

EREGLI COAL COMPANY AS THE FIRST CORPORATE PRACTICE IN THE OTTOMAN STATE*

Cengiz Toraman¹

ABSTRACT

Eregli Coal Company was established in 1842, nine years before the Şirket-i Hayriye, as one of the first anonymous company (limited liability Company) in the Ottoman Empire. The production operations of the company for the first three years were in the form of a wholly national capital financed private firm. With Sultan Abdulmecid's participation in the partnership the company equity was doubled and from this date on it became known as the New Company. The Company continued operations until the control of the basin was passed to the Ministry of Navy in 1865. The purpose of this study is to give information about Eregli Coal Company and its activities. Accounting records of this company, which was established by six national partners, for the first period of operations covering over 3 years between November 1842 to November 1845 are examined towards this end. With Sultan Abdulmecid's participation as share holder the company was renamed the New Company and continued its activities until the control of Eregli coal basin was transferred to the Ministry of the Navy. Investigation of first period accounting records show that the main factor contributing to the losses incurred by the Company is the sale of coal to government owned enterprises and high interest loans incurred from bankers as a result of these uncollectible credits.

Keywords: Accounting, coal, company, Hazine-i Hassa, income statement

Jel Code: M41, M42

* Bu Çalışma 10-12 Ekim 2019 tarihleri arasında İnönü Üniversitesi'nin ev sahipliğinde Malatya'da düzenlenen 1. Uluslararası Muhasebe ve Finans Tarihi Kongresinde bildiri olarak sunulmuştur.

¹ Prof. Dr., Inonu University, Faculty of Economics and Administrative Sciences, Department of Business Administration, cengiztoraman@gmail.com

Atıf: Toraman, C. (2020). Eregli Coal Company As the First Corporate Practice In The Ottoman State. *Muhasebe ve Finans Tarihi Araştırmaları Dergisi*, (18), 68–90.

1. EXPLORATION AND EXTRACTION OF COAL IN THE EREGLI BASIN

1.1. Discovery of Coal

A general evaluation report drafted by one of the Hazine-i Hassa contractors in 1904 indicates that the discovery of coal in the Ereğli Basin took place during the reign of Sultan Mahmud II. and its extraction dated to Abdulmecid's reign. Unfortunately, this report makes no specific mention of dates for these events (BOA. Y.PRK.HH. nr. 35/86). This is confirmed by a newspaper article published in the 14 February 1841 (21 Zilhicce² 1256) issue of Ceride-i Havadis³(Tak, 2001:9).

1.2. Initial Production and Employment in the Ereğli Basin

There are signs of coal production in the Ereğli Basin predating the Company era spanning 5 November 1842- 30 November 1845. A report sent from Vienna by the Ottoman Ambassador to Austria, Ahmed Fethi Beg, who also was one of the founding partners of the Company indicates that a request made to the Austrian Government for miners was discussed with Prince Matternich and was deemed appropriate, but also that the Prince requested that the request be made through formal channels and also the whole affair be done in a contract with binding rules. There is also a mention that a written request for the miners in question to be licensed for four years or more was delivered to the Austrian Government (23 March 1837, BOA. Hatt-ı hümayun, nr. 20448.A.). Another coded telegraph with the same date, originating from the embassy in Vienna, which is only partially decoded mentions that three miners sent to Istanbul the previous year had completed their residency period of 18 months but their services were still necessary and that a request for an extension of their stay was made by Darphane Defterdar⁴ and that this request was forwarded to Prince Matternich (BOA. Hatt-ı hümayun, nr. 375/20448.B.). It can be deduced that these miners requested and delivered from the Austrian Government are the Austrian Croats known to have been employees in the Ereğli Coal Mines. The correspondence between Istanbul and the embassy in Vienna show that coal production in

² Being an Islamic society the Ottomans Employed the calendar based on Hegirah (the emigration of Prophet Mohammed from Mecca to Median in the year 622 AD). Thus there is a 622-year difference in the dates to begin with. Since this calendar is based on a 12-month year of 355 days every 37 years another year is added to the difference. The twelve months of the Ottoman calendar are as follows:

The Months Name			The Months Name		
	Abbreviation			Abbreviation	
1.	Muharrem	M	7.	Receb	B
2.	Safer	S	8.	Şaban	Ş
3.	Rebiulevvel	Ra	9.	Ramazan	N
4.	Rebiulahir	R	10.	Şevval	L
5.	Cemaziyelevvel	Ca	11.	Zilkade	Za
6.	Cemaziyelahir	C	12.	Zilhicce	Z

³ Ceride-i Havadis (Journal of News) was the first semi-official newspaper in the Ottoman Empire, and was published from 1840 to 1877.

⁴ Head of the Mint

the Eregli Basin predates the March 1837 request by 18 months and that production started around September 1835.

An investigation of Hazine-i Hassa records in the Ottoman Archives shows that regular mining activities in the Eregli Basin started in February 1841. These records show that income obtained from these activities between February 1841- March 1862 was 31304 kese⁵ 314.5 kurush excluding costs. (BOA, Hazine-i Hassa Defteri, nr. 246, v.89a).

2. COMPANY ERA IN THE EREGLI BASIN

2.1. Charter of the Company and its Partners

The company being examined in this study is a company chartered by six partners to excavate the coal in the Eregli Coal Basin which initially was under the auspice of Darpane-i Amire⁶ and was later transferred to Hazine-i Hassa⁷ when it was established in 1849 (BOA. Hazine-i Hassa Defteri, nr. 791, v. 2b-3b). Accounting records of the Company show that production began on beginning of November 1842 (BOA. Hazine-i Hassa Defteri, nr. 790, v. 1b). Charter documents of the company are unfortunately unavailable and the initial equity of the firm cannot be determined. First period of operation for the Company as shown by its accounting records cover a period of three years and one month, between 5 November 1842 to 30 November 1845.

Founding partners of the Company are composed of prominent statesmen of mid 19th century Ottoman Empire with important public administrative posts. These prominent people were Ahmed Fethi Pasha, Rıza Pasha, Safveti Pasha, Tahir Beg Efendi, İzzet Pasha and Mustafa Efendi (BOA. Hazine-i Hassa Defteri, nr. 790, v. 1b).

It is evident that the Coal Mine Company in the Eregli Basin was established 22 years prior to the Trade Law of 1864 which made it possible for modern companies to be established in the Ottoman Empire. It is also evident from the records that the Eregli Coal Company was established 9 years before the Şirket-i Hayriye (the Good Company) which is said to be the first anonymous corporation (limited liability company) established in the Ottoman Empire (Kazgan, 1999:47-57). The Company established by six partners to excavate the coal in Eregli Basin began production and operations on 5 November 1842 (BOA. Hazine-i Hassa Defteri, nr. 790, v. 1b).

⁵ 1 kese= 500 Kurush, The Ottomans currency and their relationships are 1 Kurush = 40 para, 1 Kurush = 120 akçe, 1 para = 3 akçe

⁶ Ottoman Empire's Mint

⁷ Hazine-i Hassa is the name given to the organization that was established to oversee the personal income and expenses of Ottoman Sultans. Ceyb-i Humayun which in the classic period was basically the Sultan's purse was transformed after the Tanzimat (Reform) into an organization responsible for all of Sultans's income and in parallel the administration of palaces and all related expenses.

2.2. Attempts at Partnership in the Company

There were three separate attempts at entry into the Company as the seventh partner. One of these was the attempt by the Retired Marshall of Ankara Region Said Pasha. The attempt at entry into the Company's coal and ship partnership in 1842 was aborted as a result of his failure to pay his partnership share and his consequent withdrawal from the deal. The other attempt was made by the Retired Marshall of Rumeli Mustafa Pasha. For his participation in the partnership with a single share Mustafa Pasha paid 50.000 Kurush cash with the balance to be paid later. But later he too decided to withdraw from the deal and asked for a refund. Mustafa Pasha's request for a refund was deemed appropriate by the other partners and his payment along with his certificate of debt was returned to him (22 Safer 1260/M.13 March 1844) (BOA. Darphane Defteri, nr. 980, v. 64a).

The Company which was initially founded with six shares and six partners became a company with 12 shares and 7 partners on 6 March 1846 with the Sultans participation. Sultan Abdulmecid became the owner of half of the Company with the equity he paid. The records show that Hazine-i Hassa paid 100.000 Kurush in the Sultans name (BOA. Hazine-i Hassa Defteri, nr. 790, v. 6a¹).

One point of interest is that the amount necessary to own half of the company cannot be this amount is evident from the amount Marshall Mustafa Pasha paid for one share. The fact that the Sultan became owner of half of the company while the other partners' shares didn't decline means that the company's equity was doubled. One other point is that when Said Pasha withdrew from his attempt at partnership in the company the idea of selling his share to pay the company's debt to the commodity customs of 154.529 Kurush was considered but it was realized that the Pasha had not paid any money to the company. Therefore, since the value of Said Pasha's single share was enough to cover this debt the amount the Sultan would have to pay to own six shares would have to be at least six times that amount (BOA. Darphane Defteri, nr. 980, v. 64a).

Because the Company reached a new dimension with the Sultan's participation for some time the Company before the Sultan's participation was referred to as the "Kumpanya-yı atik" (the Old Company) and the Company after the Sultan's participation was referred to as the "Kumpanya-yı Cedid" (the New Company). With progression of time both the old and new denotations were dropped and the Company was called "Eregli Coal Mine Company" or frequently just as "the Company".

3. THE COMPANY'S ADMINISTRATION, PRODUCTION AND EMPLOYMENT ACTIVITIES

3.1. The Company's Administration

During this period the Karaburun Coal Mines belonging to the Company were administered by Ahmed Efendi. The income obtained from Karaburun mine's production was 22.450 Kurush from one division and 15.000 from another division for a total of 37.450 Kurush. (BOA. Hazine-i Hassa Defteri, nr. 790, v. 2b¹).

One of these divisions of the Company was in Istanbul and the other was in the coal production area. Storing and marketing of coal in Istanbul was overseen by Mahmud Beg and his assistant Emin Beg. They each were paid a monthly salary of 1000 Kurush. Their cost of commuting from work to home was also paid by the Company. The Company's expenditure accounts also show a salary for the director of candle works. This indicates that the Company also had a candle works to produce the candles used for lighting the mines (BOA. Hazine-i Hassa Defteri, nr. 790, v. 2b). Nazif Aga was responsible for production and transportation in the coal mines (BOA. Hazine-i Hassa Defteri, nr. 790, v. 3a). According to the records for 1846 the Ereğli basin and the Amasra basin were administered separately. While the manager for Ereğli Mines was Ahmed Nazif Aga the Amasra Coal Mines were managed by İsağazade Mehmed Beg (BOA. Hazine-i Hassa Defteri, nr. 790, v. 9b-10a).

During the periods that followed, Hazine-i Hassa appointed a director for the coal mines operated by Ereğli Coal Company. While these directors were appointed by recommendation of the Hazine-i Hassa, Company shareholders were consulted. The Company also had some initiative on appointment and reappointment of directors. On one occasion director of Ereğli Coal Mines, Halil Efendi had to be replaced because he was not able to administer the mines to the standard deemed necessary by the Company. Halil Efendi was replaced by Hacı Nuri Efendi who was a custom official. This appointment was consulted with company shareholders and the appointment was approved by the Crown (5 December 1859) (BOA. Hazine-i Hassa Defteri, nr. 249, v. 96a).

3.2. Production and Employment Activities in the Company

Regular and sustained coal production in the Ereğli Basin began with the Company. The Company did not play a direct role in coal production by employing miners. Initially production was outsourced to Austrian Croats under an arrangement whereby the Company would purchase the coal excavated at a set price. (BOA. MB. nr. 6/91; HR.MKT. nr. 35/53; Hazine-i Hassa Defteri, nr. 790, v. 9b-10a). In the following periods other entrepreneurs who wanted a similar arrangement appeared. Afterwards the Company tried to modernize its production to European standards by bringing miners and engineers from England (BOA. Hazine-i Hassa Defteri, nr. 791, v. Kapak b).

3.3. Wages of Company Personnel

Since the company did not directly employ mining personnel during this period there is no information about workers wages. But during the Company's expansion employment of English engineers and miners was foreseen for modernization of Kozlu and Yeniharman production fields. For the 18 engineers and 100 workers brought from England the daily wage of each worker was calculated at five Kurush a day (February 1851) (BOA. Hazine-i Hassa Defteri, nr. 791, kapak varak b). Although this was the planned wage records indicate that the actual wages paid were different. One of the engineers returning to England was paid 15 liras a month and eight returning workers were paid 8 liras a month each (30 September 1851). English

engineer Barkly, who is known to have worked a long time in the Company's mines, was paid 36 liras a month (BOA. Hazine-i Hassa Defteri, nr. 791, v. 36a).

Company records of wage payments for eight months show that of six workers returning to England two were paid six liras a month each, four were paid five liras a month each and each worker was also paid 25 liras travel stipend (10 June 1854) (BOA. HH.THR. nr. 1253/74). The planned five Kurush daily wage for each English worker was probably the wage calculated using market indicators while the 16.6-20 Kurush wage was the realized pay.

Bogos who was hired as translator for the engineers and workers brought over from England was paid 550 Kurush monthly (12 August 1851) (BOA. Hazine-i Hassa Defteri, nr. 791, kapak varak b).

3.4. Production Fields of the Company

The Company's production fields for this period are mentioned in the accounting records as "coal mines administered by the Company under the Irade-i Seniyye⁸ in Eregli, Amasra and various places..." "Various places" mentioned in the records are not known for sure. Records of the period after the Sultan's participation in the firm mention "coal mines administered by the Company in Bezekli, Amasra, Karaburun areas and various places...." name Bezekli and Karaburun as coal production areas in addition to Eregli and Amasar (BOA. Hazine-i Hassa Defteri, nr. 790, v. 1b). This statement shows that the Company was given mining concessions in a large geographic area. With time the Company's concessions included coal mines in Southern and Western Anotolia, and coal mines in the island of Crete and the province of Tekirdag. (BOA. Hazine-i Hassa Defteri, nr. 237, s.16).

4. MARKETING OF COAL AND THE COMPANY INCOME STATEMENT

The coal that was produced in the coal basin was transported by ship and was sold from the depots in Yalıköşkü and Narlıkapı (BOA. Hazine-i Hassa Defteri, nr. 790, v. 1b). Storage and marketing of coal in Istanbul was performed by two company personnel one of whom was a director and the other his assistant. In addition to these two depots in Istanbul the company also had a depot in Sinop and another in Trabzon (BOA. Hazine-i Hassa Defteri, nr. 249, v. 97b). These last two depots were operated by Hacı Bezerhan. Hacı Bezerhan was given a share from the sales in remuneration for his service (BOA. Hazine-i Hassa Defteri, nr. 790, v. 2a).

According to the accounting records the total amount of coal extracted, delivered to Istanbul and sold is 1.025.882 kantars⁹ or around 58 thousand metric tons. The monetary value of this production is 9.725.787,5 Kurush. The break down of the coal sale which was at an

⁸ Imperial rescript

⁹ Kantar is one of the weight units used in the Ottoman Empire. According to the 1912 edition of İlm-i Hisab by Mehmet İzzet one kantar is given as 56.450kg.

average price of 9,48 Kurush is shown in the table below (BOA. Hazine-i Hassa Defteri, nr. 790, v. 1b):

Kantar	Coal given to places
567.514	to Tersane-I Amire (Imperial Shipyard)
101.899	to Baruthane (Gunpowder plant) for İzmit and Hereke Plants
181.151	to Uskudar steamship
008.427,5	to Tophane ((Cannon foundry)
027.814,5	to Begkoz Debbagħanesi (Tannery)
008.552	to Tüfenkhane-i Amire (Imperial Armory)
007.048,5	to Darbhane (Mint)
001.948	to Feshane-i Amireye (Imperial Fez Factory)
<u>+117.045</u>	to Dakik steamship
1.021.399,5	
0000421	to Uskudar steamship for 10 th times
<u>+0004.061</u>	to İspandoni Bazirgân (merchant) for steamships outgoing to Egypt
1.025.882	TOTAL

Accounts show a distinction between the coal extracted from Eregli and Amasra and record the costs as below:

1-Extract and freight costs related coal extracted from Eregli

892.055,5	Kantar coal mine
3.068.230	Kurush, extract cost
<u>+1.723.921</u>	Kurush, freight cost
4.792.151	Kurush, total cost

2- Extract and freight costs related coal extracted from Amasra

338.065	Kantar coal mine
1.179.927	Kurush, extract cost
<u>+0830.187,5</u>	Kurush, freight cost
2.010.114,5	Kurush, total cost

These figures show that Amasra coal was generally more expensive to produce relative to Eregli coal. Also, coal excavated from Amasra during this period had higher sulphur (NOx) content and had more impurities¹⁰.

Costs other than extraction and transportation costs are also itemized and recorded and these are:

Different Expenses

8.367,5	Kurush, given to coke product [investment]
---------	--

¹⁰ According to these figures cost of extracting one kantar of coal in Amasra was 3,49 Kurush and transportation cost per kantar was 2,46 Kurush for a total cost of 5,95 Kurush per kantar. Eregli coal cost 3,44 Kurush to extract and transportation cost was 1,93 Kurush and the total cost of one kantar was 5,37 Kurush.

99.000	Kurush, wages for civil servants, services and cellars
29.522	Kurush, coal carriage costs and etc.
<u>+322.396,5</u>	Kurush, expenses related to attendance for outgoing to Black Sea with Eregli stamship belonging to Mine Office and loss which belonging to Eregli steamship.
459.286	Kurush, TOTAL

Account of total coal production are:

Total Kantar, coal

230.120	Kantar, produced total coal [21.806,7 Kg]
<u>- 204.238</u>	Kantar, coal in stock from Eregli, Yalikosku and Narlıkapı
25.882	Kantar, coal sales

Total cost of 1.230.120 kantar coal produced adds up to 7.261.551,5 Kurush.

Trial Balance

9.725.787,5	Kurush, from coal sales
<u>-7.261.551,5</u>	Extract, freight, carriage, civil servants and cellar expenses
2.464.236,0	Profit

Maliye Hazinesine ait yüzde on beş (%15) hesabıyla vergisinin hesaplanması

369.636	Kurush.
- <u>95.799,5</u>	Kurush, given to Ministry of Finance
273.836,5	[Surplus]

2.094.600 Kurush, profit share for Company Partners

When these numbers are compiled the income statement of the Company for the period between November 1842 to November 1845 will be as below:

EREGLI COAL COMPANY INCOME STATEMENT**FOR THE PERIOD BETWEEN NOVEMBER 1842 TO NOVEMBER 1845**

(as Kurush)

NET SALES	9.725.787,5
COST OF SALES (-)	6.802.265,5
GROSS SALES PROFIT	2.923.522,0
OPERATING EXPENSES (-)	459.2860
OPERATING PROFIT	2.464.236,0
ORDINARY PROFIT	2.464.236,0
PROFIT OF PERIOD	2.464.236.
PROVISION FOR TAX ON PROFIT OF PERIOD (-) (15% 15 Income Tax)	369.636,0
NET PROFIT OF PERIOD	2.094.600,0

Distribution of the profit among the partners is such:

- 349.100 Kurush, Ahmed Fethi Pasha hissesine,
- 349.100 Kurush, Rıza Pasha hissesine,
- 349.100 Kurush, Saffet Pasha Hissesine,
- 349.100 Kurush, Tahir Beg Efendi hissesine,
- 349.100 Kurush, İzzet Pahsa hissesine,
- 349.100 Kurush, Mustafa Efendi hissesine.

(Hazine-i Hassa D. Nr. 790, v.1b)

Operating profit items will be as below:

- 95.799 Kurush, to be written off against taxes to Ministry of Finance.
- 58.073,5 Kurush, receivable from Kefçe-i Humayun. Payment Date:13 Receb 1262.
- 22.450 Kurush, receivable from Harbiye (Imperial Military Academy). Payment Date:20 Ra. 1262.
- 156.621 Kurush, receivable from Banker Hoce Evanis Payment Date: 13 S. 1262-26 Ra. 1262.
- 45.774,5 25871 kantar coal, because of Hacı Bazergân's obligation, coal prices coming from Trabzon and Sinop.
- 200000 Kurush, received on account of Hacı Bazergân for trade
- 17550 Kurush, because of taken from company capital reserves, receivable from Director of Karaburun Coal Mine Ahmed Efendi.

(Computation to given money to Director of Karaburun Coal Mine Ahmed Efendi)

30000 Kurush, with note,

10000 Kurush, with note,

+15000 Kurush, again with note

55000

-22450 Kurush, transferred from coal prices, because of given coal to Baruthane (Gunpowder Plant.

32550

-15000 Tahsil olunan

17550

2.434.039.5 Total account, Kurush

Trial Balance

2.464.236 Kurush, to pay a call from Hacar Bazergan.

- 2.434.039,5 Kurush, coming from above

30.192,5 Kurush, balance

(Hazine-i Hassa D. Nr. 790, v.2a)

Coal sales from old account to Tersane-i Amire (Imperial Shipyard)

<u>Price, Kurush</u>	<u>Coal, kantar</u>	<u>Payment Date- from 6,5 Kurush</u>
46473	7164	27 Ca 1262
33063,5	5097	10 Receb 1262
188687	42014,5	3 Şaban 1262
<u>+009730,5</u>	<u>+01500</u>	30 Şaban 1262
277954	55775,5	
<u>+049838</u>	<u>+6888</u>	29 C 1262, from 8 kurush 10 para
327792	62663,5	
258392,5 }	Delivery	5 Kânunısani 1264
69398,5		

Coal given to Tüfenkhane (Imperial Armoury) with five ships

<u>Coal Kantar</u>	<u>Kiyye¹¹</u>	<u>Ship</u>	<u>Date</u>
3903	34	Captain Yakup's Ship	26 C 1261
<u>+4649</u>	<u>+42</u>	Captain Ibrahim's Ship	
8553	32		
from 9,5 Kurus }	81260 Kurush }	15 para }	Total Amount
to company account }	81260,5 Kurush }	Delivery (payment)	23 Şevval 1262

(Hazine-i Hassa D. Nr. 790, v.2b)

The amount of money which collecting on old accounting of Ereğli Coal Mine and changed to mines' expenses. (This amount of money is listed according to income where the coal was sold to, totally 23 sorts). Obtaining amount is totally 1.057.383 kurush.

¹¹ Kiyye is one of the weight units used in the Ottoman Empire. 1 kiyye = 1280 gr

Included Hicri Safer 1262- 24 Safer 1265 dates, there were sorts as obtaining of coal to Inoz, price of coal to Tufenkhane (Imperial Armoury) (1262), Begkoz Debbaghane (Tannery), steamship which named Uskudar, Baruthane (Gunpowder Plant), Kefce-i Humayun, Demirhane (Ironworks) (1263), the price of coal selling from Narlikapi Cellar (1364), where coal was sold and obtained. Some of coal to Kefce-i Humayun was coke

Other account registration on the same page, expenses is written and indicated 37 sorts expenses.

Expenses as salaries of officials, rent money of stores where the coal was stored and places where the coal was presented to market and freight by ships were totally 69.821,5 kurush. Included Hicri Kanun-i Evvel 1261- 1263 among expenses sorts, there were renting of Narlikapi Cellar (250 kurush), salary of director (1000 kurush), hiring of Yalikosku Coal Cellar (4000 kurush), salaries of manager, assistant manager, boat and other wages (2635 kurush). Expense items indicates that there were two different stores for storing and marketing of coal, two managers including a manager and assistant manager (Hazine-i Hassa D. Nr. 790, v.3a).

Firms and organisations, bought coal from this company's Yalikosku Store (wharf) as following: [89.212 kantar coal to stores in 1262]

Kantar	Coal given to places
00054	Sold to French Steamship, 29 M. 1262.
00107.5	Sold to Asakir-i hassa Dökümhanesine (foundry), 23 S. 1262.
07164	Sold to Tersane-i Amire (Imperial Shipyard).
05097	Again sold to Tersane-i Amire (Imperial Shipyard), 10 S. 1262
<u>+19500</u>	Again sold to Tersane-i Amire, price from Darphane, 14 S. 1262.
31922.5	
01500	Again sold to Tersane-i Amire (Imperial Shipyard), 20 S. 1262.
05500	sending to Inoz with six boats for Meriç River, 26 L. 1262
<u>+08664</u>	Again sending to Inoz, 28 Za 1262.
47622.5	
02751	Given to steamship which named Uskudar for going and coming of Fethi Pahsa to Izmir
01820	Given to Kefce-i Humayun, 29 Za. 1262.

03548	Given to Tophane-i Amire (Cannon Foundry), 28 Z. 1262.
00505	Given to Feshane-i Amire (Imperial Fez Factory), 4 Ca. 1262.
<u>+06888</u>	Given to Tersane-i Amire (Imperial Shipyard), 29 C. 1262.
63134.5	

Firms and organisations which bought coal from the company in 1263 as the following:
(coal amount coming to the store was 28.600 kantar in 1263)

Kantar	Coal given to places
2045	Given to Foundry of İstanbul Gunpowder Plant), 8 M 1263
0409	Given to İstanbul Gunpowder Plant, 23 M 1263.
0100	Given to Iron Foundry, 14 Ca. 1263.
3719	Sold to Kamacıoğlu Andon, 26 Ra. 1264
0859	Sold to Acı İstefan Kalfa, 16 Ra 1264.
<u>+1120</u>	Sold to some Merchant, 9 ZA 1263.
8252.5	
2121	Sold to Acı İstefan Kalfa,
<u>+5981</u>	Again Sold to Acı İstefan Kalfa.
63134,5	

48.304,9 kantar coal and 419 coke were indicates as income of Manager of Coal Mine's Aziz Efendi (Hazine-i Hassa D. Nr. 790, v.3a)

1.057. 383 kurush which obtained from old account of company, before cooperation with Sultan, presented coal to marketing was spent to development of mines in 13 Safer 1262–24 Safer 1265 (BOA, Hazine-i Hassa Defteri, nr. 790, v. 2b).

The amount of salaries of officials, hiring of stores where coal was stored and marketing places, freight wages were 69.821,5 kurush. In those times, coal was tried to be coke and 8.367,5 kurush was spent for this (BOA. Hazine-i Hassa Defteri, nr. 790, v. 1b).

Hiring of Narlikapi Cellar, where coal presented to İstanbul markets and stored, was 250 kurush; hiring of Yalıkosku Coal Cellar was 4.000 kurush and they were indicated as expense items. There were a manager and two conductors at cellars and marketings. Salary of manager was 1.000 kurush. Manager and assistant manager's wages of boat, which they used while they were coming to work and expenses were 2.635 kurush, monthly (BOA, Hazine-i Hassa Defteri, nr. 790, v. 2b).

One of the unluckiness of Ereğli Mine Enterprise was to work with state institutions, known as public sector. However, it was the beginning of the production of coal, company's total receivables from Tersane-i Amire (Imperial Shipyard) was 1.622.771,5 kurush. Though the state institutions began to use coal slowly, they never initialized their debts to Coal Company (BOA. Hazine-i Hassa Defteri, nr. 790, v. 1b). Company had to borrow money from Bankers at a high rate of interest (5%-7%) because the company didn't cash its receivables from the state institutions.

5. USES FOR EREĞLI COAL

During the years when coal was discovered in the Ereğli Coal Basin the Ottoman Navy did not have the number of steamships to consume millions of liras worth of coal. After the Navarin defeat of 1827 when the Ottoman fleet was burned a plan was developed to replace the fleet with an all steam ship navy (Özeken, 1944:13). That same year the Ottoman Empire procured its first steam ship. This steam ship which was also sometimes called "mist ship" was named "Sür'at" (Danışmend, 1972:112). The first all metal Turkish ship was built in 1848. This ship which was built at the Zeytinburnu Ironworks named "Eser-i Cedid" (BOA. Hazine-i Hassa Defteri, nr. 238, v.1b).

The most prominent of state-owned factories using coal was Debbaghane-i Amire (Imperial Tannery). Other important state-owned factories consuming coal were the Feshane (Imperial Fez Factory) established in 1844, Zeytinburnu Ironworks established in 1846 and the gas factory.

It is understood that at the time when coal was discovered in the Ereğli Coal Basin there was no consumption of coal in the Ottoman Empire other than that of a few steamships that were newly built locally or procured from England. It is also observed that industrial enterprises in the Ottoman Empire converted to coal in parallel to coal production in the Ereğli Basin and in time new coal powered factories were built. This indicates that the Ottoman policy was to avoid foreign energy dependence for its industry.

Customers of Ereğli coal during the period under study are listed below. This list compiled from accounting records shows that majority of consumers was state owned factories.

- Ironworks at İnözü Burnu,
- Tüfenkhane (Armoury),
- Begkoz Debbaghanesi (Tannery),
- Üsküdar steamship,

- Tophane (Cannon foundry),
- Baruthane (Gunpowder plant),
- Kefçe-i Hümayun (Darphane),
- İstanbul Baruthanesi (Istanbul gunpowder plant),
- İstanbul Baruthanesi Demirhanesi (Ironworks of Istanbul gunpowder plant),
- Demir Fabrikası (Ironworks),
- Feshane-i Amire (Imperial Fez Factory),
- Asakir-i Hassa Dökümhanesi (Foundry)

Accounting records also indicate that a portion of the coal sold to Darphane was coke (BOA, Hazine-i Hassa Defteri, nr. 790, v. 2b-3a). As the private sector customers of coal Kamacıoğlu Andon, Acı İstefan Kalfa, a French steamship and some traders are listed (BOA, Hazine-i Hassa Defteri, nr. 790, v. 3a).

It can be concluded from the table showing coal sales that the largest customer of Ereğli coal was Tersane-i Amire. The fact that of the 1.230.120 kantar coal produced by the Company between 5 November 1842 to 30 November 1845, 204.328 kantar was not sold during this period and were stored at the depots at Yalıkosku, Narlıkapi and Ereğli mean that coal was not very widely used during this period. The sale of this surplus coal was sold during the period between 10 February 1846 and 19 January 1849 (BOA, Hazine-i Hassa Defteri, nr. 790, v. 2b).

Beside contributing to development of the Ottoman Navy and industry discovery and production of coal in the Ereğli Basin has benefited European merchant ships trading with Ottoman ports. Steamships which used to carry the coal necessary for the return trip could now use this space to carry more trade goods and replenish its coal for the return trip at the Ottoman ports.

6. ENTRY OF THE COMPANY INTO SHIPPING

It is seen in the records that during the period examined the Company started undertaking investments to transport and distribute the coal by sea. It is known that the Company owned and operated a ship named “Ereğli” during the period under study (BOA, Hazine-i Hassa Defteri, nr. 980, v. 64; Hazine-i Hassa Defteri, nr. 790, v.1b). The decision to undertake new investments in shipping took place just prior to the Sultan’s entry into the partnership. The Company placed an order to England for a new ship at cost of 3000 kese with the revenue it earned between 1842 and 1845. Monthly payments of 50.000 kurush was arranged to be transferred through the Tersane-i Amire treasury (BOA, Hazine-i Hassa Defteri, nr. 790, v.1b).

After the Sultan's participation in the Company one of the partners, İhtisab Nazırı¹² Mehmet İzzet Pasha placed an order for four ships of 10000 kile¹³ displacement to be built in Bartın and Çatalağzı to be used to transport coal from Ereğli to Istanbul. To cover this cost three installments of 75000 Kurush was transferred from the Commodity Customs (8 Z. 1263/M.17 Kasım 1847). The ships were built in two years and instead of the planned four ships of 10000 kile displacement two ships of 13500 kile displacement were built. The total cost of building these ships was 277820 kurush and this was covered fully by Commodity Customs which was later reimbursed by the Company (29 Muharrem 1265/M.25 Aralık 1848) (BOA, Hazine-i Hassa Defteri, nr. 790, v.14b).

7. THE COMPANY AFTER 1845

Between 1849-65 exploration and extraction was rented to Jewish goldsmiths and the English. The coal mines of Ereğli basin was operated through time by different entities. The below list chronicles this change and development of coal mining in the region:

1848-54 Administration by Hazine-i Hassa

1849-54 English (and Galata goldsmiths) Coal Company's Management

1854-56 Temporary administration by the English during the Crimean war

1856-61 Administration by Hazine-i Hassa

1856-59 Operated by Trust Administration

1859-60 Operated by Zafiropulos

1860-61 Operated by the English Coal Company

1861-65 Administration by Hazine-i Hassa

1865-1908 Administered by the Ministry of Navy

1865-1882 Operated by Shipbuilding Administration

1882-1940 Operated by local and foreign capital companies

1908-1909 Administered by Nafia Nezareti (Ministry of Public Works)

1909-1920 Administered by the Ministry of Forestry, Agriculture and Mineral Trade

¹² The director or superintendent of guilds and markets

¹³ Kile is a unit of weight used in shipping by the Ottomans. 36 Kile = 1 metric ton. 13.500 kile=375 ton (Pakalın Z, 1983,281).

1914-1922 Period of WWI and the National Liberation War

1920-1940 Administered by the Ministry of Economics

1926-1940 Operated by ISBANK Bankası

1937-1940 Operated by ETIBANK and EKİ

1940-1957 Administered by ETIBANK and EKİ

1957-1984 Administered by TKİ

1984- Administered by TTK

In addition, after 1883 the Ermenian Karamanyan Company, Georgian Company, Saraçzadeler Coal Mine Company and the French Ereğli Ottoman Company was also established.

In the Constitutional period of 1908-1914 Çaydamar and Karıncak mines were operated by Russians and Kozlu mines were operated by the Italians and the Greeks. With the beginning of the First World War the basin entered German control. At the end of the war the control of the basin was passed to the Allied Forces Coal Commission. The basin was used by these companies for a long time.

Between 1924-36 companies formed by İ̇s Bankası brought modern working conditions to the basin. Ereğli Company was bought by the government in 1937 and it was transferred to Etibank. In 1940 Etibank established E.K.İ (Ereğli Coal Company). This company which was administered by Etibank until 1957 was transferred to Turkish Coal Company.

8. CONCLUSION

Ereğli Coal Company was established in 1842, nine years before the Şirket-i Hayriye, as one of the first anonymous company (limited liability Company) in the Ottoman Empire. The production operations of the company for the first three years were in the form of a wholly national capital financed private firm. With Sultan Abdulmecid's participation in the partnership the company equity was doubled and from this date on it became known as the New Company. The Company continued operations until the control of the basin was passed to the Ministry of Navy in 1865.

During the period of examination, between November 1842 and November 1845, accounting records and income statement of the company show that its profitability was 23%. No problems in marketing of the coal excavated existed. Naturally the most prominent customers were state owned factories. But business with these state-owned enterprises also was perhaps the single most important factor contributing to the demise of the company. Sales to

state owned factories could not be collected on time and these credits accumulated over time. Even during the early period of operations Tersane-i Amire owed the Company 1.622.771,5 Kurush from coal purchases. With most state-owned enterprises converting to coal use the company's collectible from them was never zeroed. Since the Company was not able to collect its credits from state enterprises it had to resort to borrowing from bankers, usually at high interest rates (5-7%). Although it was operated in an efficient manner by the periods standards its failure to collect on its sales slowly deteriorated the company.

The Company's accounting records were kept in an indigenous system developed uniquely by the Ottomans that was very un-similar to the West's simple entry bookkeeping system. Because of this the accounting records system is very different from western ones. The real novel feature of the Ereğli Coal Company that makes it important is that it is one of the first modern limited liability companies established in the Ottoman Empire. The success of the company paved the way for other corporations such as Şirket-i Hayriye. As one of the first corporations the Ereğli Coal Company has a very important place in development of corporate accounting in the Ottoman Empire.

REFERENCES

- BOA. Darphane Defteri, nr. 977.
- BOA. Darphane Defteri, nr. 980.
- BOA. Hatt-1 hümayun, nr. 197/9882.
- BOA. Hatt-1 hümayun, nr. 20448.A.
- BOA. Hatt-1 hümayun, nr. 240/13417.
- BOA. Hatt-1 hümayun, nr. 27871.
- BOA. Hatt-1 hümayun, nr. 375/20448.B.
- BOA. Hazine-i Hassa Defteri nr. 237.
- BOA. Hazine-i Hassa Defteri, nr. 238, v.1b.
- BOA, Hazine-i Hassa Defteri, nr. 246, v.89a
- BOA. Hazine-i Hassa Defteri, nr. 249.
- BOA. Hazine-i Hassa Defteri, nr. 790.
- BOA. Hazine-i Hassa Defteri, nr. 791.
- BOA. HH.THR. nr. 1253/74.

BOA. HR.MKT. nr. 35/53.

BOA. MB. nr. 6/91;

BOA. Y.PRK.HH. nr. 35/86.

Danişmend, İ.H. (1972), “İzahlı Osmanlı Tarihi Kronolojisi”, V. Cilt, İstanbul.

Güvemli, O. (2000),”Türk Devletleri Muhasebe Tarihi, Tanzimat’tan Cumhuriyet’e”, III. Cilt, İstanbul YMMO Yayınları

Kazgan, H. (1999), “Osmanlı’dan Cumhuriyet’e Şirketleşme”, Vakıfbank Yayını, İstanbul

Özeken, A. A. (1944), “Ereğli Kömür Havzası Tarihi”, İstanbul.

Pakalın, M. Z, (1983), “Osmanlı Tarih Deyimleri ve Terimleri Sözlüğü”, İstanbul.

Tak, İ., (2001),“Osmanlı Döneminde Ereğli Kömür Madenleri”, Basılmamış doktora tezi, Atatürk Üniversitesi Sosyal Bilimler Enstitüsü Tarih Anabilim Dalı, Erzurum.

Appendix1: Eregli Coal Company's Income Statement

The image shows a handwritten income statement for Eregli Coal Company, organized in a T-account format. The document is written in Ottoman Turkish and includes various financial entries and numerical values. At the top, there are several lines of text, likely a title or header, followed by a large horizontal line. Below this, the T-account structure is visible, with multiple rows of entries on both sides. The entries are written in cursive script, and some numerical values are clearly legible. The bottom section of the document contains a summary of the account, with a final balance or total value. The overall appearance is that of an official financial record from the late Ottoman period.

Source: BOA Hazine-i Hassa Defteri nr.790 v.1b.

