

EXAMPLES OF BUSINESS TRANSACTIONS AFFECTING CAPITAL.

CAPITAL ACCOUNT

19			19		
Sept.	1	37.50	Sept.	1	2500.00
"	10	25.00	"	20	300.00
			"	30	Net Gain 225.85
		3025.85			3025.85
			Oct.	1	Present Worth 2093.35

Rule paper as previously instructed and record the following transactions. See above sample.
 Sept. 1. Proprietor invested cash \$2500.00 and a debt owed by him in favor of A. B. Cunningham for \$37.50.

Sept. 10. Proprietor withdrew cash from business \$25.00 for private use.

Sept. 20. Finding more capital necessary the proprietor invested a 30 day note in his own favor signed by H. C. Brewer for \$300.00.

Sept. 30. The Net Gain as shown by the difference in the Loss and Gain Account is \$225.85.

RESULT. Present Worth \$2,093.35.

CAPITAL ACCOUNT EXERCISE NO. 2.

Oct. 1. Proprietor continues in business with Present Worth as shown in Exercise No. 1, \$2,093.35. Oct. 12. Proprietor makes an additional investment of J. W. Brown's note for \$750.00. Oct. 16. He draws out cash for private use, \$25.00. Oct. 25. Proprietor sells some Real Estate for cash and invests proceeds in the business, \$1,275.00. Oct. 31. Net Loss as shown by Loss and Gain account, \$495.85.

RESULT. Present Worth \$4,407.50.

HOW TO FIND THE PRESENT WORTH OR NET INSOLVENCY.

If, after entering on the proper side of the Capital Account the net loss or the net gain for the year, the Credit side is larger, this difference is termed ¹ Present Worth. Should the Debit side upon comparison be the larger, the difference is called ² Net Insolvency.

MEMORANDA OF TRANSACTIONS IN CASH AND MERCHANDISE.

You are now to make a record of the following transactions in your Journal-Day-Book in form as shown below. The Journal-Day-Book shows in detail the business transactions from which, by the application of the rules governing Cash and Merchandise, you are to arrange the debits and credits. By reference to the model it will be observed that on the left of the page is recorded the accounts to be debited and credited (Journalizing) and to the right is found the Day-Book entry and two money columns containing respectively the amounts of the debits and credits.

In the model only a few entries are shown. You are to complete the exercise and rule the Day-Book as outlined, not forgetting to foot the money columns in black ink.