Division of Accounts.—Accounts may be divided as follows: (1) Personal Asset and Liability Accounts, as, for example, Jno. Simpson, Jno. Simpson & Co., The Dominion Bank; (2) Impersonal Asset and Liability Accounts, as, for example, Cash, Bills Receivable, Bills Payable; and (3) Loss and Gain Accounts (all Impersonal), as, for example, Merchandise, Expense, Real Estate, Interest, Discount.

Rules for Journalizing.—Journalizing may be stated in three rules to suit the three classes of accounts—(1) For Personal Asset and Liability Accounts: Ma[illegible] person debtor when he receives value on account, and creditor when he gives value on account. (2) For Impersonal Asset and Liability Accounts: Make the account (say Cash) debtor for amounts received by our business, and creditor for amounts given by our business: (3) For Loss and Gain Accounts: Make the account (say Mdse.) debtor for costs and creditor for proceeds.

Reasons.—Consider the first rule, which applies to *persons* alone. The account "John Simpson" certainly does not mean that we *receive* and *give* John Simpson; neither is it correct to say we receive and give his name; and it is forcing the question to say that the Dr. side shows John Simpson's oral promises received, and the Cr. side John Simpson's oral promises given back, since John Simpson may have given no oral promises at all, which would certainly be the case when we buy goods from him on account. The meaning of the account is simply, that John Simpson has received, on account, the amounts on the Dr. side, and is our debtor: and that he has given, on account, the amounts on the Cr. side, and is our creditor. It is in this class of accounts only, that the terms *debtor* and *creditor* have their true meaning.

Consider the second rule, which applies to *things* alone, and only to those things which belong [illegible]set and liability accounts, such as Cash, Bills Receivable and Bills Payable accounts. In this [illegible] of accounts the terms *debtor* and *creditor* have not their true meaning; in Cash Account, for example, the Dr. side shows the amount of cash received by our business, and the Cr. side the amount given by our business; it does not show that anyone or anything, is a debtor to, or a creditor of, our business. Here alone is where the old rule "debit what is received and credit what is given" has its true significance.

Consider the third rule, which applies to *things*, *services*, and *uses*, but only to those connected directly with loss and gain accounts, such as Merchandise and Real Estate accounts, Wages and Commission accounts, Rent and Interest accounts. Now, the term *Bills Receivable*, as an Asset and Liability account, and as a ledger heading, really means *values of Bills Receivable*, and these values are received and given; but the term *Merchandise*, as a Loss and Gain account, and as a ledger heading, means *price of Merchandise*, the Dr. side showing the *cost price of Merchandise* and the Cr. side showing [illegible]*roceeds price of Merchandise*. And so with Real Estate, the Dr. side shows the *cost price* [illegible] *Estate*, and the Cr. side shows the *proceeds price of Real Estate*. Again, instead of having one account for all *services* called "*Services*," and one for all *uses* called "*Uses*," which, as before, would mean *price of Services* and *price of Uses*, we have, not *Services of Workmen*, *Services of Buyer*, *Use of Real Estate*, *Use of Money*, as we would expect, but *price of Services of Workmen*, *price of Services of Buyer*, *price of Use of Real Estate*, *price of Use of Money*, crystallized into the terms *Wages*, *Commission*, *Rent*, *Interest*; so that *Wages* and *Commission* are not *services*, but the *price of services*; and *Rent* and *Interest* are not *uses*, but the *price of uses*. The term *Merchandise*, as a ledger heading, stands for *price of Merchandise*, but the term *Wages* really means *price of services*.

Service and Use Accounts. From the foregoing and the following considerations, it will be seen that we cannot say that Wages, Commission, Rent, and Interest are debtor when they are