

JANUARY, 1885.

				Led.		
				Fo.		
— 2nd —						
Thomas Dawson,	Dr.					
83 Renfrew Street.						
Per Mrs. Dawson.						
To 18 yds. Silk .....	@ \$1.50	\$27	00			
" 10 yds. Cotton .....	" .10	1	00			
" 10 lbs. Sugar .....	" .10	1	00			
				50	\$29	00
— 3rd —						
Richard Hawkins,						
50 Kilborn Street.						
To 4 yds. Cloth .....	@ \$2.50			40	10	00
— 4th —						
Thomas Dawson,						
83 Renfrew Street.						
To 1 Hat .....				50	2	00
Credit Sales a/c .....				20	\$41	00

By this arrangement the system of Double Entry is carried out in posting the individual amounts directly to the *debit* of the purchasers in the Ledger account, and the total amount to the *credit* of the *Sales* account at the end of the month.

As an illustration of the system of Double Entry, we may suppose an agreement between two merchants—say Edward Smith and James Jackson—to close up their separate businesses, and form a co-partnership, to establish a wholesale house, under the firm name of “Smith & Jackson.” They require the following account books:—Day Book, Invoice Sales Book, Invoice Purchase Book, Cash Book, Bill Book, Journal, and Ledger.

### Day Book.

In all cases this book should begin with a description, in detail, of the nature of the capital of the new Firm; and subsequently, the necessary details of all transactions which do not come within the range of any other account book. Its value varies with the character of the business in which it is used. In the retail trade it becomes a very important book, containing, in addition to other entries, a detailed statement of every credit sale, while in other lines of business it is entirely relieved of such entries by the use of a Copy Invoice Book.

In the case of our example the Day Book has the opening entries as follows:—