

FARM BOOKKEEPING SYSTEMS.*

First-prize System.

By J. H. Coatsworth.

In response to your request for bookkeeping systems suitable for farmers, I submit herewith illustrations and description of system that I have been using on the farm for the past ten years. I take pleasure in recommending this system on account of its simplicity, because it is sufficient to meet the needs of the majority of farmers, and because it requires very little time to attend to—not more than from two to five minutes each evening.

The books used are: Journal Day Book, Special-column Cash Book, and Ledger. When any considerable amount of hired help is used, it would be necessary to keep a Time Book, also.

*See editorial announcement.

The journal day book is used as a diary. In it is kept a record of every day in the year. Just what has been done each day, or anything that has occurred that will be of any interest in the days to come, is noted down in this book. Also, full descriptions of business transactions of importance. It is also used for journalizing sales or purchases made on credit or on promissory notes, which cannot be conveniently entered in the cash book. Such items are posted direct from journal day book to the ledger.

While the journal day book is used chiefly as a diary, over ninety per cent. of all business transactions are entered in the special-column cash book, and posted from it to the ledger.

It is necessary that the cash book shall have fairly wide pages, to afford room for the special columns.

It should be opened to two blank pages, the

left-hand page being the debit side, and the right-hand page the credit side.

On the right side of the debit page, one column is used for "Farm Products." All cash sales of farm produce are entered in this column. If it is desired to keep a separate account of the different lines of produce, such as poultry, dairy products, etc., a special column is used for each. Another column is ruled for "Sundries," and is used for all items for which special columns are not provided.

The debit side of cash book is posted as follows: All items entered in the "Sundries" column are posted separately to the credit side of their respective accounts in the ledger. The items in each special column are added together, and the total footing of each column is posted to the credit side of the account to which it belongs in the ledger. Then the total footing of each column is posted to the debit side of cash account in ledger.

Special columns are also used on the credit side of cash book, one for "Expense," and one for "Sundries." Also, additional columns may be used for any other line of expenditure that it is desired to keep account of. If it is thought advisable to keep account of "Living Expense," separate from "Farm Expense," a special column is provided for each.

The credit side of cash book is posted as follows: All items in the "Sundries" column are posted separately to the debit side of their respective accounts in the ledger. All items in the special columns are added together, and the total footing of each column posted to the debit side of the account to which it belongs in the ledger. Then the total footing of each column is posted to the credit side of the cash account in ledger. Thus the balance of the ledger is preserved.

It will be observed that, by using special columns in the cash book, and posting whole columns in one number, perhaps the transactions of two or three months, the work of posting is reduced to a minimum.

The following are a few examples of business transactions and the way they are entered in the different books:

We will suppose that John Smith, being engaged at farming, decides to open a set of books on January 1st, 1910. On taking stock of his possessions, he finds that he is the owner of:

Real estate, consisting of farm and buildings, valued at	\$5,000.00
Implements (including vehicles)	1,000.00
Farm produce, consisting of grain, hay, live stock, etc.	1,500.00
Cash on deposit	670.00
An account against Wm. Brown	100.00
An expense inventory, consisting of binder twine and other articles purchased for last year and not used	30.00
Making a total of	\$8,300.00

He will make following entry in his journal day book, and post same at once to the ledger:

1910 JOURNAL DAY-BOOK PAGE 4

Date	Dr.	Cr.	Dr.	Cr.
Jan. 1	Real Estate	Dr. 2	\$5000 00	
	Implements	Dr. 2	1000 00	
	Farm Products	Dr. 2	1500 00	
	Cash	Dr. 3	670 00	
	Wm. Brown	Dr. 3	100 00	
	Expense	Dr. 3	30 00	
	To John Smith	Cr. 2		\$8300 00
2	Delivered 100 bu. wheat to James Boyd at 80c. per bushel. Received cash for same	Dr. 2		83 00
3	Received fifty dollars from Wm. Brown on his account	Dr. 3		50 00
4	Paid for repairing wagon	Dr. 3		5 00
5	Bought pair sleighs from J. H. White, paying cash in full for same	Dr. 3		18 00
7	Exchanged 25 lbs. butter at 30c. per lb. for groceries, at corner store	Dr. 3		7 50
[NOTE.—The above transaction involves no cash, but the amount is entered in the "Farm Products" column on debit side of cash book. It is also entered on credit side of cash book in "Expense" column. Thus "Expense" is debited, and "Farm Products" is credited. And as the same amount (\$7.50) is entered on both sides of cash book, it does not affect the cash balance at all. It is well to note particularly this form of entry, as it is one of the "short-cuts" in farm bookkeeping.]				
9	Paid cash for horseshoeing	Dr. 3		2 00
15	Sold 10 fat hogs to James Boyd at \$8.00 per cwt., delivered same today	Dr. 2		175 00
27	Bought grade Holstein cow from Wm. Young, paying cash for same	Dr. 3		50 00
8	Sold butter and eggs for cash	Dr. 2		9 00
15	Paid hired man wages to date	Dr. 3		25 00
28	Sold span colts for cash	Dr. 2		30 00
3	Wm. Brown	Dr. 3	8 50	
	To farm products	Cr. 2		8 50
	Wm. Brown purchased 10 bu. wheat from me today on his account	Dr. 2		
	The above entry is posted direct to the ledger			
	Bought set harrows and roller for cash	Dr. 3		62 00
	Bought cow colts at \$8.00 per M	Dr. 3		60 00
	Paid James Boyd for young the	Dr. 2		40 00
	Sold 1 ton hay for cash	Dr. 2		10 00
	Paid for insurance assessment on	Dr. 3		15 00
	horses			
	Paid for insurance on cow	Dr. 3	65 00	
	Received from James Boyd for	Dr. 2		60 00

D		JOHN SMITH (PROPRIETOR'S ACCOUNT)		Cr.	
April 25	Present worth	1910 Jan. 1	By present worth	4	\$8300 00
		April 25	By net gain		253 50
					\$8553 50
		April 25	By present worth		\$8553 50

D		REAL ESTATE		Cr.	
1910 Jan. 1	To inventory	J 4	\$5000 00		
Mar. 30	" cash	J 2	60 00		
April 10	" cash	J 2	40 00	April 25	Inventory
			\$5100 00		\$5100 00
April 25	To inventory	J 4	\$5100 00		

D		IMPLEMENTS		Cr.	
1910 Jan. 1	To inventory	J 4	\$1000 00		
Mar. 20	" cash	J 2	18 00		
April 18	" bills pay	J 6	62 00	April 25	Inventory
			\$1145 00		\$1145 00
April 25	To inventory	J 4	\$1145 00		

D		FARM PRODUCTS		Cr.	
1910 Jan. 1	To inventory	J 4	\$1500 00		
Mar. 27	" cash	J 2	50 00	Mar. 3	By Wm. Brown
April 25	Loss and gain	J 2	318 00	April 25	" cash
			\$1868 00	April 25	Inventory
April 25	To inventory	J 4	\$1868 00		\$1868 00

Dr.		WILLIAM BROWN		Cr.	
1910 Jan. 1	To balance	J 4	\$ 100 00	Jan. 3	By cash
Mar. 3	" farm products	J 6	8 50	April 25	Balance
			\$ 108 50		\$ 50 00
April 26	Balance	J 25	\$ 58 50		58 50

D		CASH		Cr.	
1910 Jan. 1	To balance	J 4	\$ 670 00	April 25	By sundries
Mar. 3	" Wm. Brown	J 6	50 00	April 25	" expense
April 25	" farm products	J 4	884 50	April 25	Balance
			\$1304 50		1020 00
April 25	To balance	J 4	\$1020 00		

D		EXPENSE		Cr.	
1910 Jan. 1	To inventory	J 4	\$ 30 00	April 25	Inventory
April 25	" cash	J 2	54 50	April 25	Loss and gain
			\$ 84 50		84 50
April 25	To inventory	J 4	\$ 84 50		

Dr.		BILLS PAYABLE		Cr.	
1910		1910			
		April 18	By implements	J 6	\$ 65 00

D		LOSS AND GAIN		Cr.	
1910 April 25	To expense	J 2	\$ 64 50	April 25	By farm products
April 25	Net gain	J 2	57 50		318 00
			\$ 318 00		\$ 318 00

CASH		D		CASH		Cr.	
Date	Cr. Ledger Title	Explanation	L.F.	Sum-dries	Expense	Date	Dr. Ledger Title
1910 Jan. 2	Farm products	Sold 100 bu. wheat at 83c.				Jan. 4	Expenses
						Jan. 7	Implements
3	Wm. Brown	Paid on his account		50 00		Jan. 7	Expenses
7	Farm products	Exchanged 25 lbs. butter at 30c. for groceries			7 50	Jan. 15	Farm products
15	"	10 fat hogs sold at \$8.00 per cwt.			175 00	Jan. 15	Expenses
8	"	Butter at 30c. and eggs at 35c.			57 50	Jan. 18	Expenses
28	"	Sold span colts			30 00	Jan. 28	Expenses
April 12	"	1 ton hay sold			10 00	Jan. 28	Expenses