

NOVA SCOTIA SCHOOL SERIES.

ELEMENTARY
BOOK-KEEPING.

THIRD EDITION, REVISED.

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P R E F A C E.

BOOK-KEEPING does not receive that attention in our schools which its importance demands. Every one, no matter what may be his occupation, should keep an accurate record of his dealings with others, so that at any time, by reference to his books, he can see how much he owes and how much is owing to him. He should also keep an account of his cash transactions, that he may know at the end of each month or year the amount of money he has received from every source, and in what ways he has expended that money. The want of system and accuracy in these matters often leads to reckless expenditure and financial ruin. A farmer who keeps no record of his dealings with the merchant and the blacksmith is surprised, at the end of the year, at the hugeness of his account. He is sure that he owes no such sum, although he is not prepared to dispute the correctness of any one item. A correct and systematic record of debt and credit, of cash receipts and expenditures, will lead to a more careful estimate of one's financial condition, of what can be afforded and what cannot; and it will lead one to look back over his list of purchases and consider whether his money could not have been expended to better purpose.

It is not supposed or designed that this little work shall supersede the larger and more complete text-books on Book-keeping which are now in use, and which are needed to give that knowledge required in more extended mercantile busi-

ness. The object is rather to promote the study of this important branch of practical education, by presenting, in cheap form, such a simple and concise system of keeping accounts, as will adequately meet the wants of the large majority of boys and girls in our public schools.

In the following pages, that the learner may acquire as thorough and practicable a knowledge of Book-keeping as possible, examples are first presented for his inspection, showing him how to record different kinds of transactions in the various books employed ; he is then required to take similar transactions and write up the books according to the examples furnished. He will not, therefore, have the opportunity of copying the work from the text-book, but will be compelled to exercise his judgment as to the book in which the account should be entered, and the form in which it should be written.

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SINGLE ENTRY.

EXPLANATIONS.

1. It frequently happens that payment is not made for articles bought or sold at the time of the transaction. The purchaser is then in debt; he is said to be a *debtor*, and the seller is *creditor*. It is not safe to trust such business transactions to memory. The art of recording them in systematic form is called BOOK-KEEPING.

The following illustration shows how records are made: —

Thomas White, on the 15th January, sells to John Poor 3 cwts. of hay at 65 cents per cwt., and 5 bushels of potatoes at 45 cents per bushel. Poor has sawed wood for him two days at \$1.25 per day.

White writes in his book, —

	DR.	CR.
January 15, 1887.		
JOHN POOR, DR.		
To 3 cwts. hay @ 65 ¢	\$1.95	
5 bushels potatoes @ 45 ¢	2.25	
	4	20
CR.		
By 2 days sawing wood @ \$1.25		2 50

Poor writes in his book, —

January 15, 1887.		
THOMAS WHITE, DR.		
To 2 days sawing wood @ \$1.25	2	50
CR.		
By 3 cwts. hay @ 65 ¢	\$1.95	
5 bushels potatoes @ 45 ¢	2.25	
		4 20

2. The number of books employed in Book-keeping depends on the nature and extent of the business; those in general use are the *Day Book*, the *Cash Book*, the *Bill Book*, and the *Ledger*. The records made should show correctly, clearly, and concisely the state of one's business, or the property of different kinds which he owns; whom he owes, with the amounts due each; and who owes him, with the amounts due from each.

3. The *DAY BOOK* contains all the debit and credit transactions in the order in which they occur, and with the proper date. Unless a *Memorandum Book* is kept for the purpose, it is well at the commencement of the *Day Book* to make a statement of property owned and of debts at that date. Articles bought and paid for in full at the time of purchase are not entered in the *Day Book*. Transactions in which debt and credit are not equal must be stated in full, and not simply the balance or excess of the greater. In the *Day Book*, the date should be placed at the top of the page, and need not be repeated on the same page with each account; but when a new date occurs on the page, it should be placed above the account, and not in the margin.

The following are two pages from Thomas White's *Day Book*:

(1.)

TRURO, January 15, 1887.

	Dr.	Cr.
JOHN POOR, DR.		
To 3 cwt. hay @ 65¢.....	\$1.95	
5 bushels potatoes @ 45¢.....	2.25	
	4 20	
CR.		
By 2 days sawing wood @ \$1.25.....		2 50
JAMES WILSON, DR.		
To 14 bushels oats @ 58¢.....	8 12	
Jan. 16.		
FRANK PARKER, CR.		
By 5 gals. kerosene oil @ 45¢.....	\$2.25	
2½ yds. Canadian tweed @ \$1.60.....	4.00	
	6 25	
DR.		
To 2 cords wood @ \$2.50.....	5 00	
JOHN POOR, DR.		
To 5 lbs. butter @ 28¢.....	1 40	

SINGLE ENTRY.

3

(2.)

TRURO, January 16, 1887.

Dr. Cr.

JAMES CROWE, DR.				
To 1 cow.....	45	00		
Jan. 18.				
FRANK PARKER, DR.				
To man and team one day	3	00		
CR.				
By 5 lbs. tea @ 45¢			2	25
JAMES CROWE, CR.				
By note of hand (see B. B.) ¹			45	00
JAMES WILSON, CR.				
By cash on account.....			8	12
Jan. 20.				
FRANK PARKER, CR.				
By 25 yds. carpet @ \$1.65		\$41.25		
18 yds. black silk @ 1.75		31.50		
			72	75
DR.				
To cash.....		\$23.25		
note of hand (see B. B.)		50.00		
	73	25		
Jan. 20.				
DAVID WEBSTER, CR.				
By 1 sleigh		\$35.00		
repairing sled		1.50		
			36	50
DR.				
To 1 ton hay	14	00		

4. The CASH BOOK contains, on the left-hand pages, a record of cash held on commencing business, and of all cash receipts; on the right-hand pages, a record of all cash payments. The dates are placed in the margin.

5. The left-hand page is called the debit side, and the right-hand the credit side. The propriety of this will be evident, if we

¹ This note is supposed to be given in payment for cow purchased on the 16th. If it had been given at the time of purchase, the transaction, both debit and credit, might have been omitted from the Day Book.

think of the *cash box* or *safe* as a person with whom an account is opened for debt and credit.

6. The first entry in the Cash Book must always be on the debit side, as cash must be received before it can be disbursed; for a similar reason, the amount on the credit side can never exceed that on the debit side. If the two sides are equal, there is no cash on hand; the excess of the debit side shows the amount held.

7. The Cash Book should be carried along simultaneously with the Day Book. Cash received on cash sales, or paid on cash purchases, — that is, when full payment is made at the time of the transaction, — is entered in the Cash Book only. When the cash does not correspond with the amount of the purchase or sale, and when cash is paid on account, the entry must be made in the Day Book, as well as in the Cash Book.

8. The following is a specimen of the debit and credit sides of Thomas White's Cash Book. By adding the two sides, and taking the difference, we shall find that the debit side exceeds the other by \$26.17, which is the amount of cash on hand January 18.

CASH.			Dr.	CASH.			Cr.
1887.				1887.			
Jan. 1	To cash on hand	\$25	30	Jan. 2	By cash for overcoat	\$16	00
" 8	" for ton of hay...	14	00	" 14	" lent to C. Bell		
" 9	" fat oxen	180	00		(see B. B.).....	150	00
" 16	" 4 cords wood	10	00	" 18	" paid to F. Parker	23	25
" 18	" from J. Wilson..	8	12		buffalo robe	22	00

9. The BILL BOOK contains a record of various particulars respecting written obligations for the payment of money, such as *Notes of Hand*, *Due Bills*, *Orders*, and *Drafts*. It consists of two parts, — *Bills Receivable* and *Bills Payable*. In *Bills Receivable* we enter all obligations of this kind which we hold against others, recording the *maker's* name, the *indorser's* name, the *amount*, *date*, *time*, *when due*, *where payable*; in *Bills Payable* we enter our written obligations to pay money, *to whom payable*, the *amount*, *date*, *etc.*

10. By reference to the Bill Book, we can ascertain when bills held by us fall due, without the trouble of examining the papers;

and we shall not be perplexed by unexpected demands for payment of forgotten obligations.

11. A Bill is not legally due until three days after it is nominally due. These three days are called *days of grace*.

12. When a Note of Hand or other written obligation is given or taken in payment of a Day Book account, a record must be made also in the Day Book; when it is given or taken for cash, the proper entry must be made in the Cash Book.

13. When a Bill is paid or otherwise disposed of, the fact should be stated under the heading *remarks*.

14. Below is a specimen of Thomas White's Bill Book, with such entries as are required by transactions referred to in the Day Book and Cash Book.

BILLS RECEIVABLE.

No.	Maker.	Indorser.	Amount.	Date.	Time.	When Due.	Remarks.
1	Chas. Bell		\$150.00	Jan. 14, 1887	6 mos.	July 17, 1887	
2	Jas. Crowe		45.00	Jan. 16, 1887	3 mos.	Apr. 19, 1887	

BILLS PAYABLE.

No.	To whom Payable.	Indorser.	Amount.	Date.	Time.	When Due.	Remarks.
1	F. Parker		\$50.00	Jan. 20, 1887	3 mos.	Apr. 23, 1887	

15. The **LEDGER** brings together, under each man's name, all his accounts as found in the Day Book, placing debits on the left hand and credits on the right. The process of transferring accounts from the Day Book to the Ledger is called *Posting*. The accounts are posted in the order in which they occur in the Day Book. For convenience in turning up accounts in the Ledger, an alphabetical *Index* is formed, each man's name and page in the Ledger being entered in the Index the first time the name occurs in posting.

16. It is not necessary to enter in the Ledger the various particulars recorded in the Day Book, but simply the total amount of the transaction.

17. When an account is transferred from the Day Book to the Ledger, the number of the Ledger page is placed opposite the account in the margin of the Day Book. This shows that the account has been posted, and also indicates its place in the Ledger. A reference mark is also made in the Ledger in connection with each entry, showing where it is found in the Day Book. This mark may be either the date of the account or the page of the Day Book from which it is transferred, and it may be placed in a separate column for this purpose, or it may be placed above a horizontal line with the amount written beneath. The different modes of inserting reference marks in the Ledger are illustrated in the following examples of Frank Parker's account. In the first example both the page and date are given; in the second, the date only; and in the third, the page only.

Dr.		FRANK PARKER.						Cr.	
1887.						1887.			
Jan. 16	To D. B.	1	5	00	Jan. 16	By	1	6	25
" 18	"	2	3	00	" 18	"	2	2	25
" 20	"	2	73	25	" 20	"	2	72	75

Dr.		FRANK PARKER.						Cr.	
1887.		16th	18th	20th		1887.	16th	18th	20th
Jan.	To	5.00	3.00	73.25	81	25	Jan.	By	6.25
									2.25
									72.75
									81
									25

Dr.		FRANK PARKER.						Cr.	
1887.		1	2	2		1887.	1	2	2
Jan.	To	5.00	3.00	73.25	81	25	Jan.	By	6.25
									2.25
									72.75
									81
									25

18. At certain times, usually at the end of each year, after the Day Book is all posted, the debit and credit sides of each account in the Ledger are compared. If they are equal, the sum is placed on each side on the same line, and a double line is ruled beneath. This is called *closing the account*.

19. If the two sides are unequal, they are first balanced by entering a sufficient sum for the purpose on the side of the less, and writing the words *To Balance* or *By Balance*, according as the entry is on the debit or the credit side. The account is then closed as before, and the amount added in balancing is afterwards entered below the closing line on the opposite side. Thus, if the amount was added to the debit side with the words *To Balance*, it is brought down on the credit side after the words *By Balance*; if it was added to the credit side with the words *By Balance*, it is brought down on the debit side after the words *To Balance*. The amount of balance thus entered opens a new account. In balancing an account, the words *To Balance* and *By Balance* should be written in a different hand, or with ink of a different color from the rest.

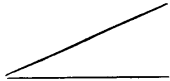
20. Below are the Index and the Ledger corresponding to Thomas White's Day Book, given on the preceding pages. The accounts are balanced and closed. The Ledger is supposed to comprise three pages.

INDEX.

* *			* *		
C.	Crowe, James	2	W.	Wilson, James Webster, David	1 3
* * *					
P.	Poor, John Parker, Frank	1 2	* *		

SINGLE ENTRY.

(1.)

DR.		JOHN POOR.				CR.	
1887.	<u>15th</u>	<u>16th</u>			1887.	<u>15th</u>	
Jan.	To 4.20	1.40	5	60	Jan.	By 2.50	2 50
			5	60		" balance	3 10
			5	60			5 60
Jan. 19	To balance		3	10			

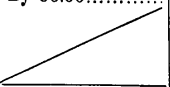
DR.		JAMES WILSON.				CR.	
1887.	<u>15th</u>				1887.	<u>18th</u>	
Jan.	To 8.12	8	12		Jan.	By 8.12	8 12

(2.)

Dr.		FRANK PARKER.						Cr.	
1887.	<u>16th</u>	<u>18th</u>	<u>20th</u>			1887.	<u>16th</u>	<u>18th</u>	<u>20th</u>
Jan.	To 5.00	3.00	73.25	81	25	Jan.	By 6.25	2.25	72.75

DR.		JAMES CROWE.				CR.	
1887.	<u>16th</u>				1887.	<u>18th</u>	
Jan.	To 45.00	45	00		Jan.	By 45.00	45 00

(3.)

DR.		DAVID WEBSTER.				CR.	
1887.	<u>20th</u>				1887.	<u>20th</u>	
Jan.	To 14.00	14	00		Jan.	By 36.50	36 50
	" balance	22	50				
		36	50				
						36	50
					Jan. 20	By balance	22 50

DAY BOOK AND LEDGER COMBINED.

21. If one has debit or credit transactions with but few persons, as is the case with many farmers, he may combine the Day Book and the Ledger. The book used must be ruled in the same manner as the Ledger, and a full page should be reserved for each person. The name is written at the top of the page, and the date in the margin. The transactions should be recorded in full, as in the Day Book. An Index can be made similar to that of the Ledger.

22. According to this method, Thomas White's book will appear in the following form : —

INDEX.

* *			* *		
C.	Crowe, James	4	W.	Wilson, James Webster, David	2 5
* * *					
P.	Poor, John Parker, Frank	1 3	* *		

(1.)

Dr.		JOHN POOR.		Cr.	
1887.			1887.		
Jan. 15	To 3 cwts. of hay @ 65 ¢ ...	1 95	Jan. 15	By 2 ds. saw'g wood, \$1.25	2 50
" "	" 5 bush. potatoes @ 45 ¢	2 25	"	" balance	3 10
" 16	" 5 lbs. butter @ 28 ¢ ...	1 40			
		<u>5 60</u>			<u>5 60</u>
" 19	To balance	3 10			

SINGLE ENTRY.

(2.)

DR.		JAMES WILSON.				CR.	
1887. Jan. 15	To 14 bush. oats @ 58 ¢...	8	12	1887. Jan. 18	By cash on account.....	8	12

(3.)

DR.		FRANK PARKER.				CR.	
1887. Jan. 18	To 2 cords wood @ \$2.50	5	00	1887. Jan. 16	By 5 gals. kerosene @ 45 ¢	2	25
	“ man and team, 1 day....	3	00	“ “	“ 2½ yds. tweed @ \$1.60	4	00
	“ cash.....	23	25	“ 18	“ 5 lbs. tea @ 45 ¢	2	25
	“ my note of hand.....	50	00	“ 19	“ 25 yds. carpet @ \$1.65	41	25
				“ “	“ 18 yds. blk. silk @ \$1.75	31	50
		81	25			81	25

(4.)

DR.		JAMES CROWE.				CR.	
1887. Jan. 16	To 1 cow.....	45	00	1887. Jan. 18	By note of hand.....	45	00

(5.)

DR.		DAVID WEBSTER.				CR.	
1887. Jan. 19	To 1 ton hay.....	14	00	1887. Jan. 19	By 1 sled	35	00
	“ balance	22	50	“	repairing sled.....	1	50
		36	50			36	50
				Jan. 19	By balance	22	50

23. After all the accounts of the Day Book have been posted, — that is, entered in the Ledger, — it is desirable to test the accuracy of the posting. This may be done to a certain extent by a process called making a *Trial Balance*. In Single Entry this consists in comparing the sum of the debits of the Ledger with the sum of the debits of the Day Book, and the sum of the credits of the Ledger with the sum of the credits of the Day Book. If the posting is correct, they will correspond in each case.

For the method of making a Trial Balance in Double Entry, see page 27.

24. The *BALANCE SHEET*, ruled like the Ledger, gives a general statement of one's financial condition. It presents on the debit side all assets, including the estimated value of property held, the cash on hand as shown by the Cash Book, and the amounts due as shown by Bills Receivable and by the debit balances of the Ledger; and it presents on the credit side the amount of liabilities, as shown by bills payable and the credit balances of the Ledger. The difference between the two sides is the net capital. The difference in the net capital at two different dates shows the gain or loss.

25. If, on the 20th of January, Thomas White's property, not including Cash, Notes of Hand, and Ledger balances, is estimated at \$4,000.00, his Balance Sheet will appear as below.

Dr.		BALANCE SHEET.				Cr.	
1887.				1887.			
Jan. 20	Value of farm, &c.	4000	00	Jan. 20	F. Parker's note (B. P.)	50	00
	Cash (C. B.)	26	17		David Webster	22	50
	C. Bell's note ... (B. R.)	150	00		Balance, net capital	4151	77
	J. Crowe's note (B. R.)	45	00				
	John Poor	3	10				
		4224	27			4224	27

MERCANTILE TERMS.

ABATEMENT. — A discount on the regular price of goods.

ACCEPTANCE. — A draft after it has been accepted by the drawee. (See DRAFT.)

ACCOUNT CURRENT. — A person's account copied from the Day Book, giving all the particulars of debit and credit with dates of transactions.

ACCOUNT SALES. — A statement made by an agent or a consignee to his employer or the consignor, showing prices at which goods were sold, charges, and net proceeds.

ADVICE. — Information.

ASSETS. — A person's property of all kinds, including amounts owing to him.

ASSIGNEE. — A person appointed to close the business of a bankrupt and administer upon his estate for the benefit of his creditors.

BILL, BILL OF PARCELS, OR BILL OF PURCHASE. — A written statement of goods bought at one time, with the items and prices.

BILL OF EXCHANGE. — A written order addressed by one Bank, or Firm, to another, requesting the payment of money to a third person or his order. A Bill of Exchange is often called a Draft. The person who makes or signs a Bill of Exchange or a Draft is called the *Maker*; the one to whom it is addressed is the *Drawee*, who after he agrees to pay the amount is called the *Acceptor*; and the person to whom the money is ordered to be paid is the *Payee*.

A Draft or Bill of Exchange may be drawn payable *at sight*, that is, when presented, or at a certain time *after sight*, as sixty days. A Bill is not payable until three days, called *days of grace*, after it is nominally due. A Draft which is not payable on demand should be presented for acceptance as soon as it is received. The drawee assumes the obligations of the Draft by writing the word *Accepted*, his name, and the date of presentation across the face. The Draft is then called an *Acceptance*. A Bill of Exchange when drawn on a person in another country is called a *Foreign Bill*; when payable in the country in which it is drawn, it is called an *Inland Bill*. A Foreign Bill is usually drawn in a *set* of two or three, called *First*, *Second*, and *Third*, all exactly alike, except the words necessary to distinguish the number it holds in the set.

They are thus drawn and are sent by different conveyances to guard against loss. The payment of one cancels the others.

BILL OF LADING. — A written account or receipt of goods shipped on board of a vessel, signed by the master of the vessel, who promises, on specified terms, to deliver the goods in proper condition at the place directed, dangers of the sea excepted. It is usual to make three copies, one of which is held by the shipper, one by the master of the vessel, and one is sent to the consignee.

BILL PAYABLE. — A written promise to pay money given by an individual or firm.

BILL RECEIVABLE. — A written promise to pay money held by an individual or firm against others.

Bills Payable and Receivable are either *negotiable* or *non-negotiable*. A non-negotiable bill is made payable to a certain specified individual or firm, and cannot be transferred to any third party; a negotiable bill has the words *or order* written after the name of the payee, and becomes transferable by his indorsement. A person who has indorsed a note is liable for its payment; he can, however, guard himself against liability by writing after his signature some such protective words as, — *without recourse*.

BILL OF SALE. — A formal document by which a person conveys to another his right to goods and chattels.

BONDED GOODS. — Imported goods held in a government warehouse until the duty is paid.

BOTTOMRY. — A written contract by which the owner of a ship, or the master, binds her as security for the repayment of money borrowed for her use. If the ship is lost, the lender loses the money, and a high rate of interest is stipulated as compensation for the risk incurred.

BULLION. — Uncoined gold or silver in the mass.

CHECK or CHEQUE. — A written order for money drawn on a bank, payable at sight.

CLEARANCE. — A document given by a custom-house officer permitting a ship to proceed on her voyage.

COMMISSION. — Compensation to an agent for doing business.

COMPOSITION. — An arrangement between a debtor and his creditors, by which a part of the debt is accepted for the whole.

CONSIGNMENT. — Goods sent to an agent for sale. Such agent is called a *consignee*, and the person who sends the goods is called a *consignor*.

DISCOUNT. — An abatement on the regular price of goods; an amount deducted for payment of money before it is due.

In lending money, Banks obtain interest for a larger sum than that really lent, by deducting the interest from the amount specified in the note, and giving to the borrower the amount thus diminished. This is called *discounting a note*.

DRAFT. — An order from one person or bank to another, requesting the payment of money to a third person or his order. (See **BILL OF EXCHANGE**.)

DUE BILL. — A written acknowledgment of indebtedness.

INDORSE. — To write one's name across the back of a draft or promissory note. The person who thus writes his name is called an *indorser*. By indorsing a bill a person becomes liable to meet its obligations. *General* indorsement consists simply in writing one's name across the back of a bill; *special* indorsement directs that payment be made to the order of some specified person.

INSOLVENT. — Bankrupt; a person is said to be insolvent when he is unable to pay his debts, or when his liabilities are greater than his assets.

INVENTORY. — A list of the items of one's property.

INVOICE. — A written statement of goods bought at one time, containing items and prices. A bill of parcels.

LIABILITIES. — What a person owes.

NOTE OF HAND. — A promissory note; a written promise to pay money. A *joint note* is signed by two or more persons. A *joint and several note* is signed by two or more persons any one of whom is liable to be called on for full payment.

When a Note of Hand is drawn, payable to a certain person named, only he or his attorney can collect it. When it is drawn payable to a certain person named *or order*, the person named as payee may indorse it, — that is, write his name on the back of it, and it can be collected by any person into whose hands it may come.

ORDER. — A written request for payment of money, or delivery of goods, to a third person on account of the person who signs the order.

PROTEST. — A protest is a solemn declaration made under seal by a notary public, — stating that acceptance or payment of a certain bill has been demanded and refused, and giving the reasons for refusal, and the object of the protest. The process of protesting

is sometimes necessary to secure the holder of a bill and give him recourse upon the maker and indorser.

RECEIPT. — A written acknowledgment of receipt of money or goods, to a third person.

RECEIVER. — A person appointed to manage the business of a bankrupt for the benefit of his creditors.

REMITTANCE. — Money sent to a person.

VOUCHER. — A receipt held by a person as evidence of having paid money for another.

ABBREVIATIONS.

Acct. or % . . . Account.	Jan. January.
Amt. Amount.	Lbs. Pounds weight.
Apr. April.	L. S. D. . . . Pounds, Shillings, and
Aug. August.	Pence.
@ At.	Mdse. Merchandise.
Bal. Balance.	Mo. Month.
B. B. Bill Book.	N. B. Take Notice.
Bbl. Barrel.	No. Number.
B. P. Bills Payable.	Nov. November.
B. R. Bills Receivable.	Oct. October.
Cent. Centum, hundred.	Oz. Ounce.
C. B. Cash Book.	P. Page.
Co. Company.	Payt. Payment.
C. O. D. . . . Cash on Delivery.	Pd. Paid.
Cr. Creditor.	Per An. . . . By the year.
Cwt. Hundred weight.	Pr. Pair.
D. B. Day Book.	Pcs. Pieces.
Dec. December.	Prem. Premium.
Do. Ditto, the same.	Prox. Proximo, next month.
Doz. Dozen.	Qrs. Quarters.
Dr. Debtor.	Recd. Received.
E. E. Errors Excepted.	Sept. September.
E. & O. E. . . . Errors and Omissions	Stg. Sterling.
Excepted.	Ult. Ultimo, last month.
Feb. February.	Yds. Yards.
F. o. b. Free on board.	& And.
Ft. Foot.	&c. And so forth.
Gal. Gallon.	\$ Dollars.
Hdkf. Handkerchief.	¢ Cents.
Hhd. Hogshead.	% Per cent.
Inst. Instant, present month.	

ILLUSTRATIVE EXAMPLES FOR INSPECTION.

THE TRANSACTIONS ARE ENTERED IN THE VARIOUS BOOKS,
ACCORDING TO THE SINGLE ENTRY METHOD.

MEMORANDA.

TRURO, Jan. 1, 1887.

The following is the state of Peter Kaufman's business this day:—

I own a shop worth \$800.00; I have merchandise worth \$1,235.00; I have in cash \$468.28; I hold John Taylor's note for \$78.00, drawn July 5, 1886, for 6 months, at 7 per cent; John Brown owes me on account \$58.30.

I owe Fred Jones on note of hand \$45.00, drawn Nov. 9, 1886, for 2 months, at 6 per cent interest; and I owe Duffus & Co., on account, \$65.50.

Jan. 3.

Wm. Smith has bought of me 2 yds. broadcloth, @ \$4.25 per yard; trimmings for coat, \$2.25; 1 overcoat, \$16.50.

Frank Stephens has bought 2 gals. kerosene oil @ 48¢; and 4 lbs. of tea @ 45¢.

I have received from Poor & Co., Boston, 5 casks kerosene oil, 225 gals., @ 24¢. I have sent in payment a gold draft, purchased at the Merchants' Bank, for which I have paid 25 cents premium. I have paid duty on the above 10¢ per gal.; freight and truckage, \$5.00.

CASH SALES THIS DAY, \$28.30.

Jan. 4.

John Brown sent John Gray with an order, requesting me to give Gray merchandise to the value of \$4.50, on Brown's account. I have delivered the goods.

John Taylor paid his note with interest.

Frank Stephens has bought 17 yds. black lustre @ 68¢; 1 pair blankets, \$4.50; 1 buffalo robe, \$17.50. He has paid cash, \$10.00 on account.

CASH SALES THIS DAY, \$32.19.

Jan. 5.

S. Fitch & Co., of St. John, have forwarded lumber and nails as per invoice, amounting to \$90.00. I have remitted the money and paid expenses, \$8.32.

Frank Stephens has bought 1 bbl. flour, \$7.50; 28 lbs. butter @ 27¢; 1 tub, 25¢.

I have paid Duffus & Co. \$65.50, on account.

David Craig has bought 3 gals. kerosene oil @ 48¢; 1 broom, 35¢; 15 lbs. sugar @ 9¢.

John Brown has paid \$50.00, on account.

CASH SALES THIS DAY, \$29.16.

Jan. 6.

Wm. Smith has bought, per daughter Jane, 1 ladies' sacque, \$8.50; 1 pair of kid gloves, \$1.10; 1 pair of boots, \$2.25.

John Brown has bought 1 pair of skates, \$3.50; 1 bbl. flour, \$7.50; and 2 gals. molasses @ 42¢.

I have bought for cash 50 yds. homespun @ 55¢; 10 bbls. herring @ \$4.50; and 1 suit of clothes for myself, \$30.00.

CASH SALES THIS DAY, \$32.12.

Jan. 7.

David Craig has bought 1 fur cap, \$3.50; 1 pair of gloves, \$2.25; and 1 whip, 75¢. He has brought me 10 bushels oats at 58¢, and has paid cash, \$3.84 on account.

Frank Stephens has bought 18 rolls room paper @ 45¢; 25 yds. carpeting @ \$1.05; 20 yds. binding @ 6¢; and tacks, 12¢.

Frank Stephens gave me his note of hand on account, for \$77.30, 3 months without interest.

CASH SALES THIS DAY, \$34.62.

Jan. 8.

I had F. Stephens's note discounted at the Merchants' Bank, at 7 per cent.

I have bought for cash, 50 bbls. flour @ \$5.90; paid freight and truckage 75¢ per bbl.

I have bought of Black Brothers, goods, as per invoice, for \$160; for which I have given my note of hand, payable in 6 months, at 6 per cent.

John Brown has bought 18 yds. black silk @ \$2.30; 2 yds. Canada tweed @ \$1.60; 1 bbl. flour, \$7.25; and 1 gal. kerosene oil, 48¢.

William Smith has bought 24 yds. white cotton @ 13¢.

I have bought of Duffus & Co., mdse. as per invoice, \$75.00.

I have paid Jones's note with interest for 2 months.

I have paid my clerk, John Hill, \$10.00, salary for 1 week.

I have paid for silk hat for self \$4.00.

CASH SALES THIS DAY, \$38.41.

As I have determined to make a change in my business, I have taken an inventory of my property, estimating the value of my shop at \$800.00, and of my goods at \$1,725.00. I have requested my clerk to balance the accounts, make a balance sheet, and find my standing at this date as compared with Jan. 1.

DAY BOOK.

TRURO, Jan. 1, 1887.

ASSETS AND LIABILITIES.			
The following is the state of my business at this date:—			
ASSETS.			
Value of shop	\$800.00		
“ merchandise	1235.00		
Cash (C. B.).....	468.28		
Taylor's note (B. B.)	78.00		
John Brown (on acct.).....	58.30	\$2639	58
LIABILITIES.			
Jones's note (B. B.).....	\$45.00		
Duffus & Co. (on acct.)	65.50		\$110 50
Balance, net capital.....		2529	08

Jan. 1, 1887.

JOHN BROWN. Dr.			
1	To balance due on old account	\$58	30
DUFFUS & Co. Cr.			
1	By balance due on old account.....		\$65 50
Jan. 3.			
WILLIAM SMITH. Dr.			
1	To 2 yds. broadcloth @ \$4.25	\$8.50	
	“ trimmings for coat.....	2.25	
	“ overcoat	16.50	27 25
FRANK STEPHENS. Dr.			
2	To 2 gals. kerosene oil @ 48¢	\$0.96	
	“ 4 lbs. tea @ 45¢	1.80	2 76
	Amounts carried forward.....	88	31 65 50

SINGLE ENTRY.

TRURO, Jan. 4, 1887.

	<i>Amounts brought forward.....</i>	\$88	31	\$65	50
	JOHN BROWN. DR.				
1	To merchandise delivered John Gray, per order ...	4	50		
	FRANK STEPHENS. DR.				
2	To 17 yds. black lustre @ 68¢	\$11.56			
	“ 1 pair blankets	4.50			
	“ 1 buffalo robe.....	17.50	33	56	
	CR.				
2	By cash.....			10	00
	Jan. 5.				
	FRANK STEPHENS. DR.				
1	To 1 bbl. flour	\$7.50			
	“ 28 lbs. butter @ 27¢	7.56			
	“ 1 tub.....	0 25	15	31	
	DUFFUS & Co. DR.				
1	To cash.....	65	50		
	DAVID CRAIG. DR.				
2	To 3 gals. kerosene oil @ 48¢	\$1.44			
	“ 1 broom	0.35			
	“ 15 lbs. sugar @ 9¢	1.35	3	14	
	JOHN BROWN. CR.				
1	By cash (on acct.).....			50	00
	Jan. 6.				
	WILLIAM SMITH. DR.				
1	To 1 ladies' sacque	\$8.50			
	“ 1 pr. kid gloves	1.10			
	“ 1 pr. boots	2.25	11	85	
	Per daughter, Jane.				
	JOHN BROWN. DR.				
1	To 1 pr. skates	\$3.50			
	“ 1 bbl. flour	7.50			
	“ 2 gals. molasses @ 42¢	0.84	11	84	
	PRIVATE ACCOUNT. DR.				
2	To cash paid for suit	30	00		
	<i>Amounts carried forward.....</i>	264	01	125	50

SINGLE ENTRY.

21

Jan. 7, 1887.

	<i>Amounts brought forward</i>	\$264	01	\$125	50
	DAVID CRAIG. DR.				
2	To 1 fur cap	\$3.50			
	“ 1 pr. gloves.....	2.25			
	“ 1 whip.....	0.75	6	50	
	CR.				
2	By 10 bushels oats @ 58¢.....	\$5.80			
	“ cash	3.84		9	64
	FRANK STEPHENS. DR.				
2	To 18 rolls room paper @ 45¢	\$8.10			
	“ 25 yds. carpeting @ \$1.05	26.25			
	“ 20 yds. binding @ 6¢	1.20			
	“ tacks	0.12	35	67	
	CR.				
2	By note of hand (B. B.)			77	30
	Jan. 8.				
	JOHN BROWN. DR.				
1	To 18 yds. blk. silk @ \$2.30	\$41.40			
	“ 2 yds. Canada tweed @ \$1.60	3.20			
	“ 1 bbl. flour	7.25			
	“ 1 gal. kerosene oil	0.48	52	33	
	WILLIAM SMITH. DR.				
1	To 24 yds. white cotton @ 13¢		3	12	
	JOHN HILL. CR.				
2	By 1 week's service in shop			10	00
	DR.				
2	To cash.....	10	00		
	DUFFUS & Co. CR.				
1	By merchandise, as per invoice			75	00
	PRIVATE ACCOUNT. DR.				
2	To cash paid for hat.....	4	00		
		375	63	297	44

CASH BOOK.

CASH.		Dr.	
1887.			
Jan. 1	To cash on hand	\$468	28
" 3	" cash sales	28	30
" 4	" Taylor's note, \$78.00; int., \$2.73; F. Stephens, \$10.00	90	73
" 4	" cash sales	32	19
" 5	" John Brown, \$50.00; cash sales, \$29.16	79	16
" 6	" cash sales	32	12
" 7	" David Craig, \$8.84; cash sales, \$34.62	38	46
" 8	" F. Stephens's note, \$75.94; cash sales, \$38.41	114	35
		883	59
" 8	" cash on hand, balance	143	57

BILL BOOK.

BILLS

No.	Maker.	Indorser.	Amount.	Date.	Time.
1	John Taylor		\$78.00	July 5, 1886	6 mos.
2	Frank Stephens		77.30	Jan. 7, 1887	3 mos.

BILLS

No.	Payee.		Amount.	Date.	Time.
1	Fred. Jones		\$45.00	Nov. 9, 1886	2 mos.
2	Black Brothers		160.00	Jan. 8, 1887	6 mos.

CASH BOOK.

CASH.		CR.	
1887.			
Jan. 3	By cash for oil, \$54.00; premium, 25 ¢	\$54	25
" 3	" " duty on oil, \$22.50; freight, &c., \$5.00	27	50
" 5	" " to Fitch & Co., \$90.00; freight, &c., \$8.32	98	32
" 5	" " Duffus & Co., \$65.50	65	50
" 6	" " for homespun, \$27.50; herring, \$45.00	72	50
" 6	" " for suit of clothes	30	00
" 8	" " for flour, \$295.00; freight, \$37.50	332	50
" 8	" " Jones's note, \$45.00; interest, 45 ¢	45	45
" 8	" " J. Hill's salary, \$10.00; hat, \$4.00	14	00
" 8	By balance, cash on hand	143	57
		883	59

BILL BOOK.

RECEIVABLE.

When Due.	Rate of Interest.	Remarks.
Jan. 8, 1887	7%	Paid with interest, Jan. 4, 1887.
April 10, 1887		Discounted at Merchants' Bank, @ 7%, Jan. 8, 1887.

PAYABLE.

When Due.	Rate of Interest.	Remarks.
Jan. 12, 1887	6%	Paid with interest, Jan. 8, 1887.
July 11, 1887	6%	

INDEX TO THE LEDGER.

A			H	Hill, John	2
B	Brown, John	1	* *		
C	Craig, David	2	P	Private Account	2
D	Duffus & Co.	1	S	Smith, Wm. Stephens, Frank	1 2
*			*		
*			*		

SINGLE ENTRY.

25

(1.)

Dr.		JOHN BROWN.				Cr.	
1887.					1887.		
Jan. 1	To balance old acct.	58	30		Jan.	By 50.00	50 00
	<u>4 6 8</u>						
"	" 4.50 11.84 52.33	68	67		" balance	76	97
		<u>126</u>	<u>97</u>			<u>126</u>	<u>97</u>
" 8	To balance.....	76	97				

Dr.		DUFFUS & CO.				Cr.	
1887.					1887.		
Jan. 5	To cash	65	50		Jan. 1	By balance, old acct. ...	65 50
" 8	To balance.....	75	00		"	<u>8</u> By 75.00	75 00
					" 8	By balance	75 00

Dr.		WILLIAM SMITH.				Cr.	
1887.					1887.		
Jan.	<u>3 6 8</u> To 27.25 11.85 3.12	42	22		Jan. 8	By balance	42 22
" 8	To balance.....	42	22				

TRIAL BALANCE.

DR.

CR.

John Brown	\$126	97	\$50	00
Duffus & Co.	65	50	140	50
William Smith	42	22	...	...
Frank Stephens	87	30	87	30
David Craig	9	64	9	64
Private Account	34	00	...	...
John Hill	10	00	10	00
	375 ¹	63	297 ¹	44

DR.

BALANCE SHEET.

CR.

1887.				1887.			
Jan. 8	Value of shop	800	00	Jan. 8	Black Brothers' note		
	“ mdse.	1725	00		(B. B.)	160	00
	Cash (C. B.)	143	57		Duffus & Co. (Led. p. 1)	75	00
	John Brown (Led. p. 1)	76	97		Balance, net capital	2552	76
	Wm. Smith (Led. p. 1)	42	22				
		2787	76			2787	76

Net capital, Jan. 8, 1887 \$2552.76

“ 1, 1887 2529.08

Net gain \$23.68

To the above must be added, as part of the proceeds of the business :—

Personal expenses \$34.00

Total gain \$57.68

¹ The total debits and credits here derived from the Ledger correspond respectively with the total debits and credits of the Day Book.

MERCANTILE FORMS.

A BILL OF PURCHASE.

Charged in acct. See D. B., Jan. 7, p. 21.

TRURO, Jan. 7, 1887.

FRANK STEPHENS, Esq.,

BOUGHT OF PETER KAUFMAN.

18 rolls room paper @ 45¢	\$8.10		
25 yds. carpeting @ \$1.05	26.25		
20 yds. binding @ 6¢	1.20		
Tacks	<u>0.12</u>	35	67

A BILL OF PURCHASE.

A Cash Sale. Receipted by Clerk, John Hill.

TRURO, January 7, 1887.

WILLIAM JOHNSON, Esq.,

BOUGHT OF PETER KAUFMAN.

15 yds. blk. lustre @ 52¢	\$7.80		
4 yds. lining cotton @ 13¢	0.52		
1 silk hat	<u>4.50</u>	12	82
Rec'd payment,			
PETER KAUFMAN,			
Per J. H.			

AN ACCOUNT CURRENT.

See Ledger, p. 25.

TRURO, Jan. 8, 1887.

JOHN BROWN, Esq.,

In account with PETER KAUFMAN, DR.

1887.				
Jan. 1	To balance old acct.	\$58.30		
" 4	" mdse. delivered John Gray, per order	4.50		
" 6	" 1 pr. skates, \$3.50; 1 bbl. flour, \$7.50; 2 gals. molasses, @ 42¢ (84¢)	11.84		
" 8	" 18 yds. blk. silk @ \$2.30 (\$41.40); 2 yds. C. tweed, @ \$1.60 (\$3.20)	44.60		
"	" bbl. flour, \$7.25; 1 gal. k. oil, 48¢	7.73	126	97
	CR.			
" 4	By cash	50.00		
"	" balance	76.97	126	97
" 8	To balance due P. K.		76	79

RECEIPT.

See Day Book, Jan. 5.

TRURO, Jan. 5, 1887.

\$50.00

Received of John Brown, Fifty Dollars on account.

PETER KAUFMAN,

RECEIPT IN FULL.

See D. B., Jan. 7.

TRURO, Jan. 7, 1887.

\$9.64.Received of David Craig, in oats and cash, Nine $\frac{64}{100}$ Dollars, in full of all demands to date.PETER KAUFMAN,
Per J. H.

AN ORDER.

Merchandise to be delivered to a third person. *See D. B., Jan. 4.*

ONSLow, Jan. 4, 1887.

PETER KAUFMAN, Esq.

Please give John Gray, or order, merchandise to the value of Four $\frac{60}{100}$ Dollars on my account.

JOHN BROWN.

AN ORDER.

Merchandise to be sent to the person who gives the order.

See Memoranda, Jan. 24.

TRURO, Jan. 1, 1887.

To J. WHITE & Co., Boston.

Gentlemen, — Please forward to me per Steamer Ulunda to Halifax and thence by rail, at your earliest convenience, the following goods: —

200 lbs. tobacco,
10 chests of tea,
10 barrels kerosene oil.

I will remit amount of bill by draft on receipt of goods.

Yours respectfully,

PETER KAUFMAN.

A DUE BILL.

See Ledger, p. 25.

TRURO, Jan. 8, 1887.

\$42.22.

Due Peter Kaufman, or order, Forty-two $\frac{22}{100}$ Dollars, value received.

WILLIAM SMITH.

A PROMISSORY NOTE.Non-negotiable. *See B. P., No. 2.*\$160.00.

TRURO, Jan. 8, 1887.

Six months after date, value received, I promise to pay Black Brothers, One Hundred and Sixty Dollars, with interest at six per cent.

PETER KAUFMAN.

A PROMISSORY NOTE.

Negotiable.

\$113.40.

TRURO, Jan. 8, 1887.

Three months after date, value received, I promise to pay Peter Kaufman, or order, One Hundred and Thirteen $\frac{40}{100}$ Dollars, with interest at six and one half per cent.

SAMUEL JENKINS.

AN ACCOMMODATION NOTE.

Drawn to be discounted by the Bank.

\$50.00.

TRURO, Jan. 10, 1887.

Three months after date I promise to pay to the order of John West, at the Merchants' Bank, Truro, Fifty Dollars, for value received.

ROBERT JONES.

The above note having been indorsed by John West is discounted by the Bank, Jones receiving \$50, less the interest.

A JOINT AND SEVERAL NOTE.\$100.00.

TRURO, N. S., Jan. 4, 1887.

Two months after date we jointly and severally promise to pay Thomas Jones, or order, One Hundred Dollars, with interest at six per cent, value received.

ROBERT BLACK.
LEVI WILLIAMS.

A CHECK.**BANK OF HALIFAX.**

No. 4356.

TRURO, N. S., Jan. 10, 1887.

Pay James Cook, or order, Two Hundred and Fourteen $\frac{00}{100}$
Dollars.

\$214.00.

PETER KAUFMAN.

A DRAFT.*See Memoranda, Jan. 3, Oil Acct., p. 16.***MERCHANTS' BANK.**\$54.00 gold.

TRURO, Jan. 3, 1887.

At sight, pay to the order of Messrs. Z. Poor & Co.
Fifty-four $\frac{00}{100}$ Dollars in gold, value received, and charge to ac-
count of this Bank.

To BOSTON BANK,
No. 103 State Street,
Boston.

JOHN JACK,
Cashier.

BILL OF EXCHANGE.

No. 1.

MERCHANTS' BANK.

Exchange for

TRURO, Jan. 26, 1887.

£81, 12s.

Sixty days after sight of this first of exchange (second and
third of same tenor and date unpaid) pay to the order of Jeffer-
son & Douglas, Eighty-one Pounds, Twelve Shillings, Sterling,
value received, and charge the same to account of this Bank.

To BANK OF ENGLAND,
London.

JOHN JACK,
Cashier.

LETTER OF INTRODUCTION.

TRURO, N. S., Jan. 30, 1887.

MESSRS. Z. POOR & Co., Boston.

GENTLEMEN, — Allow me to introduce to you my young friend, Mr. David Webster, who visits your city for the purpose of obtaining a situation as book-keeper. Mr. Webster is well acquainted with the general principles of book-keeping, but he has had very little experience in practical work. He is, however, intelligent, industrious, and thoroughly reliable. I have, therefore, much confidence in his ultimate success, and beg to commend him to your favorable notice.

I am, gentlemen,

Yours sincerely,

PETER KAUFMAN.

A LETTER OF CREDIT.

TRURO, Jan. 11, 1887.

MESSRS. F. PARKER & Co.

GENTLEMEN, — The bearer, Mr. John Hill, visits Halifax for the purpose of purchasing goods. Should he desire to purchase of you on credit, you may hold me responsible for any amount not exceeding four hundred dollars (\$400). Please notify me promptly of any failure on the part of Mr. Hill to meet his obligations with you.

Sincerely,

PETER KAUFMAN.

EXAMPLES FOR PRACTICE IN SINGLE AND DOUBLE ENTRY.

GENERAL DIRECTIONS.

Blank Books both for Single and Double Entry, designed to accompany this work, are prepared in adaptation to the examples in Chapter III. In using these blanks observe the following:—

SINGLE ENTRY.

The first seventeen pages are for the Day Book ; the next four for the Cash Book ; the next two for the Bill Book ; the next page for the Ledger Index ; and the remaining pages for the Ledger.

Write the general statement of the business on the first page of the Day Book ; enter the old accounts on the second page ; and proceed with new accounts on the third page.

The number of lines required for the different letters in the Ledger Index are —

Three for B, one for C, one for D, one for E, one for F, one for G, one for H, one for M, four for P, three for W. Leave one or two lines more for each letter than the required number.

DOUBLE ENTRY.

The first eighteen pages are for the Day Book ; the nineteenth page is a blank ; the next four pages are for the Cash Book ; the next two for the Bill Book ; the next twenty for the Journal ; the next page is for the Ledger Index ; and the remaining pages are for the Ledger.

Write the general statement of the business on the first page, and proceed with new business on the second page.

The number of lines required for the different letters in the Ledger Index are —

Five for B; two for C; two for D; two for E; one for F; one for G; one for H; one for I; two for M; four for P; one for R; two for S; one for T; three for W.

The accounts requiring a full page in the Ledger are, Merchandise, Cash, Trial Balance, and Balance Account.

Carry along the Day Book, Cash Book, and Bill Book together. Transfers from the Day Book to the Journal or Ledger can be made at the end of each day's business, or they can be left until the Day Book has been completed.

In actual business the Cash Book should be balanced at the end of each day; it will be sufficient here to balance at the end of each week, that is, January 8, 15, 22, and 29. Cash paid on account should not be considered as part of cash sales, but should be entered in the Cash Book separately.

Transfer the accounts from the Day Book to the Journal or to the Ledger in the order in which they occur, placing a mark in the margin of the Day Book, opposite each account, to indicate that the account has been posted.

In posting, first enter the name or Ledger title in the Index, and place after it the number of the page in the Ledger on which the account is to be entered.

MEMORANDA OR HISTORY OF THE BUSINESS.

TRURO, Jan. 1, 1887.

I, Peter Kaufman, this day commence a general mercantile business.

The following statement shows the condition of my affairs at this date:—

ASSETS. — Value of shop and furniture, \$1,100.00; merchandise on hand, \$4,346.00; cash, \$516.34; Wm. Smith's note, \$180.00, drawn September 15, 1886, for 4 months at 7 per cent; Robert Fuller's note, \$214.00, drawn October 31, 1886, for 2 months at 7 per cent; Thomas Davis owes balance on account, \$36.48; Levi Williams, balance on account, \$92.25; Robert Porter, balance on account, \$185.65.

LIABILITIES. — I owe John Hall & Co., note of hand, \$350.00, drawn June 1, 1886, for 7 months, at 6 per cent; Fred. Parker & Co., balance on account, \$250.00; John Murray, balance on account, \$58.00; James Cook, balance on account, \$214.00.

I engage David Webster as clerk, at \$40.00 per month.

Jan. 3.

Thomas Farrell has bought a tub of butter, net weight 28 lbs., @ 22 ¢, price of tub 25 ¢; 2 lbs. tea @ 45 ¢.

Levi Williams, per daughter Rachel, has bought 15 yds. blk. silk @ \$1.85; 1 ladies' hat, \$5.45; 1 pr. cloth boots, \$2.25.

I have paid F. Parker & Co., cash on account, \$100.00.

Robert Fuller has paid his note, \$214.00, with interest for 2 months and 2 days at 7 per cent.

I have paid John Hall's note, \$350.00, with interest, for 7 months and 1 day at 6 per cent.

CASH SALES THIS DAY, \$45.42.

Jan. 4.

James Wiggin has bought 1 bbl. flour, \$7.50; 2 gals. molasses @ 42 ¢; 5 lbs. raisins @ 15 ¢. He has paid on account, \$5.00. (*This and similar payments are not to be considered as part of cash sales.*)

Thomas Davis has paid on account, \$36.48.

CASH SALES THIS DAY, \$25.28.

Jan. 5.

John Brown has bought 30 yds. unbleached cotton @ 12 ¢; 32 yds. carpeting @ \$1.25; 1 lamp, 75 ¢; 5 gals. k. oil @ 48 ¢.

I have paid John Murray on account, \$58.00.

CASH SALES THIS DAY, \$38.00.

Jan. 6.

Levi Williams has paid on account \$92.25. He has bought 5 bbls. flour @ \$7.25.

I have paid Fred. Parker & Co., \$150.00, on account.

CASH SALES THIS DAY, \$53.13.

Jan. 7.

Bought of Z. Poor & Co., Boston, for cash, 10 casks kerosene oil, 500 gallons @ 20¢. In payment, I have sent a gold draft, purchased at the Merchants' Bank, — gold at par. I have paid $\frac{1}{4}$ per cent for the draft; duty, 10 cents per gallon; freight and truckage, \$10.09. Total, \$160.34.

Robert Porter, becoming insolvent, compounded with his creditors, paying 60 cents on the dollar. (*Porter must be credited with cash, \$111.39, and with profit and loss to balance account.*)

CASH SALES THIS DAY, \$50.40.

Jan. 8.

Samuel Jenkins has bought 6 casks k. oil, 270 gals., @ 42¢; and I have taken his note for the amount, for 3 months, @ $6\frac{1}{2}$ per cent.

Thomas Farrell has bought 5 lbs. tea @ 42¢; 3 doz. eggs @ 18¢; 25 bbls. crushed sugar @ 14¢.

James Wiggins has bought 2 yds. broadcloth @ \$4.50; $2\frac{1}{2}$ yds. German cloth @ \$1.50; cloth for vest, \$1.50; trimmings for suit, \$4.50.

CASH SALES THIS DAY, \$35.15.

Jan. 10.

I have bought of T. Fuller & Co. merchandise as per invoice, amounting to \$330.00, for which I have given my note payable in 3 months, interest at 6 per cent.

I have paid James Cook on account \$214.00.

John Murray has bought 5 lbs. tea @ 42¢; 1 overcoat, \$8.50; 4 yds. flannel @ 55¢.

CASH SALES THIS DAY, \$55.00.

Jan. 11.

I have given Peter Grant merchandise to the amount of \$5.50, on James Wiggins's order.

The flour sold Levi Williams on the 6th proving bad, I have deducted 50¢ per bbl. (*Give Williams credit for \$2.50 discount on flour.*)

John Brown has bought 1 bbl. flour, \$7.50; 1 bbl. corn meal, \$5.50; 20 lbs. sugar @ 9¢; 3 yds. C. tweed @ \$1.75.

CASH SALES THIS DAY, \$32.11.

Jan. 12.

Thomas Brooks has bought 50 lbs. flour @ 4¢; 1 lb. tea, 45¢; 20 lbs. codfish @ 6¢.

I have paid cash \$4.50 for a ton of coal for the shop.

I have bought of Thomas Farrell 5 prs. men's boots @ \$3.00, on account.

CASH SALES THIS DAY, \$38.19.

Jan. 13.

Thomas Davis has bought 2 prs. woollen blankets @ \$4.75; 28 yds. lustre @ 55¢; 1 boys' suit, \$6.75; 5 yds. C. tweed @ \$1.60.

Robert Eaton has bought 32 lbs. butter @ 23¢; 1 bbl. flour, \$7.75; 1 set ladies' furs, \$25.00. He has paid cash on account \$20.00. (*Charge the articles bought, give credit for the cash, and enter in Cash Book.*)

I have bought of Levi Williams 1 qr. beef, weight 135 lbs. @ 6½¢, on account.

CASH SALES THIS DAY, \$21.20.

Jan. 14.

Thomas Davis has bought 25 yds. carpeting @ \$1.55; 135 lbs. beef @ 7¢. I have bought of him 26 lbs. butter @ 21¢.

Levi Williams has bought 1 bbl. herring, \$5.50.

Thomas Farrell has bought 1 bbl. flour, \$7.75, 1 bbl. herring, \$5.50. I have bought of him 12 prs. ladies' boots @ \$1.75.

CASH SALES THIS DAY, \$62.09.

Jan. 15.

I have bought of Black Brothers merchandise, as per invoice, amounting to \$250.75. I have paid them cash on account, \$100.75, and given them my note for \$150.00, for 3 months, without interest.

John Brown has bought 15 yds. table linen @ 44¢; 1 table-spread, \$2.75; 2 prs. woollen blankets @ \$4.75; 18 yds. blk. silk @ \$2.75.

William Smith has paid his note due this day, \$180.00, with 4 months' interest, at 7 per cent.

Levi Williams has bought 1 chest tea, 85 lbs., @ 38¢; 1 bbl. sugar, gross weight 242 lbs., tare 22 lbs., @ 9¢.

CASH SALES THIS DAY, \$60.14.

Jan. 17.

I have bought merchandise of Fred. Parker & Co., as per invoice, amounting to \$532.60, and paid them in cash.

James Wiggins has bought 5 gals. k. oil @ 45¢; 1 bbl. herring, \$5.50; 1 shovel, \$1.25.

Thomas Farrell has bought 2 yds. broadcloth @ \$3.75; cloth for vest, \$1.60; 2½ yds. tweed @ \$1.25; trimmings, \$4.25.

CASH SALES THIS DAY, \$58.00.

Jan. 18.

Thomas Davis has bought 3 bbls. flour @ \$7.50; 1 stove, \$13.50; 1 buffalo robe, \$18.50.

John Murray has bought 50 lbs. sugar @ 9¢; 18 yds. French twill @ 62¢.

Thomas Slow has obtained a barrel of flour, \$7.75, on James Wiggins's order.

CASH SALES THIS DAY, \$65.48.

Jan. 19.

Thomas Brooks has bought 12½ lbs. butter @ 22¢; 10 lbs. sugar @ 10¢; 1 axe handle, 25¢; 1 axe, \$1.25.

James Wiggins has bought 35 yds. carpeting @ \$1.45; 24 yds. binding @ 3¢; tacks, 8¢.

William Griffin has bought 3 yds. tweed @ \$1.75; 1 coat, \$11.50; 1 neck-tie, \$1.25.

CASH SALES THIS DAY, \$60.15.

Jan. 20.

Levi Williams has bought 1 cask k. oil, 45 gals., @ 42¢. He has paid cash on account, \$25.00.

Thomas Farrell has bought 5 gals. k. oil @ 48¢; 1 lamp, 60¢; 1 broom, 35¢.

CASH SALES THIS DAY, \$74.28.

Jan. 21.

John Brown has bought 1 buffalo robe, \$21.00; 1 overcoat, \$16.00; 1 lady's sacque, \$10.50. I have taken his note for \$150.00, for 3 months, without interest.

John Holmes has bought a stove, \$10.50; 1 set fire-irons, \$3.00; 1 fur cap, \$4.50.

Robert Eaton has bought 1 overcoat, \$14.00; 1 fur cap, \$4.50; 1 pr. gloves, \$2.00; 12 yds. ribbon @ 14¢.

I have bought merchandise of James Cook, on account, amounting to \$96.18.

CASH SALES THIS DAY, \$88.14.

Jan. 22.

Wm. Griffin has bought 1 bbl. flour, \$7.75; 1 peck salt, 25¢; 15 yds. muslin @ 28¢.

I have had J. Brown's note for \$150.00 discounted at the Union Bank, at 7 per cent. (Discount for 3 months and 3 days, \$2.71.)

Thomas Brooks has bought 1 bbl. flour, \$7.75; 1 gal. oil, 48¢.

CASH SALES THIS DAY, \$85.31.

Jan. 24.

James Wiggins has bought 1 door bell, \$2.50; 1 pr. kid gloves, \$1.25; 1 pr. ladies' cuffs, 50¢; $\frac{1}{2}$ doz. hdkfs, 90¢.

Thomas Davis has bought 1 fur cap, \$3.50; 1 pr. overshoes, \$2.00; 1 pr. ladies' boots, \$2.50.

John Holmes has bought 25 lbs. white lead @ 10¢; 1 paint-brush, 90¢; 1 gal. oil, \$1.00.

CASH SALES, \$79.14.

Jan. 25.

I have bought of J. White & Co., Boston, for cash, 200 lbs. tobacco @ 22¢; 10 chests tea, 900 lbs., @ 30¢; 10 casks kerosene oil, 450 gals., @ 20¢. I have sent in payment a gold draft, obtained at the Merchants' Bank, — gold at par. Paid $\frac{1}{4}$ per cent for draft. Paid duty on tobacco, 20¢ per lb. and $17\frac{1}{2}$ per cent *ad valorem*; duty on tea 3¢ per lb.; duty on oil, 10¢ per gal. Paid freight and truckage on the above, \$21.74. — Total amount, \$546.45.

Thomas Davis has bought 1 dinner set, \$14.50; 2 doz. knives, \$9.75; 2 doz. silver plated forks, \$8.50. He has paid 60 bushels oats @ 58¢; 40 bushels barley, @ 85¢; 25 turkeys, weight 156 lbs., @ 14¢ per lb.; cash, \$87.00.

CASH SALES, \$68.24.

Jan. 26.

Wm. Griffin has bought 1 turkey, $6\frac{1}{2}$ lbs., at 16¢; 2 gals. kerosene oil @ 48¢.

I had Samuel Jenkins's note discounted at the Merchants' Bank, at 7 per cent. (*Find the interest for the whole time for which the note was drawn — 3 months and 3 days — at $6\frac{1}{2}$ per cent = \$1.90. Add this to the principal — \$113.40 + \$1.90 = \$115.30. Compute the discount on this for the time the note has to run — Jan. 26 to April 11 — at 7 per cent = \$1.65. This subtracted from \$115.30 leaves \$113.65, the amount received on the note.*)

Levi Williams has bought 3 turkeys, $16\frac{1}{2}$ lbs. @ 16¢; 10 bushels oats @ 64¢.

I have bought of Jefferson & Douglas, Liverpool, England, 60 yds. broadcloth @ 14s. stg.; 54 yds. black silk @ 8s.; and 80 yds. carpet @ 4s. 6d. Paid for the above by bill of exchange on London, 60 days sight, bought at Merchants' Bank, the rate of exchange on London being $9\frac{1}{2}$ per cent premium. Paid duty on the above $17\frac{1}{2}$ per cent *ad valorem*; freight and truckage, \$8.45. (*The cost of the goods is £81 12s. stg. Find the value of £1 stg. in dollars and cents by adding $9\frac{1}{2}$ per cent to \$4.44 $\frac{1}{2}$ or \$4 $\frac{19}{20}$; multiply the result by 81.6 to obtain the value of £81 12s., in dollars and cents. — Total entry in Cash Book, \$475.07.*)

CASH SALES, \$65.15.

Jan. 27.

Thomas Farrell has bought 58 lbs. sole leather @ 28¢; and 5 bu. barley @ 92¢. He has paid cash on account, \$15.00.

John Murray has paid cash, \$28.46 on account.

James Wiggins has bought 1 lantern, 84¢; 1 doz. honey soap, \$1.08; a turkey, 7 lbs., @ 16¢.

I have paid David Webster his salary for one month, \$40.00. (*As the salary is not yet due, Webster must be debited with the amount.*)

CASH SALES, \$25.26.

Jan. 28.

John Brown has bought 1 pr. ladies' boots, \$2.25; 1 pr. overshoes, \$1.75; 1 pr. fur gloves, \$5.00.

Robert Eaton has bought 5 gals. kerosene oil @ 45¢; 10 lbs. tea @ 42¢; 1 whip, 85¢; 18 yds. dress material @ 72¢. He has paid cash on account, \$30.00.

CASH SALES, \$41.20.

Jan. 29.

Thomas Brooks has bought 3 yds. Canadian tweed @ \$1.25; 1 coat, \$8.25; a felt hat, 96¢.

Levi Williams has bought 1 tea set, \$4.25; 1 doz. spoons, \$6.50; 5 lbs. raisins @ 17¢.

James Wiggins has bought 1 overcoat, \$16.00.

John Holmes has bought 1 bbl. flour, \$7.75; 5 gals. kerosene oil @ 45¢; 5 lbs. tea @ 42¢.

CASH SALES, \$62.10.

Jan. 31.

James Wiggins has given me an order on Black Brothers for \$150.00. They have accepted the order in exchange for my note of hand, dated Jan. 15th. (*Give Wiggins credit, and make the proper entry in Bill Book.*)

I have entered to the credit of David Webster, service in shop for one month, \$40.00.

I have paid cash for a coat for myself, \$20.00.

Levi Williams has bought 60 yds. white cotton @ 14¢; and 1 hearth rug, \$6.50.

John Holmes has bought 2 yds. broadcloth @ \$4.50; 1 vest, \$2.28. He has paid cash on account, \$45.78.

CASH SALES, \$74.12.

With a view to change in my business, I have taken an Inventory of my property and balanced my books, with the following results : —

ASSETS.

Value of shop	\$1,100.00
“ merchandise.....	5,000.00
Cash	273.07
Levi Williams owes on acct.	147.47
Thomas Farrell	16.37
John Brown	41.65
Thos. Brooks	30.09
Robt. Eaton	32.55
Wm. Griffin	32.20

Total assets.....	<u>\$6,673.40</u>
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LIABILITIES.

Note of hand, Fuller & Co.	\$330.00
James Cook, on acct.....	96.18
James Wiggins, on acct.	29.17

Total	<u>455.35</u>
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Balance, net capital.....	<u>\$6,218.05</u>
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DOUBLE ENTRY.

1. The method of Book-keeping shown on the preceding pages is styled *Single Entry*. By reference to the Day Book and the Ledger, it will be seen that accounts are there kept with persons only. This method is called Single Entry from the fact that each transaction recorded in the Day Book is entered but once in the Ledger, either on the debit or on the credit side of some person's account.

2. In DOUBLE ENTRY accounts are kept with both persons and things, and every transaction is regarded in such a way as to involve the *double* idea of debit and credit. By each transaction one person or kind of property becomes debtor, and another person or kind of property becomes creditor. Thus each transaction is entered twice in the Ledger, once on the debit side of some account, and once on the credit side of another account, making the total debit entries equal in amount to the total credit entries.

3. If Peter Kaufman begins business with \$2000 worth of merchandise, he can consider himself as the creditor, and Merchandise the debtor, and he may make the following entries :—

PETER KAUFMAN,	Cr.
By merchandise invested in business.....	\$2,000.00
MERCHANDISE.	Dr.
To value of goods invested	\$2,000.00

4. In recording the history of his business by the Double Entry method, he will debit Merchandise with every addition to his stock in trade, and he will credit Merchandise with everything he sells ; if he pays cash for goods, he will make Cash creditor and Merchandise debtor ; if he gives his note for goods he will make Bills Payable creditor, and Merchandise debtor ; if he sells goods on credit, he will make the purchaser debtor, and Merchandise creditor ; if he sells for cash, he will make Cash debtor, and Merchandise

creditor; if he takes a note of hand for goods, he will make Bills Receivable debtor, and Merchandise creditor; if he pays money for expense in carrying on the business, he will debit Expense and credit Cash with the amount; and if he takes goods or cash out of the business for his own private use, he will debit himself and credit Merchandise or Cash.

5. Those accounts that are kept with the persons with whom we do business are called **PERSONAL ACCOUNTS**; as, *Wm. Jones, Thomas Adams*. Accounts kept with things may be called **IMPERSONAL ACCOUNTS**; as, *Merchandise, Expense*. Impersonal accounts are further classified into **REAL ACCOUNTS**, which represent some kind of property, — as, *Cash, Flour, Merchandise, Real Estate, Bills Receivable*, and *Bills Payable*, — and **FICTITIOUS or NOMINAL ACCOUNTS**, which represent various sources of gain or loss, as *Interest, Expense, Profit and Loss*.

6. Instead of crediting or debiting himself personally with the amount put into the business, or withdrawn from it, the proprietor usually makes such entries under the fictitious title of *Stock* or *Capital Account*.

7. The whole stock in trade may be entered under the general title *Merchandise*, or we may open special accounts with certain classes of goods, as *Flour, Sugar, Broadcloth*, etc. The latter method is adopted when it is desirable to ascertain the profit arising from any particular source.

8. The **CASH BOOK** and the **BILL BOOK** in Double Entry are precisely the same as in Single Entry; hence, these books are omitted on the succeeding pages.

9. The **DAY BOOK** should contain a complete history of the business, including not only a record of all debits and credits, but also of all transactions entered in the Cash Book or in the Bill Book.

10. The **JOURNAL** is a book used in Double Entry, intermediate between the Day Book and the Ledger, to facilitate the work of posting. It is not an essential book, as we could post directly from the Day Book to the Ledger. It states the Ledger accounts to which each Day Book entry belongs, the side of the Ledger account on which it should be placed, and the amount to be entered.

The Journal is ruled with double money columns, the inner columns for debit entries, and the outer columns for credit entries.

11. The use of the Journal will appear more clearly from the following illustrations : —

WILLIAM SMITH,		Dr.	
To 2 yds. broadcloth, @ \$4.25.....	8 50	27 25	
“ trimmings for coat.....	2 25		
“ overcoat	16 50		

Instead of entering this at once in the Ledger to the debit of William Smith and to credit of Merchandise, we first make the following Journal entry : —

WILLIAM SMITH,	Dr.	27 25	27 25
To merchandise.....			

This means simply that William Smith's account in the Ledger is to be debited \$27.25, and that Merchandise account is to be credited with the same amount.

12. RULES FOR JOURNALIZING.

(1.) In the opening entries debit each asset with its amount, and credit Stock, that is, the proprietor of the business, with the total assets; debit Stock with the total liabilities, and credit each liability with its amount.

(2.) A personal account is to be debited when a thing is given, and credited when a thing is received; the thing given is Cr., the thing received, Dr.

(3.) In impersonal accounts the thing received is Dr. to the thing delivered.

(4.) Any kind of property is Dr. for its cost or value, and for all expenses connected with it; it is Cr. for whatever it brings in, and for the proceeds arising from its sale.

(5.) Always debit loss and credit gain.

(6.) The debits and credits arising out of any transaction must be of equal amount; hence, as a check on the work, it is well to add the debit and credit columns of the Journal.

13. The LEDGER is a summary of the Day Book. It is the same in form as the Single Entry Ledger; but it contains a larger number of accounts, including Stock, Cash, Merchandise, Ex-

pense, and other impersonal accounts not found in Single Entry. It is really the only *essential* book, the other books being used for convenience, and for the purpose of making the Ledger concise, systematic, and intelligible.

TRIAL BALANCE.

14. When all the Journal entries have been transferred to the Ledger, the correctness of the posting is tested by the Trial Balance. As the debit and credit sides of the Journal are equal in amount, it is manifest that if the transfers have been correctly made, the total of the debit entries in the Ledger must be equal to the total of the credit entries. There are three ways of making a Trial Balance:—

(1.) Collect the debits of each account in the Ledger on the debit side of the Trial Balance, and the credits on the credit side.

(2.) Proceed as by the first method, but omit both sides of such accounts as exactly balance.

(3.) Omit those accounts which exactly balance, and take the difference between the two sides of each of those that do not balance, placing that difference on the debit or the credit side, according as it may be a debit or a credit excess.

The last named method is the one usually followed. By adopting the first method, however, we can not only compare the debits of the Ledger with its credits, but we can also compare the total amount carried into the Ledger with that of the Journal, and thus discover if any account has been omitted in posting.

15. The Trial Balance does not give an absolute guarantee of correct posting. An amount may be posted to a wrong account in the Ledger without affecting the results of the Trial Balance.

CLOSING THE LEDGER.

16. It is desirable, at certain times, to ascertain the results of one's business, and to compare the present financial condition with some former condition. This is done by closing all the accounts in the Ledger, and presenting a general summary of assets and liabilities in an account opened for this purpose, called the *Balance Account*.

17. All accounts which have the two sides equal, are closed by placing the amounts on the same level, and ruling off with double lines. Such accounts are said to close of themselves.

An account which does not close of itself, is closed into some other account by entering on the side of the less, to the debit or credit side of this other account, an amount which will make it equal to the greater, bringing the total to the same level, and ruling off with double lines. The amount thus entered to the debit or credit of the account into which we close, is then transferred to the opposite side of this account, the account from which the transfer is made being debited or credited as the case may require.

18. The accounts cannot be closed in the exact order in which they occur in the Ledger, as certain accounts, usually near the beginning, cannot be closed until they receive transfers of closing entries from accounts further on.

In preparing to close the Ledger, open an account with *Profit and Loss*, if such an account has not already been opened; also open the *Balance Account*, to which all balances, showing assets and liabilities, are to be transferred.

19. The Cash Account, Bills Receivable, Bills Payable, Personal Accounts, Shop and all Real Estate Accounts, close directly into Balance Account. These accounts receive no closing entries from other accounts, and hence they can be closed at any time.

20. The Merchandise Account closes into Profit and Loss after the value of goods on hand has been entered on the credit side. In closing the Merchandise Account, and any other accounts of a speculative kind, enter first on the credit side the present value of what remains unsold, at the same time entering the amount on the debit side of the Balance Account. We shall now have on the debit side of the Merchandise Account what has been paid for goods, on the credit side the amount of sales and the value of goods on hand. The difference between the two sides is the amount of gain or loss, an excess on the credit side showing gain, on the debit side loss. Close the account by debiting gain, or crediting loss, and transfer the amount to the opposite side of the Profit and Loss account.

21. The Interest Account, Discount Account, and any others indicating gain or loss, close into the Profit and Loss Account. The Expense Account also closes into Profit and Loss.

22. It is manifest that all expense incurred in carrying on the business diminishes the gain or profit, and that in closing this account the entry must always be made on the credit side, and then the amount must be carried to the debit side of Profit and Loss.

23. The Profit and Loss Account closes into Stock.

The debit side of the Profit and Loss Account shows the losses from all sources; the credit side the profits. The difference is the *net gain* or the *net loss*.

24. The Private Account closes into Stock.

The debits in the Private Account show what has been taken out of the business by the proprietor.

25. The Stock Account, the last to be closed, closes into the Balance Account, making the two sides of that account equal. The Stock Account before closing shows on the credit side the assets with which we began business and the gain, if any, arising out of the business, as transferred from the Profit and Loss Account; it shows on the debit side the liabilities with which we began business, the loss, if any, sustained in carrying on the business, and the amount withdrawn for personal use, as shown by the Private Account. The difference between the two sides of this account must, therefore, be the *present net capital*. But the difference between the two sides of the Balance Account must also show the *present net capital*; for the debit side shows all the assets, and the credit side all the liabilities. We are therefore able to get the present net capital from two nearly independent sources, and thus test the correctness of the work.

It will be seen that Double Entry, although involving more work than Single Entry, has decided advantages. It presents a more complete and systematic statement of one's business. By reference to two or three accounts, the business man can ascertain the general condition of his affairs.

By comparing the difference between the two sides of the Stock Account with that of the two sides of the Balance Account, we can verify the correctness of our work.

Double Entry enables one to open an account with any class of Merchandise, as Flour, Sugar, or Cotton, and ascertain the gain or loss from each particular source.

DOUBLE ENTRY ILLUSTRATED.

DAY BOOK.

TRURO, Jan. 1, 1887.

The following is the state of Peter Kaufman's business at this date:—			
ASSETS.			
1	Value of shop.....	\$800.00	
1	“ merchandise	1235.00	
1	Cash in hand	468.28	
1	Taylor's note	78.00	
1	John Brown owes on account	58.30	2639 58
LIABILITIES.			
1	Jones's note	45.00	
1	Duffus & Co.'s account	65.50	110 50
Balance, net capital			2529 08

Jan. 3, 1887.

2	Sold Wm. Smith, on acct.,—		
	2 yds. broadcloth @ \$4.25	\$8 50	
	Trimmings for coat	2.25	
	Overcoat.....	16.50	27 25
2	Sold Frank Stephens, on acct.,—		
	2 gals. kerosene oil @ 48 ¢	0.96	
	4 lbs. tea @ 45 ¢	1.80	2 76
2	Bought of R. Poor & Co., Boston, for cash,—		
	225 gals. kerosene oil @ 24 ¢	54.00	
	Paid duty on oil @ 10 ¢ per gal.	22.50	
	Freight and truckage	5.25	81 75
2	Sold merchandise for cash		28 30

DOUBLE ENTRY.

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TRURO, Jan. 4, 1887.

2	Sold John Brown on acct., and delivered to John Gray on Brown's order, — 1 coat	4	50
2	Received from John Taylor amount of his note, — principal, \$78.00; interest, \$2.73	80	73
2	Sold Frank Stephens, on acct., — 17 yds. black lustre @ 68¢ \$11.56 1 pr. blankets 4.50 1 buffalo robe 17.50	33	56
2	Received from Frank Stephens, on acct., cash	10	00
2	Sold merchandise for cash	32	19
Jan. 5.			
2	Bought of S. Fitch & Co., St. John, N. B., for cash, — Lumber and nails, as per invoice \$90.00	98	32
2	Paid freight and truckage 8.32		
2	Sold Frank Stephens, on acct., — 1 bbl. flour \$7.50 28 lbs. butter @ 27¢ 7.56 1 tub 0.25	15	31
2	Paid Duffus & Co., on acct., cash	65	50
2	Sold David Craig, on acct., — 3 gals. kerosene oil @ 48¢ \$1.44 1 broom 0.35 15 lbs. sugar @ 9¢ 1.35	3	14
2	Received from John Brown, on acct., cash	50	00
2	Sold merchandise for cash	29	16
Jan. 6.			
2	Sold Wm. Smith, on acct. (delivered to daughter Jane), 1 sacque \$8.50 1 pr. kid gloves 1.10 1 pr. boots 2.25	11	85
2	Sold John Brown, on acct., — 1 pr. skates \$3.50 1 bbl. flour 7.50 2 gals. molasses @ 42¢ 0.84	11	84

TRURO, Jan. 6, 1887.

2	Bought for cash, — 50 yds. homespun @ 55 ¢ \$27.50 10 bbls. herring @ \$4.50 45.00	72	50
3	Bought for cash, — 1 suit of clothes for self	30	00
3	Sold merchandise for cash	32	12
Jan. 7.			
3	Sold David Craig, on acct., — 1 fur cap \$3.50 1 pr. gloves 2.25 1 whip 0.75	6	50
3	Received from David Craig, on acct., — 10 bushels oats @ 58 ¢ \$5.80 Cash 3.84	9	64
3	Sold Frank Stephens, on acct., — 18 rolls paper @ 45 ¢ \$8.10 25 yds. carpet @ \$1.05 26.25 20 yds. binding @ 6 ¢ 1.20 Tacks 0.12	35	67
3	Received from Frank Stephens, on acct., his note of hand, payable in 3 months	77	30
3	Sold merchandise for cash	34	62
Jan. 8.			
3	Sold Frank Stephens's note to Merchants' Bank for cash, discount 7 %, — Cash received 75 Discount 1	75 1	94 36
3	Bought for cash, — 50 bbls. flour @ \$5.90 \$295.00 Paid freight and truckage on flour 37.50	332	50
3	Bought of Black Brothers for note of hand, payable in 6 months, merchandise as per invoice	160	00
3	Sold John Brown, on acct., — 18 yds. black silk @ \$2.30 \$41.40 2 yds. Canadian tweed @ \$1.60 3.20 1 bbl. flour 7.25 1 gal. k. oil 0.48	52	33

DOUBLE ENTRY.

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TRURO, Jan. 8, 1887.

3	Sold Wm. Smith, on acct., — 24 yds. white cotton @ 13 ¢	3	12
3	Bought of Duffus & Co., on acct., — Merchandise as per invoice.....	75	00
3	Paid cash on Jones's note, — Principal \$45.00 Interest 0.45	45	45
3	Paid cash to John Hill, clerk, — Salary for one week	10	00
3	Paid cash for hat for self	4	00
3	Sold merchandise for cash	38	41
INVENTORY.			
	Value of shop	\$800.00	
	" merchandise on hand	1,725.00	

JOURNAL.

The column on the left is for the page of the Ledger on which the account is posted. The inner columns on the right are for debit amounts, the outer columns for credit entries.

(1.)

TRURO, Jan. 1, 1887.

1	Shop	Dr.	800	00		
1	Merchandise		1235	00		
1	Cash		468	28		
2	Bills receivable		78	00		
2	John Brown		58	30	2639	58
2	To stock					
2	Stock	Dr.	110	50		
2	To bills payable				45	00
2	Duffus & Co.				65	50
Jan. 3.						
3	Wm. Smith	Dr.	27	25		
1	To merchandise				27	25
3	Frank Stephens	Dr.	2	76		
1	To merchandise				2	76
1	Merchandise	Dr.	81	75		
1	To cash				81	75
1	Cash	Dr.	28	30		
1	To merchandise				28	30
Jan. 4.						
2	John Brown	Dr.	4	50		
1	To merchandise				4	50
1	Cash	Dr.	80	73		
2	To bills receivable				78	00
3	Interest				2	73
3	Frank Stephens	Dr.	33	56		
1	To merchandise				33	56
Amounts carried forward			3008	93	3008	93

DOUBLE ENTRY.

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TRURO, Jan. 4, 1887.

	<i>Amounts brought forward.....</i>	3008	93	3008	93
1	Cash	Dr.	10	00	
3	To Frank Stephens			10	00
1	Cash	Dr.	32	9	
1	To merchandise			32	19
	Jan. 5.				
1	Merchandise	Dr.	98	32	
1	To cash			98	32
3	Frank Stephens	Dr.	15	31	
1	To merchandise			15	31
2	Duffus & Co.	Dr.	65	50	
1	To cash			65	50
3	David Craig	Dr.	3	14	
1	To merchandise			3	14
1	Cash	Dr.	50	00	
2	To John Brown.....			50	00
1	Cash	Dr.	29	16	
1	To merchandise			29	16
	Jan. 6.				
3	William Smith	Dr.	11	85	
1	To merchandise			11	85
2	John Brown.....	Dr.	11	84	
1	To merchandise			11	84
1	Merchandise	Dr.	72	50	
1	To cash			72	50
3	Private account	Dr.	30	00	
1	To cash			30	00
1	Cash	Dr.	32	12	
1	To merchandise			32	12
	Jan. 7.				
3	David Craig	Dr.	6	50	
1	To merchandise			6	50
	<i>Amounts carried forward.....</i>		3477	36	3477 36

DOUBLE ENTRY.

TRURO, Jan. 7, 1887.

		<i>Amounts brought forward.....</i>		3477	36	3477	36
1	Merchandise	Dr.	5	80			
1	Cash		3	84			
3	To David Craig				9	64	
3	Frank Stephens	Dr.	35	67			
1	To merchandise				35	67	
2	Bills receivable	Dr.	77	30			
3	To Frank Stephens				77	30	
1	Cash	Dr.	34	62			
1	To merchandise				34	62	
Jan. 8.							
1	Cash	Dr.	75	94			
3	Interest		1	36			
2	To bills receivable				77	30	
1	Merchandise	Dr.	332	50			
1	To cash				332	50	
1	Merchandise	Dr.	160	00			
2	To bills payable				160	00	
2	John Brown	Dr.	52	33			
1	To merchandise				52	33	
3	William Smith	Dr.	3	12			
1	To merchandise				3	12	
1	Merchandise	Dr.	75	00			
2	To Duffus & Co.....				75	00	
2	Bills Payable	Dr.	45	00			
3	Interest			45			
1	To cash				45	45	
4	Expense	Dr.	10	00			
1	To cash				10	00	
3	Private account	Dr.	4	00			
1	To cash				4	00	
1	Cash	Dr.	38	41			
1	To merchandise				38	41	
			4432	70	4432	70	

LEDGER INDEX.

A.		J. K. L.	
B.		M.	
Bills Receivable	2	Merchandise.....	1
Brown, John	2		
Bills Payable	2	N. O.	
Balance Account	4	P.	
C.		Private Account	3
Cash.....	1	Profit and Loss	4
Craig, David	3	Q. R.	
D.		S.	
Duffus & Co.	2	Shop.....	1
E.		Stock	2
Expense	4	Smith, William	3
G. H.		Stephens, Frank	3
I.		T.	
Interest	3	Trial Balance	4

DOUBLE ENTRY.

(1.)

DR.				SHOP.				CR.			
1887. Jan. 1	To	<u>1</u> 800.....	1	800	00	1887. Jan. 8	By	<u>balance</u>	800	00	

DR.				MERCHANDISE.				CR.			
1887 Jan.	To	<u>1</u> 1,235.00	<u>3</u> 81.75	1,316	75	1887 Jan.	By	<u>3</u> 27.25	<u>3</u> 2.76	80	01
		5	6					8	4		
"	"	<u>98.32</u>	<u>72.50</u>	170	82	"	"	<u>28.30</u>	<u>4.50</u>	32	80
		7	8					4	4		
"	"	<u>5.80</u>	<u>332.50</u>	338	30	"	"	<u>33.56</u>	<u>32.19</u>	65	75
		8	8					5	5		
"	"	<u>160.00</u>	<u>75.00</u>	235	00	"	"	<u>15.31</u>	<u>3.14</u>	18	45
		" profit and loss		66	76	"	"	5	6		
						"	"	<u>29.16</u>	<u>11.85</u>	41	01
						"	"	6	6		
						"	"	<u>11.84</u>	<u>32.12</u>	43	96
						"	"	7	7		
						"	"	<u>6.50</u>	<u>35.67</u>	42	17
						"	"	7	8		
						"	"	<u>34.62</u>	<u>52.33</u>	86	95
						"	"	8	8		
						"	"	<u>3.12</u>	<u>38.41</u>	41	53
						"	"	balance acct.			
						"	"	Mdse. as $\frac{1}{2}$ Inv'y		1,725	00
				2,127	63					2,127	63

DR.				CASH.				CR.			
1887 Jan.	To	<u>1</u> 468.28	<u>3</u> 28.30	496	58	1887 Jan.	By	<u>3</u> 81.75	<u>5</u> 98.32	180	07
		4	4					5	6		
"	"	<u>80.73</u>	<u>10.00</u>	90	73	"	"	<u>65.50</u>	<u>72.50</u>	138	00
		4	5			"	"	6			
"	"	<u>32.19</u>	<u>50.00</u>	82	19	"	"	<u>30.00</u>		30	00
		5	6			"	"	8			
"	"	<u>29.16</u>	<u>32.12</u>	61	28	"	"	<u>332.50</u>		332	50
		7	7			"	"	8	8		
"	"	<u>3.84</u>	<u>34.62</u>	38	46	"	"	<u>45.45</u>	<u>10.00</u>	55	45
		8	8			"	"	8			
"	"	<u>75.94</u>	<u>38.41</u>	114	35	"	"	<u>4.00</u>		4	00
						"	"	balance		143	57
				883	59					883	59

DOUBLE ENTRY.

59

(2.)

DR.		BILLS RECEIVABLE.						CR.					
1887								1887					
Jan.	To	<u>78.00</u>	<u>77.30</u>					Jan.	By	<u>78.00</u>	<u>77.30</u>		
				155	30							155	30

Dr.				JOHN BROWN.				Cr.	
1887		<u>1</u>	<u>4</u>			1887	<u>5</u>		
Jan.	To	58.30	4.50	62	80	Jan.	50.00	50	00
		<u>6</u>	<u>8</u>				<i>balance</i>	76	97
"	"	11.84	52.33	64	17				
				<u>126</u>	<u>97</u>			<u>126</u>	<u>97</u>

DR.				STOCK.		CR.			
1887. Jan.	To	1 110.50	110	50	1887. Jan.	By	1 2639.58	2,639	58
" 8	"	<i>private account</i>	84	00	"	"	<i>profit and loss</i>	57	68
	"	<i>balance</i>	2,552	76					
			2,697	26				2,697	26

Dr.				BILLS PAYABLE.				Cr.			
1887. Jan.	To	8 45.00	00		1887. Jan.	By	1 45.00	8 160.00	205	00	
	"	<i>balance</i>	00								
			00							205	00
			00								

DR.				DUFFUS & CO.		CR.			
1887. Jan.	To	$\frac{4}{65.50}$	65	50	1887. Jan.	By	$\frac{1}{65.50}$	65	50
	"	<i>balance</i>	75	00		"	$\frac{8}{75.00}$	75	00
			140	50				140	50

DOUBLE ENTRY.

(3.)

DR.				WILLIAM SMITH.				CR.	
1887. Jan.	To	$\frac{3}{27.25}$	$\frac{6}{11.85}$	39	10	1887. Jan. 8	By <i>balance</i>	42	22
	"	$\frac{8}{3.12}$		3	12				
				42	22			42	22

DR.				FRANK STEPHENS.				CR.	
1887. Jan.	To	$\frac{3}{2.76}$	$\frac{4}{33.56}$	36	32	1887. Jan.	By $\frac{4}{10.00}$	87	30
	"	$\frac{5}{15.31}$	$\frac{7}{35.67}$	50	98				
				87	30			87	30

DR.				INTEREST.				CR.	
1887. Jan.	To	$\frac{8}{1.36}$	$\frac{8}{.45}$	1	81	1887. Jan.	By $\frac{4}{2.73}$	2	73
	"	<i>profit and loss</i>		...	92				
				2	73			2	73

DR.				DAVID CRAIG.				CR.	
1887. Jan.	To	$\frac{5}{3.14}$	$\frac{7}{6.50}$	9	64	1887. Jan.	By $\frac{7}{9.64}$	9	64

DR.				PRIVATE ACCOUNT.				CR.	
1887. Jan.	To	$\frac{6}{30.00}$	$\frac{8}{4.00}$	34	00	1887. Jan.	By <i>stock</i>	34	00

DOUBLE ENTRY.

61

(4.)

Dr.		EXPENSE.				Cr.	
1887. Jan.	To <u>8</u> 10.00	10	00	1887. Jan.	By profit and loss ..	10	00

Dr.		PROFIT AND LOSS.				Cr.	
1887. Jan. 8	To expense	10	00	1887. Jan. 8	By merchandise	66	76
"	" stock	57	68		" interest	...	92
		67	68			67	68

TRIAL BALANCE.

Page of Ledger.	ACCOUNTS.	Dr. Amounts.		Cr. Amounts.	
1	Shop.....	800	00		
1	Merchandise.....	2,060	87	402	63
2	Cash.....	883	59	740	02
2	Bills Receivable.....	155	30	155	30
2	John Brown	126	97	50	00
3	Stock	110	50	2,639	58
3	Bills Payable	45	00	205	00
3	Duffus & Co.	65	50	140	50
3	William Smith.....	42	22		
4	Frank Stephens	87	30	87	30
4	Interest	1	81	2	73
4	David Craig.....	9	64	9	64
4	Private Account	34	00		
5	Expense	10	00		
		4,432	70	4,432	70

DOUBLE ENTRY.

(5.)

DR.		BALANCE ACCOUNT.				CR.	
1887.		Ledger Page.			1887.	Ledger Page.	
Jan. 8	To Shop	1	800	00	Jan. 8	By Bills Payable	2 160 00
"	" Merchandise	1	1725	00	"	" Duffus & Co.,	2 75 00
"	" Cash	1	143	57	"	" Stock	2 2552 76
"	" John Brown..	2	76	97			
"	" Wm. Smith .	3	42	22			
			2787	76			2787 76

Net capital, Jan. 8, 1887	\$2,552.76
" " 1, "	2,529.08
Net gain	23.68
Add amount withdrawn as @ private account	34.00
Total gain	57.68

APPENDIX.

THE SIX COLUMN METHOD.

A concise system of book-keeping by double entry, known as the *Six Column Method*, is used by many merchants. It combines in one book the Day Book, the Cash Book, and the Journal. This method is illustrated in the following pages. The transactions are those of the short course given on pages 16, 17, and 18. The three columns on the left are debit ; those on the right are credit ; the outside columns on the left and right are for cash,--debit and credit, respectively ; the middle columns are for merchandise ; and the inner columns are for sundries, including personal accounts, bills, and all others not cash or merchandise.

The various entries in the different columns are added, and the sums are carried forward from page to page through a certain period, as a week, or a month. At the end of this period the cash and merchandise accounts are posted, simply by entering the sum of the debit entries of each during the period on the debit side of the corresponding account in the ledger, and the sum of the credit entries of each on the credit side of that account. Every entry in the sundries column is posted separately under its proper title as given in the middle of the page.

The sum of the three debit columns is always equal to the sum of the three credit columns. The excess of the sum of the debit entries in the Cash column above the sum of the entries on the credit side, shows the amount of cash on hand.

DR.			TRURO, JAN. 1, 1887.			CR.		
Cash.	Merchan- dise.	Sun- dries.				Sun- dries.	Merchan- dise.	Cash.
			ASSETS.					
		800 00	Shop					
	1235 00		Merchandise					
468 28		78 00	Cash					
		58 30	Bills Receivable					
			John Brown (old account)					
			To Stock		2639 58			
			LIABILITIES.					
		110 50	Stock.					
			To Bills Payable		45 00			
			To Duffus & Co. (old ac)		65 50			
			Jan. 3.					
		27 25	Wm. Smith.					
			To mdse				27 25	
			2 yards broadcloth @					
			4 25	8.50				
			Trimmings for coat. .	2.25				
			Overcoat	16.50				
				27.25				
		2 76	Frank Stephens				2 76	
			To mdse					
			2 gals. oil @ 48c.	0.96				
			4 lbs. tea @ 45c.	1.80				
				2.76				
	81 75		Merchandise					
			To Cash					81 75
			Purchase from Z. Poor :					
			225 gals. k. oil @ 24c. 54.00					
			Duty, 10c. per gal. .	22.50				
			Freight and truckage	5.00				
			Cost of draft	.25				
				81.75				
28 30			Cash.					
			To mdse. sold				28 30	
496 58	1316 75	1076 81			2750 08		58 31	81 75

SIX COLUMN METHOD.

65

DR.

TRURO, JAN. 4, 1887.

CR.

Cash.	Merchan- dise.	Sun- dries.		Sun- dries.	Merchan- dise.	Cash.
496 58	1316 75	1076 81		2750 08	58 31	81 75
		4 50	John Brown. To mdse.		4 50	
			Coat delivered to John Gray, per order, 4.50			
80 73			Cash. To bills receivable	78 00		
			To interest	2 73		
		33 56	Frank Stephens. To mdse.		33 56	
			17 yds. black lustre @ 68c.			
			1 pr. blankets.			
			1 buffalo robe.			
			33.56			
10 00			Cash. To Frank Stephens..	10 00		
			Paid on account, 10.00			
32 19			Cash. To mdse. sold.		32 19	
			Jan. 5.			
	98 32		Merchandise. To cash.			98 32
			Lumber and nails. 90.00			
			Freight & truckage 8.32			
			98.32			
		15 31	Frank Stephens. To mdse.		15 31	
			1 bbl. flour.			
			28 lbs. butter @ 27c. 7.56			
			Tub.			
			15.31			
		65 50	Duffus & Co. To cash—paid on acct.			65 50
		3 14	David Craig. To mdse.		3 14	
			3 gals. k. oil @ 48c. 1.44			
			1 broom 35			
			15 lbs. sugar @ 9c. 1.35			
			3.14			
619 50	1415 07	1198 82		2840 81	147 01	245 57

DR.			TRURO, JAN. 5, 1887.			CR.		
Cash.	Merchan- dise.	Sun- dries.				Sun- dries.	Merchan- dise.	Cash.
619 50	1415 07	1198 82				2840 81	147 01	245 57
50 00			Cash.					
			To John Brown		50 00			
			Received on account					
29 16			Cash.					
			To merchandise—sales.				29 16	
			Jan. 6.					
		11 85	Wm. Smith.					
			To mdse.				11 85	
			1 sacque	8.50				
			1 pr. gloves	1.10				
			1 pr. boots	2.25				
				11.85				
		11 84	John Brown.					
			To mdse.				11 84	
			1 pr. skates	3.50				
			1 bbl. flour	7.50				
			2 gals. molasses @					
			42c.	84				
				11.84				
	72 50		Merchandise.					
			To cash					72 50
			55 yds. homespun @					
			55c.	27.50				
			10 bbls. herring @					
			4.50	45.00				
				72.50				
		30 00	Private account.					
			To cash					30 00
			Paid for suit of clothes,					
			30.00					
32 12			Cash.					
			To mdse—sales				32 12	
			Jan 7.					
		6 50	David Craig.					
			To mdse.				6 50	
			1 fur cap	3.50				
			1 pr. gloves	2.25				
			1 whip	75				
				6.50				
730 78	1487 57	1259 01				2890 81	238 48	348 07

SIX COLUMN METHOD.

67

DR.

TRURO, JAN. 7, 1887.

CR.

Cash.	Merchan- dise.	Sun- dries.		Sun- dries.	Merchan- dise.	Cash.
730 78	1487 57	1259 01		2890 81	238 48	348 07
	5 80		Merchandise			
3 84			Cash.			
			To David Craig	9 64		
			10 bu. oats @ 58c.			
			Cash—on account ..	3.84		
				9.64		
		35 67	Frank Stephens.			
			To mdse.		35 67	
			18 rolls paper @ 45c. 8.10			
			25 yds. carpet @ 1.05.26.25			
			20 yds. binding @ 6c. 1.20			
			Tacks	.12		
				35.67		
		77 30	Bills receivable.			
			To Frank Stephens.	77 30		
			Note of hand on acct.—			
			B. R. No. 2.			
34 62			Cash.			
			To mdse.—sales		34 62	
			Jan. 8.			
75 94			Cash			
		1 36	Interest.			
			To bills receivable.	77 30		
			Received on F. Stephen's			
			note.			
			B. R. No. 2.	75.94		
			Discount	1.36		
				77.30		
	332 50		Merchandise.			332 50
			To cash			
			Purchased for cash.			
			50 bbls. flour @			
			5.90	295.00		
			Freight & truckage 37.50			
				332.50		
	160 00		Merchandise.			
			To bills payable.	160 00		
			Purchase of Black Bros.			
			on note for 6 months.,			
			B. P. No. 2.			
845 18	1985 87	1373 34		3215 05	308 77	680 57

DR.			TRURO, JAN. 5, 1887.			CR.		
Cash.	Merchan- dise.	Sun- dries.				Sun- dries.	Merchan- dise.	Cash.
619 50	1415 07	1198 82				2840 81	147 01	245 57
50 00			Cash.			50 00		
			To John Brown					
			Received on account					
29 16			Cash.				29 16	
			To merchandise—sales.					
			Jan. 6.					
		11 85	Wm. Smith.				11 85	
			To mdse.					
			1 sacque 3.50					
			1 pr. gloves 1.10					
			1 pr. boots 2.25					
			11.85					
		11 84	John Brown.				11 84	
			To mdse.					
			1 pr. skates 3.50					
			1 bbl. flour 7.50					
			2 gals. molasses @ 84					
			42c. 11.84					
	72 50		Merchandise.					72 50
			To cash					
			55 yds. homespun @					
			55c. 27.50					
			10 bbls. herring @					
			4.50 45.00					
			72.50					
		30 00	Private account.					30 00
			To cash					
			Paid for suit of clothes,					
			30.00					
32 12			Cash.				32 12	
			To mdse—sales.					
			Jan 7.					
		6 50	David Craig.				6 50	
			To mdse.					
			1 fur cap 3.50					
			1 pr. gloves 2.25					
			1 whip 75					
			6.50					
730 78	1487 57	1259 01				2890 81	238 48	348 07

SIX COLUMN METHOD.

67

DR.

TRURO, JAN. 7, 1887.

CR.

Cash.	Merchan- dise.	Sun- dries.		Sun- dries.	Merchan- dise.	Cash.
730 78	1487 57	1259 01		2890 81	238 48	348 07
	5 80		Merchandise			
3 84			Cash.			
			To David Craig	9 64		
			10 bu. oats @ 58c.			
			Cash—on account			
				9.64		
		35 67	Frank Stephens.		35 67	
			To mdse.			
			18 rolls paper @ 45c. 8.10			
			25 yds. carpet @ 1.05. 26.25			
			20 yds. binding @ 6c. 1.20			
			Tacks			
				35.67		
		77 30	Bills receivable.			
			To Frank Stephens.	77 30		
			Note of hand on acct.—			
			B. R. No. 2.			
34 62			Cash.			
			To mdse.—sales		34 62	
			Jan. 8.			
75 94			Cash			
		1 36	Interest.			
			To bills receivable.	77 30		
			Received on F. Stephen's			
			note.			
			B. R. No. 2.	75.94		
			Discount	1.36		
				77.30		
	332 50		Merchandise.			332.50
			To cash			
			Purchased for cash.			
			50 bbls. flour @			
			5.90	295.00		
			Freight & truckage	37.50		
				332.50		
	160 00		Merchandise.			
			To bills payable.	160 00		
			Purchase of Black Bros.			
			on note for 6 months.,			
			B. P. No. 2.			
845 18	1985 87	1373 34		3215 05	308 77	680 57

DR.			TRURO, JAN. 8, 1887.			CR.		
Cash.	Merchan- dise.	Sun- dries.				Sun- dries.	Merchan- dise.	Cash.
845 18	1985 87	1373 34				3215 05	308 77	680 57
		52 33	John Brown. To mdse.				52 33	
			18 yds. blk. silk @ 2.30 41.40					
			2 yds co. tweed @ 160 3.20					
			1 bbl. flour 7.25					
			1 gal. k. oil 48					
			52.33					
		3 12	Wm. Smith. To mdse.				3 12	
			24 yds. cotton @ 13c. 3.12					
	75 00		Merchandise. To Duffus & Co.		75 00			
			Goods as per invoice.					
		45 00	Bills payable.					
		45	Interest. To cash					45 45
			Paid F. Jones's note, B. P. No. 1. 45.00					
			Paid interest. 45					
			45.45					
		10 00	Expense. To cash					10 00
			Paid J. Hill's salary for 1 week. 10.00					
		4 00	Expense. To cash					4 00
			Paid cash for hat, 4.00.					
38 41			Cash. To mdse—sales.				38 41	
883 59	2060 87	1488 24	Sundries		3290 05		402 63	740 02
		2060 87	Merchandise		402 63			
		883 59	Cash		740 02			
		4432 70			4432 70			

