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Accounting for Dissolution: The Case of Japanese Mining Corporations 1946-1950

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ABSTRACT

The study, extensively utilizing the official documents of Holding Company Liquidation Commission (HCLC) possessed Commission possessed by the National Archives of Japan, examines accounting practice adopted by three Japanese mining corporations for their dissolution in the immediate postwar period from 1946 to 1950. By so doing, the study clarifies that (1) the conventional accounting practice of the zaibatsu companies was adequate to enable the implementation of their own dissolution and that (2) the accounting practice adopted in the process of the zaibatsu dissolution provided a foundation for the development of development of the postwar accounting system through the realization of the provisions in the 'Instruction for the Preparation of Financial Statement of Manufacturing and Trading Companies' issued by the General Headquarters (GHQ) in July 1947. The result of the study contributes to the literature discussing the quality of accounting information provided by the Japanese zaibatsu organizations; early research generally assessed the quality of financial statements submitted as coarse, while more recent research indicates that the accounting practice adopted by the companies was not deficient in its own domestic environment. Since both assertions are not founded on empirical evidence, the examination conducted in this study provides important evidence to support the latter view.

Keywords: Holding Company Liquidation Commission, zaibatsu, dissolution, excessive concentration of economic power, mining corporations, coal, metal