

## BOOKKEEPING.

**Bookkeeping**<sup>1</sup> is a systematic record of business transactions and has as its chief aim the compilation of results necessary to show the correct financial condition of the concern.

**A Business Transaction**<sup>2</sup> consists of the exchange of property or its representative of value.

**Systems**<sup>3</sup> There are only two recognized methods of Bookkeeping,

<sup>4</sup> Double and Single Entry.

**Double Entry**<sup>5</sup> is a system based on the principle that every debit must have its corresponding credit in the Ledger.

**Single Entry**<sup>6</sup> shows the transaction recorded generally but once in the book of final results, (the Ledger).

**An Account**<sup>7</sup> is an item or a collection of items of the same name grouped under one heading, showing the dealings of the business with that particular person or thing. Put briefly, an account is simply a Ledger name.

**Debit and Credit**<sup>8</sup> These terms are abbreviated to Dr. for debit and Cr. for credit and refer to the two ways in which business transactions affect all accounts. An account is divided into two distinct portions by a perpendicular line, the left by common consent being reserved for the Dr. and the right side for the Cr.

**Classification of Accounts**<sup>9</sup> Accounts are divided into two classes--Loss and Gain, sometimes known as Representative accounts; Resource and Liability, known as Real accounts. Many accountants classify accounts as Personal and Impersonal.

**Loss**<sup>10</sup> When the thing represented costs more than it produces the result is a loss.

**Gain**<sup>11</sup> When the thing represented produces more than it costs the result is a gain.

**Resource**<sup>12</sup> is cash or anything of value belonging to the business which can be converted into cash.

**Liability**<sup>13</sup> is any debt owing by the business.

**Books**<sup>14</sup> In the elementary work the books used are the Journal-Day-Book and Ledger. In the Day-Book section of the Journal-Day-Book, are recorded in detail the business transactions as they occur.

**Journal**<sup>15</sup>. This portion of the book is prepared from the Day-Book section and contains in a concise and convenient form the debits and credits, with amounts. The determining upon and arranging of the debits and credits is called Journalizing.

**Ledger**<sup>17</sup> This book contains a permanent record of the business which is obtained by collecting the debits and credits of the same name under one heading. This process is termed posting.

**Other Books**<sup>18</sup> As the pupil progresses other books such as Cash, Purchase, Sales, Bill, Special Ledgers etc., will be brought into use. These books are the outgrowth of the elementary books above-mentioned, and the commerce of to-day makes their use a necessity.