



Accounting for heritage assets: Thomas Holloway's picture collection, 1881–2019[☆]



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ARTICLE INFO

Article history:

Received 28 March 2019

Received in revised form 10 August 2020

Accepted 23 August 2020

Available online 1 September 2020

Keywords:

Heritage assets

Thomas Holloway

Victorian painting

Royal Holloway College

Counterfeit

Simulacrum

Financial reporting

University accounts

ABSTRACT

In recent years, there has been a debate about whether the owners of “heritage assets” should include them on their balance sheets. We present a longitudinal study of the collection of 77 pictures donated by Thomas Holloway to Royal Holloway College between 1881 and 1883. We draw on archival material to analyse accounting practices for Holloway's picture collection, finding that the collection remained effectively invisible as an accounting object until 1999, when accounting requirements for heritage assets were first applied. We use Jean Baudrillard's “orders of simulacra” to study the relationship between accounting signs and their referents, and we draw on Bruno Latour's notion of “matters of concern” to investigate how changes in the accounting sign render the referent a complicating, agitating and provoking “matter” in different ways. The Royal Holloway financial statements currently present the picture collection by an accounting sign that we suggest is a “counterfeit” (signifying the money that could, counterfactually, be made from selling the paintings) but not a “simulation” (creating a hyperreality detached from the referent). This relationship between the sign and the referent makes up the ontological status of “assets” in accounting reports, rendering assets capable of triggering actual (rather than hyperreal) material effects.

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1. Introduction

The issue of what items should be included in the balance sheet as assets and how these items should be measured is by no means a new one. Edwards (2019, p. 66) refers to several debates on this issue in Britain in past centuries, giving examples of enterprises that did not include items such as coal mines and iron works in their accounts. Parker (1994, p. 79) discusses how the term “asset” emerged and how it has been represented in different languages. More recently, the International Accounting Standards Board published its long-awaited *Conceptual Framework for Financial Reporting* (IASB, 2018). This document contains a definition of an asset as “a present economic resource controlled by the entity as a result of past events” (para. 4.3),

[☆] Earlier versions of this paper were presented at the XIV National Congress of the Italian Society of Accounting History – Accounting History and Arts – Turin, 22–23 November 2018 and at the Annual Meeting of the American Accounting Association, San Francisco, 9–14 August 2019. We thank participants at these conferences, the guest editors and the reviewer for their valuable suggestions. We are grateful to Annabel Valentine and Harriet Costelloe, archivists of Royal Holloway Archives and Special Collections, for their help and support during the data collection process.

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with “economic resource” being explained as “a right that has the potential to produce economic benefits” (para. 4.4). A physical object is not in itself an asset, but the right to use the object may be (para. 4.6 (b) (1)). The potential to produce economic benefits can arise in various ways, such as “using the economic resource ... to produce goods or provide services” (para. 4.16 (c) (i)) or to “receive cash or other economic resources by selling the economic resource” (para. 4.16 (d)).

Many organisations, particularly outside the private sector, own items that are central to the organisations’ fundamental purposes, but are not used “to produce goods or provide services” in any way analogous to the private sector, and are not intended to be sold or otherwise disposed of. Examples of such items include the holdings of museums and art galleries, the collections of universities and colleges, and historical buildings and locations. Are such items “assets” within the definition of the *Conceptual Framework for Financial Reporting*? In some cases, they may be the source of revenues (for example, admission fees to a museum or stately home). But if they do not fit the definition exactly, can the definition be stretched to make them at least potentially eligible for inclusion in the balance sheet?

The Accounting Standards Board attempted to address this issue for British and Irish entities in Financial Reporting Standard 30 (FRS 30) *Heritage Assets* (ASB, 2009). This clarified and extended the earlier Financial Reporting Standard 15 (FRS 15) *Tangible Fixed Assets* (ASB, 1999), which came into effect from 2001. FRS 30 defines a “heritage asset” as: “A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture” (ASB, 2009, para. 2 – the definition has subsequently been extended to cover intangible assets as well). The standard requires heritage assets to be included in the balance sheet, so long as information on their cost or value is available. If cost or value information is not available, or cannot be obtained at a reasonable cost, then heritage assets are not recognised in the balance sheet.

Following the requirements of FRS 30 may affect how organisations regard heritage objects (we use this term here to avoid presuming that heritage objects are “assets” in an accounting sense). Including a heritage object in the balance sheet as a heritage asset may shift the perceived role of the object for the organisation: from an object with primarily *cultural* value, and therefore generating primarily cultural benefits, to an object that may also generate economic benefits. Such change is likely to affect the way in which heritage objects “matter” to the organisation, as it introduces a range of further possibilities for managing such objects, for example, selling rather than preserving them.

We aim to contribute to the heritage assets debate by examining how accounting for a collection of what would now be considered heritage assets has changed in practice over a considerable period. We investigate accounting for the collection of paintings assembled by Thomas Holloway, a Victorian entrepreneur and philanthropist, between May 1881 and June 1883. The 77 paintings, mainly by British artists of the nineteenth century, were donated to Royal Holloway College, a university-level establishment for women located in the magnificent Founder’s Building in Egham, Surrey, some 20 miles outside London, which Holloway had endowed (Giovannoni & Napier, 2016, pp. 23–25). Holloway’s picture collection has been described as “unique” (Maas, 1982, p. 7) in two ways: first, in the way that Holloway set out to assemble pictures not individually but as a collection to be donated to the College as a single unit, and secondly, in the way in which it presents a microcosm of mid-Victorian art. Our research questions are (a) how has the picture collection been accounted for from the time it was assembled to the present, and (b) how does accounting for heritage objects change the way in which these objects *matter* to the organisation?

To answer these questions, we have obtained evidence from the Royal Holloway archives covering the period 1881 to 2019, as well as reviewing the secondary literature. We have drawn on ideas of the French cultural theorist Jean Baudrillard (1983, 1994), particularly his notion of “orders of simulacra”. This notion helps us to understand the changing relationship between the accounting *sign* (accounting statements about the picture collection)¹ and the *referent* (the picture collection itself). Changes in the relationship between the sign and the referent affect how the assets “matter”, and this provides for an “ontological difference” (Law, 2004) on what constitute the realities of an “asset”. As Law (2004) emphasises, the way in which objects *matter* evolves continuously, providing for different realities of the object: “What is at stake is ontological, not simply epistemological. [...]. The argument is that reality is being done in professional (and other) practices (enactment). Crucially, it is being done in different ways in different practices” (Law, 2004, p. 7). It follows that evolving accounting requirements for heritage assets can change how a heritage object matters to the organisation, enacting the reality of the object differently (for example as an object that can be sold rather than an object that must be preserved). It is not just the sign that changes because of new accounting standards, but the referent itself.

Our paper makes a twofold contribution. First, we contribute to the long-standing accounting debate about the nature of “heritage assets”, by showing that the ontological status of what accounting reports refer to depends on the evolving relationship between accounting signs and their referents. We show that an object becomes an asset in an ontological sense insofar as the ensuing accounting sign changes how the referent (in this paper, the picture collection) signified by the sign *matters* for the people involved. Therefore, a heritage object is a heritage asset not merely because of the nature of the object or because of the accounting sign about the object, but because of the relationship between the sign and the object and the matter-ing that this relationship enables. In so doing, by relying upon the notion of “matters of concern” (Latour, 2004), we also extend prior accounting studies that have relied upon the work of Baudrillard (1983) to explore the sign-referent relationship.

¹ Although the picture collection, as a referent, may be related to different types of signs – for example an inscription in an inventory, a photograph of the picture gallery, or an entry in an accounting record – in this paper we concentrate on accounting signs.

Secondly, we contribute to the historical study of accounting by demonstrating the importance of exploring how the history of material objects, like a collection of artworks belonging to an organisation, is intertwined with accounting history. This history must be set out in the context of changing accounting principles, regulations and practices over time.

In Section 2, we review the accounting literature on heritage assets, demonstrating the effects of evolving accounting regulations on how heritage objects may *matter* within organisations. In Section 3, we draw on the ideas of Baudrillard to illuminate the sign-referent relationship, and we suggest that this relationship is related to the ways in which objects *matter* (Latour, 2004). Section 4 explains the research method and provides some information on Thomas Holloway and how he came to establish the College. Section 5 explains how the picture collection was acquired and how the collection evolved. Section 6 reviews how the picture collection was accounted for during the period from the opening of the College to today. We show that the sale of three paintings in the early 1990s had accounting implications that began to change how the picture collection *mattered* to the College. In Section 7 we discuss the key insights derived from our analysis, and in section 8 we draw overall conclusions.

2. Accounting for heritage assets

Following the IASB *Conceptual Framework for Financial Reporting* (IASB, 2018), pressures to include *all* items that constitute accounting assets or liabilities in the financial statements of entities have shifted the focus of attention from the physical object to the accounting sign. However, by concentrating on the accounting sign, there is a risk of undermining *other* aspects of the object that may trigger organising effects. This is particularly true for heritage objects, which are not typically used to produce goods or services but are central to an organisation's purposes because of their cultural value. This cultural value may lose its centrality in the attempt to include the heritage objects as assets in the balance sheet (Ellwood & Greenwood, 2016).

Many early criticisms of requiring not-for-profit organisations to record heritage objects in their financial statements suggested that such accounting would change how the organisations regard the objects, potentially leading to divestiture or sale rather than preservation (Barton, 2000; Carnegie & Wolnizer, 1995, 1999; Mautz, 1988; Micallef & Peirson, 1997). Much of the early debate over accounting for heritage assets took place in Australia, where public sector financial reporting practices required heritage objects to be accounted for as assets from the 1990s (Hopper et al., 2005; see also Barton, 2005). Despite these criticisms, accounting standard-setters in recent years have generally supported recognising heritage objects as accounting assets. As already noted, accounting standards applicable in the UK and Ireland require the recognition of heritage objects, so long as a cost or value is known or can be determined at reasonable cost. The International Public Sector Accounting Standards Board (IPSASB, 2017) has proposed that heritage objects should be recognised as assets if it is possible to measure them in ways similar to other non-current assets.

UK national museums and art galleries are required to follow UK financial reporting standards in preparing their financial statements (Abdullah et al., 2018). Similar accounting requirements apply to other types of entity, such as charities, which must comply with Statements of Recommended Practice (SORPs). SORPs are documents produced for entities in specific sectors, usually by sectoral bodies. They incorporate Financial Reporting Standards and provide guidance on how sector-specific transactions are to be accounted for. State agencies such as government departments and regulators may mandate compliance with relevant SORPs by entities to which they apply. The first SORP applying to British universities, *Accounting in UK Universities*, was published by the Committee of Vice-Chancellors and Principals (CVCP – an advocacy organisation for universities in the United Kingdom) in 1989. Several revisions (usually with slightly different names) have culminated in the current SORP *Accounting for Further and Higher Education*, issued in 2014 by the FE/HE SORP Board under the sponsorship of Universities UK (the successor body to the CVCP).

Early editions of the universities SORP did not require the recognition of heritage objects, but from 1999 the SORP *Accounting in Further and Higher Education Institutions* required heritage objects to be accounted for as assets. This followed the introduction of a similar requirement in FRS 15. The current version of the universities SORP follows *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS102 – FRC, 2018). Heritage objects must be recognised as assets in accordance with the normal accounting treatment for tangible fixed assets, although, as in FRS 30, there is an exception for heritage objects for which information about historical cost or value is not available at a reasonable cost. For example, the National Gallery in London shows only four percent of its collection on its balance sheet, representing acquisitions after April 2001, but even this small fraction of its collection is measured at £313 million (The National Gallery, 2018).

The impact of the requirement to report heritage objects in the balance sheet has been studied by Ellwood & Greenwood (2016), examining both an art gallery and a local authority. They observe that, while the gallery “largely resisted the pressure to place economic values on its collections of portraiture ... [the local authority] decided to sell its major heritage asset, a Henry Moore sculpture” (Ellwood & Greenwood, 2016, p. 1). Ellwood & Greenwood (2016, p. 1) suggest the possibility that observing (measuring) the economic value of an item that is primarily held for its cultural properties may affect the perception of the cultural value of the item. A common rationale for including heritage objects in financial statements is that this will enhance the management of heritage objects, although this rationale is often rejected by critics (for example, Carnegie & Wolnizer, 1996; Biondi & Lapsley, 2014; Woon et al., 2019). To advance the debate, there is a need for further understanding of how an accounting classification may affect the ways in which an object *matters* for an organisation.

3. Accounting signs and matters of concern

In his seminal work about simulacra and simulation, Baudrillard was concerned about the relationship between signs and what signs refer to, if anything (Baudrillard, 1983; 1994). He provided a chronology of “orders of simulacra”, which Macintosh et al. (2000, p. 13) use to conclude that “many accounting signs no longer refer to real objects and events and accounting no longer functions according to the logic of transparent representation, stewardship or information economics. Instead, accounting increasingly models only that which is itself a model.”

Macintosh et al. (2000) suggest that accounting in the medieval period was transparent in the sense that there was a clear and fixed relationship between accounting signs and the objects to which they referred. However, with the coming of the Renaissance, accounting signs, particularly as mediated by double-entry bookkeeping, became “counterfeits” of their referents. “Nominal” accounts, such as those recording revenues and expenses, may have included “real” transactions, but their balances did not reflect anything that existed in the external world. As Sombart (quoted in Most, 1979) observed, the entrepreneur “may not see shoes or ships, corn or cotton, but only sums of money which grow bigger or smaller”. A line on a balance sheet such as “Fixed Assets £150,000” is not referring to an actual sum of £150,000, but rather to physical objects that are classified as fixed assets, and hence the accounting sign no longer refers immediately to the object, but only through the mediation of money.

Following what Baudrillard had named the “order of the counterfeit”, the coming of mass production from the late eighteenth century onward gave rise to the “order of serial production”. Instead of a series of distinctive objects, each reflected in a distinct sign, mass production means that the sign comes to “absorb” the object (Macintosh et al., 2000, p. 24). Finally, we have the “order of simulation”, where the sign effectively *becomes* the object. In this order, the difference between the sign and the referent implodes: “signs, including accounting signs, no longer refer to any referent, nor do they absorb the object – they are their own pure simulacrum” (Macintosh et al., 2000, p. 30). This condition implies that accounting circulates independently from its referents within a hyperreality of self-referential models. Examples of this would include financial assets and liabilities whose sheer existence depends on their being recorded in accounts. However, the “implosion” between the sign and the referent may only apparently detach the sign from the “real world”. As admitted also by Macintosh et al. (2000), Baudrillard’s view of the sign-referent relationship overlooks power relationships, and the performative, material and political effects produced by accounting.

In this regard, a useful way for overcoming the distance between the sign and the referent is offered by the concept of “matters of concern” from the work of Bruno Latour. Differently from “matters of fact”, matters of concern are complicating matters, that “gather together” humans and non-humans through disputes and debates (Latour, 2004).² According to Law (2004), the move from matters of fact to matters of concern implies a merging between two worlds: the kingdom of facts and the kingdom of values. Whereas matters of fact are unquestioned things “out there”, they become *gathering* issues (and therefore “matters of concern” according to Latour, 2004) as they merge with values and insofar as this merging provokes debate, confrontation, engagement and questioning. This merging implies a move away from stability. Rather than staying apart, values and facts, like the sign and the referent, merge in evolving ways, providing for an ontological, rather than epistemological, difference of the matter (Law, 2004).

For example, in their study of value practices in life sciences and medicine, Dussauge et al. (2015) show the importance of valuation and counting in the making of “matters of concern” (see also Busco & Quattrone, 2018; Mouritsen, 2018; Quattrone, 2016). Dussauge et al. (2015, p. 11) use the Chernobyl and Fukushima catastrophes to argue that: “Valuations of life, knowledge, and money become matters of concern. Whose assessments of radioactive fallout are valid? Whose valuation of lives, quality of life, and livestock? Assessments of different values are intertwined.” They thus emphasise the evolving nature of matters of concern and the role of value practices for making things matter or, conversely, displacing them. As argued by Blok and Jensen (2011, p. 86):

Matters of concern possess all of the qualities that “naturally given” facts do not: They are rich, complex, uncertain, surprising and artificially constructed. At the same time, this artificial fabrication serves only to make them more real – and, in this sense, more objective.

It follows that the way in which matters of concern develop (the “matter-ing” according to Law, 2004) is relevant to understand the evolving nature of the sign-referent relationship, and how the sign and the referent produce complex social responses, as agitating, complicating and provoking matters (Mouritsen, 2011, drawing on; Latour, 2004), exactly *because* of their relationship.

Prior studies have recognised the pivotal contribution offered by both Baudrillard and Latour (see, for example, Ward, 1994). Chiapello and Baker (2011) note that several accounting researchers draw insights from a combination of theorists. For example, Everett (2004) combined theoretical elements from the works of Bourdieu and Latour, while Simon and Barker (2002) used the concept of hyperreality from Baudrillard and the concept of materiality from Latour to explore the relationship between materials, discourses and practices. These studies noted that, according to Baudrillard, “objects disappear in

² “Matters of fact are only very partial [...] renderings of matters of concern and only a subset of what could also be called *states of affairs*” (Latour, 2004, p. 232). According to Latour, matters of fact are powerful descriptive tools that during the Enlightenment enabled “debunking quite a lot of beliefs, powers, and illusions” (p. 232). It follows that matters of fact are, unquestionably, things “out there”: they lie out of any dispute, out of language. Differently, matters of concern imply issues “very much *in* there, at any rate, a *gathering*” (p. 233).

the play of simulacra”, whereas according to Latour, “the world is becoming more materially real. The referent is not being erased or replaced but becoming ever more pronounced in the making and unmaking of forms of sociality” (Simon & Barker, 2002, pp. 140–141). Rather than providing for opposite views of reality, the concepts of hyperreality and materiality co-exist and are both necessary to understand the world: these opposite views alternate their effects and alert us to “the materialities of hyperreality as much as the hyperrealities of materiality” (Simon & Barker, 2002, p. 152).

Ward (1994) argues that, on the one hand, Baudrillard's view of signs and referents may lead to the extreme position that “if word and world no longer correspond, then theory can only become poetically excessive or nihilistic (or perhaps silent). Theorists can only watch on the sidelines as the fatal destiny of the object unfolds” (p. 88). On the other hand, according to Ward's understanding of Latour, knowledge and society are co-produced and “sociologically” maintained through networks of social activities. We suggest that Latour's notion of “matters of concern” can augment Baudrillard's view of the sign-referent relationship by going beyond the dualism between sign and referent and by emphasising their dynamic relationship.

Next, we explore the sign-referent relationship, and how this relationship evolves over time, by analysing accounting practices for the picture collection at Royal Holloway. Inclusion of Holloway's picture collection on the College balance sheet creates an enigma: do the accounting signs simply refer transparently (see, for example, Biondi & Lapsley, 2014) to the pictures, are they counterfeits in the sense that they absorb some aspect of the physical objects themselves (for example, their potential to generate future cash inflows), or are they simulations in the sense that accounting signs act self-referentially as their own simulacra within a reality in which the accounting signs themselves are the objects? Does the evolving relationship between the sign and the referent affect the ontological status of what constitutes an accounting asset?

4. Sources and methods – the foundation of Royal Holloway college

Thomas Holloway was born in Plymouth on September 22, 1800. He began to manufacture “Holloway's Ointment” and “Holloway's Pills” in 1837. These were “patent medicines” (Young, 1960), heavily advertised products that were marketed as remedies for a wide range of ailments. In 1840, Holloway married Jane Driver, who was 14 years his junior. As Holloway's business expanded, he found himself in possession of considerable amounts of cash. In 1869, Holloway purchased Tittenhurst Park, Sunninghill, near Ascot on the Surrey-Berkshire border, where he lived with his wife and Jane's sister Sarah-Ann and her husband George Martin (who later became George Martin-Holloway), while Jane's brother, Henry Driver, managed the business. Holloway enjoyed visiting art galleries and looking at pictures (Bingham, 1987), but he was not regarded as a serious collector or connoisseur of art.

By the early 1870s, Holloway had a personal fortune of several million pounds (in today's terms, he would be a billionaire), but he had no children to inherit his wealth. He and Jane looked for philanthropic projects that could use some of the wealth, and the first major venture was the Holloway Sanatorium in Virginia Water, Surrey (four miles from Tittenhurst Park). Holloway chose the architect William Henry Crossland to design the Sanatorium. Building began in 1873, but the Sanatorium was not opened until 1885. Holloway became interested, possibly through Jane's influence, in the idea of supporting the higher education of women (Williams, 1985). In August 1874, Holloway bought the Mount Lee estate, which consisted of about 93 acres (42 ha) of agricultural land and woodlands on the outskirts of Egham, Surrey (also four miles from Tittenhurst Park), for about £25,000, as the site of a proposed college for women.

Holloway modelled his new college to some extent on Vassar College in Poughkeepsie, New York. Vassar College had been founded by Matthew Vassar, who was “a self-made millionaire, whose marriage was also childless, and who subsequently devoted the bulk of his fortune to the founding of a ladies' college” (Vickery, 1999, p. 126). Holloway had learnt about Vassar from David Chadwick, M.P., a company promoter and accountant (he was one of the founders of the Institute of Chartered Accountants in England and Wales – Edwards et al., 2005; see also Cottrell, 2004). Holloway was so interested that he asked his brother-in-law George Martin to visit Vassar during a business trip to New York in 1875 (Vickery, 1999, p. 126). Martin told Holloway about Vassar's impressive building, providing student accommodation, teaching rooms, a large library, and a picture gallery housing Matthew Vassar's collection of contemporary American paintings. Jane Holloway died in 1875, and Holloway regarded the college that he planned to establish as Jane's memorial. Aware of the power of publicity, Holloway determined that his “Ladies' College” should stand out visually, writing to his architect Crossland: “You are aware I am sure that nowadays, it is necessary to fill the eye” (RHC GB/130/1, p. 187), and later stating that his goal was to “beat Vassar to bits” (RHC GB/130/1, p. 330).

Royal Holloway College, as Thomas Holloway arranged things, had an unusual legal structure for the first 60 years or so of its existence. The land on which the College was situated and the College buildings were legally owned by trustees, in accordance with trusts set up by Holloway between 1876 and 1883. The trustees were also legal owners of the picture collection. The educational and residential aspects of the College were the responsibility of the governors, who were required, under the Deed of Foundation of October 10, 1883, to keep accurate accounts of receipts and expenditure and to prepare a “short abstract” of the accounts every year for public distribution (RHC GB/102/1). This structure changed with the passing of the *Royal Holloway College Act 1949* (RHC GB/104/1). This established the College as an incorporated body, and among other provisions the act replaced the Board of Governors with a new College Council. The act required the College to keep true accounts of income, expenditure, assets and liabilities, to prepare an annual statement of income and expenditure and balance sheet, and to have them audited by an auditor qualified under the Companies Act 1948.

The next significant change was the merger of Royal Holloway with Bedford College in 1985. Like Royal Holloway, Bedford College, which was also part of the University of London, had originally been established as a women's college, but became co-educational at the same time as Royal Holloway in 1965. The *Royal Holloway and Bedford New College Act 1985* transferred all

the property and liabilities of both colleges to a new incorporated body. This was known legally as Royal Holloway and Bedford New College (RHBNC), but the College quickly adopted the operating name “Royal Holloway, University of London” (RHUL). The new act gave the College the power to establish its own governing statutes, and the statute relating to accounts effectively reproduced the requirement of the 1949 act. These statutes have been revised at various times, and the most recent version, in effect since August 1, 2016, refers to accounts only indirectly: the Council is not permitted to delegate responsibility for the approval of the College annual audited accounts, or for the appointment of the college auditors, who must be members of a recognised supervisory body (RHUL, 2016; statute 3:2).

The archives at Royal Holloway contain accounting records going back to the period during which the original College building was being constructed (RHC GB/130/2–3), as well as the minutes of the Board of Governors (to 1949 – RHC GB/110/1–10) and the Council (from 1949 – RHC GB/110/11–43). A full set of ledgers for the early period of the College (RHC AR/400/1–15) and annual accounting statements (RHC GB/117/1–4; RHBNC CM/Pubs/1/1986–2009) are in the archives (more recent financial statements were accessed on the College's website). Useful material was found in the collection of papers of the first Curator of the picture gallery, Charles W. Carey (RHC AR/500–504).

We can follow the building up of Holloway's picture collection through the ledger “Mount Lee College Accounts” (RHC GB130/2), which recorded Holloway's expenditure on the new College. This ledger had been opened in 1874, when Holloway bought the Mount Lee estate, and entries continued to be made until Holloway's death on December 26, 1883. The ledger was a record of amounts spent under different headings, set out as running accounts rather than in bilateral form. The “Pictures” account runs from folio 38 to folio 41. Each entry records details of the paintings bought (although the details are less extensive for the later purchases) and gives a cross reference to Holloway's cash book. The ledger is not finally balanced off, with just a pencilled running total showing the overall amount paid for the picture collection.

We can also follow the collection through a set of annotated auction catalogues, given by Sir George Martin-Holloway to Charles Carey (RHC AR/502/9). The catalogues were bound together, and at the front there is a list of all the pictures, specifying the name of the artist, the title of the painting, the date of the sale, the name of the seller and the lot number, the price paid, the total for the sale, and the number of pictures bought at that sale. Four pictures purchased privately by Holloway are listed separately. The total paid for the 77 paintings is shown as £83,304 8s. 0 d. The ledger total is slightly greater (£83,764 2s. 6 d.), the difference being accounted for mainly by carriage and cleaning costs.

Secondary sources include the entry for Thomas Holloway in the *Oxford Dictionary of National Biography* (Corley, 2004), the official history of the College up to the merger with Bedford College (Bingham, 1987), the study by Vickery (1999) of the architecture of the earliest women's colleges in late Victorian England, and the *catalogue raisonné* of Holloway's picture collection prepared by Jeannie Chapel (1982). Williams (1985) provides details of the foundation of the College, while Chong (1995, 1996) discusses the sale of three pictures from the collection in the early 1990s.

In analysing our archival material, we progressively built a plot between the initial state of affairs, actions and events and their consequences (Czarniawska, 1998). Our plot linked the changing regulations on heritage assets, the accountings for the picture collection, and the evolving management of the collection, with our literature review and our theoretical constructs about the sign-referent relation and matters of concern. Here, our primary aim in using theory is to illuminate the relationship between accounting signs and the picture collection and to help us speculate about the matter-ing of heritage objects as “heritage assets”.

5. The evolution of the picture collection

The original plan of the College's building envisaged a large indoor recreation hall on the north side. Holloway decided to change the function of this room to a picture gallery, perhaps aiming to surpass the gallery at Vassar College. A collection of paintings had to be acquired, and between May 1881 and June 1883, Holloway spent over £80,000 (about £10 million in 2019 purchasing power terms) in buying a total of 77 paintings, all but four being purchased at sales held by the auctioneers Christie, Manson & Woods (Christie's).

Most of the Christie's sales at which Holloway made purchases were described as sales of “modern pictures”. Holloway appreciated picturesque landscapes and paintings that told stories, but he did not like paintings on religious themes. Christie's usually held their main sales on Saturdays in the early afternoon, and on Saturday May 28, 1881 Holloway spent a total of 17,950 guineas (gns – an old English coin equivalent to £1 1s, or in modern currency £1.05) on five paintings. Two of these are among the most famous pictures in the collection: Landseer's *Man Proposes, God Disposes*, for which Holloway, bidding as “Mr Thomas”, paid what was then the record amount for that artist of 6300 gns, and Millais's *The Princes in the Tower*, bought for 3800 gns. Contemporary press comment (quoted in Chapel, 1982, p. 13) was critical of the “extravagant” prices paid by Holloway, but these criticisms may have been overstated. Although Holloway had paid a record price for the Landseer, three other paintings by this artist in the sale all sold for substantial amounts.

At Christie's next sale of “modern pictures”, on July 9, 1881, Holloway again attended, this time bidding as “Mr Mason”, and spending nearly 10,000 gns for seven paintings, but in the meantime he purchased a companion piece to *The Princes in the Tower*, Millais's *Princess Elizabeth in Prison at St James's*, for 3000 gns from The Fine Art Society. This organisation, which despite its name is a commercial dealer, had been established in 1876 to make high-quality reproductions of famous art works and sell these to the general public (The Fine Art Society, 2018). The Society had paid Millais £1000 each for the two paintings just after they had been completed (in 1878 and 1879 respectively), and the purchase price included the copyright. Ownership of the copyright could be valuable as the owner could commission reproductions that could be printed in quantity and sold

widely. Holloway's purchase of *The Princes in the Tower* did not include the copyright, as the Society had already commissioned an engraving in 1879, and in the private sale the Society appears to have retained the copyright (they commissioned an engraving of *Princess Elizabeth* in 1887 – Chapel, 1982, p. 115).

In subsequent sales, Holloway did not bid personally, but sent his brother-in-law George Martin, who reportedly wore a disguise so that dealers would not realise that he was bidding on Holloway's behalf. On May 3, 1882, nine paintings were purchased for a total of 14,105 gns. The highlights were Edwin Long's *The Babylonian Marriage Market*, bought for 6300 gns, the then record price paid for a work by a living artist, and Long's *The Suppliants. Expulsion of the Gypsies from Spain*, costing 4100 gns. The purchase price for both pictures included the copyright, and the Mount Lee College ledger includes annotations next to these paintings noting that the copyright had been registered on June 30, 1882 (RHC GB/130/2).

In May 1876, Holloway had transferred the Mount Lee estate to his brothers-in-law Henry Driver and George Martin, together with David Chadwick, as trustees, charged with building "a College to be called 'Holloway College' for the education of Women of the Upper Middle Classes" (RHC GB/132/4). On August 5, 1881, he transferred the first 13 paintings that he had bought to the same trustees. At that time, the pictures were being stored at the Holloway Sanatorium. The declaration of trust extended to any further pictures delivered to the trustees by Holloway (RHC GB/132/2). By a final declaration of trust, on August 25, 1883, Holloway gave £300,000 in cash and securities in trust to Henry Driver and George Martin, of which £100,000 was to complete the building and fitting out of the College and the balance was to form an endowment fund. These deeds were all to be consolidated into the Deed of Foundation in October 1883.

Meanwhile, the purchases continued. In April 1883, Holloway bought William Frith's *The Railway Station*, a panoramic view of passengers at Paddington Station in London, full of narrative vignettes, directly from the London art dealer Henry Graves for £2000. George Martin spent around 30,000 gns on 43 paintings in seven Christie's sales between April and June 1883. These included three pictures by famous English artists of the late eighteenth and early nineteenth centuries, which were subsequently to be crucial for the story of Holloway's picture collection. On 5 May, Martin paid 1190 gns for an oil sketch by John Constable for his painting *View on the Stour, near Dedham*, painted in 1822 (the finished painting is now in the Huntington Library in California – Harris & Zucker, 2015). In the same sale, he bid 3500 gns for J. M. W. Turner's *Van Tromp Going About to Please His Masters*, painted in 1844. Finally, in the last purchase made for the collection, Martin paid 2700 gns at Christie's sale on June 2, 1883 for Thomas Gainsborough's *Peasants Going to Market: Early Morning*, painted around 1770. The other major purchase during this period was *Applicants for Admission to a Casual Ward*, by Luke Fildes, bought for 2000 gns including the copyright.

By August 1883, Holloway's efforts to sort out the legal and financial position of the College suggest that he may have been concerned about his health, and this may also explain the cessation of the picture buying. Holloway was able to pass over to the trustees a collection of 77 paintings with an average purchase price of about £1,100, including some of the finest examples of mid-Victorian art. Thomas Holloway's picture collection was more than just a set of 77 random paintings: it was an assemblage in its own right.

After Holloway's death in December 1883, the trustees, in particular Holloway's brother-in-law George Martin-Holloway, working with the architect Crossland, supervised the completion of the building works, and the paintings had been hung in the picture gallery in time for the official opening of the College on June 30, 1886 by Queen Victoria. Many of the artists of works in the collection were invited to the opening and were able to view their paintings. Shortly after the official opening, Charles W. Carey was appointed as Curator of the picture gallery, remaining in post until his death in 1943. Carey corresponded with some of the artists while preparing a catalogue of the collection. One of these, John Pettie, whose painting *A State Secret* had been bought in 1882 for 1000 gns, complained to Carey (in a letter dated September 10, 1887: RHC AR/500/7): "I had the pleasure of seeing your splendid College & handsome collection of pictures and noted that my picture as well as others were sadly in need of attention, they were dirty, stank & were much in need of varnishing." This may have been the outcome of poor storage conditions at the Holloway Sanatorium before the picture gallery was set up.

The implication was that the picture gallery would become a focus of expenditure. Indeed, in 1889, nearly £100 was spent on varnishing and relining the paintings. Keeping the paintings in good condition would give rise to intermittent outlays. However, between 1888 (the first accounting period in which the governors presented a receipts and expenditure account) and 1949 (the last period before the College became an incorporated body under the Royal Holloway College Act 1949), the average annual expenditure on the picture gallery was £184, of which £150 was Carey's salary as Curator. Although in the earlier periods the picture gallery costs were around one percent of total expenditure, by 1949 they were negligible, and they remained a separate line item only because the form of the governors' accounts did not change (except to be printed rather than handwritten) between 1888 and 1949.

During this time, some consideration was given to exploiting the collection, but this usually came to nothing. As early as May 23, 1882, a few days after Holloway had purchased Edwin Long's *The Babylonian Marriage Market* and *The Suppliants*, Long wrote to Holloway about the possibility of engravings (RHC AR500/1), and on June 1, 1882, Long wrote further on the matter: "The copyright of both pictures undoubtedly belongs to you. I am only anxious that if either picture be engraved it shall be done in a worthy manner, and I am very pleased by your kind assurances on this point" (RHC AR500/2). In fact, during 1889, the copyright in *The Babylonian Marriage Market* was sold to the Fine Art Society for £1000 (RHC GB/117/1). Several other artists discussed the copyright position with Carey, including Luke Fildes, whose painting *Applicants for Admission to a Casual Ward* had attracted much public attention. Fildes wrote to J. L. Clifford Smith, the College Secretary, on June 3, 1890: "There [is] a general feeling that the subject would not be 'popular' in the trade sense of the term. At all events they consider it 'risky' and consequently their ideas of the money value of the copyright are not extravagant" (RHC AR500/32). Except for a few nominal

fees for photographing individual pictures for book illustrations, the governors did not earn any revenue from the picture collection. So far as the governors thought about the pictures at all, it was in terms of the costs that were involved in managing the collection.

6. Accounting for the picture collection

As reminded by [Macintosh \(2003\)](#), following Baudrillard: “accounting signs in the feudal era were transparent reflections of real objects” (p. 457). Therefore, signs were limited in number and their circulation was restricted ([Baudrillard, 1994](#), p. 50). In accounting for the picture collection at Royal Holloway College, accounting signs were never rigid mirrors of reality. Before 1949, accounting for the picture collection was “limited” as the picture collection was not included in the College’s balance sheet. The picture collection certainly mattered to the College as the collection was regarded as a prestigious legacy left by Thomas Holloway. Still, the collection was almost invisible from an accounting point of view and it was kept separate from the ordinary management of the College.

When the College was established, there was no general legislation specifying the form and content of university accounts. Legally, the College was a private trust, and there is no requirement for such trusts to publish financial statements. The Deed of Foundation required the governors to publish each year an abstract of receipts and expenditure for the previous year, and in these statements the costs of the picture gallery were combined with those of the library and chapel. The governors initially did not publish a statement of financial position (which was not required by the Deed of Foundation), and the picture collection remained in the trustees’ ledger at its original cost to Holloway.

This accounting treatment was consistent with practice in similar institutions. [Jones \(1992, 1994\)](#) discusses how the Oxford and Cambridge Act 1877 led both individual colleges and the overall University of Oxford to adopt new statutes in 1882, which contained accounting provisions. The statutes required the adoption of double-entry bookkeeping and formal audit but allowed the university and colleges to exclude endowment assets from any published balance sheet. [Napier \(1991\)](#) has shown that the accounts of British aristocratic estates tended to report just revenue and expenditure, and aristocrats did not reflect their land, properties, investments and art works on a balance sheet.

For the first few years, the College’s financial year end was 30 September, but from 1901 this was changed to 31 July. This was a more convenient date, as it was in the middle of the summer vacation between academic years. At the same time, a change in accounting policy meant that capital expenditure was no longer expensed as incurred but rather was carried forward, and the governors began to include a balance sheet showing such expenditure in the annual financial statements. However, the initial land and building costs, together with the picture collection and the endowment investments, were still not publicly disclosed. This continued until the first financial statements for the newly incorporated College, covering the financial year to July 31, 1950.

At the first meeting of the Council on October 29, 1949, it was initially agreed that the balance sheet should include a note “to the effect that the fixed assets (College buildings) had not been included in the Balance Sheet” ([RHC GB110/11](#), p. 6). However, the College was subject to the requirements of the University of London, as growing amounts of its resources were coming from the British government via the University Grants Committee, which provided funding to the University that was passed on to the College. The University required its constituent colleges to adopt more transparent accounting statements, with a split in the income and expenditure account between “tuition” and “residence” activities, and a balance sheet showing endowments in more detail. The College’s Finance Committee therefore recommended to Council that “the new form of accounts prepared by the Secretary for submission to the University Grants Committee through the Court Department of the University” should be adopted ([RHC GB110/11](#), p. 78). Another factor affecting the form and content of the College accounts is likely to be the desire of the College’s auditors (Turquands, Young & Co., a forerunner firm of EY) to give a “true and fair view” opinion in their audit report.

The new form of accounts included a balance sheet that reflected the College’s land and buildings, and its furniture and equipment. A note to the balance sheet stated: “Fixed Assets appear in this Balance Sheet at figures representing the Council’s valuation thereof as at July 31, 1949, plus additions since that date at cost.” The amounts attributed to fixed assets were derived from a valuation for fire insurance purposes carried out in January 1950. The Founder’s Building, which had been insured for £250,000 before this valuation, was now insured for £1 million (the building’s original cost of just over £400,000 would have been equivalent, allowing for general inflation, to £1.5 million in 1949 – [Bank of England, 2018](#)). The remaining buildings were valued at £157,700. The insurance valuation of furniture and equipment came to £346,604 10s., including £92,804 10s. for “Pictures”. This is almost exactly £9500 above the cost of the 77 paintings in Holloway’s picture collection, probably reflecting an estimate of the cost of additional paintings acquired by the College through gifts or by commissioning portraits of Principals and long-serving academics. On the published balance sheet for the College for financial periods from July 31, 1950 onwards, therefore, the picture collection was included as an asset, but as part of an omnibus “furniture and equipment” figure.

Rather than hiding the picture collection, and excluding it from the management of the College, the inclusion of the picture collection as “furniture and equipment” in the balance sheet was already a counterfeit ([Baudrillard, 1983](#)). Accounting signs did not mirror the collection’s physicality: the picture collection was “absorbed” ([Macintosh et al., 2000](#)) by the signs as the collection became an indistinct part of “furniture and equipment”. At the same time, accounting signs did not abandon the physical object they referred to: these signs meant that the picture collection, as a physical object, had to be maintained and preserved.

Between 1950 and 1979, the form of the College accounts remained largely unchanged, although there was increasing aggregation of amounts into a smaller number of line items. The last year in which a specific expense for the picture gallery was included was 1973, representing £2485 out of total expenditure of about £1.7 million. Fixed assets continued to be shown at valuation as at July 31, 1949 plus subsequent additions at cost, but from 1979 the insurance value of the College buildings was disclosed – in this year, the balance sheet states: “The freehold buildings owned by the College are insured for an amount of £73.5 m based on replacement cost in 1979” (RHC GB/117/4). There is no separate disclosure of the insurance value of furniture and equipment, within which the picture collection is still absorbed. This reporting approach continues until the merger with Bedford College.

In the first financial statements of the combined RHBNC (for the year ended July 31, 1986), the accounting policy note states that “Fixed assets are at values taken over from the former colleges” (RHC GB/117/4). The presentation of the financial statements of RHBNC is basically the same as that for the old Royal Holloway College. In the 1989 balance sheet, the book value of land and buildings is £28.7 m (still based on the 1949 valuation with subsequent additions at cost), while the insurance value is £150 m. There is no separate mention of the picture collection, even though the merger had included Bedford College's art works, including several paintings by Christiana Herringham (1852–1929) in the style of the Italian Renaissance (Lago, 1996).

The Annual Reports for 1990 and 1991 (RHBNC CM/Pubs/1/1990–1991) show deficits of £295,000 and £218,000 respectively on the General Revenue Account, but these amounts represent only around one percent of total income. There is no mention of financial difficulties, but behind the scenes the Council became concerned about the future viability of the College (Chong, 1996, p. 172). An independent financial report (RHBNC CP/2/1/2/1990) suggested that the College was grossly under-endowed, given the burden presented by the now 100-year old Founder's Building. The report concluded that “the original Thomas Holloway bequest has ensured that the College has assets part of which could be realised in order to provide an endowment fund. This would need to be of the order of £15,000,000 to £20,000,000” (quoted in Chong, 1996, p. 173).

However, selling some or all of the picture collection seemed to contradict Holloway's intention in buying the pictures and gifting them to the College: they were clearly intended to be kept as a collection rather than being considered investments that could be sold if necessary to raise cash. It was therefore not surprising that, when the intention to sell paintings became public, the College came under substantial pressure in the press, and even in a House of Lords debate on January 21, 1993, as well as from the College's own academic staff, to change its mind.

According to Baudrillard, the “counterfeit era” is associated with the birth of competitive democracies: “Signs were no longer dominated by an unbreakable, hierarchized, and reciprocal social order. Labour and capital were now free to circulate to where they could get the best deal. [...] The sign's clarity, no longer restricted, could now signify in sundry directions” (Macintosh, 2003, p. 458). For the picture collection, the changing accounting signs meant that the pictures could be managed to achieve the “best deal”. The sign-referent relation evolved as accounting signs for the picture collection could signify something other than the physical object they referred to, for example the cash flows coming from the eventual sales of the pictures, rather than the pictures themselves. This shift triggered the interest of actors such as the College, the House of Lords, and the press, who were attracted (or concerned) by the deal that the changing sign-referent relation enabled. Hence, the picture collection was a “matter of concern” (Latour, 2004) for the College and press in different ways.

In order to be able to sell endowment assets, the College needed the consent of the Charity Commissioners, as the official regulators of charitable organisations. The Commissioners studied the various trust deeds from the early 1880s and concluded that there was no absolute prohibition against selling any of the pictures. They relied on the original trust deed of August 5, 1881, which suggested that the purpose of the picture collection was “the decoration of the College” (Chong, 1996, p. 174). This led critics to accuse the Commissioners of regarding the collection as no more than “glorified wallpaper”. The Commissioners took the view that the need to maintain the Founder's Building would have been important to Holloway, to such an extent that he would have accepted the sale of some pictures to provide funds for preserving the building (Chong, 1996, p. 174). The first sale, in February 1993, of Turner's *Van Tromp*, realised about £11 million, the purchaser being the Getty Museum in California.

The sale had accounting implications. The Charity Commissioners had stipulated that the sales proceeds would be invested in a portfolio of securities, managed separately from the College's other assets, and that the College would create a new restricted capital account called the “Founder's Endowment Fund” (FEF). The income from the FEF could be applied for three purposes: “(a) maintenance, security and upkeep of the pictures and picture gallery of the College; (b) in the maintenance and improvement of the original buildings and grounds of the College; and (c) in any other way which will further the general charitable purposes of the College for which provision is not made out of Government fund or by other usual University funding sources” (RHUL, 2019, p. 51). In the financial statements themselves, a new item “short-term investments” amounting to £10,878,000 appeared among the assets, while under the item “specific endowments”, the total of restricted funds increased by the same amount. Similar accounting effects happened when two other paintings were sold in the following periods: Gainsborough's *Peasants Going to Market* for £3.5 million to a private British collector in October 1993, and Constable's *Sketch for 'View on the Stour, near Dedham'* for £6.7 million to the same collector in March 1995. However, the remaining picture collection was still effectively invisible in accounting terms.

By the mid-1990s, a world-wide debate had begun about whether “heritage assets” should be included in the balance sheets of their owners, such as museums, art galleries and public institutions. Carnegie and Wolnizer (1995) discussed the introduction of valuations of cultural, heritage and scientific collections into the balance sheets of public institutions. Their view was that this accounting treatment was conceptually unsound because such collections did not meet the accounting

definition of “asset”. Indeed, Barton (2000) went so far as to argue that collections of heritage “assets” were often closer to the definition of “liability”, in that they usually involved the owner in obligations to maintain, conserve and provide access to the collections at a cost substantially greater than any revenues that could be generated from ownership.

With the introduction of a SORP for British universities, and more particularly the requirement to recognise heritage assets, the Royal Holloway picture collection had to be brought onto the balance sheet. The insurance value of the collection in 1999 was about £16 million (RHBNC CM/Pubs/1/1999), and the availability of this figure precluded the College from using the exception permitting non-recognition of heritage assets where cost or value information could not be obtained at reasonable cost. The picture collection was included under the heading “endowment asset investments”, with a balancing credit to restricted endowment funds. This accounting treatment has continued in broad terms, although the measurement basis is now described as “open market value”, which is further interpreted to mean “high auction value”. The valuation, which is carried out every five years, with an update in year three, is performed by Christie's. The most recent financial statements (for the year ended July 31, 2019 – RHUL, 2019) include the picture collection under “fixed assets” at a net book value of £28.7 million. Adjusting the cost of the picture collection for the sale of the three paintings in 1993–95, the collection would be worth about £8.6 million if its value had merely kept pace with general inflation since the early 1880s (Bank of England, 2018). A note to the accounts (RHUL, 2019, p. 46) observes rather pathetically that “The College's Picture Collection which is displayed in the Picture Gallery contributes to the appeal of the venue for functions and tours.”

Whereas the accounting signs for the picture collection have been, in Baudrillard's terms, counterfeits, the relationship between sign and referent has been dynamic, implying that the accounting signs signified in “sundry directions” (Macintosh, 2003). The accounting signs thereby provided for an evolving matter-ing (Law, 2004), as we discuss next.

7. Discussion: counterfeits and matters of concern

For most of the period examined in this paper, Thomas Holloway's picture collection remained effectively invisible in *accounting* terms, despite its obvious visibility in *physical* terms. Up to 1949, the picture collection was completely omitted from the College's balance sheet. For the governors, the collection was rarely an explicit matter of concern, and when the collection was discussed by the governors, it was in terms of the overhead costs imposed on the College through maintaining the collection. Despite the successful sale of the copyright relating to *The Babylonian Marriage Market*, the governors seem to have been deterred from exploring other possibilities of monetising the collection through the sale of reproductions by the negative comments of Luke Fildes that selling the copyright for his painting, *Applicants for Admission to a Casual Ward*, would be “risky” (RHCA500/32). There is no evidence that the economic value of the collection was a matter of concern for the governors during this period.

From 1950 to 1992, the picture collection was included on the College's balance sheet, but as part of a more comprehensive line item (furniture and equipment). In terms of Baudrillard's “order of simulacra”, the accounting sign refers to tangible objects, but only in a very general and opaque way. The accounting sign is already a counterfeit. In accounting terms, the picture collection has started to be an asset. For the members of Council, including the picture collection within furniture and equipment had the effect of making the collection a matter of concern not as a source of economic value but rather in terms of maintaining the physical objects so as to preserve their cultural value.

The paintings became a matter of concern in a different way when they began to be considered as possible sources of money from sales, at a time when the College had insufficient liquid resources to finance the restoration of the Founder's Building. Following independent financial advice, the Council began to regard the picture collection in economic as well as cultural terms (Chong, 1995), and the concern of the Council was to investigate whether they had the legal right to sell paintings. When this was confirmed and three paintings were sold, a new accounting sign, representing the assets into which the sales proceeds had been invested, emerged, but this sign did not refer to the remaining collection, the cost of which was still included in furniture and equipment. The cultural value of the collection remained the dominant matter of concern, not its economic value.

It is only since 1999 that the picture collection has been included as an asset in the Royal Holloway balance sheets, and therefore has its own accounting sign, although the precise form of this has changed. For much of the period since 1999, the picture collection was included in endowment assets, alongside marketable investments, implying that pictures could be sold to generate cash. This accounting treatment forced the members of Council to consider the collection's economic value, but it did not require the Council to ignore the collection's cultural value. The more recent classification of the picture collection as fixed assets means that the economic value of the collection is presented less explicitly in the financial statements, while the cultural value of the collection is presented in the financial statements only in the banal terms quoted at the end of the previous section. The collection's cultural value still manifests itself physically, but for the financial statements this comes only from offering a setting for functions and tours. However, as Napier and Power (1992) noted, physicality is no longer an attribute of accounting assets: what “matters” is their ability to generate benefits, more specifically *economic* benefits. An important aspect of accounting for heritage objects is their identification as assets within the *Conceptual Framework* definition, even if this involves some stretching of the definition to include items whose benefits take the form of contributions to knowledge and culture rather than more obvious economic benefits such as cash inflows. Within this framework, as Woon et al. (2019) suggest, the definitions imply that the picture collection is at least potentially an accounting asset.

However, recognition – inclusion of an item in the financial statements – is possible only if heritage assets can be measured, and the *Conceptual Framework* discusses several measurement bases. The historical cost of the pictures can easily be determined (for the 74 pictures that remain out of the original 77 purchased by Holloway, this is £75,544.90, though as Holloway gave the pictures to the College trustees, strictly speaking the historical cost to the College is zero). Other

measurement bases mentioned in the *Conceptual Framework* are fair value, value in use and current cost. Using estimates of what the pictures would achieve if sold at auction under good conditions, the measures of fair value (“the price that would be received to sell an asset ... in an orderly transaction between market participants at the measurement date” – IASB, 2018, para. 6.12) and of current cost (“the cost of an equivalent asset at the measurement date” – IASB, 2018, para. 6.21) are, ignoring the impact of transaction costs, the same. Value in use is defined as “the present value of the cash flows, or other economic benefits, that an entity expects to derive from the use of an asset and from its ultimate disposal” (IASB, 2018; para. 6.17). Assuming that any economic benefits that may flow from “the appeal of the venue for functions and tours” (RHUL, 2019, p. 46) are unlikely to be significant, the value in use will be based on the present value of the ultimate sales proceeds from the pictures, the best estimate of which is the current open market value based on sale at auction.

This accounting analysis shows that, if the picture collection is to be accounted for at all in the College's balance sheet, then all current valuations collapse into what the pictures could be sold for at auction. The accounting sign for the picture collection remains a counterfeit, using Baudrillard's terminology, because it refers not directly to the pictures themselves, but rather to the sum of money that could, hypothetically, be received from selling the pictures. Including the picture collection as “endowment asset investments” emphasised the counterfeit, because the pictures were included alongside stocks and shares that not only provide an income to the College but could be sold to produce cash. However, the sign does not constitute a simulacrum, because the sign does not circulate in a hyperreality without its referent. Accounting does not lose its relationship with the pictures (unlike many financial assets and liabilities).

As argued by Law (2004), reality is being *done* in professional practices that enable the enactment of different realities. These realities are ontologically, and not simply epistemologically, different, as they produce different material effects and imply a different matter-ing. The accounting sign for the picture collection enabled by evolving accounting regulations and practices rendered the picture collection a “new” matter of concern for the administration of the College. It was *because of* this sign as counterfeit that the collection came to be “constructed” as a complicating, agitating and provoking matter, triggering new opportunities to manage the collection for both cultural and financial benefits. The sign participated in the reality of the collection, rendering it an accounting asset in an *ontological* sense, which could be enacted in evolving ways, producing different material effects.

As Simon and Barker (2002) argue, although Baudrillard's and Latour's views of reality are seemingly different, materiality and hyperreality may come together in a dialogic manner, as extreme poles that alternate with each other in shaping discourses, materials and practices. In the specific context of the accountings for the picture collection at Royal Holloway, accounting signs as counterfeit triggered an ongoing matter-ing of the heritage object, by stimulating evolving ways in which the object mattered to the College. It was such matter-ing that prevented accounting signs from becoming their own simulacra, as they participated in the way in which their material referent (the collection) produced effects, and therefore mattered, as “asset”. Accounting signs and their material referent engaged dynamically. The picture collection was not a heritage asset that simply followed an accounting classification. It was *ontologically* an asset because of the material effects triggered by the sign-referent relationship.

8. Conclusion

This paper has explored evolving accounting practices for a collection of paintings³ over a long period of time, by delving into the intertwined relationship between the physical collection and its accounting. For most of the period under review, the “material referent” for accounting (in our case the picture collection) existed despite the absence of accounting signs. The picture collection was either omitted altogether from the College's financial statements or buried in a general balance sheet item with no indication that it included the pictures. When three pictures were sold in the early 1990s to generate a substantial endowment fund for major repairs to the Founder's Building, paradoxically the paintings that were sold had an accounting impact while the remaining collection continued to be invisible in accounting terms. Since 1999, the picture collection has been included in the College's balance sheets. As a consequence, the College faces the tension between accounting for the picture collection as an endowment investment, which implies that individual pictures, or even the whole collection, are resources that could if necessary be “cashed in”, and showing the picture collection as a fixed asset, which implies that the collection provides economic or cultural benefits to the College.

Investigating the relationship between the picture collection and its accounting signs helps us to understand what constitutes an asset. We have shown that the accounting sign does not operate as a simulacrum of a hyperreality, but instead renders the referent even more real, by which we mean able to produce effects. An item is *ontologically* an asset because of the relationship between the accounting sign and the material effects of the sign's referent. Evolving accounting practices rendered the picture collection a “matter of concern”, and therefore an agitating, complicating and provoking matter triggering material effects and financial benefits.

We contribute to the current accounting debate on the definition of assets, by suggesting that a nuanced perspective on the relationship between accounting signs and their referents is needed to investigate the extent to which the sign participates in the actual, material nature of the referent. Our nuanced perspective extends prior studies that have already shown

³ We have not explored the issue of whether the “picture collection” represents an asset in itself that is more (or less) than the aggregation of the individual paintings as heritage assets.

the potential of Baudrillard's work to delve into the sign-referent relationship enabled by accounting. We show the powerful role of counterfeits, rather than simulations, in the making of matters of concern, as these counterfeits participate in the "material" nature of objects and enact the ability of these objects to provoke real, rather than hyperreal, effects. Therefore, an item is ontologically an asset not because of the physicality of its referent, nor because of its potential to produce economic benefits, but because of the effects that the referent provokes through the counterfeit of accounting.

This is particularly important for heritage assets. By requiring heritage objects to be included on the balance sheet, items that are held because of their *cultural* value are forced to fit into the conceptual definition of "asset" as something of *economic* value, expected to generate either future returns or current sales proceeds. More simply put, the items are no longer thought of as heritage objects but as potential sums of money, which may, paradoxically, undermine the reasons for preserving such items. There is no need to include heritage objects on the balance sheet to account for their existence and state: a simple list or inventory can achieve this. For example, [The National Gallery \(2018, p. 53\)](#) refers in its financial statements to the list on its website of all the paintings it owns.

We also contribute to prior accounting studies drawing on the theoretical insights offered by Baudrillard to explore the sign-referent relationship (for example, [Macintosh et al., 2000](#); [Macintosh, 2003](#)). We show how Baudrillard's view of counterfeit may be enriched by the insights offered by Latour's concept of "matter of concern", particularly by examining how the dynamics between sign and referent may provide for evolving matter-ing ([Law, 2004](#)) through which objects (heritage objects in this paper) produce material effects as "assets". Our findings augment prior studies that have combined Baudrillard's and Latour's views of reality (for example, [Simon & Barker, 2002](#)). In the specific context of the accountings for the picture collection at Royal Holloway, we have shown that accounting signs were not hyperreal simulacra, but they were counterfeits that provided for a dynamic *matter-ing* of heritage assets. Accounting signs engaged with the objects in evolving ways.

Our contribution to the accounting history literature is a demonstration of the intertwined relationship between the history of accounting and the history of such material objects as heritage artworks within not-for-profit organisations. Whereas the nature and value of the picture collection at Royal Holloway remained almost unquestioned for many years, evolving accounting regulations and accounting signs *did* change the history of the collection and its role in the management of the College. By undertaking a historical analysis of accounting's past as related to that of the collection, we were able to show the practical effects of evolving accounting regulations on the management of heritage objects, while also delving into the ontological nature of assets.

In this study we have concentrated on heritage assets, but other assets could be the object of analysis, by exploring for example the evolving relationship between accounting regulation and land, buildings or intangible assets over time. We suggest further investigations into the sign-referent relationship and particularly how this relationship may affect governance and accountability practices over time, while also influencing the perceived cultural, social or affective value of the material objects to which accounting signs refer. These aspects deserve further investigation especially in relation to heritage assets, given their cultural and historical value and the inevitable tensions with their accounting evaluation. More practically, our study shows the necessity for accounting regulators to reflect on how accounting changes may alter the ways in which the objects of accounting "matter" to stakeholders and managers alike.

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GB/117/1-4 Balance sheets of the board of governors/council 1887-1989.
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GB/130/2 Mount Lee College accounts ledger "No. 1" 1874-1883.
GB/132/2 Printed copy of declaration of trust 1881.
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