

INTRODUCTION.

8. What is Double Entry ?

It requires, at least, *two* entries in the Ledger for each transaction.

9. Illustrate this also.

If, as in the case above, I sell goods to A. B., I not only debit his account To Merchandise, but I also make the corresponding entry, and credit the Merchandise Account by A. B.'s.*

10. What then seems to be the real difference between the Single and Double Entry methods ?

By the first method I open, in the Ledger, only the Nominal and Personal Accounts ; whereas, by the latter, I open the *three* kinds of accounts, viz., the Real, the Personal, and the Nominal. (See Q. 29.)

11. Do you wish to make it appear that the opening, or not opening, of the Real Accounts in the Ledger, constitutes the principal difference between the two systems ?

I do. If I have not the Real Accounts in the Ledger, I can make but *one* entry of the transaction in it ; but if I open the Real Accounts, I must, of necessity, make two entries—a Debit and a Credit. (See Q. 9.)

THE PRINCIPAL BOOKS.

12. What are the Principal Books ?

The Day Book, Journal and Ledger.

13. Explain the use of each.

In the Day Book—I enter the transactions of the day at length, and in order, as they occur. In the Journal are collected, at fixed periods of time, all the transactions from all the other Books, under their proper Debits and Credits. And in the Ledger, they are arranged under their respective Headings or Titles.

14. What is the infallible rule for Debiting and Crediting ?

Debit *In*, Credit *Out*—*i. e.*, the thing received is debtor to the thing† given, or to the person‡ from whom it is received.‡

* The proper wording of an Entry—or what should be written in an account in the Ledger, has not always been clearly defined. The wording of every entry in every account in the Ledger should be the heading or title of another, and nothing more. If I make the Merchandise Account Debtor to Cash, *i. e.*, to the Cash Account, I must credit the Cash Account By Merchandise, *i. e.*, the Merchandise Account. Accounts are not debited and credited *to* or *by* things, viz. : Cash, Goods, etc., or persons, but by the accounts whose headings represent these things or persons. By this simple method I am enabled, when I look at an entry in one account, to tell instantly to what other account the amount has been (or should be) placed, and to which side of it ; and I know, just as well as if I had been present during the sale or purchase, what changes took place in my property to cause such entry.

† Remember it is the *Account* which represents the thing or person that is debited or credited, and not the thing or person individually.

‡ This answer covers the whole ground, whether the transactions be cash or credit ones.