	0
" Donations and Cards	88	12	10	" Seats, and Fittings for same	45	16	0½
" Proceeds of Tea Meetings	8	0	8	" Missionary's Salary and Incidentals	105	2	6
" Grants from Parent Mission	45	0	0	" Furnishing Preacher's House	40	8	10
" Incidentals	3	9	11	" Balance in hand	0	19	1
	£262	4	4½		£262	4	4½

WM. HEATH, *Secretary*.
CAPT. TINNMOUTH, R.M., *Treasurer*,
Royal Marine Barracks, Chatham.

Source: *The Christian Mission Magazine*, 1875, p. 28

FIGURE 7

The Salvation Army Balance Sheet for the year ending 30th September 1879

Dr. RECEIPTS	£	s.	d.	EXPENDITURE	£	s.	d. Cr
To Total Subscriptions and Donations for -				By Balance overpaid September 30th, 1878	479	19	10
" General Work, including Advance [£500] obtained last year for Completion of New Halls	4,548	13	0	Advances to 108 Stations [see Schedule below]	2,020	2	5
" Sick and Wounded [D.S.]	375	12	4	" Relief Given to Sick and Wounded, together with Cost of Special Appeals	422	6	6
" Millwall New Hall	70	19	1	" Cost of Monthly Magazine, Books, Tracts, &c., for nine months together with Grants of Books	1,623	7	1
" Training of Evangelists	101	2	0	" Cost of Plant, Machinery, Stock, &c., in Printing Department, together with Payments for necessary Alterations of Premises	524	17	10
" Thanksgiving Fund	12	0	0	" Training of Evangelists, together with Expenses of Evangelists on Trial	353	14	9
"Amounts received from and on Account of certain Stations (see Schedule below)	561	15	9	" Expenditure at Councils of War, Cost of Special Evangelistic Effort, and Special Charges	166	18	1
" Amounts received for Books, Magazines &c., sold by Book Room during 9 months	1,419	8	8	" Reconnaissance ["Searching out the Land"] and Northern District General Expenses	322	11	10
"Balance overpaid September 30th, 1879	104	16	1	" Office Expenses, Salaries of Clerks, Stationery, Repairs, Furniture, Auditors' Fees, &c.	444	1	6
				" Expenditure on Millwall New Hall	125	19	5
				" Legal Charges, with Salaries of Secretaries	286	2	7
				" Travelling Expenses	162	16	11
				" Postage and Telegrams	135	2	11
				" Printing and Postage of Annual Balance Sheet, Cost of Appeals, &c.	126	4	11
	£7,194	6	7		£7,194	6	7

NOTE. – That the total amount received from Outside sources towards our General Expenses is only £4,723 10s 5d.
That out of this Fund has been paid towards relief of the Sick beyond the Special Fund for their assistance, £46 14s. 2d.
For establishment of our Printing Department, £324 17s. 10d.
Towards cost of fitting up Millwall Hall, in excess of the money specially contributed for that object, £35 0s. 4d.
Thus leaving available for General Spiritual Purposes, only £4,096 18s. 1d.
That our payments have exceeded our receipts by £104, and that we owe a deal more since then.

Audited and found correct
JOSIAH BEDDOW & SON, Public Accountants,
2, Gresham Buildings, Basinghall St., E.C.

NOTE.- Should these statements leave any Officer or man in uncertainty or doubt, as to any matter, write at once to Headquarters, as we wish every one connected with the Army thoroughly to understand what funds it has, and how they are spent.

Source: *The War Cry*, 1880, p. 3

FIGURE 8

Audited Balance Sheets

Balance Sheets, duly audited by chartered accountants, are issued annually in connection with the International Headquarters. See the Annual Report of 1889 – "Apostolic Warfare".

Balance Sheets are also produced quarterly at every Corps in the world, audited and signed by the Local Officers. Divisional Balance Sheets are issued monthly and audited by a Special Department at Headquarters.

Duly and independently audited Balance Sheets are also issued annually from every Territorial headquarters.

Source: Booth, 1890, Appendix 1

FIGURE 9

A Caricature of William Booth

Now, Mr. Booth, let us know what you are going
to do with all this money!

Source: Ervine, 1934, pp. 544 – 545

FIGURE 10

The Keeping of Accounts

THE SALVATION ARMY ACCOUNTS.

The following letter has been addressed by our accountants to the Chief-of-Staff. It may be of interest to our readers, and we print it accordingly:-

DEAR SIR,-

In reply to your inquiries as to the nature and value of the criticisms which have appeared in the public press on the above accounts, we may say that they have been of three types –

1. The simple statement that "General Booth keeps no accounts of any kind whatever."
2. Adverse criticism.
3. Favorable criticism.

1. The "Times" and "Standard" were the only papers making statement No. 1, as the result of original research! though many minor papers quoted from their articles. Both these papers have been regularly supplied with the annual accounts, and have reviewed them on several occasions!

In reply to the "Standard" article (which appeared first), we wrote as follows:-

1. The books of The Salvation Army are accurately kept, and compare favorably with any of our large Companies, and are, therefore, needless to say, superior in this respect to the great majority of charitable institutions.
2. The internal check upon receipts and payments is complete, and is jealously enforced.
3. General Booth does not, nor has he ever, drawn any remuneration from the funds of the Army.
4. Over fifteen thousand copies of the audited annual Income and Expenditure Accounts, Balance Sheets and Lists of Subscribers are distributed yearly, whilst anyone applying for a copy is at once supplied.
5. In addition to the system of internal check in use, a staff of competent traveling auditors is constantly employed, whilst our representatives are at one or other of the Army Depots for five months in every twelve, for the purpose of conducting a thorough and independent audit of the transactions of the year.

We are, Sir, your obedient servants,
KNOX, BURBIDGE, CROPPER and Co.,
Chartered Accountants, London and Sheffield.
16, Finsbury Circus, London, E.C., November 6th

2. "Scrutator" in "Truth" is the only sample of the second class of criticism, so far as we are aware, though, in this instance also, extracts appeared here and there in the provincial press. The value attached to "Scrutator's" criticism by independent experts may be gathered from a leading article which appeared in the "Accountant," dealing exhaustively with "Truth's" article, and from which we may quote as follows:-

"It may be premised that when a man sits down to criticize at considerable length accounts of any description, he should at all events be possessed of a knowledge of the elementary principles of book-keeping. We think we shall be able to introduce ample evidence to show that this gentleman plainly does not understand what he is talking about, and that once again the old adage is illustrated that 'a little knowledge is a dangerous thing.'

"The item of the net surplus of the Army (otherwise their capital) could not be more clearly put than is done in these accounts, and we must unavoidably come to the conclusion that Mr. Scrutator does not understand the plainest figures.

"Why, if 'Scrutator' had gone through the first exercises in Hamilton and Ball, he would not have fallen into such a childish blunder."

In view of the source from which the very plain opinions come, further comment from us would be superfluous.

3. As samples of the last class, we may quote:

(a) The "Accountant", which said "The Salvation Army accounts are clear and undoubtedly well kept," and "Altogether these accounts are very credible specimens, and we only wish that the accounts of all charitable institutions were as carefully and clearly kept," and again, "As we have already said, the printed accounts speak for themselves and will be clear to all who have an elementary knowledge of accounts."

(b) The "Financial Times," "There is no question, after a perusal of the accounts and certificates, but the books of The Salvation Army are in perfect order."

It is hardly necessary for us to emphasise the obvious discrepancy between the opinions of No. 2, the Amateur, and No. 3, the Experts.

Yours faithfully,
KNOX, BURBIDGE, CROPPER & CO.
W. BRAMWELL BOOTH, ESQ.
101, Queen Victoria Street, E.C.

Source: *All the World,* 1891, p. 236