LESSON ONE.

The object of BOOKKEEPING or ACCOUNTING is to preserve a record of business transactions in such a manner as will show the progress and results of the business.

The RECORDS are made in different kinds of BOOKS suited to the particular business.

There are TWO GENERAL SYSTEMS OF BOOKKEEPING, known as SINGLE ENTRY and DOUBLE ENTRY.

As Single Entry is the easier of the two to understand, you are to be introduced to that method first. It is in use in many retail stores and shops and by all who do not care to keep the more complete system of Double Entry.

IN SINGLE ENTRY usually but one debit or credit is required in connection with each transaction as it affects a PERSONAL ACCOUNT.

An ACCOUNT is a collection of items of debit and credit so arranged as to show a definite result.

DEBIT and DEBTOR. If you purchase a hat from a merchant and do not pay for it at the time you receive it, you owe the merchant for it. You are in his debt. You are his DEBTOR, and he CHARGES or DEBITS you in his books. When you pay him he then credits you.

CREDIT and CREDITOR. On the other hand, the merchant trusts you. You get CREDIT from him. You CREDIT him in your account with him because you owe him. He is your CREDITOR. When you pay him you debit him to offset the credit entry because you get out of his debt.

In an Account there are two sides, Debit and Credit; so that, when you purchased the hat on credit, in your account with the merchant you would credit him, and when you paid him you would debit him.

PROBLEM.

On January 1 you purchased goods to the value of $25 from Jones & Smith. On January 10 you paid them $10 on account. On January 15 you purchased $15 worth of goods. On January 20 you paid $10 on account, and on January 30 you paid $10 more. How much do you still owe Jones & Smith?

A SIMPLE SOLUTION.

Payments or Debits	Purchases or Credits		
$10	$25	Total purchases	$40
10	15	Total payments	30
10			——
	—	Balance due Jones & Smith	10
30	40		

In an Account in the BOOK OF ACCOUNTS or LEDGER this problem would appear in the following form, arranged according to the same definition of Debit and Credit as given above:

JONES & SMITH.

1909				1909			
Jan.	10		10	Jan.	1		25
"	20		10	"	15		15
"	30		10				
"	31	Balance (red ink)	10				
			40				40
				Feb.	1	Balance	10