

From these items it will be apparent that all properties, whether in the shape of notes, accounts, or cash, which are handed over by the Partners to the Firm, should go to the *credit* of the former, in their individual capacity, and to the *debit* of the latter, under appropriate heads or account classification; while the debts of the Partners, assumed by the Firm, would have the reverse treatment.

Before dealing with any new business transactions, it may be well to notice in what way the foregoing entries are disposed of. First, we take the *Bill Book*, see page 12, and enter the Bills Receivable and Payable. Next, the *Journal*, on page 14, and enter or journalize the amounts due and payable on open accounts; and lastly, open the *Cash Book*, by charging Cash with the amount paid over by Edward Smith. When these entries have been made, it only remains to post them into the Ledger, as described, in the proper place. The posting can then be proved to this point, by making a list of *Dr.* and *Cr.* amounts, which, if the work has been correctly done, will show an exact agreement in the total amount of each footing.

We are now in a position to take up a few representative transactions, forming part of the first month's business. These memoranda are not supposed to be written in any book, but are necessarily noted down here, for the purpose of showing the proper way to deal with such matters, as they occur.

REPRESENTATIVE TRANSACTIONS.

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| 1 | A purchase is made from B. Thompson & Co. of account books and stationery, and invoice is received. | 1 | Place invoice on "Suspense" file. On arrival of goods compare them with invoice, and check prices and calculations. |
| 2 | Invoice, in duplicate, received from Fletcher & Co., Vernon, N.Y. | 2 | File, as No. 1. |
| 3 | Railroad advice received of arrival of goods from Fletcher & Co.—marked "In Bond." | 3 | Before the goods can be obtained from the Railroad Co. an "Entry" must be made at the Custom House on special forms, and duty paid. For Cheque to pay Duty see page 8. |
| 4 | Stock insured. Premium, \$10. | 4 | See Cheque No. 3, page 8. |
| 5 | Goods shipped to Phillips & Co., Richards & Co., and Graylock & Co. | 5 | See Invoice Sales Book, page 7. |
| 6 | Invoice received from Rogers & Co. | 6 | File, as No. 1. |
| 7 | Railroad advice received of arrival of goods from Rogers & Co. | 7 | Hand Advice Note and amount of freight to teamster. See Freight Entry in Cash Book, page 11. |