Ethiopian Accounting System The Ethiopian Accounting System is a three-column accounting system. It originated in the 16th century and was replaced by the Double Entry system in 1867. The main problem with the Ethiopian system is that there was no separation between fixed and current assets, and it did not take into account depreciation of fixed assets.

It also did not have a chart of accounts, nor any rules for what should be included in each column of the bookkeeping records. Additionally, it did not include such important features as capital expenditure or profit calculation. Nevertheless, it had its own set of specific techniques for calculating income and expenditure that were deemed necessary to calculate taxes collected by Ottoman Turks at that time. In 16th century Ethiopia, the system was used by the local king to calculate taxes. However, this system was affected by various shortcomings. In particular, there was no separation between current and fixed assets. Furthermore, there were no rules regarding what should be included in each column of the bookkeeping records. Additionally, it did not include capital expenditure or profit calculation. Nevertheless, it had its own set of specific techniques for calculating income and expenditure that were deemed necessary to calculate taxes collected by Ottoman Turks at that time. The Ethiopian Accounting System was not based on Double Entry System, but it does have some accounting principles that are similar to the Italian system. It is a record-keeping method that is used to generate accounting information in the form of raw data. This information is then transformed into financial statements, which are used to monitor and control economic activities. The Ethiopian Accounting System was required in order for the Ottoman Turks to collect taxes. The Sultanate of Ethiopia owed tribute to the Sultans of Turkey in exchange for religious protection, thus creating a form of taxation. Tribute consisted of a "gift" of cattle and other goods, paid in-kind. Therefore, the Ethiopian King required an accounting system to be able to keep track of this tribute, since the amount was very large. In particular, the records kept included: The original Ethiopian Accounting System is a three-column system that originated in the 16th century and was used to calculate taxes. This system was replaced by the Double Entry System in 1867 by Ras Aligaz. The main problems with this system are that there was no separation between fixed and current assets, and it did not take into account depreciation of fixed assets.

The Ethiopian Accounting System also did not have a chart of accounts. However, an accounting system must have a chart of accounts in order to translate the accounting information from transactions to financial statements. In the case of Ethiopia, this was accomplished through a set of detailed rules regarding what should be included in each column.

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