In attempting to explain why double entry bookkeeping developed in 14th century Italy instead ofancient Greece or Rome, accounting scholar A. C. Littleton describes seven "key ingredients" which led

to its creation:

Private property: The power to change ownership, because bookkeeping is concerned with

recording the facts about property and property rights.

Capital: Wealth productively employed, because otherwise commerce would be trivial and credit

would not exist.

Commerce: The interchange of goods on a widespread level, because purely local trading in small

volume would not create the sort of press of business needed to spur the creation of an organized

system to replace the existing hodgepodge of record-keeping.

Credit: The present use of future goods, because there would have been little impetus to record

transactions completed on the spot.

Writing: A mechanism for making a permanent record in a common language, given the limits of

human memory.

Money: The "common denominator" for exchanges, since there is no need for bookkeeping except

as it reduces transactions to a set of monetary values.

Arithmetic: A means of computing the monetary details of the deal.

Many of these factors did exist in ancient times, but, until the Middle Ages, they were not found

together in a form and strength necessary to push man to the innovation of double entry. Writing, for

example, is as old as civilization itself, but arithmetic – the systematic manipulation of number symbols –

was really not a tool possessed by the ancients. Rather, the persistent use of Roman numerals for

financial transactions long after the introduction of Arabic numeration appears to have hindered the

earlier creation of double-entry systems.

Nevertheless, the problems encountered by the ancients with record keeping, control and verification of

financial transactions were not entirely different from our current ones. Governments, in particular, had

strong incentives to keep careful records of receipts and disbursements – particularly concerning taxes.

And in any society where individuals accumulated wealth, there was a desire by the rich to perform

audits on the honesty and skill of slaves and employees entrusted with asset management.

But the lack of the above-listed antecedents to double entry bookkeeping made the job of an ancient

accountant extraordinarily difficult. In societies where nearly all were illiterate, writing materials costly,

numeration difficult and money systems inconsistent, a transaction had to be extremely important to

justify keeping an accounting record.