LESSON EIGHT.

HISTORICAL RECORDS.

So far, the record of your transactions, except in the case of the Cash Book, has been made directly into the ledger accounts affected, so that you might gain a thorough understanding of the principles of debit and credit, and see the object of keeping such accounts. As you have seen, all cash transactions are entered in the Cash Book, the personal debits and credits being posted from it to the personal accounts in the Ledger.

While the plan of entering all transactions directly in the accounts affected, shows the results of the business, and is used in what is called the "Complete Account Book System," it is desirable to first enter them in books in which a full and complete explanation or description of the transactions can be made, and show an historical record of the business transactions performed.

In a simple single entry set of books, such as you are prepared to handle, and such as can be used in a small business, three principal books will be required

CASH CR.

1909						
Jan.	1	Rent for Jan.	50			
	3	Office books,	7			
	5	A. D. Hampton, on acct.,	250			
	12	Nunn & Sons, inv. 3d,	347	51		
	22	Note, E. H. Wilson,	349	62		
	29	A. L. Stephens, loan,	15			
	30	A. E. McDonald, on acct.,	415	10	1434	23
	31	Balance, (Red Ink)			2037	30
					3471	53
Feb.	7	Student withdrew,	100			

the journal, cash book and ledger. By the term "principal book" is meant a book from which, or to which, you post the debits and credits resulting from the business transactions.

All cash transactions are first entered in the cash book, and the debits and credits to personal accounts are posted (transferred) from it to the accounts affected in the ledger.

A record of all other transactions is made in the journal, showing the personal accounts to be debited and credited in the ledger, and giving a full and complete explanation of all transactions.

The ledger is handled in the manner already shown you, the items in the various accounts being posted to it from the journal and cash book. All entries in the ledger must come from a book of original entry, except in the case of the entry for the net gain or the net loss in the proprietor's account, which may be brought from the financial statement.

Note how the following transactions are entered in the journal, sometimes called the day book: