

**CIHM  
Microfiche  
Series  
(Monographs)**

**ICMH  
Collection de  
microfiches  
(monographies)**



**Canadian Institute for Historical Microreproductions / Institut canadien de microreproductions historiques**

**© 1998**

## Technical and Bibliographic Notes / Notes techniques et bibliographiques

The Institute has attempted to obtain the best original copy available for filming. Features of this copy which may be bibliographically unique, which may alter any of the images in the reproduction, or which may significantly change the usual method of filming are checked below.

L'Institut a microfilmé le meilleur exemplaire qu'il lui a été possible de se procurer. Les détails de cet exemplaire qui sont peut-être uniques du point de vue bibliographique, qui peuvent modifier une image reproduite, ou qui peuvent exiger une modification dans la méthode normale de filmage sont indiqués ci-dessous.

- Coloured covers / Couverture de couleur
- Covers damaged / Couverture endommagée
- Covers restored and/or laminated / Couverture restaurée et/ou pelliculée
- Cover title missing / Le titre de couverture manque
- Coloured maps / Cartes géographiques en couleur
- Coloured Ink (i.e. other than blue or black) / Encre de couleur (i.e. autre que bleue ou noire)
- Coloured plates and/or illustrations / Planches et/ou illustrations en couleur
- Bound with other material / Relié avec d'autres documents
- Only edition available / Seule édition disponible
- Tight binding may cause shadows or distortion along interior margin / La reliure serrée peut causer de l'ombre ou de la distorsion le long de la marge intérieure.
- Blank leaves added during restorations may appear within the text. Whenever possible, these have been omitted from filming / Il se peut que certaines pages blanches ajoutées lors d'une restauration apparaissent dans le texte, mais, lorsque cela était possible, ces pages n'ont pas été filmées.
- Additional comments / Commentaires supplémentaires:

Pagination is as follows: [3]-4, 1-111, 5-106 p.

- Coloured pages / Pages de couleur
- Pages damaged / Pages endommagées
- Pages restored and/or laminated / Pages restaurées et/ou pelliculées
- Pages discoloured, stained or foxed / Pages décolorées, tachetées ou piquées
- Pages detached / Pages détachées
- Showthrough / Transparence
- Quality of print varies / Qualité inégale de l'impression
- Includes supplementary material / Comprend du matériel supplémentaire
- Pages wholly or partially obscured by errata slips, tissues, etc., have been refilmed to ensure the best possible image / Les pages totalement ou partiellement obscurcies par un feuillet d'errata, une pelure, etc., ont été filmées à nouveau de façon à obtenir la meilleure image possible.
- Opposing pages with varying colouration or discolourations are filmed twice to ensure the best possible image / Les pages s'opposant ayant des colorations variables ou des décolorations sont filmées deux fois afin d'obtenir la meilleure image possible.

This item is filmed at the reduction ratio checked below / Ce document est filmé au taux de réduction indiqué ci-dessous.

	10x		14x		18x		22x		26x		30x	
									✓			
	12x		16x		20x		24x		28x		32x	

The copy filmed here has been reproduced thanks to the generosity of:

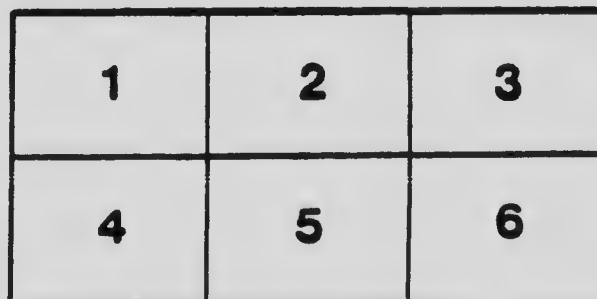
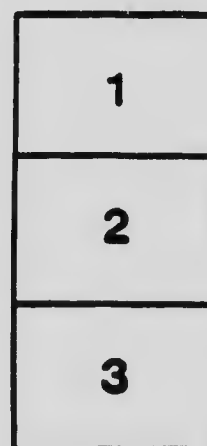
National Library of Canada

The images appearing here are the best quality possible considering the condition and legibility of the original copy and in keeping with the filming contract specifications.

Original copies in printed paper covers are filmed beginning with the front cover and ending on the last page with a printed or illustrated impression, or the back cover when appropriate. All other original copies are filmed beginning on the first page with a printed or illustrated impression, and ending on the last page with a printed or illustrated impression.

The last recorded frame on each microfiche shell contains the symbol  $\rightarrow$  (meaning "CONTINUED"), or the symbol  $\nabla$  (meaning "END"), whichever applies.

Maps, plates, charts, etc., may be filmed at different reduction ratios. Those too large to be entirely included in one exposure are filmed beginning in the upper left hand corner, left to right and top to bottom, as many frames as required. The following diagrams illustrate the method:



L'exemplaire filmé fut reproduit grâce à la générosité de:

Bibliothèque nationale du Canada

Les images suivantes ont été reproduites avec le plus grand soin, compte tenu de la condition et de la netteté de l'exemplaire filmé, et en conformité avec les conditions du contrat de filmage.

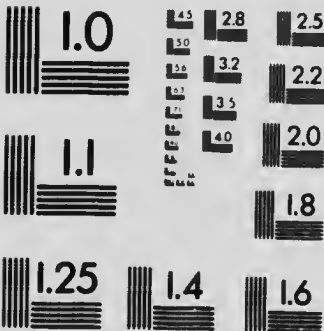
Les exemplaires originaux dont la couverture en papier est imprimée sont filmés en commençant par le premier plat et en terminant soit par la dernière page qui comporte une empreinte d'impression ou d'illustration, soit par le second plat, selon le cas. Tous les autres exemplaires originaux sont filmés en commençant par la première page qui comporte une empreinte d'impression ou d'illustration et en terminant par la dernière page qui comporte une telle empreinte.

Un des symboles suivants apparaît sur la dernière image de chaque microfiche, selon le cas: le symbole  $\rightarrow$  signifie "A SUIVRE", le symbole  $\nabla$  signifie "FIN".

Les cartes, planches, tableaux, etc., peuvent être filmés à des taux de réduction différents. Lorsque le document est trop grand pour être reproduit en un seul cliché, il est filmé à partir de l'angle supérieur gauche, de gauche à droite, et de haut en bas, en prenant le nombre d'images nécessaire. Les diagrammes suivants illustrent la méthode.

# MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



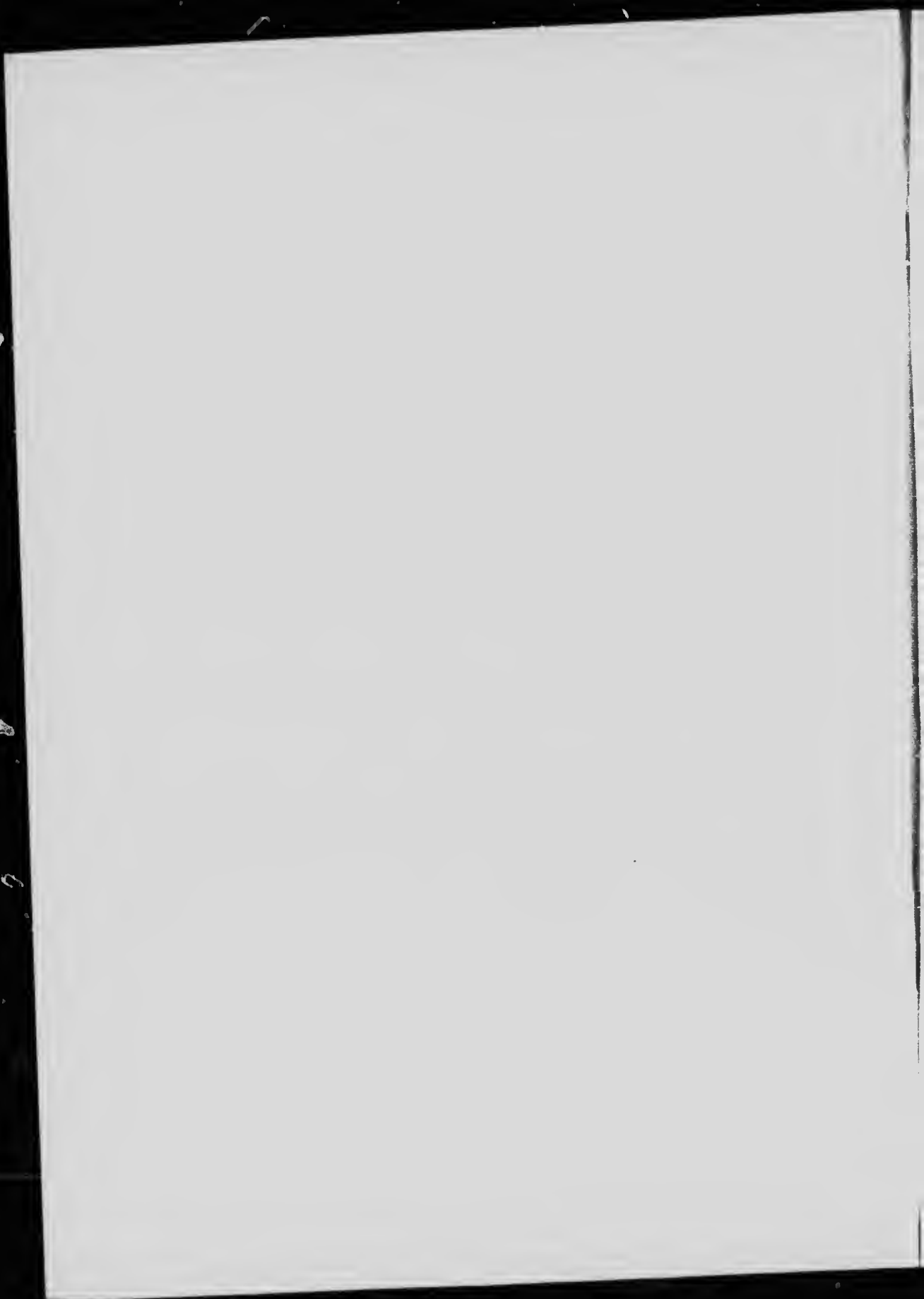
**APPLIED IMAGE Inc**

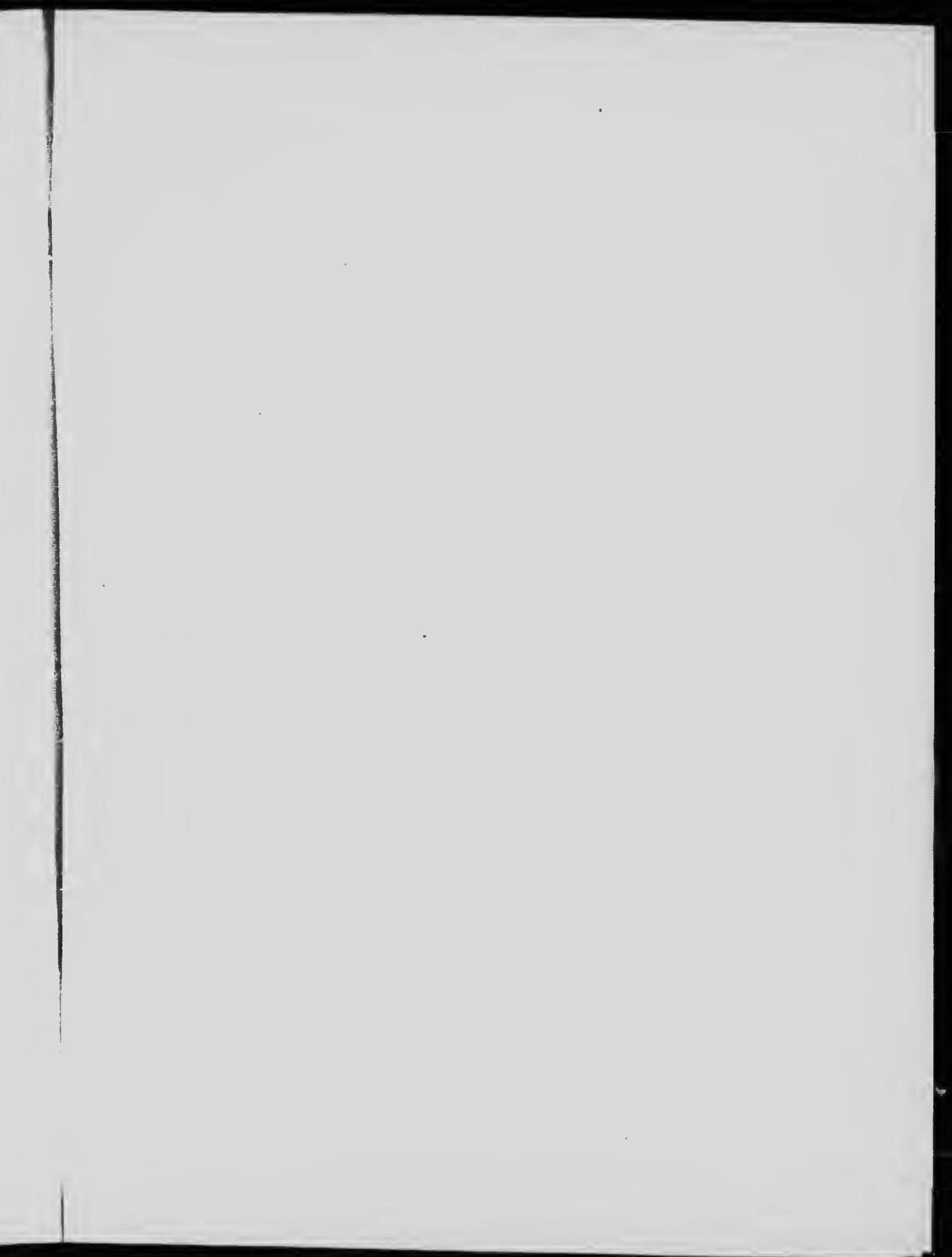
1653 East Main Street  
Rochester, New York 14609 USA  
(716) 482-0300 Phone  
(716) 288-5969 - Fax

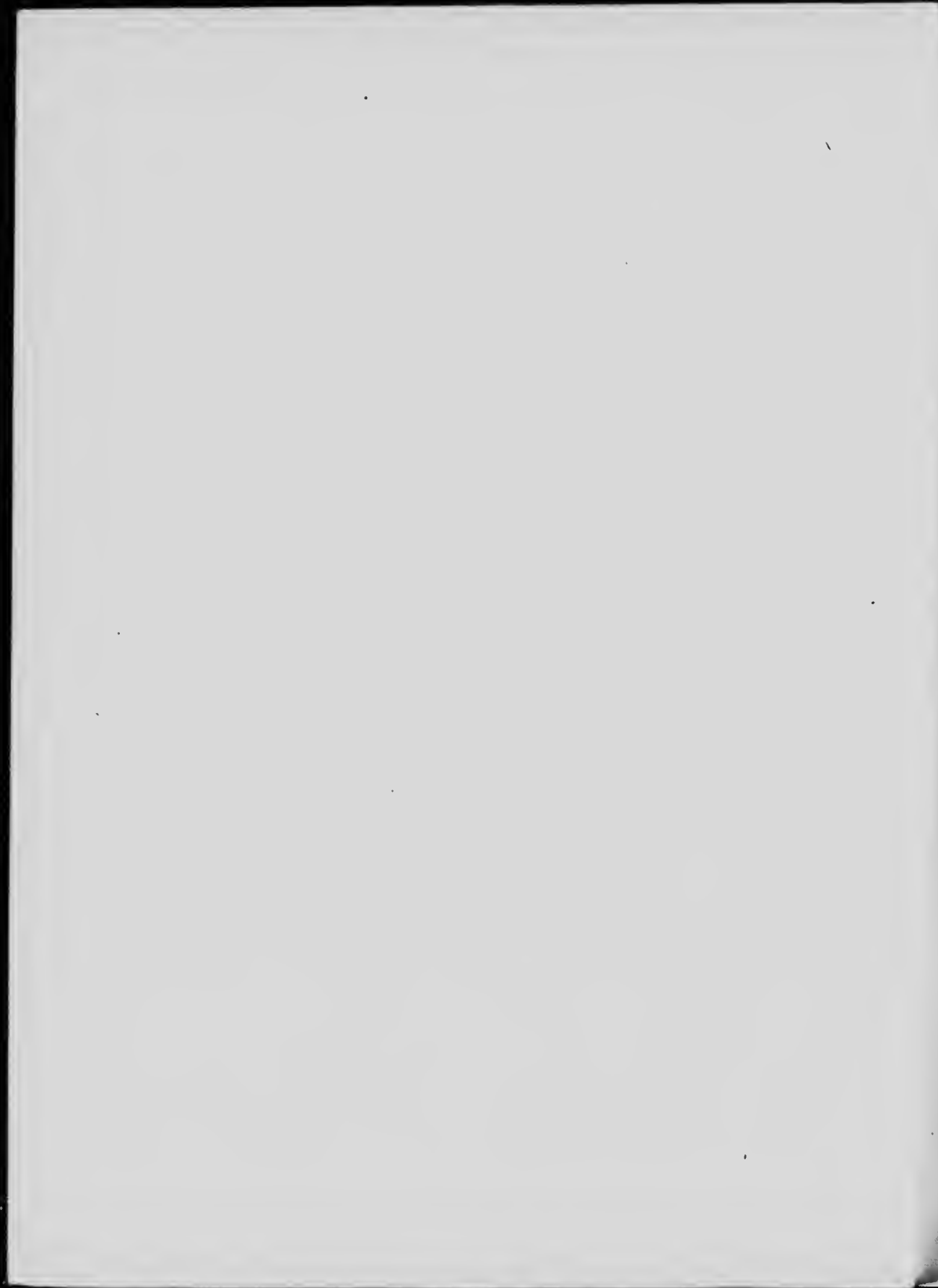
- Edward

A. J. O.

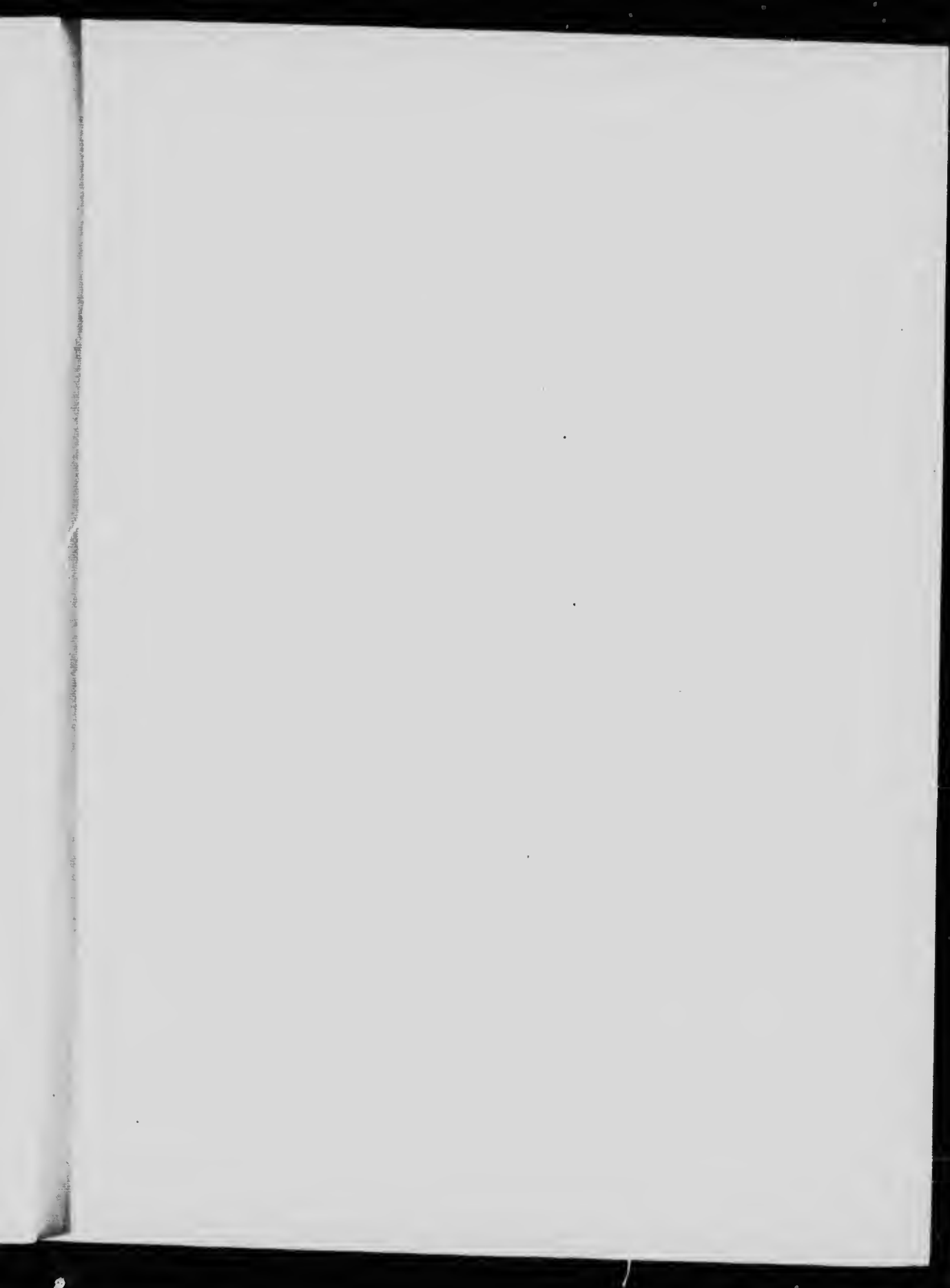
S, P, S, , 15













# ONTARIO SCHOOL BOOKKEEPING

---

A PRACTICAL COURSE  
IN  
BOOKKEEPING AND BUSINESS PAPERS  
FOR  
HIGH AND CONTINUATION SCHOOLS AND FIFTH CLASSES IN  
PUBLIC SCHOOLS

---

*Authorized by the Minister of Education for Ontario*

---

THE EDUCATIONAL BOOK CO., LIMITED  
TORONTO

(3)

HF 3635

11

112

Entered according to Act of the Parliament of Canada, in the year one thousand nine hundred and nine, by  
THE EDUCATIONAL BOOK CO. OF TORONTO, LIMITED, at the Department of Agriculture.

## PREFACE

---

THROUGHOUT this work, the useless and unmeaning "To" and "By" have been entirely omitted.

The meaning and application of the terms *debtor* and *creditor* can be best presented to the learner by teaching accounts, first separately, and afterwards together; first through a *partial* journal entry and afterwards through a *complete* journal entry.

In the Ledger the explanation space is left blank, unless some useful information is obtainable therefrom, as, for example, from, "Goods at 30 days," in a personal account. Statements of Losses and Gains and of Assets and Liabilities are made for the proprietor from the trial balance and inventories, before the Ledger is closed; these are made as separate statements, in accordance with practical usage, little stress being laid on the columnar form of statement. The Ledger is closed, only for the purpose of separating the losses and gains of one business period from those of the succeeding one; for this purpose, only the loss and gain accounts and the proprietor's account are closed, at the time of closing the books; all the asset and liability accounts are left unclosed, unless it be Cash Account and Bank Account, which are necessarily balanced frequently, and are usually not kept in the Ledger.

The attention is confined for some sets to the Journal as the only posting medium, the Cash Book and the Bill Book being introduced, first as auxiliary books, and later as principal books. As business offices differ very much in the forms and ruling of such books, only some of the most general forms have been illustrated, but sufficient to enable the young bookkeeper to adapt himself to the various forms he may meet with in actual business.

The *proprietor*, whether he be a single proprietor or a partner, is distinguished from his *business*, and is considered much the same as an outside person, being debited when he *receives* from his business on account, and credited when he *gives* to it. The business is thought of, as buying and selling, receiving and giving. The proprietor is a debtor to, or a creditor of, his business as much as any other person; when the business becomes insolvent, he is a debtor, and owes to the business, from his private means, the amount of the Net Insolvency; when the business is solvent, he is a creditor, and the business owes him the amount of his Net Capital.

Bookkeeping, as a *science*, is unchangeable—the principles are fixed; but bookkeeping, as an *art*, is constantly undergoing changes. The teacher should endeavour to impress the principles thoroughly on the mind of the learner; the learner will then himself become the inventor of new forms to suit special circumstances.

There are various ways of approaching the subject of Bookkeeping, some of which should be avoided. The antiquated rule, "Debit what is received and credit what is given," cannot be applied successfully to all business transactions; the efforts to make a forced application of this rule have led to much straining of the imagination, noticeably in such a transaction as, "Bought from T. Brown on account, Misc. \$200." This rule requires that *Interest* and *Rent* be called *use*, and that *Wages* and *Commission* be called *services*. On the next two pages, reasons will be given for discarding its general application as too mechanical and far-fetched.

**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: Make 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 to asset and liability accounts, such as Cash, Bills Receivable and Bills Payable accounts. In this class 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 the *proceeds price of Merchandise*. And so with Real Estate, the Dr. side shows the *cost price of Real 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*.

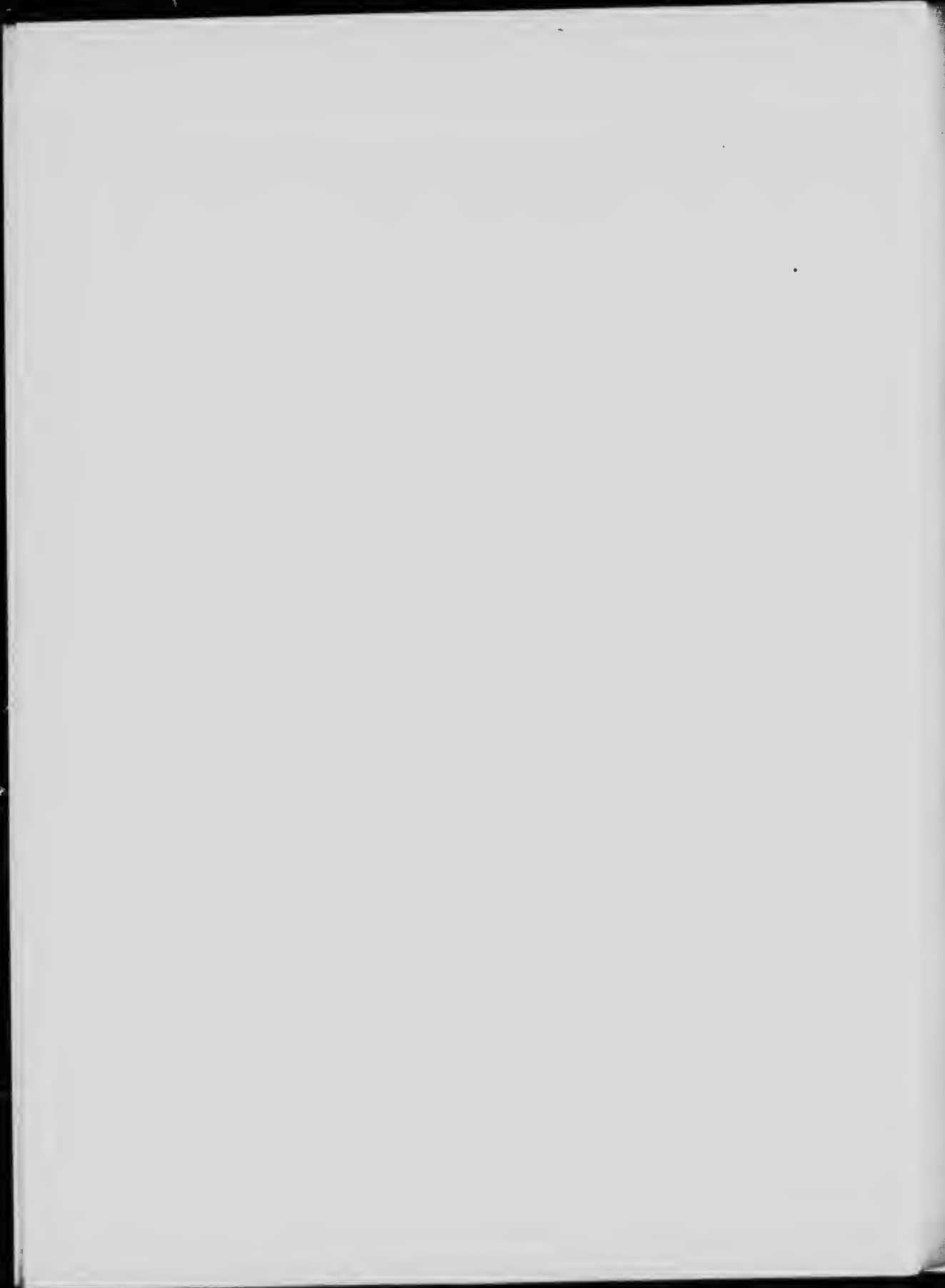
**Service and Use Accounts.** From the foregoing and the following considerations, it will be seen that we cannot say that Wages, Commission, Rent, and Interest are debtor when they are

received, and creditor when they are given. Consider the Dr. side alone; Merchandise Account is debtor for the *cost price of Merchandise*. Of course the merchandise is received as a commodity, but the Merchandise Account, as a loss and gain account, is not intended to show *merchandise received*, nor even the *value of merchandise received* (for we are not dealing with values but with prices). It shows the *cost price of merchandise*, and this cost price is not received by our business. *Value* has to do with asset and liability accounts, *price* has to do with loss and gain accounts. The truth of this statement will be more evident if we consider Wages Account; the Dr. side shows the *cost of wages*, that is, the *cost price of services*; now, it is true that just as the merchandise is received, so the services are received, but just as the *cost price of merchandise* is not received by our business, neither is the *cost price of services* received by our business; so that the Dr. side of Wages Account does not show the *cost price of services* received, that is, does not show *wages* received.

The term *Interest* does not mean *use*, either as a bookkeeping term, or in general commercial usage: Interest is the *price of use*, just as Commission is the *price of services*. If a person loans me \$200 at 6% per annum, I must pay him \$12 extra at the end of the year: the 6% is the *price rate of use*, and the \$12 is the *full price of use*. The price of the use may vary, or the lender may let me have it, as a favour, for \$1 instead of \$12, in which case \$1 is the interest. Should the lender let me have the use of the \$200 for nothing, there is still the same *use*, but there is no *price of use*—no *interest*. The same may be said of Commission Account. Here the Dr. side shows *costs*, and the Cr. side shows *proceeds*. From this the pupil learns directly, and from the beginning, that all such accounts are loss and gain accounts. He will grasp the idea of *cost* and *proceeds* in connection with Wages, Commission, Interest, Rent, and all accounts connected with services and uses, more readily than any far-fetched application of the terms *receive* and *give*. Thus the third rule, besides being rational, touches from the beginning the true nature of the account, as a loss and gain account.

**Summary of Method of Procedure.**—(a) Make three classes of accounts, (1) Personal Asset and Liability Accounts, (2) Impersonal Asset and Liability Accounts, (3) Loss and Gain Accounts. (b) Treat each class separately in the order given. (c) Treat each account separately at first, by means of a *partial* journal entry, from which the account is posted to the Ledger. (d) Treat the accounts in conjunction at a later stage, by means of a *complete* journal entry.

By following the plan explained above, the pupil will learn complete journalizing by a process of reasoning, and not by a mechanical and uncertain application of the terms *receive* and *give*. He will be able to give to each account its true meaning and will understand its relation in the Ledger.





# BOOKKEEPING

---

## BUSINESS PAPERS.

THE Pupil should write out the Business Papers indicated in the various Sets and Exercises. By so doing he will not only have a thorough acquaintance with such papers, but he will have a more thorough knowledge of Bookkeeping. Those Business Papers of frequent occurrence in the sets, such as promissory notes, cheques, etc., may, however, be omitted as soon as they have been thoroughly mastered, and the attention may then be concentrated on the Bookkeeping side alone.

The Pupil should write all acceptances of drafts, and all endorsements of orders, cheques, notes, and drafts, both those which would be written by himself and those which would be written by other persons. He should not, however, write those endorsements and acceptances by other persons, which would never be seen by him, such as the acceptance of the draft on April 27 in Set VI. Drafts should be accepted, and orders, cheques, and sight drafts should be endorsed, at the time of writing the papers, since they are mentioned for this purpose but once in the Set: notes and time drafts should be endorsed at the time of payment or transfer. The Pupil will not forget to have his own cheques properly endorsed, since they are returned to him at the end of each month by the bank. The use of business papers suggested above will make the work sufficiently like actual business for general interest and good progress in Bookkeeping.

---

## USE OF CALENDARS.

The sets and exercises are dated according to the calendar of 1912. As, however, the Department of Education requires each set and each exercise to be dated according to the calendar of the year in which it is being worked out in the classes, the calendars of the years from 1909 to 1916 inclusive have been provided on pages 102 to 104. The dates of the Sundays and the statutory holidays are indicated in darker type in each of the calendars. As the dates of these days vary from year to year, the pupil must consult the calendar of the year in which he is working, to make certain that the transactions he records take place on business days. The date of maturity of a note or an acceptance falling due on a Sunday or a statutory holiday is, of course, the next business day.

---

## STATUTORY HOLIDAYS.

1. The following are Statutory Holidays for all of the provinces: New Year's Day, Good Friday, Easter Monday, Victoria Day, Dominion Day, Labour Day, Thanksgiving Day, Christmas Day, and any day proclaimed a holiday by the Governor-General or a Lieutenant-Governor. If New Year's Day, Christmas Day, Victoria Day, or Dominion Day fall on a Sunday, then the next day is to be observed instead.

2. The King's Birthday (Nov. 9) merges into Victoria Day (May 24).

3. Newfoundland observes all of (1) but Labour Day.

4. Alberta, Saskatchewan, Yukon, and the Territories add Ash Wednesday and Arbor Day to (1).

5. Quebec adds: The Epiphany, Ash Wednesday, the Ascension, All Saints' Day and Conception Day to (1).

6. Civic Holidays are local, not bank or general holidays.

### PAGES REQUIRED FOR THE SETS.

The following are, approximately, the number of pages of a Blank Book of about 28 lines to the page, which will be required for the various Sets. If the Pupil uses the second method of entering the Day Book explanations in connection with the Journal, as shown on page 30, March 25 to 29, then he will require only about two-thirds of the number of pages for the Journal, indicated below. He will himself determine, from his Work Book, the pages he will need for Inventories, Trial Balances, and Financial Statements. If desired, the Bill Book may be introduced in Set IV, or Set V. (See Section 85.) To suit local conditions, the Cash, Purchase, and Sales Journals may also be introduced at an earlier stage than that indicated in the text. (See Sections 96, 97, 107, 108, 109 and 110.)

SETS.	JOURNAL.	ORDER BOOK.	SALES JOURNAL.	PURCHASE JOURNAL.	CASH BOOK.	BILL BOOK.		LEDGER.
						Rec.	Pay.	
I.	3 pages							3 pages
II.	3 "							5 "
III.	5 "				2 bf. pp.			1 "
IV.	5 "				2 " "	5 lines	6 lines	3 "
V.	6 "				2 " "	6 "	4 "	4 "
VI.	7 "				2 pages	10 "	7 "	8 "
VII.	7 "							1 "
VIII.	7 "				2 "	5 "	4 "	6 "
IX.	5 "		2	1	2 "	7 "	6 "	6 "
X.	3 "	1 page			1 "	3 "	3 "	1 "
XI.	4 "	6 "		1	2 "	5 "	5 "	5 "

# DOUBLE ENTRY BOOKKEEPING.

1. **A Business Transaction** is an exchange of values. This exchange may be a *present* exchange, as when goods are sold for cash; or it may be a *deferred* exchange, as when goods are sold on account, that is, to be paid for at a future time.
2. **Bookkeeping** is the recording of business transactions in a systematic manner in suitable books. The main feature of this record is the Ledger Accounts; so that bookkeeping is sometimes called *accounting*.
3. **A Ledger Account** is a number of items of the same kind collected under a heading. Each account has two distinct parts separated by a vertical line; the left-hand side is called the Debtor (Dr.) side, and the right-hand side is called the Creditor (Cr.) side.

(a) The following is the form of a Ledger Account in outline :

DEBTOR.	JOHN SIMPSON.	CREDITOR.
He received on account . . . . .	8 80	He gave on account . . . . .
" " " . . . . .	110 50	" " " . . . . .
		\$75
		40 25

(b) The following is the usual form of a Ledger Account :

Dr.	JOHN SIMPSON.	Cr.
By Jan. 2	80	By Jan. 5
" 10	110 50	" 11
		75
		40 25

## 4. Debtor and Creditor, Debit and Credit.

We must remember that John Simpson's account, mentioned in Section 3, is an account in *our* books, not in *his* books. John Simpson is our *debtor* (he owes us) for the amounts on the left-hand half of his account; he is our *creditor* (we owe him) for the amounts on the right-hand half of his account. He is our *debtor* when he *receives* any value from our business *on account*, that is, without giving any value in return at the time; he is our *creditor* when he *gives* any value to our business *on account*, that is, without receiving any value in return at the time.

The terms *debit* and *credit* indicate the effect of a business transaction on the financial relation between a *debtor* and a *creditor*, and therefore the effect on the *debtor* and *creditor* sides of an account. Apply the terms *debtor* and *creditor* to accounts or to the sides of an account; for example, "John Simpson, Dr.," "the creditor side of John Simpson's account"; apply the terms *debit* and *credit* to the items or separate entries, for example, "that is a *debit* entry," "*credit* John Simpson's account with \$75." Dr. is an abbreviation for *debtor* not for *debit*, and so with Cr.

**5. Journalizing** is the determining and indicating of the debit and the credit items of a transaction for their respective ledger accounts. The book in which this is done is called the *Journal*.

**6. Example of Journal:**

L. F.		Date line	Dr. column		Cr. column	
Debtor line	Creditor line		\$	c.	\$	c.
TORONTO, January 2, 19—.						
John Simpson Dr.			80			
Misc. Cr.					80	
5						
Cash Dr.			75			
John Simpson Cr.					75	

**7. Posting** is transferring the debit and credit items from the Journal to their respective accounts in the Ledger. The *Ledger* is the book of accounts.

**8. Assets and Liabilities.**

An Asset is anything belonging to the business, which has a money value. A Liability is any debt owing by the business.

**9. Losses and Gains.**

A Loss is an excess of cost over proceeds. A Gain is an excess of proceeds over cost.

**10. Classification of Accounts.**

All accounts may be divided into three classes, namely, Personal Asset and Liability Accounts, Impersonal Asset and Liability Accounts, and Loss and Gain Accounts (all impersonal). The first two classes show either values belonging to the business, or debts owing by the business; the last class shows either losses or gains in connection with the business.

- I. Personal Asset and Liability Accounts: as John Simpson, John Simpson & Co., The Imperial Bank, The Royal Fire Insurance Co., etc.
- II. Impersonal Asset and Liability Accounts: as Cash, Bills Receivable, Bills Payable, etc.
- III. Loss and Gain Accounts: as Merchandise, Expense, Real Estate, Interest, Discount, Commission, etc.

The first two classes are sometimes called Real Accounts, and the third class is sometimes called Representative Accounts.

**PERSONAL ASSET AND LIABILITY ACCOUNTS.**

**11. Journalizing—Rule I.**

In Personal Asset and Liability Accounts, make the person *debtor* for all the amounts which he *receives* from our business *on account*, and make him *creditor* for all the amounts which he *gives* to our business *on account*.

**12. Instructions to the Pupil :**

- (a) Think of the business as your own, and of yourself as the proprietor, in the exercises which follow. When another person is mentioned as proprietor, you will be the bookkeeper, and should still think and speak of the business as *ours*.
- (b) Always distinguish between the business and the proprietor of the business. For the purposes of bookkeeping, consider that it is the business that buys and sells, and otherwise transacts business. The proprietor himself *gives* to his business on account when he *invests*, and is credited for the amount he so gives ; he *receives* from his business on account when he *withdraws* for private use, and is debited for the amount he so receives.

**13 (a). Business Transactions for John Simpson's Account.**

Journalize and post John Simpson's account from the following transactions. Use the illustrations in Section 13 (b), (c), (d) as guides. Leave room enough in both Journal and Ledger to continue with the February transactions of Section 14 (a).

- Toronto, January 2, 19—. John Simpson received on account, \$80.
- 5. John Simpson gave on account, \$75.
  - 10. John Simpson received on account, cash \$110.50.
  - 15. John Simpson gave on account, cash \$40.25.
  - 17. John Simpson received on account, goods \$70.50.
  - 22. John Simpson gave on account, goods
  - 24. Sold John Simpson on account, goods 5.
  - 25. Bought from John Simpson on account, goods \$45.
  - 29. John Simpson paid on account, cash \$10.75.
  - 30. Sold John Simpson for cash, goods \$20.

**(b) Journal for John Simpson's Account only.**

TORONTO, January 2, 19—.

John Simpson Dr.	80			
John Simpson Cr.			75	
John Simpson Dr.	110	50		
John Simpson Cr.			40	25
John Simpson Dr.	70	50		
John Simpson Cr.			90	
John Simpson Dr.	25			
John Simpson Cr.			45	
John Simpson Cr.			10	75

NOTE.—Why no entry for John Simpson's account on Jan. 30? Because the transaction was not on account.

(c) Journal with the ledger pages in, after posting.

TORONTO, January 2, 19—.

Ledger Page					
10	John Simpson Dr.			80	
		5			
10	John Simpson Cr.				75
		10			
10	John Simpson Dr.			110	50
		15			
10	John Simpson Cr.				40
		17			25
10	John Simpson Dr.			70	50
		22			
10	John Simpson Cr.				90
		24			
10	John Simpson Dr.			25	
		25			
10	John Simpson Cr.				45
		29			
10	John Simpson Cr.				10
					75

(d) Ledger—John Simpson's Account posted from the Journal.

Dr.		JOHN SIMPSON.		Cr.	
<i>(he received on %)</i>				<i>(he gave on %)</i>	
19		Jour. Page		19	Jour. Page
Jan. 2		10	80	Jan. 5	10
10	286	10	110 50	15	10 75
17	261	10	70 50	22	10 40
24	25	10	25	25	10 90
			286	29	10 45
					10 75
					261

(e) Remarks :

1. Experienced bookkeepers recommend the following order in making entries in Ledger Accounts—(1) the amount, (2) the date, (3) the Journal page. Then enter the Ledger page of the account in the Journal, opposite the item posted, first noticing the amount in the Journal again, to make sure that the correct amount has been posted.
2. In John Simpson's account we see that the debtor side is greater than the creditor side by \$25, therefore he is a debtor for that amount, and the balance is an asset.
3. Make the small pin-head totals with a hard lead pencil.

14 (a). Business Transactions—John Simpson's Account (Continued)—

Journalize John Simpson's account; continue the posting under the January posting in Section 13 (d); balance and close the account as shown in Section 14 (b).

Toronto, February 1, 19—. Sold John Simpson on account, goods \$200.

6. Received from John Simpson on account, cash \$100.
14. Bought from John Simpson on account, goods \$175.
20. Paid John Simpson on account, cash \$25.
26. Sold John Simpson on account, goods \$80.25.
28. John Simpson paid on account, cash \$30.50.

(b) Ledger Account closed and balance brought down.

DR.				JOHN SIMPSON.				CR.	
19—				19—					
Jan.	2		10 80	Jan.	5		10 75		
	10		10 110 50		15		10 40	25	
	17		10 70 50		22		10 90		
	24		10 25		25		10 45		
			246		29		10 10	75	
Feb.	1	591.25	10 200				10 100		
	20	506.50	10 25	Feb.	6		10 175		
	26	24.75	10 80 25		14		10 30	50	
			221 75		28		566 50		
			591 25				591 25		
Mar.	1	Balance	11 24 75						

(c) Remarks :

1. John Simpson has received on account \$591.25, and has given on account \$566.50; therefore he owes \$24.75. We balance his account by placing the \$24.75 on the smaller side in red ink, indicating the debit by an asterisk (\*), when using a pencil or black ink. We then bring this balance down below the ruling in black ink on the debtor side, for the next month's business. The red ink indicates that the balance is on its wrong side, being placed there simply to balance the account; the black ink indicates that the balance is now on its right side, since it is a debtor balance.
2. In the page column in Section 14 (b), "10" is the Journal page from which the item came; "11" is a Ledger page, and shows in the red ink where the balance was transferred to, and in the black ink where the balance came from. This latter paging is used when the balance has to be transferred to a new page.
3. Personal Accounts should be balanced and ruled up, only when settled, or when the page is filled and the account has to be transferred to a new page. This is true of all Asset and Liability accounts, excepting Cash and Bank accounts, which are balanced at least monthly as a check against mistakes in handling the cash.

EXERCISES ON PERSONAL ACCOUNTS.

Exercise No. 1.

Journalize, and post M. Peters' account, leaving room both in the Journal and the Ledger account to continue with Exercise No. 2. On March 30, is M. Peters a debtor or a creditor? Is the balance an asset or a liability?

- Ottawa, March 1, 19—.
- Sold M. Peters on account, Merchandise (goods) \$230.
  - Bought from M. Peters on account, Merchandise \$150.
  - M. Peters paid on account, cash \$70.
  - Bought from M. Peters on account, Merchandise (Mdse.) \$130.
  - Paid M. Peters on account, cash \$50.

18. Sold M. Peters on account, Mdse. \$100.
20. M. Peters paid on account, cash \$20.
25. Bought from M. Peters on account, Mdse. \$60.
30. Sold M. Peters on account, Mdse. \$90.

### Exercise No. 2.

Journalize, post, balance, and close M. Peters' account, making it a continuation of his account in Ex. 1. Is he a debtor or a creditor? Is the balance an asset or a liability? Why?

Ottawa, April 1, 19 - . Bought from M. Peters on account, Mdse. \$280.

3. Sold M. Peters on account, Mdse. \$150.
6. Paid M. Peters on account, cash \$30.
11. Sold M. Peters on account, Mdse. \$270.
15. Received from M. Peters on account, cash \$50.
20. Bought from M. Peters on account, Mdse. \$70.
23. Sold M. Peters for cash, Mdse. \$80.25.
26. M. Peters paid on account, cash \$100.
29. Bought from M. Peters on account, Mdse. \$175.
30. Bought from M. Peters for cash, Mdse. \$200.

### 15 (a). The Proprietor's Account.

This account is treated in the same way as any other personal account, until the close of the business period. The Proprietor is made debtor for what he receives from his business on account (called withdrawals for private use), and he is made creditor for what he gives to his business on account (called investments).

The only difference between the proprietor's account and that of an outside person is, that the *net gain* at the close of the business term is placed on the creditor side of his account; or, if there be a *net loss*, it is placed on the debtor side of his account. There will then be a debtor balance or a creditor balance just as in any other personal account: if the creditor side be the greater we name the balance "Net Capital," or if the debtor side be the greater, we name the balance "Net Insolvency."

The Proprietor may have two accounts—Capital A/c and Private A/c. For the present we shall use the first one only, as follows, "Proprietor (Capital A/c)."

The Pupil will think of himself as the *bookkeeper* when another person is mentioned as *Proprietor*.

### Exercise No. 3.

Journalize, post, enter the net gain, balance, and close the Proprietor's Account. Compare your Ledger account with the example in Section 15 (b).

London, May 1, 19 - . The Proprietor gave to the business on account (invested), cash \$1000.

6. The Proprietor received from the business on account (withdrew), cash \$10.75.
  10. The Proprietor gave to the business on account (invested), Mdse. \$1500.25.
  15. The Proprietor withdrew from the business on account, cash \$30.
  27. The Proprietor took for private use, Mdse. \$20.50.
  30. The Proprietor invested in the business, cash \$500.
- Net Gain on May 31, \$75.50



15 (b). Ledger—Proprietor's Account.

Dr.	(he received or withdrew)	PROPRIETOR (Capital A/c).			(he gave or invested)	Cr.
19					19 -	
May	6	12	10	75	May	1
	15	12	30			10
	27	12	20	50		31
			075		Net gain	12
			3075	75		12
						3075
					June	1
					Net Capital	13
						3014
						50

Exercise No. 4.

Journalize, post, enter the net gain, balance, and close the Proprietor's account — "G. Grand, Capital A/c." Is he a debtor or a creditor of the business? Is the balance an asset or a liability of the business? What is the balance as regards himself?

St. Thomas, June 1, 19 . . . G. Grand invested, Mdse. \$2000.

6. G. Grand withdrew from the business, cash \$50.

10. G. Grand invested in the business, cash \$1500.

18. G. Grand took for private use, Mdse. \$60.50.

23. G. Grand invested in the business, cash \$500.

29. G. Grand withdrew from the business, cash \$30.

Net gain on June 29, \$120.60.

16. The terms *Debtor* and *Creditor* have their true meaning, only in the first class of accounts — Personal Asset and Liability accounts. The person whose name is at the head of the account is a debtor — he owes to our business the amounts on the debtor side of his account; and he is a creditor — he is owed by our business the amounts on the creditor side.

In the second and third classes of accounts mentioned in Section 10, the terms *Debtor* and *Creditor* do not have this ordinary meaning. In the second class — Impersonal Asset and Liability accounts, the debtor side shows the amounts of Cash, Bills Receivable, Bills Payable, etc., received by our business; and the creditor side shows the amounts of Cash, Bills Receivable, Bills Payable, etc., given by our business. In the third class — Loss and Gain accounts, the debtor side shows the cost to our business of Merchandise, Expense, Real Estate, Interest, Discount, Commission, etc.; and the creditor side shows the proceeds for our business of Merchandise, Expense, etc.

IMPERSONAL ASSET AND LIABILITY ACCOUNTS.

17. Instructions to the Pupil:

(a) We shall now deal with the second class of accounts — Impersonal Asset and Liability accounts — Cash, Bills Receivable, Bills Payable, etc.

(b) Keep your mind fixed on the account under consideration, and think whether the business received, or gave the item mentioned.

(c) When any of the accounts of Class II. or Class III. are mentioned in a transaction, you must make an entry for such, whether the transaction be *on account or not*. For an account of Class I. there is an entry for the person, only when the transaction is *on account*.

**18. Journalizing Rule II.**

Make Impersonal Asset and Liability accounts debtor for values received by the business, and creditor for values given by the business.

**19. Cash Account.**

Make this account debtor for all cash received by the business, and creditor for all cash given by the business.

The term Cash includes current money, cheques, bank drafts, sight drafts, post office money orders, postal notes, and express money orders.

**EXERCISES ON CASH ACCOUNT.**

**Exercise No. 5.**

Journalize, post, balance, and close Cash Account, leaving room in both Journal and Ledger to continue with Ex. No. 6.

Winnipeg, July 2, 19 . . . Received cash from the Proprietor as an investment, \$300.

4. Gave cash for Office Desk, \$50.

11. Paid cash for Mdse., \$200.25.

18. Received cash for Mdse., \$100.

30. Paid cash to T. Dunn on account, \$60.

**20. Journal for Cash Account only.**

WINNIPEG, July 2, 19 . . .

2	Cash De.		300		
4	Cash Cr.	50			
11	Cash Cr.	11			
11	Cash Cr.	18		200	25
18	Cash De.		100		
30	Cash Cr.	30			
				60	

**21. Ledger for Cash Account.**

Dr.	(we received)	CASH	(we pay)	Cr.	
July 2	11	300	July 4	11	50
18	11	100	11	11	200
		400	30	18	60
					300
		300			
Aug. Balance	11	89	75		

**22. Closing Cash Account.**

The Debtor side can never be less than the Creditor side. Why? Take the difference between the two sides; this will give the balance of cash on hand. Place the balance on the smaller side in red ink, rule and foot the columns, and bring down the balance on the opposite side in black ink. This debtor balance is an asset.

*NOTE.*—If Cash Account be made to include Bank Account, then the creditor side of Cash Account may be the greater owing to an overdraft on the bank.

**Exercise No. 6.**

Journalize, post, balance, and close Cash Account, making it a continuation of Cash Account in Ex. No. 5. Why is the balance always an asset?

- Winnipeg, August 1, 19— Received cash from P. Mark on account, \$70.  
 8. Proprietor withdrew for private use, cash \$20.  
 14. Sold M. Spence on account, Mdse. \$100.  
 20. Bought from T. Dunn for cash, Mdse. \$80.50.  
 24. Sold R. Gray for cash, Mdse. \$150.70.  
 28. Paid cash for August rent, \$30.  
 30. Gave cash to the Children's Hospital, \$10.

**23. Ledger for Cash Account—closed twice.**

DR.		CASH.		CR.	
<i>(as received)</i>				<i>(as paid)</i>	
July	2	14	200	14	50
	18	14	100	14	200
				14	60
				14	80.50
				14	150.70
				14	30
				14	10
				14	310
				14	45
Aug.	1	15	80	15	20
	1	15	20	15	80
	2	15	170	15	30
				15	10
				15	140
				15	30
				15	310
				15	45
Sept.	1	15	100	15	25
				15	300.50

**Exercise No. 7.**

Journalize, post, balance, and close Cash Account, leaving room to continue with Ex. No. 8. What amount of cash was received? What amount of cash was paid out? What is the balance on hand?

- Kingston, September 3, 19— Received cash from Pupil as an investment, \$500  
 9. Gave cash for Mdse., \$200.50.  
 17. Received cash from D. Smith on account, \$300.  
 23. Gave cash to R. White on account, \$100.  
 27. Gave cash to B. Saul for Mdse., \$50.25.  
 30. Received cash from A. Dame for Mdse., \$300.50.

**Exercise No. 8.**

Journalize, post, balance, and close Cash Account, making it a continuation of Cash Account in Exercise No. 7. What is the balance called?

Kingston, October 1, 19—. Pupil invested extra cash \$600.50.

8. Gave R. Moore on account, cash \$100.

15. Bought Mdse. for cash, \$300.

22. Sold Mdse. for cash, \$200.50.

26. J. Mason paid on account, cash \$100.

28. Paid R. Potter on account, cash \$200.

31. Paid clerk's salary in cash, \$50.

**24. Bills Receivable.**

Other persons' notes and acceptances are called Bills Receivable. The following is K. Spiers' promissory note, in which he promises to pay the amount specified:

\$200 <sup>00</sup> / <sub>100</sub>	London, November 1, 19—
Ten days	after date I promise to pay
to the order of Proprietor	
at The Imperial Bank	
Two Hundred	<sup>00</sup> / <sub>100</sub> Dollars
for Value Received.	K. Spiers.

Instead of giving the foregoing note, K. Spiers might have given the following acceptance or accepted draft

\$200 <sup>00</sup> / <sub>100</sub>	London, November 1, 19—
Ten days	after date, pay
to the order of myself	
Two Hundred	<sup>00</sup> / <sub>100</sub> Dollars
for Value Received, and charge to the account of	
To K. Spiers,	Proprietor.
London, Ont.	

The Proprietor writes the draft and addresses it to K. Spiers, asking him to pay the amount specified; K. Spiers agrees to do so, by writing "accepted" and his name across the face of the draft. It is better also to write the date of acceptance and a place of payment, across the face of the draft.

**25. Bills Receivable Account.**

Make this account debtor for other persons' notes and acceptances received by our business, and creditor for other persons' notes and acceptances given by our business.

We receive them on account or for something we sell; and we give them back, when they are paid, or otherwise disposed of.

The first entry in this account is made on the debtor side, and the difference (if any) between the two sides must always be a debtor balance, and therefore an asset. This balance is the amount of other persons' notes and acceptances on hand.

**EXERCISES ON BILLS RECEIVABLE ACCOUNT.**

**Exercise No. 9.**

Journalize, and post Bills Receivable Account, leaving room to continue with Ex. No. 10. What amount of other persons' notes was received? What amount was given back? What balance is still on hand? Is this balance an asset or a liability?

- Stratford, November 1, 19--. Received K. Spiers' note, \$200.00.
- 6. Received S. Parks' note, \$300.
- 14. Gave back K. Spiers' note, \$200.00.
- 26. Received B. Clark's note, \$400.
- 30. Gave back S. Parks' note, \$300.

**26. Ledger for Bills Receivable Account.**

Dr.	(as received)	BILLS RECEIVABLE		(as given back)	Cr.
19--					
Nov	1	17	200		
	4	17	300		
	26	17	200	17	200 00
				17	300 00
				30	300 00
					600 00

**Exercise No. 10.**

Journalize, post, balance, and close Bills Receivable Account, making it a continuation of the account in Ex. No. 9. Close in the same manner as illustrated in Sec. 14 (b). What is the balance called?

- Stratford, December 2, 19--. Received from N. Shore on account his note for \$250.50.
- 10. Sold K. Spiers on his acceptance, Mdse. \$275.
- 15. N. Shore paid his note of Dec. 2 in cash, \$250.50. (Gave it back to him.)
- 21. Sold S. Parks on his note, Mdse. \$150.
- 24. B. Clark paid his note of Nov. 26 in cash, \$400.
- 28. Received from D. Hart on account, his acceptance for \$100.
- 31. K. Spiers paid his acceptance of Dec. 10 in cash, \$275.

**Exercise No. 11.**

Write out the notes and acceptances on Jan. 4, 8 and 20. Journalize, and post Bills Receivable Account, leaving room to continue with Ex. No. 12. Find the balance on hand.

- St. Catharines, January 2, 19—. Received from the Proprietor as an investment, A. Dame's note \$200.75, and R. Smith's acceptance \$300.
4. Sold T. Marshall, Niagara Falls, on his note at 10 days, Mdse. \$230.25.
  8. Received from B. White, Hamilton, on account, his acceptance at 30 days for \$160.
  15. A. Dame paid his note due to-day, \$200.75. (Gave it back to him.)
  17. Received cash for T. Marshall's note, \$230.25.
  20. Sold C. Hurst, Toronto, on his acceptance at 60 days, Mdse. \$150.60.
  31. R. Smith paid his acceptance for \$300.

**Exercise No. 12.**

Write out the notes and acceptances on Feb. 1, 5, 19, 23. Journalize, post, balance, and close Bills Receivable Account, making it a continuation of the account in Ex. No. 11. What is the balance called?

- St. Catharines, February 1, 19—. Sold M. Roberts, Grimsby, on his note at 10 days, Mdse. \$130.50.
5. Received from G. Teagle, Dundas, in full of his account, his acceptance at 20 days for \$270.20.
  10. B. White paid his acceptance of Jan. 8 in cash, \$160.
  12. Sold T. Marshall on account, Mdse. \$200. (Why no entry for Bills Receivable?)
  14. M. Roberts settled his note of Feb. 1 in cash, \$130.50.
  19. D. Foster, Hamilton, settled his account with his acceptance at 10 days for \$90.
  23. Sold R. Smith, Welland, on his note at 1 month, Mdse. \$70.50.
  28. G. Teagle paid his note of Feb. 5 in cash, \$270.20.

**27. Bills Payable.**

The Proprietor's own notes and acceptances are called Bills Payable. They are signed by him as Proprietor, but are payable by the business; if, however, the business cannot pay them, the law compels him to pay them out of any private means he may have. The following is the Proprietor's note, in which the business promises to pay the amount specified.

<i>\$100.<sup>00</sup></i>	<i>Woodstock, March 1, 19—</i>
<i>One month</i> .....	<i>after date I promise to pay</i>
<i>to H. Spiers</i> .....	<i>or order</i>
<i>at The Imperial Bank</i> .....	
<i>One Hundred</i> .....	<i><math>\frac{00}{100}</math> Dollars</i>
<i>for Value Received.</i>	<i>Proprietor.</i>

The expression "to K. Spiers or order" has the same meaning as "to the order of K. Spiers," and either may be used. The word *order* requires K. Spiers to endorse the paper, that is, write his name across the back, when he receives payment.

Instead of giving the foregoing note, the Proprietor might have given the following acceptance, in which the business agrees to pay the amount asked for by K. Spiers.

\$100. <sup>00</sup> / <sub>100</sub>	Hamilton, March 1, 19—
to myself	after date, pay
One Hundred	or order
for Value Received, and charge to the account of	$\frac{00}{100}$ Dollars
To Proprietor,	K. Spiers.
Woodstock, Ont.	

### 28. Bills Payable Account.

Make this account debtor for all of our own notes and acceptances received (back) by our business, and creditor for all of our own notes and acceptances given by our business.

We give them on account or for something we buy; and we receive them back when they are paid or otherwise redeemed.

The first entry in this account is made on the creditor side, and the difference (if any) between the two sides must always be a creditor balance, and therefore a liability. This balance is the amount of our own notes and acceptances outstanding.

## EXERCISES ON BILLS PAYABLE ACCOUNT.

### Exercise No. 13.

Make a copy of the foregoing note and acceptance. Journalize, and post Bills Payable Account, leaving room to continue with Ex. No. 14. What amount of our notes was given out (issued)? What amount was received back (redeemed)? What amount is still outstanding or unpaid? Is this balance an asset or a liability?

Woodstock, March 1, 19 . . . Gave our note for \$100 to K. Spiers, Hamilton, on account.

4. Gave our note for \$200 to J. Robb for Mdse
8. Bought Mdse. \$150 and gave our note in payment.
18. Received (back) our note of Mar. 4, \$200.
20. Gave our note for \$175 to B. Smith on account.
23. Paid our note of Mar. 8 in cash, \$150. (Received it back.)
27. Bought Mdse. \$225.50 on our note.
30. Paid our note of Mar. 20 in cash, \$175.

**29. Ledger for Bills Payable Account.**

Dr.		BILLS PAYABLE.				Cr.	
<i>(we received back)</i>		<i>(we gave)</i>					
19—				19—			
Mar.	18	19	200	Mar.	19	100	
	23	19	150		19	200	
	30	19	175		19	150	
			525		19	175	
					19	225	50
						50	50

**Exercise No. 14.**

Write the notes and acceptances on April 1, 12 and 27. Journalize, post, balance, and close Bills Payable Account, making it a continuation of the account in Ex. No. 13. What is the balance called?

Woodstock, April 1, 19—. Bought from J. Robb, Brantford, on our note at 20 days, Mdse. \$125.50.

4. Paid our note of March 1 in cash, \$100.

12. Gave our acceptance at 15 days for \$200, to B. Smith, Ingersoll, on account.

18. Paid our note of Mar. 27 in cash, \$225.50.

24. Settled our note of April 1 in cash, \$125.50.

27. Bought from K. Spiers, Hamilton, on our acceptance at 10 days, Mdse. \$170.25.

30. Paid our acceptance of April 12 in cash, \$200.

**Exercise No. 15.**

Write the notes and acceptances on May 1, 7, 18, 28. Journalize, and post Bills Payable Account, leaving room to continue with Ex. No. 16. What is the balance?

Montreal, May 1, 19—. Pupil (Proprietor) has a note outstanding, dated April 11, at 30 days for \$110, favour of R. Proctor. The business assumes this note. (Bills Pay. Cr.)

7. Accepted draft drawn by B. Preston, Quebec, at 10 days for \$80.

14. Paid note favour of R. Proctor in cash, \$110.

18. Bought from N. Prior, Ottawa, on my acceptance at 10 days, Mdse. \$120.50.

20. Paid my acceptance of May 7 in cash, \$80.

28. Gave P. Spence on account my note at 1 month for \$30.

31. Settled my acceptance of May 18 in cash, \$120.50.

**Exercise No. 16.**

Journalize, post, balance, and close Bills Payable Account, making it a continuation of the account in Ex. No. 15.

Montreal, June 1, 19—. Bought from P. Spence on my note at 10 days, Mdse. \$75.50.

6. Accepted R. Proctor's draft at 15 days for \$130.

14. Paid my note favour of P. Spence in cash, \$75.60.

17. Gave N. Prior on account my note at 30 days for \$65.

24. Paid my acceptance of June 6 in cash, \$130.

29. Bought from C. Rogers on my note at 10 days, Office Desk \$35.



**Exercise No. 17.**

Journalize, and post Bills Receivable Account and Bills Payable Account. Leave the accounts unclosed, but find the balance from pin-head totals, and determine whether they are assets or liabilities. "His note" is a Bills Rec.; "my note" is a Bills Pay.

- Brantford, July 2, 19— Pupil invests N. Mott's note, \$30.
4. Sold D. Powell on his acceptance, Mdse. \$50.
  8. Gave A. Martin on account my note, \$60.
  11. Received from N. Mott on account his note, \$20.
  15. Bought from A. Martin on my note, Mdse. \$100.
  18. N. Mott paid his note of July 2 in cash, \$30.
  20. Settled my note of July 8 in cash, \$60.
  23. Sold D. Powell for cash, Mdse. \$200.
  25. Received cash for N. Mott's note of July 11.
  29. Accepted A. Martin's draft on account, \$300.
  31. Paid my note of July 15 in cash.

---

**LOSS AND GAIN ACCOUNTS.**
**30. Loss and Gain Accounts.**

This third class of accounts includes Merchandise, Expense, Real Estate, Interest, Discount, Commission, and any other accounts in connection with *things, uses* or *services*, which cost or produce value to our business. They are all Impersonal Accounts.

**31. Journalizing—Rule III.**

Make Loss and Gain Accounts debtor for costs, and creditor for proceeds.

**32 (a). Merchandise Account.**

Make this account debtor for the cost of goods, and creditor for the proceeds from goods. *Cost* includes purchases, goods returned by customers, freight paid on goods, etc.; *proceeds* includes sales, goods returned by us, etc.

---

**EXERCISES ON MERCHANDISE ACCOUNT.**
**Exercise No. 18.**

Journalize, post, and close Merchandise Account, leaving room to continue with Ex. No. 19.

- Guelfh, August 1, 19— Bought Mdse. \$300.25.
5. Sold Mdse. \$200.50.
  9. Bought from R. Graham, Mdse. \$400.
  12. Sold to L. Parker, Mdse. \$190.
  16. Sold to T. Sampson on account, Mdse. \$250.
  19. Bought from D. Adams for cash, Mdse. \$100.
  28. Sold to R. Henry for cash, Mdse. \$150.
  31. Sold balance of Mdse. by auction for \$200.

**Caution.**—Although the later illustrations show only the Ledger, still the Pupil should faithfully journalize the account dealt with in each exercise, as illustrated in Sections 13 (b) and 20. He is learning to journalize and post each account by itself; soon he will be required to consider *all* the accounts in each transaction.

(b) Ledger for Merchandise Account.

Dr.		MERCHANDISE.						Cr.	
						(proceeds)			
19--					19--				
Aug.	1	21	300	25	Aug.	5	21	200	50
	9	21	400			12	21	100	
	19	21	100			16	21	250	
			800	25		28	21	150	
						31	21	200	
								900	50
			900	50					
<i>Total proceeds</i> .....								\$900.50	
<i>Total cost</i> .....								800.25	
<i>Gain</i> .....								100.25	

(c) Remarks.

1. In all *loss and gain* accounts, either side may be the greater. If the debtor side be the greater, then the result is a loss; if the creditor side be the greater, then the result is a gain.
2. In the foregoing Merchandise Account, the result is a *gain*. The gain is placed on the smaller side—the debtor side, to balance the account; it is written in red ink to indicate that it is on its wrong side. Do not bring the "Gain" down below the ruling, as nothing but assets and liabilities are brought down.

Exercise No. 19.

Journalize, post, and close Merchandise Account, making it a continuation of the account in Ex. No. 18.

- Guelph, September 3, 19— Bought from R. Graham on account, Mdse. \$320.
10. Sold L. Parker for cash, Mdse. \$60.25.
16. Sold T. Sampson on his note at 10 days, Mdse. \$50.
20. Bought from D. Adams on our acceptance at 30 days, Mdse. \$260.50.
24. Sold R. Henry on account, Mdse. \$130.
30. Sold Mdse. for cash (Petty Sales for the month), \$270.60.
- Inventory taken Sept. 30.
- Merchandise on hand..... \$120.50

33 (a). Ledger for Merchandise Account.

Dr.		MERCHANDISE.						Cr.	
19--					19--				
Aug.	1	21	300	25	Aug.	5	21	200	50
	9	21	400			12	21	100	
	19	21	100			16	21	250	
			800	25		28	21	150	
						31	21	200	
			900	50				900	50
Sept.	3	22	320		Sept.	10	22	60	25
	20	22	260	50		16	22	50	
			580	50		24	22	130	
						30	22	270	60
								510	85
Oct.	1	22	631	35				631	35
	Inventory		120	50					

Total proceeds. . . . .	\$510.85
Inventory -goods on hand. . . . .	120.50 (add).
	<hr/>
Total value, Cr. . . . .	\$631.35
Total cost, Dr. . . . .	580.50 (subtract).
	<hr/>
Gain. . . . .	\$ 50.85

(b) **Remarks.**

1. The foregoing Merchandise Account shows August closed without an Inventory, and September closed with an Inventory.
2. The Inventory is placed on the creditor side to find the gain, but being a part of the cost, is on its wrong side and is written in red ink. The difference at this stage is the gain on Merchandise, and is placed on the smaller side to balance the account; and being on the wrong side (the loss side) it is written in red ink. The Inventory is brought down below the ruling on its right side (the debtor or cost side) in black ink, as a cost for the next month.
3. Instead of adding the Inventory to the proceeds, the same result would obtain if we should subtract it from the cost. It is more convenient in the Ledger to show it as an addition.

**Exercise No. 20.**

Journalize, post, and close Merchandise Account. Is the difference between the sides a loss or a gain?

- Montreal, October 1, 19--. Pupil invested Mdse. \$300.
2. Bought from R. Quail on account, Mdse. \$200.50.
  5. Sold to F. Somers for cash, Mdse. \$100.
  10. Sold to K. Spencer on account, Mdse. \$50.75.
  11. Bought from E. Galley on my note at 30 days, Mdse. \$300.
  16. Sold to M. Peters on his note at 15 days, Mdse. \$100.
  23. Bought from E. Galley for cash, Mdse. \$250.
  31. Sold to F. Somers on his acceptance at 10 days, Mdse. \$75.
- Inventory taken Oct. 31.  
Merchandise on hand. . . . . \$450.

**34. Expense Account.**

Goods bought for the purpose of selling again are called "Merchandise." Goods or service for the use of our business are called "Expense."

Make Expense Account debtor for costs and creditor for proceeds.

---

**EXERCISES ON EXPENSE ACCOUNT.**

**Exercise No. 21.**

Journalize, post, and close Expense Account. What is the amount of loss?

- Brandon, November 1, 19--. Bought a set of books for office, \$15.
5. Paid for painting store, \$15.
  9. Bought fuel for store, \$10.

12. Paid clerk's salary in cash, \$20.
18. Paid for repairs to store, \$25.
25. Paid gas bill in cash, \$8.
30. Bought stamps and stationery for cash, \$2.  
Inventory taken Nov. 30.  
Fuel on hand. . . . . \$3.

**Exercise No. 22.**

Journalize, and post all of the accounts. Write the Journal entry for each transaction as in Section 6. Close only Cash and Expense Accounts.

Vancouver, December 2, 19—. Pupil invested cash, \$100.

3. Bought office desk for cash, \$35.
6. Bought fuel for store from E. Rogers & Co. for cash, \$20.
9. Paid for cleaning store, cash \$2.
12. Paid S. Moore for repairing counters, cash \$10.
19. Bought wrapping paper for cash, \$12.
23. Sold office desk for cash, \$34.
30. Paid rent of store in cash, \$25.

**35 (a). Rules for Journalizing.**

- I. For Personal Asset and Liability Accounts.—Make a person debtor for what he receives on account, and creditor for what he gives on account.
- II. For Impersonal Asset and Liability Accounts.—Make these accounts debtor for what is received by the business, and creditor for what is given by the business.
- III. For Loss and Gain Accounts.—Make these accounts debtor for costs, and creditor for proceeds.

**(b) Remarks.**

1. Steps in making a Journal entry: (a) Determine which of the accounts, mentioned in the transaction, are concerned, and which are to be rejected; (b) Select first the debits and then the credits.
2. Make no entry for a Personal Account, even though the name be mentioned, unless the transaction be on account; but make an entry for Cash, Mdse., etc., when they are mentioned, whether the transaction be on account or not.
3. When opening the books at commencement the foregoing rules still apply: (a) Persons are debtor for what they owe, or *have* received on account; and they are creditor for what is owed them, or what they *have* given on account. (b) Cash, Bills Rec., etc., on hand or invested, are debtor, because they *have* been received; Bills Pay., etc., are creditor, because they *have* been given. (c) Mdse., etc., on hand or invested, are debtor, because they are a cost to the business.

In short, when opening the books, make the Assets debtor and the Proprietor creditor for the amount of his Assets, and make the Proprietor debtor for the amount of his

Liabilities and the Liabilities themselves creditor; or make the Assets debtor, the Liabilities creditor and the Proprietor creditor for the difference between his Assets and Liabilities. (See Section No. 59.)

### 36. Business Papers—Receipts and Promissory Notes.

Various forms of receipts can be made from the example (a) following, by changing "on account" to "in full of account," "in full of all demands," etc. In the example (c) the expression "to the order of G. Grand" may also be written "to G. Grand or order" without change of meaning; the word "order" makes it necessary for G. Grand to endorse the paper (write his name across the back) before transferring, or parting with it in any way. In the example (d) if "bearer" be written instead of "order," then there is no need of endorsement.

#### (a) Receipt on Account.

<i>\$50<sup>00</sup></i>	<i>Peterboro, January 15, 19—</i>
<i>Received from P. Lane</i>	
<i>Fifty</i>	<i><math>\frac{00}{100}</math> Dollars</i>
<i>on account.</i>	<i>G. Grand.</i>

#### (b) Receipt for Rent.

<i>\$30<sup>00</sup></i>	<i>Woodstock, February 1, 19—</i>
<i>Received from L. Proctor</i>	
<i>Thirty</i>	<i><math>\frac{00}{100}</math> Dollars</i>
<i>for Rent of House No. 27 Princess St., for the month ending</i>	
<i>January 31, 19—</i>	<i>W. Pearson.</i>

Instead of a receipt on a separate piece of paper, as in the foregoing examples, a receipt may be written on a bill or invoice, as in Section 71, or on a cheque given in payment.

Business courtesy demands that the person receiving a payment should give a receipt for the same without being asked. Any one making a payment of any kind should ask for a receipt, if the receiver neglect to offer one.

## (c) Promissory Note.

<i>\$100.<sup>50</sup>.</i>	<i>Peterboro, January 7, 19—</i>
<i>Three days . . . . . after date I promise to pay</i>	
<i>to the order of G. Grand . . . . .</i>	
<i>One Hundred . . . . . <math>\frac{50}{100}</math> Dollars</i>	
<i>for value received. <span style="float: right;">S. Lane.</span></i>	

In the printed form of a promissory note, the maker or any holder may cross out "bearer" and insert "order"; but only the maker may cross out "order" and insert "bearer," and he must place his initials near the change.

## (d) Promissory Note with Place of Payment and Bearing Interest.

<i>\$175.<sup>00</sup>.</i>	<i>Woodstock, February 11, 19—</i>
<i>One month after date I promise to pay</i>	
<i>to J. Alderson . . . . . or order</i>	
<i>at the Dominion Bank here . . . . .</i>	
<i>One Hundred and Seventy five . . . . . <math>\frac{00}{100}</math> Dollars</i>	
<i>with interest at seven per cent. per annum</i>	
<i>for value received. <span style="float: right;">James Scott.</span></i>	

**Exercise No. 23.**

- (a) Journalize all the accounts, writing them as in Section 6; you do not do the posting.  
 (b) Make out receipts for Jan. 15 and 16; and promissory notes Jan. 6, 10, 11, 18, 23, 24 and 25.

Peterboro', January 2, 19—. G. Grand commences business, investing (giving on account)  
Cash \$2000; Mdse. \$1500; Store and Lot (Real Estate) \$1800.

3. Engaged Pupil as bookkeeper at \$20 per month.
4. Sold S. Dame on account, Mdse. \$300.
5. Sold S. Dame for cash, Mdse. \$200.
6. Sold S. Dame on his note at 4 days, Mdse. \$100.50.
8. Bought from P. Kerr on account, Mdse. \$500.
9. Bought from P. Kerr for cash, Mdse. \$400.
10. Bought from P. Kerr on our note at 4 days, Mdse. \$600.
11. Loaned S. Dame on his note at 20 days, cash \$75.
12. Loaned S. Dame on account, cash \$125.
13. S. Dame paid his note of the 6th inst. in cash.
15. S. Dame paid cash on account, \$50.
16. Paid P. Kerr on account, cash \$250.
17. Paid our note of the 10th inst. in cash.
18. Borrowed from P. Kerr on our note at 1 month, cash \$175.
19. Borrowed from P. Kerr on account, cash \$150.
20. Bought from A. Weir on account, Office Desk, \$90.
22. Bought from A. Weir for cash, Stamps and Stationery, \$5.
23. Bought from A. Weir on our note at 4 days, Stove for store, \$30.
24. Received from S. Dame on account, his note at 2 months, \$130.
25. Gave to P. Kerr on account, our note at 10 days, \$240.
26. S. Dame returned the money loaned him on the 12th inst.
27. Returned to P. Kerr the money borrowed on the 19th inst.
29. Paid cash for advertising, \$3.
30. Redeemed our note of the 23rd inst.
31. Paid Fossil his month's salary.

#### Exercise No. 24.

(a) Journalize, and post all the accounts.

(b) Find the gain in Mdse. Account and the loss in Expense Account; enter the difference, which is the *net gain*, in the Proprietor's Account, and balance it. What is this balance? (See Sec. 15.) Leave the other accounts unclosed.

(c) Write out receipts for Feb. 20 and 28; and promissory notes for Feb. 5, 14, 20 and 26. Write each business paper when journalizing the transaction.

Montreal, February 1, 19—. G. Grand commences business, investing Cash \$1000, Mdse. \$500.

He engages Pupil as bookkeeper at \$20 per month, and rents store No. 29 Notre Dame St., from F. Smith at \$25 per month.

2. Sold K. Morris on account, 250 bush. Wheat @ \$1.
3. Sold K. Morris for cash, 200 bush. Oats @ 30c.
5. Sold K. Morris on his note at 10 days, 4 tons Pressed Hay @ \$15.
7. G. Grand withdrew from the business, cash \$20.
9. Bought from K. Morris on account, Mdse. as per Invoice No. 1, \$180.
12. Bought from K. Morris for cash, Mdse. as per Inv. 2, \$70.
14. Bought from K. Morris, on our note at 10 days, Mdse. as per Inv. 3, \$40.
19. K. Morris settled his note of the 5th inst. in cash.
20. Received from K. Morris on account, his note at 2 months, \$50.
23. G. Grand invests cash, \$100.
24. Paid for stationery in cash, \$2.
26. Borrowed from K. Morris on our note on demand, cash \$250.
27. Settled our note of the 14th inst. in cash.  
Paid Pupil his month's salary, \$20.
29. Paid F. Smith for February rent in cash.  
Sold the balance of Mdse. on hand for cash, \$500.

### 37. Two Kinds of Bookkeeping Double Entry and Single Entry.

Double Entry Bookkeeping deals with all the accounts of a transaction—both Personal and Impersonal—Single Entry Bookkeeping deals with Personal accounts only.

In Double Entry, there are always one or more debits and also one or more credits in connection with each transaction—the debits are always equal in amount to the credits, and they are written together as one journal entry, so that a transaction is said to be entered *double*. In Single Entry each journal entry concerns but a single account, and that a Personal account; if a transaction has two Personal accounts connected with it, then a separate entry is made in the Journal for each, so that a transaction is said to be entered *single*.

In Double Entry, an entry is made in the Journal whether the transaction is on account or not. In Single Entry, an entry is made in the Journal, only when the transaction is on account or partly on account.

### 38. The Journal Day Book.

This book is a combination of the Journal and the Day Book or Blotter. The Journal portion arranges the debits and credits ready for posting, and the Day Book portion gives an explanation of history of the transaction.

Double entry bookkeeping is said to have originated with the Italians—Lucas di Vergo was the first, or among the first, to state the general principles. Since his time there have been many changes and much advancement in the application of these principles.



The old form of Day Book and Journal, as two separate books, has been superseded by the Journal Day Book, a combination of these two, generally now called simply the *Journal*. At first the Pupil will post to the Ledger from the Journal Day Book only, but at a later stage he will use other Journals, such as the Sales Journal, Purchase Journal, Cash Journal, etc.

### 39. Set I. Illustration Set—Double Entry—Dry Goods Business.

**To the Pupil.** Study the illustrations, and then work this set out for yourself. Write out the business papers mentioned in (c), either before commencing the set, or with each transaction as it is journalized. In the sets that follow, you will be keeping books or doing business in various towns and cities throughout the Dominion.

**Special Features.** This set is worked out to illustrate Journal Day Book entries, posting, trial balance, financial statements, and the closing of the Ledger.

#### Instructions :

- (a) Books to be used—Business Papers, Journal Day Book, and Ledger.
- (b) Business Papers—Notes on Mar. 23 and 25.
- (c) Make out Business Papers and Journalize ; post to the Ledger ; take a Trial Balance ; take stock ; make a Statement of Losses and Gains, a Summary of G. Grand's A/c, and a Statement of Assets and Liabilities ; and close the Ledger.

#### Directory :

Hunter, T., Toronto, Ont.  
Speller, J., Brockville, Ont.

### 40. Transactions Set I. Illustration Set.

Ottawa, March 1, 19 . . . G. Grand commences the Dry Goods Business at No. 35 Sparks St. with the following Assets : Mdse. \$2000 ; Cash \$1500.

2. Sold J. Speller on a/c (account), 130 yds. Can. Tweed @ \$1.
5. Bought from T. Hunter on a/c, Mdse. as per Invoice No. 1, \$75.
6. Paid for stamps and stationery, \$5.
8. Sold J. Speller for cash, 90 yds. Scotch Tweed @ \$1.50.
11. Bought from T. Hunter for cash, Mdse. as per Invoice No. 2, \$125.
15. Paid W. Moore for painting store, cash \$30.
20. Paid T. Hunter on a/c, cash \$75.
23. Sold J. Speller on his note at 10 days, 1000 yds. F. Cotton @ 4c.
25. Bought from T. Hunter on our note at 30 days Mdse. as per Inv. 3, \$200.
27. Received from J. Speller on a/c, cash \$50.
29. Paid Pupil's salary as bookkeeper, \$30.

Inventory taken March 30, 19 . . .

Merchandise (See Section 49 for details) . . . \$2180.

### 41. Directory.

The Directory in each set gives the addresses of the persons with whom business is transacted. These addresses are to be used when making out the business papers.

## 42 (a). Journal Day Book—Illustration Set.

OTTAWA, March 1, 19—.

Ledger Page				Debit or column	Credit or column
Debtor line	Creditor line		Date line		
OTTAWA, March 1, 19—.					
<i>G. Grand commences the Dry Goods business at No. 35 Sparks St.</i>					
31	Mdse.		1	2000	
32	Cash			1500	
31	G. Grand (Capital A/c)				3500
For Assets at Commencement					
32	J. Speller		2	150	
31	Mdse.				150
Sold him on a/c,					
150 yds. Cam. Tweed at \$1					
31	Mdse.		3	75	
32	T. Hunter				75
Bought from him on a/c Mdse. as per Inv. 1					
31	Expense		4	5	
32	Cash				5
Paid for Stamps and Stationery					
32	Cash		8	135	
31	Mdse.				135
Sold J. Speller for cash,					
90 yds. Scotch Tweed @ \$1.50					
31	Mdse.		11	125	
32	Cash				125
Bought from T. Hunter for cash, Mdse. as per Inv. 2					
31	Expense		15	30	
32	Cash				30
Paid W. Moore for printing store					
32	T. Hunter		20	75	
32	Cash				75
Paid him on a/c					
32	Bills Rec.		23	40	
31	Mdse.				40
Sold J. Speller on B. R. 1.					
1000 yds. F. Cotton at \$0.40					
31	Mdse.		25	200	
32	Bills Payable				200
Bought from T. Hunter on B. P. 1.					
Mdse. as per Inv. 3.					
32	Cash		27	50	
32	J. Speller				50
Received from him on a/c					
32	Expense		29	30	
32	Cash				30
Paid bookkeeper's salary					

(b) Day Book Entries.

Notice the two methods of making the Day Book entries, the second method commencing in the foregoing example on Mar. 25. When the second method is used the *date line* may be moved a little further to the left.

43. Index to Ledger.—Illustration Set.

The Ledger Index enables the bookkeeper to turn readily to any account in the Ledger. Enter the account and the ledger page as shown in the following illustration, which is part of a simple form of Index. An account should be indexed before it is opened in the Ledger, so that it may not be opened twice, or that the indexing may not be forgotten and the account temporarily lost sight of. When forwarding an account to a new page in the Ledger, enter the *new* page after the *old* page in the Index.

Index to Ledger.

<p>A.</p>   <p>B.</p> <p>Bills Receivable, 32. Bills Payable, 32.</p>	<p>G.</p> <p>Grand, G., 31.</p>   <p>H.</p> <p>Hunter, T., 32.</p>
--	---

44. Ledger Posted—Illustration Set.

	Dr.	G. Grand (Capital Ac)		Cr
			19— Mar 1	30 3500
		Merchandise		
19 Mar	1	30 2000	20— Mar 2	
	5	30 75	8	30 130
	11	30 125	23	30 135
	25	30 200 2400		30 40 305

Ledger Posted—Illustration Set *Continued.*

<i>Dr.</i>			<i>Cash.</i>			<i>Cr.</i>		
<sup>19</sup> Mar	1	30	1500	<sup>19</sup> Mar	6	30	5	
	8	30	135		11	30	125	
	27	30	50		15	30	30	
			1685		20	30	75	
					29	30	30	
							265	
<i>J. Speller</i>								
<sup>19</sup> Mar	2	30	180	<sup>19</sup> Mar	27	30	50	
<i>T. Hunter</i>								
<sup>19</sup> Mar	20	30	75	<sup>19</sup> Mar	5	30	75	
<i>Expense</i>								
<sup>19</sup> Mar	6	30	5					
	15	30	30					
	29	30	30					
			65					
<i>Bills Receivable</i>								
<sup>19</sup> Mar	23	30	110					
<i>Bills Payable</i>								
				<sup>19</sup> Mar	25	30	200	

**45. Balanced Accounts.**

Whenever an account is settled or balances, particularly a personal account, it should be ruled and footed on that date. If there be but one item on each side, it should be ruled only, as in T. Hunter's account. Any subsequent entries for the closed account should be placed directly under the ruling.

**46 (a). Trial Balances.**

In Double Entry Bookkeeping, the Journal shows as much in the *debtor* column as in the *creditor* column. There is, therefore, as much posted to the *debtor* side of the Ledger as to the *creditor* side, so that the total of the debtor side must be equal to the total of the creditor side. If we wish to test the accuracy of the posting, we make a trial to see if the Ledger is in balance. This is called "taking a Trial Balance."

There are two methods of taking a Trial Balance.

I. *By Totals.* Total the Ledger accounts in pin-head figures with a hard lead pencil, make a list of these accounts with their respective debtor and credit totals, then find the two grand totals. These must be equal in amount. See the pin-head totals in the Illustration Ledger.

II. *By Totals and Balances.* Write the totals of the loss and gain accounts, and the balances only of the asset and liability accounts. The two grand totals must be equal.

The second method is preferable, since financial statements are made from the Trial Balance and Inventories. The balances of asset and liability accounts are more convenient than the totals; but in loss and gain accounts, the totals are necessary to obtain the percentage of loss or gain in the respective accounts.

**(b) Trial Balance by Totals Illustration Set.**

TRIAL BALANCE, March 30, 19...

L. P.	Ledger Account.	De.	Cr.
	G. Grand (Capital Acc)		3500
✓	Merchandise		307
	Cash	2400	
	J. Speller	1685	65
✓	Expense	80	
	Bills Receivable	65	
	Bills Payable		200
		3065	3420

**(c) Trial Balance by Totals and Balances—Illustration Set.**

TRIAL BALANCE, March 30, 19...

L. P.	Ledger Account.	De.	Cr.
	G. Grand (Capital Acc)		3500
✓	Merchandise		307
	Cash	2400	
	J. Speller	1420	
✓	Expense	80	
	Bills Receivable	65	
	Bills Payable		200
		3065	4005

**(d) Trial Balance Out of Balance—Finding Errors.**

1. Test the addition of the Trial Balance by adding it both upward and downward.
2. Next take the difference between the Dr. and Cr. columns of the Trial Balance, and look in the Journal for this amount unposted. Then divide the difference by 2 and look for this amount posted on the wrong side.
3. Add the Ledger accounts again. Then see if the footings have been correctly transferred.
4. See if previous Ledger balances have been brought down correctly.
5. Go over the posting again, placing a lead pencil dot (·) or check mark (✓), in both Journal and Ledger, opposite the verified items. Then look for the unchecked items in the Ledger.

**47. Closing the Books.**

This includes (1) taking a trial balance, (2) stock-taking, (3) making financial statements, and (4) closing the ledger. The books are closed annually or semi-annually for the purpose of determining the net gain or the net loss, the net capital, the percentage of gain, etc.

**48. Stock-taking.**

This consists in making inventories or lists at the time of closing the books: (1) Of Merchandise, Real Estate, Office Furniture, etc., on hand, of Rent and Salaries prepaid by us, of Interest Receivable accrued, etc.; and (2) of Rent and Salaries due by us, of Interest Payable accrued, etc.

In the first class, the inventories are in our favour and are called *Asset Inventories*; in the second class, the inventories are debts against us and are called *Liability Inventories*. Any loss and gain account may, or may not, have an inventory; asset and liability accounts do not have inventories. These lists are made on separate sheets called stock sheets, or in a regular Inventory Book.

**49. Inventory—Illustration Set.**

Copy the following into your Inventory Book, or on some special pages of your Journal Day Book reserved for Inventories.

*INVENTORY, March 30, 19*

<i>Merchandise</i>	<i>Asset Inventory.</i>	
900 yds. Canadian Tweed	\$ 90	810
1000 " Scotch Tweed	125	1250
3000 " E. Cotton	103	120
		2180

**50. Financial Statements.**

There are three general kinds of Financial Statements, namely, Statement of Losses and Gains, Statement of Assets and Liabilities, and Statement of Receipts and Disbursements. The last one is generally used only by non-trading corporations, such as towns, cities, churches, hospitals, etc., which do not exist for the purpose of making profits. So that the term *Financial Statements* will, throughout this book, mean Statement of Losses and Gains and Statement of Assets and Liabilities together with a Summary of the Proprietor's Account.

After taking a trial balance and stock-taking, and before closing the ledger, make Financial Statements from the trial balance and inventories. The following three forms are the statements in general use; they differ only in arrangement. The first and second forms are generally used by corporations and companies in their annual statements, because they are easily understood; they may be seen frequently in the newspapers. The third form is sometimes called the *bookkeeper's statement*, from which he afterwards prepares the simpler forms for the proprietor or for the shareholders.

**51. First Form of Financial Statements—Illustration Set.**

(a) STATEMENT OF LOSSES AND GAINS, March 30, 19—.

Losses.		Gains.	
Expense		Merchandise	
*G. Grand's Net Gain	65		85
	20		
	85		85

The Merchandise gain and the Expense loss are found from the loss and gain accounts, marked thus (✓) in the Trial Balance in Section 46 (c), and the Inventory in Section 49. Add the Mdse. Inventory to the Cr. side of Mdse. account, and then take the difference: (\$305 + \$2180) - \$2400 = \$85. There is no Expense Inventory, so that the loss is \$65. The difference between the gain and the loss is G. Grand's Net Gain: \$85 - \$65 = \$20.

(b) SUMMARY OF G. GRAND'S ACCOUNT

*G. Grand's Net Capital	*3520	G. Grand's Net Credit	3500
		" " Gain	20
	3520		3520

This Summary is made from G. Grand's account in the Trial Balance, and the Statement of Losses and Gains.

(c) STATEMENT OF ASSETS AND LIABILITIES.

Assets.		Liabilities.	
Merchandise	2180	Bills Payable	200
Cash	1420	G. Grand's Net Capital	3520
J. Spiller	80		
Bills Receivable	40		
	3720		3720

The Statement of Assets and Liabilities is made from the Asset and Liability Accounts, marked thus (x) in the Trial Balance in Section 46 (c), the Inventory in Section 49, and the "Summary of G. Grand's Account". Debit balances from the Trial Balance are assets, and credit balances are liabilities. The Merchandise Inventory is an asset. The Net Capital from the Summary is a deferred liability; the business owes this amount to the proprietor, but in case of closing up the business, it is paid last of the liabilities.

The Summary may be combined with the Statement of Assets and Liabilities and written as a part of it. The difference between the ordinary assets and liabilities is always equal to the Proprietor's Net Capital, or Net Insolvency in the event of bankruptcy.

**52. Second Form of Financial Statements Illustration Set.**

(a) STATEMENT OF LOSSES AND GAINS, March 30, 19

		Items.	Totals.
Merchandise	Gains.		85
Expense	Losses.		65
	G. Grand's Net Gain		20

\* These items in red ink.

## (b) SUMMARY OF G. GRAND'S ACCOUNT.

G. Grand's Net Credit	3500
" " Gain	20
" " Capital	3520

## (c) STATEMENT OF ASSETS AND LIABILITIES

	Items.	Totals.
Assets.		
Merchandise	2180	
Cash	1720	
J. Speller	80	
Bills Receivable	70	3520
Liabilities.		
Bills Payable	200	
G. Grand's Net Capital	3520	3520

## 53. Third Form of Financial Statement Illustration Set.

## FINANCIAL STATEMENT, March 30, 19

L.P.	(Trial Balance)		Inventories.	(Statement of)		(Statement of)	
	De.	Cr.		Losses.	Gains.	Assets.	Liabilities.
1. G. Grand (Capital A/c)		3500					
2. Merchandise	2180	305	2180		87	2180	
3. Cash	1720					1720	
4. J. Speller	80					80	
5. Expenses	65			65			
6. Bills Receivable	70					70	
7. Bills Payable		200					200
	4005	4005		65	87	3520	200
Net Gain				20			
(Summary)				85	87		
G. Grand's Net Credit		3500					
" " Gain		20					
" " Capital		3520					3520
						3520	3520

This third form is sometimes called a *Balance Sheet*, but since this term is used by many as a name for the Statement of Assets and Liabilities alone, we have avoided its use altogether, using instead the term *Financial Statement*.

In all three forms of the Financial Statement, the Loss and Gain Statement and the Asset and Liability Statement are each made from the Trial Balance and Inventories, both of which are shown in the third form only. The loss and gain accounts are marked thus ( $\surd$ ), and the asset and liability accounts thus ( $\times$ ). In loss and gain accounts, debtor balances are losses and



creditor balances are gains; in asset and liability accounts, debtor balances are assets and creditor balances are liabilities. All loss and gain accounts may or may not have inventories, but asset and liability accounts never have inventories.

*Loss and Gain Statement.* Since we are making a statement for G. Grand, we shall not use his account until we come to the Summary.

1. Merchandise Account: add the asset inventory, \$2180, to the creditor side and then take the difference, which is a gain, \$85.
2. Expense Account: There is no inventory, and the difference is a loss, \$65.
3. The difference between the two columns is the net gain, \$20.

*Asset and Liability Statement.* For this statement, besides dealing with the asset and liability accounts, we must look to the inventories from the loss and gain accounts, which inventories are either assets or liabilities.

1. Merchandise Account: the Inventory, \$2180, is an asset.
2. Cash Account: the balance is an asset, \$1120.
3. J. Speller's Account: the balance is an asset, \$80.
4. Expense Account: there is no Inventory.
5. Bills Receivable Account: the balance is an asset, \$40.
6. Bills Payable Account: the balance is a liability, \$200.
7. The difference between the assets and the liability is the net capital, \$3520, which agrees with the net capital found in the Summary. The business owes this amount to the Proprietor as a deferred liability.

#### 54. Purpose of Closing the Ledger.

Since the Loss and Gain Statement shows the details of losses and gains, and the net gain or the net loss for the year, there would seem to be no need of closing the Ledger. It is necessary, however, to close the Ledger: (1) to have a permanent record of the gains, the losses, the net gain or the net loss, and the net capital for the year or the period under consideration; and (2) to make a separation, in the loss and gain accounts, between the entries of successive years, so that the facts mentioned above may be determined for each year. It is quite evident that there is no need of closing asset and liability accounts for this purpose; they are closed only when they balance, or are settled, or transferred to a new page.

#### 55. Steps to Close a Double Entry Ledger.

After stock-taking, taking a trial balance, and making financial statements, proceed to close the Ledger as follows:

1. Open Loss and Gain Account.
2. Close the loss and gain accounts, such as Mdse. and Expense, transfer the gains and losses to the Loss and Gain Account, and bring down the Inventories.
3. Close Loss and Gain Account, and transfer the net gain or the net loss to the Proprietor's Account.
4. Close the Proprietor's Account, and bring down the Net Capital.
5. Do not close any asset and liability accounts except Cash Account and Bank Account. These two accounts are not usually kept in the Ledger, but when they are, they should be closed and the balances brought down, so as to tally with the balances of the Cash Book and the Bank Pass Book respectively.

56. Ledger Closed—Illustration Set.

Dr. *G. Grand (Capital Ac)* Cr.

Mar 30	Net Capital	35	3521	Mar 1		30	3500
				30	Net Gain	39	20
			3520				3520
				Apr 1	Net Capital	38	3520

*Merchandise*

Mar 1		30	2000	Mar 2		30	130
5		30	75	8		30	135
11		30	125	23		30	40
25		30	200	31	Inventory	35	2485
			2485				2485
Apr 1	Inventory	38	2180				

*Cash*

Mar 1		30	1500	Mar 6		30	5
8		30	135	11		30	125
27		30	50	15		30	30
			1685	20		30	75
				29		30	30
			1685				1685
Apr 1	Balance	38	1420				

*J. Speller*

Mar 2		30	130	Mar 27		30	50
-------	--	----	-----	--------	--	----	----

*T. Hunter*

Mar 20		30	75	Mar 5		30	75
--------	--	----	----	-------	--	----	----

**Remarks :**

1. In all red ink entries, enter the page *to* which transferred ; and in the corresponding black ink entries, enter the page *from* which transferred. In the case of an inventory or balance brought down on the same page, the paging may be omitted.
2. Make the pin-head figures neatly with a hard lead pencil and leave them for future reference.

**57 (a) Closing the Ledger—Illustration Set.**

I. *Open Loss and Gain Account.*

II. *Close the loss and gain accounts.*

*Merchandise Account :*

(a) Enter the Inventory (an Asset Inventory) on the Cr. side in red ink, thus, "Mar. 30, Inventory, \$2180."

(b) Find the difference between the sides. This a gain ; enter it on the smaller (Dr.) side in red ink, thus, "Mar. 30, Gain, \$85," to balance the account.

(c) Rule and foot the account.

(d) Transfer the gain to the opposite (Cr.) side of the Loss and Gain Account in black ink, thus, "Mar. 30, Mdse. (page of Mdse. Acct.), \$85."

<i>Dr.</i>	<i>Expense</i>		<i>Cr.</i>
<i>Mar 6</i>	30	5	
<i>15</i>	30	30	
<i>29</i>	30	30	
		65	
			65
<i>Bills Receivable</i>			
<i>Mar 23</i>	30	40	
<i>Bills Payable</i>			
			<i>Mar 25</i> 30 200
<i>Loss &amp; Gain</i>			
<i>Mar 30 Expense</i>	39	65	
	25	21	
		85	
			<i>Mar. 30 Mdse.</i> 38 85
			85

- (e) Turn back to Misc. Acct. ; see if you transferred the right amount, called *checking back* ; and then enter the page of Loss and Gain Account, called *checking off*.
- (f) Bring down the Inventory on the opposite (Dr.) side, below the ruling, thus, "April 1, Inventory, (page from which taken), \$2180," for next month. *Check back and check off*.

*Expense Account :*

- (a) There is no Inventory.
- (b) Enter the difference, which is a loss, on the smaller (Cr.) side in red ink, thus, "Mar. 30, Loss, \$65," to balance the account.
- (c) Rule the account ; it needs no footing this time.
- (d) Transfer the loss to the opposite (Dr.) side of Loss and Gain Account in black ink, thus, "Mar. 30, Expense, (page of Expense Acct.), \$65."
- (e) Turn back to Expense Account and *check back and check off*.

III. *Close Loss and Gain Account.*

- (a) Enter the difference, which is the Net Gain, on the smaller (Dr.) side in red ink, thus, "Mar. 30, G. Grand, \$20," to balance the account.
- (b) Rule and foot the account.
- (c) Transfer the Net Gain to the opposite (Cr.) side of G. Grand's Account, in black ink, thus, "Mar. 30, Net Gain, (page of Loss and Gain Account), \$20."
- (d) Turn back to the Loss and Gain Account, and *check back and check off*.

IV. *Close G. Grand's Account.*

- (a) Enter the difference, which is his Net Capital, on the smaller (Dr.) side in red ink, thus, "Mar. 30, Net Capital, \$3520," to balance the account.
- (b) Rule and foot the account.
- (c) Bring down the balance on the opposite (Cr.) side, in black ink, thus, "April 1, Net Capital, (page from which taken), \$3520," for next month. *Check back and check off*.

V. *Close Cash Account.*

Balance it, rule and foot it, and bring the balance down. Do not close any other Asset and Liability Accounts. (See Section 54.)

(b) **Remarks :**

1. Asset Inventories are placed on the Cr. side, and Liability Inventories on the Dr. side, in red ink. They are afterward brought down in black ink, on the opposite side to the red ink entry.
2. Red ink may be said to indicate that the entry is on its wrong side, and black ink that the entry is on its right side. Inventories are placed on their wrong sides in red ink, that the true gain or loss may be found ; all other red ink entries are so placed, simply to balance the accounts. In each case, the entry is afterwards transferred to its right side, in black ink.

**58. Real Estate.**

This term includes land and anything attached to the land by nature or by man, such as houses, wells, mines, etc. This account is treated in the same way as any other loss and gain account, being made Dr. for costs and Cr. for proceeds.

**59. Opening Entry and the Proprietor's Account.**

The opening entry is a transaction between the proprietor and his business. He invests (gives) his assets for which he is made Cr. ; the assets are made Dr. He withdraws (receives back) part of his investment, when the business assumes any liabilities he may have, and for this he is made Dr. ; the liabilities are made Cr. Suppose H. Scott's Assets at commencement to be \$3000, and his Liabilities \$200 ; either of the following opening entries may be employed :

Opening Journal Entries.

1st METHOD (gross investment).			2nd METHOD (net investment).		
Assets Dr.	3000		Assets Dr.	3000	
D. Scott (Capital A/c) Cr.		3000	Liabilities Cr.		200
D. Scott (Capital A/c) Dr.	200		D. Scott (Capital A/c) Cr.		2800
Liabilities Cr.		200			

Set II.—Double Entry—Grocery Business.

Special Features.—The application of the forms and ruling, as illustrated in Set I.  
Instructions:

- (a) Books to be used—Business Papers, Journal Day Book and Ledger.
- (b) Business Papers:
  1. Inward.—Notes on Jan. 2 and 22.
  2. Outward.—Note on Jan. 24; Receipts on Jan. 10 and 28.
- (c) Make out business papers and journalize; post to the Ledger; take a Trial Balance; take stock; make Statement of Losses and Gains, Summary of Proprietor's A/c and Statement of Assets and Liabilities (Sec. 51); and close the Ledger. Close no asset and liability accounts, excepting Cash Account. Bring down the following balances so as to continue Set III, under the same Ledger headings: R. J. Potter's Net Capital, Mdse. Inventory, Real Estate Inventory, and Cash Balance.

Directory:

Dow, L., Owen Sound, Ont. Street, M., Montreal, Que.  
Moore, P., Whitby, Ont. All Others, Toronto, Ont.

Ledger Lines for Sets II. and III.

In the accounts below, the first figure shows the number of lines for Set II., and the second figure the number for Set III. When an account is not the first one on the page, leave three lines for the ledger heading (H), which should be written on the middle line, or one above the ruling. (See Sec. 56.) The small figures on the left (1, 2, 3, 4) indicate that the first two accounts will take one page of ledger, the next two another page, and so on. See p. 6.

<sup>1</sup> B. J. Potter	Bills Receivable . . . . . H+2+4	<sup>1</sup> P. Moore . . . . . H+1+2
(Cap. A/c) . . . . . H+4+3	<sup>3</sup> Real Estate . . . . . H+4+2	M. Street . . . . . H+1+4
Merchandise . . . . . H+8+6	Expense . . . . . H+4+6	Bills Payable . . . . . H+1+3
<sup>2</sup> Cash . . . . . H+6+10	L. Dow . . . . . H+1+4	Loss and Gain . . . . . H+3+3

Transactions Set II.

- Toronto, January 2, 19 . . . R. J. Potter commences the Grocery Business at 150 Yonge St. with the following Assets: Mdse. \$2550; Cash \$1887; note against L. Dow, dated Dec. 26, 19 . . . at 3 months, for \$500; Store and Lot \$1800.
3. Bought for cash a set of office books, \$10.  
Engaged Pupil as bookkeeper at \$10 per month.
  5. Sold P. Moore on a c, 500 lbs. Tea @ 30c.
  8. Bought from M. Street for cash, Mdse. as per Inv. 1, \$500.
  10. P. Moore paid on a c, cash \$50.
  15. Sold L. Dow on a c, 500# (lbs.) Sugar @ 3c.; 100# Coffee @ 20c.
  16. Bought from M. Street on a c, Mdse. as per Inv. 2, \$150.
  18. Paid Mrs. Sims for cleaning store, cash \$2.

- 22. Sold P. Moore on his note at 60 days, 200 gals. G. Syrup @ 20c.
- 24. Gave M. Street on a/c, my note at 2 months, \$75.
- 29. Received from L. Dow on a/c, cash \$25.
- 31. Sold L. Dow for cash, 500# cheese @ 10c.  
Paid Bookkeeper's salary in goods from store, \$40.

INVENTORIES taken Jan. 31, 19—.

Asset Inventories:

Merchandise.—17600# Sugar @ 2½c. 2000# Cheese @ 8c.  
5000# Coffee @ 17c. 2000 gals. G. Syrup @ 15c  
5000# Tea @ 25c.

Real Estate.—Store and Lot \$2000.

Results.—Net Gain, \$263; Net Capital, \$7000.

60. Principal and Auxiliary Books.

Principal books are those from which posting is done, together with the Ledger; auxiliary books are those which are used as memorandum books, and not as posting mediums. In Set III, we shall continue the Journal as the only posting medium, and introduce the Cash Book as an auxiliary book, and at a later stage as a principal book.

61. Books of Original Entry.

These are books of account in which transactions are first recorded, and are the only ones admitted as proof of an account in courts of law. They may be either principal or auxiliary books, since a principal book, say the Journal, may have its origin in an auxiliary book, say a Blotter or Counter Check Book.

62. Cash Book.

The Dr. side of the Cash Book shows the receipts, and the Cr side shows the payments; the difference between the two sides shows the balance of cash on hand.

There are four parts to an entry in the Cash Book: (1) the date, (2) the name of the account opposed to cash, (3) the explanation, and (4) the amount. The account, opposed to cash on the Dr. side, shows from whom the cash was received if on account, or for what received if not on account; on the Cr. side, it shows to whom the cash was paid if on account, or for what it was paid if not on account.

63. Cash Book for Set III.

		CASH (Receipts).			Dr.
Date.	Ledger Accounts Cr.	Explanations.	Items.	Totals and Bal	
19					
Feb.	1 Balance	On hand		1500	
	3 Mdse.	Sold L. Dow	61		
	13 L. Dow	On account	10		
	19 Bills Rec.	No. 3	150		
	27 P. Moore	On account	5		
	28 Mdse.	Sold by auction	3,000		
	28 Real Estate	Sold store and lot to M. Street	2140	5865	
				7,365	
Mar	1 Balance	On hand		6727	

**64. The Cash Book a Cash Journal.**

Notice that when Cash is Dr. for a certain amount (say \$61 on Feb. 3), the opposing account (Mdse.) is Cr. for the same amount; and when Cash is Cr. for a certain amount (say \$300 on Feb. 2), the opposing account (Mdse.) is Dr. for the same amount. So that we might omit the cash transactions from the Journal and enter them only in the Cash Book, posting therefrom to the Ledger.

In Sets III. to VII. the Pupil will use the Cash Book as an auxiliary book, and by making the comparisons suggested he will thoroughly appreciate dropping the cash transactions from the Journal Day Book when he comes to use the Cash Book as a principal book in Set VIII.

There are other "short cuts" in connection with the Cash Book which will be taken up as the Pupil advances, from which he will learn to look upon this book as one of great importance in shortening the work of bookkeeping.

**65. The Cash Book a Ledger Account.**

Compare the sides of the following Cash Account (Sec. 66) from the Ledger of Set III., with the corresponding sides of the Cash Book (Sec. 63) of the same set. You will find the amounts the same, item for item, so that we might dispense with the Cash Account in the Ledger, and let the Cash Book take its place. Remember this fact while working Sets III. to VII., and when you come to Set VIII. you will be asked, not only to post from the Cash Book, but to have your Cash Account in the Ledger show only the Dr. and Cr. Cash Book totals; and later you will be asked to omit the Cash Account altogether.

**66. Cash Account from Ledger of Set II..**

Dr.		CASH.		Cr.	
19			19		
Feb.	1	1500	Feb.	2	300
	3	61		6	25
	13	10		10	45
	19	150		14	50
	27	5		19	6
	28	3000		22	2
	28	2140		26	150
				28	60
				*28	*6722
		2396			2396
Mar.	1	6722			

**an Auxiliary Book.**

Dr.		CASH (Payments).		Cr.	
Date.	Ledger Accounts Dr.	Explanations	Item	Totals and Bal.	
Feb.	2 Mdse.	Bought from M. Street	300		
	6 Expense	Painting Store	25		
	10 Expense	Chairs &c, Showcase \$30	45		
	14 M. Street	On account	50		
	19 Expense	Bought from P. Marsh	6		
	22 Expense	Postage and Stationery	2		
	26 Bills Pay	No. 2	150		
	28 Expense	Salaries	60		630
		*Balance on hand			*6722
					2396

**67. Purposes of the Cash Book.**

(1) As an auxiliary book, besides being a record of receipts and payments, it serves as a check on the cash drawer; the balances of the Cash Book and the cash drawer should always agree; and if they do not, a mistake has been made or the drawer has been tampered with. In actual business, this comparison of balances is made daily or weekly, and the Cash Book footed and ruled at the same time or at longer intervals.

(2) As a principal book, it serves as a posting medium, thus lessening the work of the Journal Day Book. It may also serve as a ledger account.

**Set III. D. E. Grocery Business.**

**Special Features.** *Continuation of Set II., and the introduction of the Cash Book as an auxiliary book.*

**Instructions:**

(a) *Books to be used—Business Papers, Journal Day Book, Cash Book and Ledger.*

(b) *Business Papers:*

1. *Inward—Notes on Feb. 5, 20, and 21; Receipts on Feb. 6, 14, and 20.*

2. *Outward—Notes on Feb. 12 and 16; Receipts on Feb. 13 and 20.*

(c) *Make out business papers and journalize; write up the Cash Book, making each entry just after the transaction is journalized; post under the ledger headings of Set II.; take a Trial Balance; make Statement of Losses and Gains, Summary of Proprietor's A/c and Statement of Assets and Liabilities (Sec. 51); close the Ledger as in Set II.*

**Transactions Set III.**

Toronto, February 1, 19— R. J. Potter continues the Grocery Business at 150 Yonge St.

2. Bought from M. Street for cash, Mdse. as per Inv. 3, \$300.
3. Sold L. Dow for cash, 1000# Sugar @ 4c., 70# Tea @ 30c.
5. Sold P. Moore on his note at 10 days, 1500# Cheese @ 10c.
6. Paid R. Smith for painting store, cash \$25.
7. Bought from M. Street on a c, Mdse. as per Inv. 4, \$200.
8. Sold L. Dow on a c, 100# Coffee @ 25c.
9. Engaged J. Sims as clerk at \$30 per month.
10. Bought from Rogers & Sons for cash, Chairs \$6, Showcase \$40, for store.
12. Bought from M. Street on our note at 10 days, Mdse. as per Inv. 5, \$150.
13. L. Dow paid cash on a c, \$10.
14. Paid M. Street on a c, cash \$50.
15. Sold L. Dow on a c, 20 bbls. Flour @ \$4.
16. Sent M. Street on a c, our note at 15 days, \$100.
19. P. Moore paid his note of the 5th inst. in cash.  
Bought from P. Marsh for cash, 1 ton Coal \$6, for store.
20. Received from L. Dow on a c, his note at 30 days, \$50.
21. Sold P. Moore on a c, 10 sacks Oatmeal, 100# each, @ 2½c.
22. Paid for Postage and Stationery, \$2.
23. L. Dow gave us his note at 60 days to close his a/c.
26. Paid our note of the 12th in cash.
27. Sold M. Street on a c, Chairs and Showcase (bought on 10th), \$43.



- 28. Received from P. Moore on a/c, cash \$5.
  - 29. Sold balance of Mdse. at auction for cash, \$3500.  
Paid salaries, clerk \$20, bookkeeper \$40.  
Sold Store and Lot to M. Street for cash, \$2140.
- Results. -Net Gain, \$235 ; Net Capital, \$7235.

**68. Business Papers—Deposit Slips and Cheques.**

The deposit slip for the business man's account, called current account, is printed in black ink ; the deposit slip for the savings bank account is usually printed in red ink. Cheques are sometimes treated in the same way.

(Deposit Slip Current Account.)

**Scholastic Bank.**

Credit A. Weir

Deposited by Pupil

	2	19	19
40	x	1	40
30	x	2	60
		4	
100	x	5	500
20	x	10	200
		20	
10	x	50	500
4	x	100	400
	x	500	
		\$	1700
Cash		20	50
Cheque		20	15
		30	35
		\$	1800

(Deposit Slip Savings Account.)

**Scholastic Bank.**

Savings Bank Department.

Account No. 375

Credit Pupil

Occupation Bookkeeper

Street Address 57 King St.

Post Office Hamilton

Deposited by Self

Feb 28

19

	x	1	
3	x	2	
2	x	4	
		5	
1	x	10	10
	x	20	
	x	50	
	x	100	
		\$	

R. J.

Hamilton, Feb. 5: 19—

No. [REDACTED]

To the **Scholastic Bank**

Pay to S. Pearson or Bearer

[REDACTED] Dollars

[REDACTED] a Weir

**69. Bank Pass Book.**

Pupil, as A. Weir's bookkeeper, hands the cash to be deposited and the deposit slip to the Receiving Teller, who counts the cash, initials the deposit slip, and hands the slip to the Ledger Keeper. Pupil then presents the pass book to the Ledger Keeper, who first enters the amount in the bank ledger and then in A. Weir's pass book; he at the same time enters any of A. Weir's cheques that have been paid by the bank. At the end of the month Pupil is required to leave the pass book to be balanced; when given back to him he also receives A. Weir's cheques that have been paid by the bank, and is asked to sign a book or slip acknowledging the correctness of the balance and the receipt of the paid cheques.

(BANK PASS BOOK.)

Dr. Scholastic Bank in Acct.					with A. Weir			Cr.
DATE.	PARTICULARS.	AMOUNT.	Ledger Keeper's Initials.	The leaves of the Pass Book fold here.	CHEQUES.	CHEQUES.	CHEQUES.	
19—								
Feb. 2	Deposit	1800	B		200			
28	"	390	B		150			
					15			
					44	50		
					25			
					17.55	50	Balance	
		2190			2190			
Mar. 1	Balance	17.55	50					

**70 (a). Bank Account.**

An account may be kept with the bank: (1) As a personal account in the Ledger only; (2) On the stub ends of the Cheque Book only; (3) in the Bank Pass Book only; (4) In special columns in the Cash Book only; (5) By combinations or modifications of the first four methods.

Make the Bank debtor for the deposits it receives from us, and creditor for the amounts it gives in paying the cheques we draw on it. Other persons' cheques on the various banks have nothing to do with our Bank Account; we call them cash when we receive them, because we may either cash them at any bank, or deposit them with our other cash.

**(b) Bank Account—Transactions Journalized.**

<i>Hamilton, February 2, 19—.</i> Deposited in the Scholastic Bank 40 ones, 30 twos, 100 fives, 20 tens, 10 fifties, 4 one hundreds, coin \$20.50, cheques \$40.15 and \$39.35.	Scholastic Bank Dr.	1800	
	Cash Cr.		1800
<i>Feb. 5.—</i> Bought from S. Pearson for cheque, Mdse. \$200.	Mdse. Dr.	200	
	Scholastic Bank Cr.		200
<i>Feb. 7.—</i> Sold J. Davia for cheque, Mdse. \$250.	Cash Dr.	250	
	Mdse. Cr.		250

**Set IV.—D. E.—Flour and Feed Business.**

**Special Features.**—The introduction of Bank Account as a personal account in the Ledger. The use of deposit slips and cheques.

**Instructions:**

- (a) Books to be used—Business Papers, Journal Day Book, Cash Book, and Ledger.
- (b) Business Papers:
  1. Inward.—Notes on Feb. 8, 13, 20, 23; Cheques on Feb. 7, 14, 16, 26 drawn on any bank; Receipts on Feb. 25, 27.
  2. Outward.—Notes on Feb. 1, 6, 15, 21, 24; Deposit Slip on Feb. 2; Cheques on Feb. 5, 10, 22, 24, 27; Receipts on Feb. 8, 23.
- (c) Make out business papers, journalize and write up the Cash Book; post: take a Trial Balance; take stock; make a Loss and Gain Statement, a Summary of the Proprietor's A/c and an Asset and Liability Statement; close the Ledger in the same way as in Sets I. and II.

**Directory:**

- |                                     |   |
|-------------------------------------|---|
| <i>Caldec, A., Grimsby, Ont.</i>    | <i>Knight, A., St. Catharines, Ont.</i> |
| <i>Davis, J., Oakville, Ont.</i>    | <i>Taylor &amp; Sons, Toronto, Ont.</i> |
| <i>Darwin, J., Dundas, Ont.</i>     | <i>All Others, Hamilton, Ont.</i>       |
| <i>Kilgour Bros., Toronto, Ont.</i> |   |

**Ledger Lines** ("H" stands for Heading, 3 lines):

<sup>1</sup> A. Weir's Cap. A/c . . . . . H + 4	Expense . . . . . H + 7	A. Knight . . . . . H + 4
Cash . . . . . H + 9	Bills Payable . . . . . H + 6	Bills Receivable . . . . . H + 5
Merchandise . . . . . H + 9	<sup>3</sup> J. Davis . . . . . H + 4	Loss and Gain . . . . . H + 3
<sup>2</sup> Scholastic Bank . . . . . H + 8		

**Transactions—Set IV.**

Hamilton, February 1, 19—. A. Weir commences the Flour and Feed Business at 237 King St. Assets: Cash, \$2000; Mdse. as per Inventory, \$3000. J. Davis owes on account, \$130.

- Liabilities: Note favour of D. Calder, dated Jan. 8, 19—, at 30 days for \$150; balance due A. Knight, \$500.
2. Arranged to open an account with the Scholastic Bank. Deposited cash 40 × \$1, 30 × \$2, 100 × \$5, 20 × \$10, 10 × \$50, 4 × \$100; coin, \$20.50; cheques, \$40.15, \$39.35.
  3. Sold A. Knight on a/c, 130 bush. Oats @ 35c.; 10 tons Pressed Hay @ \$18.
  5. Bought from S. Pearson for cheque, Mdse. as per Inv. 1, \$200.
  6. Gave A. Knight on a/c, our note at 10 days, \$30.
  7. Sold J. Darwin for cheque, 50 bbls. Flour @ \$5.
  8. Received from J. Davis on a/c, his note at 1 month \$35, and cash \$50.
  9. Bought from D. Arnold for cash, Mdse. as per Inv. 1, \$90.
  10. Paid our note of the 8th ult. with cheque, \$150.
  12. Bought from Kilgour Bros. for cash, Wrapping Paper as per Inv. 1, \$40.
  13. Sold A. Kent on his note at 10 days, 500# Flaxseed at 3c.
  14. J. Davis paid on a/c with cheque, \$20.
  15. Bought from Taylor Son on my note at 3 months, bearing interest at 6% per annum, Safe for office \$125.
  16. Sold J. Davis for cheque \$10 and balance on a/c, 120 bush. Peas @ 50c.
  17. Bought from A. Knight on a c, Mdse. as per Inv. 1, \$100.
  19. Paid our note of the 6th in cash.
  20. Sold J. Darwin for cash \$30 and balance on his note at 30 days, 150 bush. Fall Wheat @ 90c.
  21. Bought from S. Pearson on our note at 30 days, Mdse. as per Inv. 2, \$200.
  22. Paid Grand Trunk Railway for freight with cheque, \$15. (Make *Mdse. Dr.*, not *Expense*.) Paid advertising in cash, \$5.
  23. Received from J. Davis cash \$10 and his note at 30 days, to close his a/c.
  24. Gave A. Knight cheque \$44.50 and our note at 15 days, to close our a/c.
  26. A. Kent paid his note of the 13th with cheque.
  27. Paid J. Booth for rent of store with cash, \$30.  
Paid Pupil's salary with cheque, \$25.
  28. Deposited balance of cash on hand. (Find the balance from your Cash Book.)

*INVENTORIES taken Feb. 29, 19—.*

*Asset Inventories:*

*Merchandise.*—1000 bush. Oats @ 32c.; 960# Flaxseed @ 2½c.  
300 " Peas @ 45c.; 20 tons P. Hay @ \$17.00.  
500 bbls. Flour @ \$4.50.

*Expense.*—Office Safe, \$120.00.

*Results.*—Net Gain, \$44.50; Net Capital, \$4524.50.

## 71. Business Papers—Bills and Invoices.

A Bill is an itemized list of goods sold by a retailer or of services rendered. An Invoice is an itemized list of goods sold by a wholesaler.

(BILL.)

HAMILTON,

February 2

19.....

Mr. James Scott

BOUGHT OF A. WALLACE & CO.  
RETAIL GROCERS

20	# Sugar					1	
5	# Tea					1	55
2	bags Potatoes			1.10		2	20
3	doz. Eggs			.15			45
Paid Feb. 2, 19--,							
A. Wallace & Co.,						4	30
per M. T.							

(INVOICE.)

TORONTO,

February 10

19.....

Mr. R. K. Spencer

Whitby

BOUGHT OF D. T. PAGE & CO.

Terms: Net 30 days.

WHOLESALE STATIONERS

3	M. Envelopes # 4150						
2	gr. Pens # 1641			1.50		1	50
3	rms. Treasury Foolscap 16#			.55		1	20
				1.60		8	
Loss 3%							60
Received Payment,							40
Feb. 11, 19--							
D. T. Page & Co.						13	20
K.							

NOTE: The sign # means number when placed before figures, and pounds when placed after figures.

72. Business Papers - Orders.

An Order is a written request drawn by one party, called the drawer, on a second party, called the drawee (the payer or giver), in favour of a third party, called the payee (the receiver).

Kinds of Orders: (1) Orders requesting the payment of money or the giving of goods, commonly called *orders*; (2) bank cheques; (3) inland or domestic bills of exchange, commonly called *drafts*; (4) foreign bills of exchange, commonly called *bills of exchange*; (5) bank drafts; (6) post office orders; (7) postal notes; (8) express money orders. (See Sections 103 and 104.)

The last set exemplified the use of cheques. In this set we shall take up orders for money or goods; this class of order is seldom used, but the pupil in bookkeeping should know how to deal with it. A farm hand or other employee may buy goods and give an order on his employer, because his employer has not the ready money for his wages; the merchant receives the order and charges the goods to the employer; or the employer may himself give the order, asking the merchant to let his employee have goods on his account, and in this case also the merchant will charge the goods to the employer. Orders may, however, be used between business men themselves.

## (ORDER FOR MONEY.)

Mr. M. Dark, Winnipeg, March 1, 19—  
City.

Dear Sir,—

Please pay to the order of Pupil .....

Thirty .....

and charge to my account.

$\$30 \frac{25}{100}$  Dollars

I. King.

## (ORDER FOR GOODS.)

Mr. (Pupil), Winnipeg, March 1, 19  
City.

Dear Sir,—

Please let Mr. I. King have goods from your store to the amount of Thirty  $\frac{25}{100}$  Dollars, and charge to my account.

$\$30 \frac{25}{100}$

M. Dark.

## 73. Orders for Money, or Goods Transactions Journalized.

For in-coming orders, make the person debtor who is to pay the order; and if on account, make the person creditor who gave it to us. For out-going orders, make the person debtor who received it from us, if on account; and make the person creditor who is to pay the order.

Winnipeg, March 1, 19— . Sold D. King, Mds. \$30.25; received in payment his order on M. Dark for the amount.	M. Dark Dr. . . . .	30	25		
	Mds. Cr. . . . .			30	25
Winnipeg, March 1, 19— . Sold D. King, Mds. \$30.25 on an order from M. Dark.	M. Dark Dr. . . . .	30	25		
	Mds. Cr. . . . .			30	25
Winnipeg, March 1, 19— . Received from D. King on account an order on M. Dark for \$30.25.	M. Dark Dr. . . . .	30	25		
	D. King Cr. . . . .			30	25
Winnipeg, March 1, 19— . Gave D. King on account an order on M. Dark for \$30.25.	D. King Dr. . . . .	30	25		
	M. Dark Cr. . . . .			30	25

**Set V.—D. E.—Farm Accounts (Alternative with Set IV.)**

**Special Features.**—*Farm accounting with a variety of loss and gain accounts; the use of Orders.*

**Instructions:**

(a) *Books to be used—Business Papers, Journal Day Book, Cash Book, and Ledger.*

(b) *Business Papers:*

1. *Inward.*—Cheques on Apr. 20, Mar. 28; Bills on May 5, June 25.

2. *Outward.*—Cheques on Apr. 3, 15, May 26, Aug. 12, Sept. 10, 20, Dec. 31; Bill on Mar. 20; Notes on Mar. 1, May 1; Deposit Slip on Mar. 10; Orders on Apr. 30, June 30, Sept. 30.

(c) *Make out business papers, journalize, and write up the Cash Book; post; take a Trial Balance; take stock; make out a Loss and Gain Statement, a Summary of the Farmer's Capital A/c, and an Asset and Liability Statement; close the Ledger as in Sets I. and II.*

**Directory:**

<i>Acme Sugar Factory, The, Berlin, Ont.</i>	<i>Dominion Machine Co., The, Toronto, Ont.</i>
<i>Brock Carriage Co., The, Markham, Ont.</i>	<i>Parker Co., The Wm., Peterboro, Ont.</i>
<i>Dean, Jas., Ellesmere, Ont.</i>	<i>Red Star Seed Co., The, Guelph, Ont.</i>
<i>Davis, Wm., Stouffville, Ont.</i>	<i>All Others, Agincourt, Ont.</i>

**Ledger Lines:**

<sup>1</sup> J. L. Graham (Cap. A/c) H + 4	Farm Produce..... H + 10	Farm Stock..... H + 6
Cash..... H + 1 1/2	Bills Payable..... H + 3	<sup>4</sup> Scholastic Bank..... H + 11
S. Pringle..... H + 4	<sup>3</sup> Farm Implements..... H + 5	W. Kellow..... H + 6
<sup>2</sup> Real Estate..... H + 3	Expense..... H + 10	Loss and Gain..... H + 4
T. Roberts..... H + 3		

**Notes.**

1. The Farm Stock, Farm Implements, and Farm Produce accounts may be kept like Merchandise and Expense accounts, the Dr. side showing costs, the Cr. side showing proceeds, and each account being closed into Loss and Gain Account. (See also Section 100.)

2. A Market or Farm Produce Book should be kept for the details of Petty Sales. From this book the totals would be transferred to the books of account, say, once every month. No reference has been made to such a book in this set. Petty Sales for cash would be kept separate from Petty Sales on account; the items sold to each person on a/c would be kept by themselves and transferred each month in totals to the Journal, or even directly to the Ledger.

3. An Expensio Book might also be kept in the same way for details, cash items being kept separate from those on a/c; cases of barter (See May 12) would be entered in the Petty Cash Sales and also in the Petty Cash Expense. Sales and purchases of Farm Stock would be entered in the Journal.

**Transactions—Set V.**

Agincourt, March 1, 19 — J. L. Graham has this day commenced to keep a set of books for the purpose of recording the transactions of his farm business.

Assets: Cash \$450; Real Estate—Farm of 100 acres valued at \$80 per acre, Buildings valued at \$3500; Farm Stock \$1000; Farm Implements \$650; Farm Produce—Grain, Hay, etc., \$300.

Liabilities: Note favour of J. Miller, dated Feb. 9 at 6 months for \$600; amount due W. Kellow on a/c \$20.

March 10. Arranged to open an account with the Scholastic Bank, Agincourt, and deposited the following: 10 x \$2, 20 x \$10, and coin \$10.

Mar. 20. Sold to the Red Star Seed Co. for cash 200 bu. Seed Oats @. 55c.

Apr. 1. Engaged T. Roberts and S. Pringle as farm hands for 8 months at \$25 per month each.

Apr. 3. Bought from S. Feusam, Seed Grain \$25, and gave cheque in payment.

- Apr. 15. Paid insurance premium with cheque \$7.50, to the Atlas Fire Insurance Co.  
 Apr. 20. Sold to the William Parker Co. for their cheque on the Merchants Bank, 16 Hogs, 2850# @ 6½c. Deposited the cheque in the Bank.  
 Apr. 30. Gave S. Pringle on a/c an order for goods on W. Kellow for \$10.  
 May 1. Bought from the Brock Carriage Co. on my note at 5 months, 1 Heavy Wagon \$90.  
 May 5. Paid Jas. Dean, Blacksmith's bill to date in cash: Apr. 10, Shoeing Horses \$2.25; Apr. 25, Repairs to Plow \$1.85; May 1, 3 Plow Shares \$1.50.  
 May 12. Sold to D. Mavens, Butter and Eggs \$10.50, and traded them out in Groceries.  
 May 23. Paid W. Kellow on a/c \$25 in cash.  
 May 26. Bought from the Dominion Machine Co. 1 Hay Rake \$35; gave cheque in payment. Sold Farm Produce to W. Kellow on a/c \$21.20.  
 June 1. Sold to W. D. Peterson for cash, 12 Cattle @ \$60. Deposited \$700 in Bank.  
 June 25. Bought from W. Kellow on a/c 125# Sugar @ 5c; 16½ yds. Shirting @ 16c; 6½ yds. Tweed @ 90c; 2 pes. Shoes @ \$1.75.  
 June 29. Gave T. Roberts an order for goods on W. Kellow for \$15 on account of wages.  
 July 18. Bought from M. Ellis for cash 4 Cattle at \$22.50.  
 July 30. Petty Cash Sales of Farm Produce for June and July \$75.  
 Aug. 12. Paid with cheque my note favour of J. Miller, due to-day.  
 Sept. 5. Paid J. Miller for 2 days' Threshing \$22.50 cash.  
 Sept. 10. Bought from T. McMurray with cheque, 100 Lambs @ \$3.75.  
 Sept. 20. Bought of J. Ellis with cheque 6 tons Coal @ \$6.50.  
 Sept. 30. Petty Cash Sales of Farm Produce for August and September \$80.  
 Gave S. Pringle an order for goods on W. Kellow for \$20.  
 Oct. 4. Paid my note favour of the Brock Carriage Co. in cash.  
 Oct. 30. Sold to the Acme Sugar Factory for cash, 1 car load of Sugar Beets \$120. Paid freight in cash \$16.50. (Charge Farm Produce.) Paid Taxes for the year in cash \$72.  
 Nov. 10. Paid W. Kellow in full of a/c \$37.04 cash.  
 Nov. 28. Sold W. D. Peterson for his cheque, 98 Lambs @ \$5.10. Deposited cheque in Bank.  
 Nov. 30. Paid T. Roberts and S. Pringle balance due them, with cheque \$..... Petty Cash Sales of Farm Produce for October and November, \$40.  
 Dec. 31. Paid church subscription to the Treasurer, M. Sinclair, with cheque \$25.

INVENTORIES taken Dec. 31, 19...

<i>Asset Inventories:</i>			
Real Estate	\$11500	Farm Implements	\$725
Farm Stock	900	Farm Produce	325
<i>Results: Net Gain \$629.91. Net Capital \$13909.91.</i>			

#### 74. Business Papers - Promissory Notes and Drafts.

A promissory note is a promise to pay; a draft is a request to pay.

The parties to a promissory note are: (1) the *maker*, who signs the note and promises to pay it. (2) the *payee*, who is to receive the payment; when the payee writes his name across the back of the note he becomes the *first endorser*. In the following note, S. Cleaver is the maker, and B. Pearson is the payee and first endorser.



The parties to a draft are: (1) the *drawer*, who makes the request and signs the draft, (2) the *drawee*, who is requested to pay, and afterward becomes the *acceptor*, (3) the *payee*, who is to receive the payment; when the payee writes his name across the back he becomes the *first endorser*. In the following draft, Pupil is the drawer, M. Sinclair is the drawee (and afterward the acceptor), and R. Bruce is the payee and first endorser.

## (a) PROMISSORY NOTE.

\$125<sup>00</sup>

Brandon, April 1, 19\_\_

Three months after date I promise to pay  
to the order of R. Pearson

at the Dominion Bank here.

One Hundred and Twenty-five  $\frac{50}{100}$  Dollars

with interest at seven per cent. per annum

for value received.

L. Chaver.

## (b) DRAFT "AFTER DATE."

\$275<sup>00</sup>

Halifax, April 1, 19\_\_

Thirty days after date pay to

the order of R. Bruce

Two Hundred and Seventy-Five  $\frac{00}{100}$  Dollars

for value received, and charge to account of

To M. Sinclair.

Montreal, Que.

Pupil.

## (c) DRAFT "AFTER SIGHT."

<u>\$275</u> <sup>00</sup>	<i>Halifax, April 1, 19—</i>
<i>Thirty days</i> ~~~~~ <i>after sight pay to</i>	
<i>the order of the Dominion Bank</i> ~~~~~	
<i>Two Hundred and Seventy-Five</i> ~~~~~ <sup>00</sup> / <sub>100</sub> <i>Dollars</i>	
<i>for value received, and charge to account of</i>	
<i>To M. Sinclair.</i>	
<i>Montreal, Que.</i>	<i>Pupil.</i>

Business men generally draw the drafts on their customers in favour of themselves, thus, "pay to *ourselves* or order," or in favour of their bank as in the foregoing example (c). When the draft is to be placed with the bank for collection or discount, the second method is preferable.

**75. Acceptance of Drafts.**

In the foregoing draft, M. Sinclair is not liable for the amount until he accepts it, that is, writes his name, with or without the word *accepted*, across the face of the draft, preferably in red ink. (See the example in Section 27.) By this act he *accepts* the terms of the draft—he agrees to pay the amount. The draft now becomes an *accepted draft* or *acceptance*; the term *acceptance* may mean either the writing across the face of the draft, or the whole draft after it is accepted. In the examples given, it is Pupil's *draft*, but it is M. Sinclair's *acceptance*.

**76. Examples of Acceptance.**

Form I. is sufficient to make M. Sinclair liable, but Form II. is the one recommended by accountants. "Thirty days *after sight*" means "thirty days *after acceptance*," so that the date must be added to the acceptance in this case, to fix the due date; "thirty days *after date*" means thirty days after the date of the draft at the top, and therefore the date of acceptance is not necessary to fix the due date. It is considered better, however, to add both date and place of payment to all acceptances. Form III. changes the amount, and Form IV. changes the time.

I. *Accepted.*  
*M. Sinclair.*

III. *Accepted, April 3, 19—*  
*For Two Hundred Dollars.*  
*M. Sinclair.*

II. *Accepted, April 3, 19—,*  
*Payable at the Dominion Bank.*  
*M. Sinclair.*

IV. *Accepted, April 3, 19—*  
*Payable sixty days after date.*  
*M. Sinclair.*

**77 (a). Kinds of Promissory Notes.**

- (1). *Individual Note*.—One signed by a single person. See example in Sec. 74.
- (2). *Joint Note*.—One signed by two or more persons, each of whom promises to pay an equal share. In the *individual note*, change "I" to "we jointly," and add one or more signatures, and it becomes a *joint note*.
- (3). *Joint and Several Note*.—One signed by two or more parties, each of whom promises to pay an equal share, or the whole amount if the others fail to pay. In the *individual note*, change "I" to "we jointly and severally" and add one or more signatures; or leave the "I" and simply add more signatures, and it becomes a *joint and several note*.
- (4). *Markman's Note*.—One signed with a mark by a person who cannot write. There should be a witness to the signature, and the note should be read and explained in the presence of the witness.

Witness R. Saunders,

his  
P. X Spence,  
mark.

- (5). *Lien Note*.—One, which besides promising to pay, contains a clause giving the payee a lien or claim on the article for which the note was given. In case of failure to pay at maturity, the seller may regain possession of the goods, and the buyer loses what he has paid thereon. The buyer may not sell the article until the note is fully paid; the note is negotiable. (See Section 79 on negotiability.)

**(b) Kinds of Drafts.**

A draft commencing "Thirty days after date" or "Thirty days after sight" is called a *time draft*; one commencing "At sight" is called a *sight draft*; one commencing "On demand" is called a *demand draft*. We may also speak of time notes and demand notes.

**78 (a). Days of Grace and Due Date.**

The law allows three days, called *days of grace*, over and above the time specified, in all notes and drafts, excepting those on demand and those containing such words as *without grace*.

A note or accepted draft is legally due on the last day of grace, unless that day should be a legal holiday or non-judicial day, in which case it falls due on the next business day thereafter.

**(b) Finding the Due Date.**

(1). *Time to Run in Days*. Reckon the number of days to run, together with the three days of grace, forward from the date of the note, or from the date of the draft drawn so many days "after date"; but in the case of drafts drawn "at sight" or so many days "after sight," reckon forward from the date of acceptance. Drafts drawn "at sight" may be accepted, which allows the acceptor three days in which to provide the money; they are usually, however, paid on presentation.

(2). *Time to Run in Months*. Reckon as in the following examples: a note, dated Jan. 3 at 3 months, is nominally due on April 3, and legally due and payable on April 6;\* a note, dated Jan. 31 at 1 month, would be nominally due on Feb. 31, but as there are only twenty-eight days in February, it is nominally due on Feb. 28, and legally due and payable on March 3; a note, dated Jan. 31 at 3 months, is nominally due on April 30, and legally due and payable on May 3.

\* In 1912 the dates would be Feb. 29 instead of Feb. 28 and March 1 instead of March 3 (Sunday).

### 79. Negotiable, Non-negotiable and Assignable.

A business paper is negotiable when it can be transferred by the payee with full title. Promissory notes, drafts, cheques, etc., having "or bearer" or "or order" after the payee's name are said to be negotiable; those having "or bearer" may be transferred by the payee without endorsement; those having "or order" must be endorsed by the payee before he can transfer them. The expressions "to James Hill" and "to the order of James Hill" are held in law to mean the same as the expression "to James Hill or order."

A business paper is non-negotiable when it cannot be transferred with full title. It is then said to be assignable; the payee can give only as good a title as he himself has; the paper is subject to any counter-claim which the payer may have against the original payee. A paper is non negotiable, or assignable when the word "only" or some such limiting term follows the payee's name.

If the word "bearer" be crossed out in, say, a bank cheque, the word "order" is understood and need not be written above. It is not allowable for anyone to cross out the words "order" or "only" and to substitute "bearer," excepting the payer, and he should initial the change.

### 80. Endorsement.

When endorsing paper, it should be turned over, with the left-hand end up, and the name written on the back, well above the middle. The purpose of the endorsement is twofold: (1) that the payee may be able to transfer the paper, and (2) that the payee may be held liable in case the maker or acceptor should fail to pay.

### 81. Collection and Discount.

Business men generally arrange with the bank to collect their customers' notes and acceptances. The bank charges a small fee of  $\frac{1}{2}$ %, more or less according to circumstances.

If, however, business men need ready money they discount the drafts drawn on their customers or the notes given by their customers. The bank places the proceeds to their credit at once, and they may then draw cheques on the amount. Discounting is more expensive than collection by the bank, but when the paper is placed for collection, the proceeds are available only when it is due and paid. Drafts are usually discounted before they are accepted by the drawee; the bank obtains the acceptance afterward; if dishonoured the bank charges them back to the drawer.

### 82. Dishonour, Protest and Discharge.

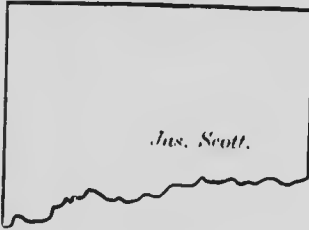
A note or draft can be dishonoured by non-payment, and a draft by non-acceptance or non-payment.

When a note or draft is dishonoured it is necessary for the holder to notify the endorsers of it, or the maker or drawer of the draft, of the dishonour, if he wishes to hold them liable for the amount. He may do this verbally, by letter, or by protesting. Protesting is the notice given to a notary public. This notice must be given or mailed not later than the next business day after dishonour.

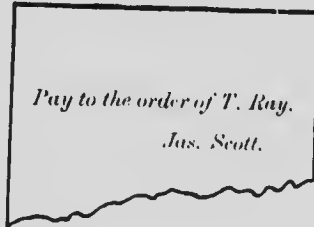
A note or draft is said to be discharged when paid by, or in behalf of, the maker or acceptor.

83. Examples of Endorsement.

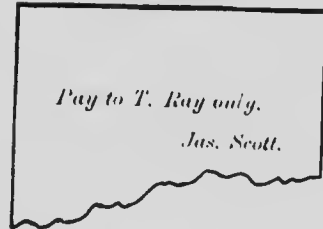
1. Blank.



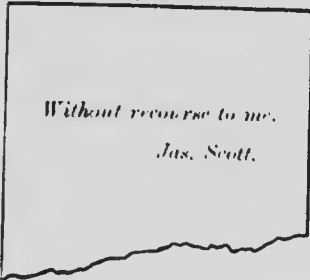
2. Full.



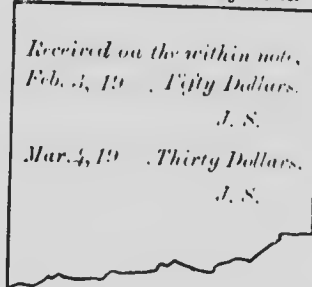
3. Restrictive.



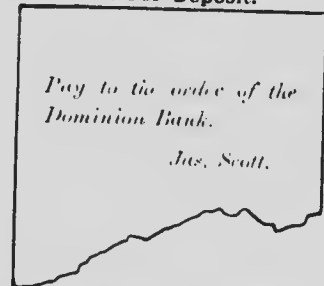
4. Qualified.



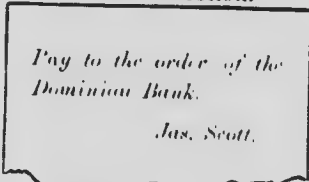
5. For Partial Payment.



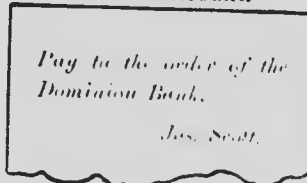
6. For Deposit.



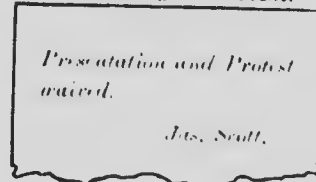
7. For Collection.



8. For Discount.



9. Waiving of Protest.



KINDS.

1. *Blank*
2. *Full*
3. *Restrictive*
4. *Qualified*
5. *For partial payment*
6. *For deposit*
7. *For collection*
8. *For discount*
9. *Waiving of Protest*

EFFECTS.

1. Makes it payable to bearer and holds Jas. Scott liable in case the maker fails to pay.
2. Requires T. Ray to endorse before he can transfer, and holds Jas. Scott liable.
3. Prevents T. Ray from transferring it with full title; he may assign it only. Jas. Scott is liable.
4. Makes it payable to bearer, and frees Jas. Scott from liability.
5. Acts as a receipt for payments thereon. The initials should be signed; if the same were signed in full, it would be payable to bearer.
6. Prevents fraudulent cashing. It must be deposited. Banks object to the form "For deposit only."
7. Used when notes or drafts are placed with the bank for collection.
8. Used when notes or drafts are discounted and the proceeds deposited.
9. Holds Jas. Scott liable without protest or notice, in case the maker fails to pay.

APPLICATION

1. To Notes 1 2 3 4 5 7 8 9
2. To Drafts 1 2 3 4 5 7 8 9
3. To Checks 1 2 3 6



**84. Bill Book.**

The Bills Receivable Book is a detailed record of other persons' notes and acceptances received and afterward disposed of by our business.

The Bills Payable Book is a detailed record of our own notes and acceptances issued and afterward redeemed by our business.

These records should be made from the notes and drafts themselves as they lie before us, from bills receivable when received, and from bills payable when issued; the last column is filled in at the time of payment. Bill Books differ very much in form in the various offices, but the following general form is most suitable for the learner, as it will not only teach him the parties to a note or draft, but will enable him to understand any form of Bill Book; this form is used as an auxiliary book, that is, as a book of record from which no posting is done; through it the bookkeeper keeps track of the due dates, so that he may present the bills receivable for payment at the proper time, or have the necessary funds ready to meet the bills payable. In the form in Section 121, it is used as a principal book, and is really a Bill Journal from which posting is done.

**85. Form of Bill Book Used as an Auxiliary Book.**

The Bills Receivable, recorded below, are from Examples 2 and 3 in Sec. 86, and April 6 in Set VI. The Bills Payable are from Examples 5 and 6 in Sec. 86, and April 1 in Set VI. In the "Begins to Run" column is placed the date from which the *time to run* is reckoned. For drafts drawn payable "after date," enter the date of the draft as in Bills Rec. 1, and Bills Pay. 2; for drafts drawn payable "after sight," enter the date of acceptance, as in Bills Rec. 2 and Bills Pay. 1. An entry is made for "Endorser (note)," only when some outside party endorses as extra security, he is liable in case the maker fails to pay, just as the drawer of a draft is liable if the drawee fails to pay.

For the present, the Pupil may omit from his Bill Book the heading "Endorser (note)," leaving the single heading "Drawer (draft)."

## BILLS

No.	WHEN RECEIVED	ENDORSER (NOTE), DRAWER (DRAFT)	MAKER (NOTE), DRAWER (DRAFT)	PAYEE (NOTE), PAYEE (DRAFT)	PAYABLE AT		BEGINS TO RUN		
					Place.	Bank.	Month.	Day.	
1	April	Ourselves.	R. Spence.	Ourselves.	Stratford	His office	April	1	10
2	"	R. Spence.	K. Marsden?	"	Dundas	Dominion	April	3	10
3	"	"	F. Mellum	"	Guelph	His office	April	6	10

## BILLS

No.	WHEN GIVEN	ENDORSER (NOTE), DRAWER (DRAFT)	MAKER (NOTE), DRAWER (DRAFT)	PAYEE (NOTE), PAYEE (DRAFT)	PAYABLE AT		BEGINS TO RUN		
					Place.	Bank.	Month.	Day.	
1	April	E. Morrison & Co.	Ourselves	M. Cyster	Toronto	Imperial	April	1	10
2	"	E. Morrison & Co.	"	E. Morrison & Co.	Toronto	Our office	April	10	10
3	Feb.	"	"	D. Peterson	Guelph	Scholastic	Feb.	10	10

86. Drafts—Transactions Journalized.

(1) Hamilton, April 1, 19—.	Drew a draft at 10 days on R. Spence, Stratford, in favour of M. Ford for \$100.	M. Ford	100		
		R. Spence		100	
(2) Hamilton, April 1, 19—.	Drew a draft at 10 days on R. Spence, Stratford, in favour of ourselves for \$100. (Accepted Apr. 3.)	Bills Rec.	100		
		R. Spence		100	
(3) Hamilton, April 1, 19—.	Received from R. Spence, Stratford, on acct., a 10 days' sight draft on K. Marshall, Dundas, in our favour, for \$100. (Accepted Apr. 3, payable at the Dominion Bank.)	Bills Rec.	100		
		R. Spence		100	
(4) Hamilton, April 1, 19—.	Received from R. Spence on acct., a sight draft on K. Marshall, in our favour, for \$100.	Cash	100		
		R. Spence		100	
(5) Toronto, April 1, 19—.	Accepted E. Morrison & Co's draft at 20 days' sight, in favour of M. Carter, city, for \$200, payable at the Imperial Bank. (Draft is dated March 29.)	E. Morrison & Co.	200		
		Bills Pay.		200	
(6) Toronto, April 1, 19—.	Bought from E. Morrison & Co., Montreal, Mdse. \$200, on our acceptance at 20 days, in their favour. (Draft is dated April 10, being dated 10 days forward.)	Mdse.	200		
		Bills Pay.		200	
(7) Toronto, April 1, 19—.	Remitted to E. Morrison & Co., on acct., a draft at 1 mo. on D. Sparks, Montreal, in their favour, for \$200.	E. Morrison & Co.	200		
		D. Sparks		200	
(8) Toronto, April 1, 19—.	Paid E. Morrison & Co's sight draft on us, in favour of D. Miller, city, for \$200.	E. Morrison & Co.	200		
		Cash		200	

Remarks 1. In actual business, Example 6 would be put through the personal account, as follows: Misc. Dr. \$200, and E. Morrison & Co. Cr. \$200; E. Morrison & Co. Dr. \$200, and Bills Pay. Cr. \$200.

2. The Pupil should have all inward and outward notes, drafts, and cheques properly endorsed. Notes and time drafts should be endorsed on their due dates, or at the time of settlement or transfer; sight drafts and cheques may be endorsed when first written out, since they are not again mentioned in the sets. He should endorse only those outward papers which will be returned to him.

RECEIVABLE

TIME TO RUN	Year	WHEN DUE												Rate Int.	AMOUNT	DISPOSED OF	
		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec			When	How
10 days	19—				17										100	Apr	Cash
10 days sight	19—			10											100	Apr	Cash
10 days	19—														200	May	Settled

PAYABLE

TIME TO RUN	Year	WHEN DUE												Rate Int.	AMOUNT	REDEEMED	
		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec			When	How
10 days' sight	19—				24										200	Apr	Cheque
10 days	19—														200	May	Bank draft
10 days	19—				22										100	Apr	Cheque
															100	Apr	Cheque

**Set VI.—D. E.—Grocery and Provision Business.**

**Special Features.**—*Use of drafts. Introduction of the Bill Book as an auxiliary book.*

**Instructions :**

- (a) *Books to be used*—Business Papers, Journal Day Book, Cash Book, Bill Book, and Ledger.
- (b) *Business Papers :*
1. *Inward.* Notes on April 1, 6, 9, 22 ; Cheques on April 4, 11 ; Drafts on April 9, 19, 20.
  2. *Outward.* Note on Apr. 1 ; Deposit Slip on Apr. 3 ; Cheques on Apr. 3, 6, 13, 18, 25, 26, 29 ; Drafts on Apr. 4, 10, 15, 24, 27 ; Invoices on Apr. 4, 6, 9, 11, 12, 15, 22.
- (c) *Make out business papers, journalize, and write up the Cash Book and Bill Book ; post ; take a Trial Balance ; take stock ; make Financial Statements (Loss and Gain, Summary, and Asset and Liability) ; close the Ledger. Personal Accounts should be closed when they balance. Leave room for the accounts of Set VII. under those of Set VI.*
- (d) *In the business papers and in the Bill Book, make all your own notes and acceptances payable at your own Bank ; and make other persons' notes and acceptances payable at their own town or city. Consult the calendars on pages 102 to 104 when determining the due dates. When the last day of grace falls on a Sunday, or any legal holiday, take the next business day following as due date.*

**Directory :**

*Bain, S., St. Mary's, Ont.*

*Smith, W. D. & Co., Limited, Toronto, Ont.*

*Mason, P. & Co., Hamilton, Ont.*

*Mathews, R., St. Mary's, Ont.*

*Peterson, D., Galt, Ont.*

*Simpson, D., Stratford, Ont.*

*Williams, R., Galt, Ont.*

*All Others, Guelph, Ont.*

**Ledger Lines for Sets VI. and VII.**

The first number shows the lines or spaces necessary for Set VI., and the second number the extra lines necessary for Set VII. The cipher shows that such accounts are not used in that Set.

<sup>1</sup> Pupil (Capital Acc).....H+ 6+ 5	<sup>5</sup> Bills Payable.....H+ 4+ 3	<sup>9</sup> Real Estate.....H+ 0+ 3
<sup>2</sup> F. Medland.....H+ 1+ 5	<sup>6</sup> Bills Receivable.....H+ 5+ 5	<sup>10</sup> Scholastic Bank
<sup>3</sup> R. Williams.....H+ 4+ 0	<sup>7</sup> D. Simpson.....H+ 4+ 0	(London).....H+ 0+ 10
<sup>4</sup> Cash.....H+ 11+ 15	<sup>8</sup> Scholastic Bank	<sup>11</sup> R. Mathews.....H+ 0+ 3
<sup>5</sup> Merchandise.....H+ 13+ 15	(Guelph).....H+ 10+ 1	<sup>12</sup> Midw. Discount.....H+ 0+ 3
<sup>6</sup> F. Sinclair.....H+ 2+ 3	<sup>9</sup> D. Peterson.....H+ 4+ 0	<sup>13</sup> Loss & Gain (May).....H+ 0+ 3
<sup>7</sup> Expense.....H+ 6+ 5	<sup>10</sup> Loss & Gain (April).....H+ 4+ 0	
<sup>8</sup> P. Mason & Co.....H+ 4+ 0	<sup>11</sup> Interest & Discount.....H+ 0+ 4	

**Transactions—Set VI.**

Guelph, April 1, 19—. Pupil commences the Grocery and Provision Business at No. 35 Upper Wyndham St.

Assets: Cash, \$4000 ; Midw., \$2000 ; note against R. Williams, dated March 11, 19—, at 30 days, \$120.

Liabilities: Balance due P. Mason & Co., \$350 ; balance due F. Medland, \$270 ; note favour of D. Peterson, dated Feb. 19, 19—, at 60 days, payable at the Scholastic Bank, \$100.

2. Leased from R. Grant the above named store at \$360 per annum, payable monthly Engaged M. Wilson at \$35 per month.



3. Deposited in the Scholastic Bank 150 × \$2, 200 × \$5, 30 × \$50, 6 × \$100; coin \$30.27; cheques, \$50.42 and \$19.31.  
Bought from W. D. Smith & Co., with cheque, set of books for office, \$18.
4. Bought from P. Mason & Co., on a/c, Mdse. \$300 as per Inv. dated April 3.  
Sold R. Williams for his cheque on the Traders Bank, 300# Cheese @ 11c.; 500# S. C. Ham @ 13c.  
Accepted P. Mason & Co.'s draft on us, dated April 3 at 12 days, favour of F. Proctor for \$300.
6. Withdrew for private use, cash \$30.  
Insured our stock of goods in the British America Assurance Co., and paid premium \$20 with cheque.  
Sold D. Simpson on a/c, 400# Mocha Coffee @ 18c.; 10 bbls. Flour @ \$6.  
Sold F. Medland on his note at 30 days, 4000# Gran. Sugar @ 5½c.; 20 bxs. N. P. Soap @ \$2.50.
9. Drew a draft on D. Simpson in our favour at 10 days, on a/c for \$60.  
Sold S. Bain on his note at 20 days, 500# Butter @ 20c.
10. Bought from P. Mason & Co., Mdse. \$150, as per Inv. dated Apr. 6.; accepted their draft at 30 days' sight in payment.  
Invoice and draft will be dated April 6, but the acceptance will be dated April 10.
11. Sold K. Spiers for cash, 60# Y. H. Tea @ 30c.; 120# Currants @ 4c.  
Received from D. Simpson on a/c, his cheque for \$50, on the Molems Bank.
12. Sold R. Williams on a/c, 400 gals. G. Syrup @ 20c.; 2400# Cheese at 10c.  
Bought from D. Peterson, Mdse. \$175, as per Inv. dated Apr. 10; gave in part payment cash \$20, balance on a/c.
13. Paid P. Mason & Co. on a/c, cash \$130.  
Bought from L. Muir with cheque, desk for office \$70.
15. Sent D. Peterson on a c, a sight draft in his favour, drawn on R. Williams for \$100.  
Sold F. Sinclair on a c, 1000# Rio Coffee @ 16c.; 500# Lard at 9c.
16. R. Williams paid his note of March 14 in cash \$120.
17. Took goods from store for private use, \$50.  
Goods damaged by rain to the extent of \$30. (Make no entry. Why?)  
Had a ten-dollar bill burned. (Make an entry. Why?)
18. Paid our acceptance of the 4th inst. with cheque.
19. Received from R. Williams on a/c, a sight draft on H. Crane, in our favour, for \$200.
20. Paid in cash D. Peterson's sight draft on us, dated April 18, in favour of C. Frost, \$33.
22. Sold D. Simpson on his note at 2 months, payable at the Merchants Bank, 10 bxs. Raisins @ \$1.50; 50 bbls. Flour @ \$6.50.  
Paid cash \$60 on our note of Feb. 19, and requested D. Peterson to wait 3 days for the balance.  
D. Simpson requests us to wait one day for the payment of his acceptance of the 9th inst.
23. D. Simpson paid his acceptance in cash \$60.
24. Bought from D. Peterson, Mdse. \$160, as per Inv. dated Apr. 22; accepted his draft at 12 days in his favour, in payment.
25. Paid the balance of our note of Feb. 19, with cheque.

26. R. Williams paid the balance of his a/c in cash.  
Settled our a/c with P. Mason & Co. with cheque.
27. Gave D. Peterson on a/c, a draft at 10 days' sight on D. Simpson for \$22.  
Sold office desk to F. Sinclair for \$60; received \$20 cash in part payment, balance on a/c.
29. Paid April rent of store with cheque.  
Paid M. Wilson his month's salary in goods from store.

INVENTORY taken April 30, 19—.

Asset Inventory:

Merchandise.—1000# Cheese @ 8c.	100 bbls. Flour @ \$5.50	
800# Ham @ 11c.	95 hrs. N.P. Soap @ \$2.00	
1500# Coffee @ 14c.	80 gals. G. Syrup @ 15c.	
2515# G. Sugar @ 4c.	50 hrs. Raisins @ \$1.25	
800# Y.H. Tea @ 25c.	500# Currants @ 3½c.	

Results.—Net Gain \$175.40; Net Capital \$5495.40.

### 87. Interest and Discount.

These are loss and gain accounts. *Interest* is the price of the use of money; *discount* is an allowance off a note, invoice, or account for prepayment, or for other reasons. (See pp. 3 and 4 of the Preface.) *Interest* and *discount* on notes or loans are posted to *Interest and Discount A/c*, which is closed into *Loss and Gain A/c*. *Cash discounts* on purchases or sales of merchandise are posted to *Merchandise Discount A/c*, which is closed into *Merchandise A/c*; cash discounts might, indeed, be posted direct to *Merchandise A/c*.

*Rule.*—Make Interest Account debtor when interest is a cost, and creditor when it is a proceeds. Make Discount Account debtor when discount is a cost, and creditor when it is a proceeds.

### 88. Interest and Discount—Transactions Journalized.

(1). May 1. Paid my note \$100 and the interest thereon \$5, in cash.	Bills Pay. Interest Cash	100 5 105		
(2). May 2. R. Smith paid his note for \$200 and the interest thereon \$8, in cash.	Cash Bills Rec. Interest	208 200 8		
(3). May 3. Prepaid my note of \$100 in cash, discount allowed \$6.	Bills Pay. Cash Discount	100 94 6		
(4). May 4. R. Smith prepaid his note of \$200 in cash, discount allowed \$8.50.	Cash Discount Bills Rec.	191 50 8 50 200		
(5). May 5. Settled my account of \$150 with D. Robb, in cash; he allowed 5% discount.	D. Robb Cash Mds. Discount	150 142 50 7 50		
(6). May 7. Sold F. Souers Mds. \$300 for cash; allowed him 3% discount.	Cash Mds. Discount Mds.	291 9 300		

INVENTORIES taken May 31.

Asset Inventory Interest accrued on Bills Rec., \$2.50.  
Liability Inventory: " " " Bills Pay., \$3.25.

89. Ledger for ..... Interest and Discount.

May 1		62	5		May 2				
4		62	8	50	3		62	8	
*31	Inventory	62	13	50	*31	Inventory	62	14	
			3	25	*31	Loss	62	2	50
								1	25
			16	75					
June 1	Inventory	63	2	50	June 1	Inventory	63	3	25

90. Ledger for ..... Merchandise Discount.

May 7		62	9		May 6				
					*31	Merchandise	62	7	50
			9					1	50

\* Red ink for these lines.

91. Inventories.

All loss and gain accounts may or may not have Inventories, of which there are two kinds—Asset Inventories and Liability Inventories. An Asset Inventory is a value belonging to the business, not shown in the Trial Balance, such as, Mdse. on hand, Real Estate on hand, Rent or Salaries prepaid, Interest Receivable accrued (on Bills Receivable, etc., bearing interest), Discount Receivable (on Bills Payable, etc., not yet due). A Liability Inventory is a debt owing by the business, not shown in the Trial Balance, such as, Rent or Salaries due by the business, Interest Payable accrued (on Bills Payable, etc., bearing interest), Discount Payable (on Bills Receivable, etc., not yet due).

Asset Inventories are placed on the Cr. side in red ink; and, after closing, are brought down in black ink on the Dr. side for the next month. Liability Inventories are placed on the Dr. side in red ink; and, after closing, are brought down in black ink on the Cr. side for the next month.

These Inventories are placed on their *wrong* sides in red ink, to find the gain or the loss; they are afterward brought down on their right sides in black ink, as assets or liabilities.

92. Financial Statements—Treatment of Inventories.

The Statements in Sections 93, 94 and 95 show how to treat the two kinds of Inventories. These statements are made from the following Trial Balance and Inventories, which have no connection with any of the given sets. The Pupil may select any one of the three forms, but should understand all; the columnar statement—Form 3, is not much used in actual business.

TRIAL BALANCE, May 31, 19...

	Dr.	Cr.
21 Pupil (Cap. A c)		400
21 T. Mason	510	25
22 R. Palmer		304
22 Bills Receivable	330	
22 Bills Payable		250
23 Cash	1633	
23 Merchandise	4850	75
24 Expense	240	50
24 Real Estate	2000	
24 Interest and Discount	22	70
	9686	50
	9686	50

NOTE.—See Section 46 (a).

INVENTORIES, May 31, 19...

Asset Inventories	
Merchandise on hand	\$1500.75
Real Estate on hand	2100.00
Interest Receivable, accrued on Bills Rec.	2.50
Liability Inventories	
Expense—clock's salary due	30.00
Interest Payable, accrued on Bills Pay.	7.50

## 93. Financial Statement—Form I.

(a) STATEMENT OF LOSSES AND GAINS, May 31, 19—.

Losses.			Gains.		
Expense . . . . .	220		Merchandise . . . . .	1110	40
Interest and Discount . . . . .	1	75	Real Estate . . . . .	100	
*Pupil's Net Gain . . . . .	988	65			
	1210	40		1210	40

(b) SUMMARY OF PUPIL'S ACCOUNT.

*Net Capital . . . . .	5388	65	Net Credit . . . . .	4400	
			" Gain . . . . .	988	65
	5388	65		5388	65

(c) STATEMENT OF ASSETS AND LIABILITIES.

Assets.			Liabilities.		
T. Mason . . . . .	510	25	R. Palmer . . . . .	404	60
Bills Receivable . . . . .	330		Bills Payable . . . . .	250	
Cash . . . . .	1633		Expense, salary due . . . . .	50	
Merchandise . . . . .	1500	75	Interest Payable accrued . . . . .	3	25
Real Estate . . . . .	2100		Pupil's Net Capital . . . . .	5388	65
Interest Receivable accrued . . . . .	2	50			
	6076	50		6076	50

## Remarks:

1. The Loss and Gain Statement is made from the loss and gain accounts marked thus (x) in the Trial Balance; add the Inventories to the proper side (See Sec. 91), and then take the difference; a Dr. difference is a loss and a Cr. difference is a gain. The Asset and Liability statement is made from the asset and liability accounts in the Trial Balance; a Dr. difference is an asset and a Cr. difference is a liability; an Asset Inventory is also an asset, and a Liability Inventory is also a liability; Pupil's Net Capital, from the "Summary," is a liability of the business, and when placed on the liability side of the statement, will balance it.
2. Notice that the Loss and Gain Statement is the same as the Loss and Gain Account in the Ledger. The bookkeeper hands the statements to the proprietor, and then closes the loss and gain accounts, and the proprietor's account, in the Ledger so as to separate the gains and losses of one year from the succeeding one.
3. Since the purpose of closing the books is to determine the Net Gain or the Net Loss, and the Net Worth or the Net Insolvency, there is no necessity for closing any of the asset and liability accounts in the Ledger, unless it be Cash and Bank Accounts. Cash Account is closed because the Cash Book is closed periodically, as a check on the cash drawer; Bank Account is closed as a check on the Bank Pass Book, which is balanced monthly. These accounts are not usually entered in the Ledger; the Cash Book is made to answer for the Cash Account, and Bank Account may be kept as indicated in Sections 113 and 114.

94. Financial Statement—Form II.

(a) STATEMENT OF LOSSES AND GAINS, May 31, 19—.

		Items.		Totals.	
		Gains.			
40	Merchandise	1110	30		
	Real Estate	100		1210	30
		Losses.			
40	Expense	200			
	Interest and Discount	1	75	221	75
	Pupil's Net Gain			988	65

(b) SUMMARY OF PUPIL'S ACCOUNT.

65	Pupil's Net Credit			4400
65	" " Gain			988 65
	" " Capital			5388 65

(c) STATEMENT OF ASSETS AND LIABILITIES.

		Items.		Totals.	
		Assets.			
60	T. Musson				
	Bills Receivable	510	25		
	Cash	330			
	Merchandise	1633			
	Real Estate	1500	75		
	Interest Receivable accrued	2100			
25		2	50	6076	50
65					
		Liabilities.			
50	R. Palmer				
	Bills Payable	304	60		
	Expense, salary due	250			
	Interest Payable accrued	30			
	Pupil's Net Capital	3	25		
		5388	65	6076	50

95. Financial Statement—Form III.

FINANCIAL STATEMENT, May 31, 19—.

L.F.	Trial Balance.		Inventories.	Statement of		Statement of	
	Dr.	Cr.		Losses.	Gains.	Assets.	Liabilities.
21	Pupil (Capital A c)						
21	T. Musson	510 25	4400				
22	R. Palmer		404 60			510 25	
22	Bills Receivable	330				330	404 60
22	Bills Payable		250				250
23	Cash	1633				1633	
23	Merchandise	1350 75	3050 40			1500 75	
24	Expense	200	50				30
24	Real Estate	2000				2100	
24	Interest and Discount	22 50	21 50			2 50	3 25
		5086 50	5086 50			6076 50	687 85
	*Net Gain						
	(Summary)						
	Pupil's Net Credit		4400				
	" " Gain		988 65				
	" " Capital		5388 65				
							5388 65
						6076 50	6076 50

\*Red Ink. A = Asset.

L = Liability.

**Set VII.—D. E.—Grocery and Provision Business.**

**Special Features.**—Continuation of Set VI.: Transactions involving Interest and Discount.

**Instructions:**

- (a) *Books to be used*—Business Papers, Journal (short for Journal Day Book), Cash Book, Bill Book, and Ledger.
- (b) *Business Papers:*
1. *Inward.*—Notes on May 13, 15, 21; Cheques on May 11, 28 (drawn on any bank); Drafts on May 10, 17, 29.
  2. *Outward.*—Cheques on May 3, 4, 7, 8, 13, 16, 31; Drafts on May 7, 9, 14, 20; Invoices on May 6, 10, 15, 18, 21, 28; Deposit Slip on May 31.
- (c) *Make out business papers, journalize, and write up the Cash Book and Bill Book; post, take a Trial Balance; take stock; make Financial Statements; close the Ledger.*

**Directory:**

Bain, S., St. Mary's, Ont.

Dempster, F., Ingersoll, Ont.

Mathews, R., St. Mary's, Ont.

Medland, F., Guelph, Ont.

Mason, P. & Co., Hamilton, Ont.

Peterson, D., Galt, Ont.

Sinclair, F., Guelph, Ont.

All Others, London, Ont.

**Transactions—Set VII.**

- London, May 1, 19— . Pupil has removed from Guelph to London, and continues the Grocery and Provision Business at # 167 Dundas Street.
2. Engaged H. Jordan as clerk at \$40 per month, and B. Davids as bookkeeper at \$60 per month.
 

S. Bain paid his note of the 9th ult. in cash, \$100.
  3. Drew a cheque on the Scholastic Bank in Guelph for the balance on deposit there, and deposited it in the Scholastic Bank in London.
  4. Paid freight to Grand Trunk Railway Co. for moving expenses, cheque \$125. (Expense Dr.) Petty Cash sales for the week, \$160.
  6. Sold R. Mathews on a c, 400# Tapioca @ 4c.; 300# Mixed Nuts @ 14c.
  7. Paid our acceptance of the 24th ult. with cheque, \$160.
 

Drew a draft at 10 days' sight on F. Sinclair in favour of F. Medland, for \$100.
  8. Bought the Store and Lot we now occupy, from G. Scott for \$2100, giving cash \$500 and cheque for balance.
 

Insured Store and contents in the Royal Insurance Co. for \$1500 at  $\frac{1}{2}$  premium; paid premium with cheque. (Expense A/c.)
  9. Bought from F. Medland on our acceptance at 10 days, bearing interest at 7 per annum. Mdse. \$180, us per Inv. dated to day.
 

Paid for Telegram 25c.
  10. Sold W. Taylor for cash, less 3 discount, 10 bbls. Mess Pork @ \$11; 14 bbls. Russet Apples @ \$5. (Merchandise Discount A/c. See Sections 87 and 88.)
 

Sold F. Sinclair for his sight draft on D. Horsman, 25 bbls. Y. Sugar, 240# each, @ 4c.; 100 bbls. Salt @ 60c.
  11. F. Medland settled his note of the 6th ult., giving his cheque for \$100, and requesting that the balance be placed to his debit, against what we owe him on a c. (Is this note due?)
 

Petty Cash sales for the week, \$150.

Received a legacy of \$500 cash from the estate of John Scott and invested it in the business.

13. Loaned F. Dempster cash \$400 on his note at 4 months, bearing interest at 6% per annum. Bought from F. Medland on a/c, Mdse. \$650, as per Inv. dated May 11. Paid our acceptance of the 10th ult. with cheque, \$150.
14. Drew a draft on R. Mathews at 10 days, in favour of F. Medland for \$50.
15. Sold R. Mathews on his note at 2 months, payable at the Bank of Commerce, 5 bbls. Coal Oil, 40 gals ea. @ 12c. ; 20 sacks Oatmeal, 200# ea. @ 2½c.
16. Paid F. Medland in full of account with cheque ; he allowed 3% off.
17. Received from F. Sinclair on a/c, a sight draft on C. Ross for \$100, dated May 16.
18. Sold R. Mathews, 600# Sulada Ceylon Tea @ 35c. ; received in part payment cash \$50, balance on a/c.  
Petty Cash sales for the week, \$15.
20. Bought from F. Medland, Mdse. \$475, as per Inv. dated May 18 ; accepted his draft at 30 days in favour of W. Dixon, in payment.
21. Sold C. Main 100 tubs Butter, 50# ea. @ 20c. ; received his note at 2 months, bearing interest at 6% per annum, in payment.
22. Paid our acceptance of F. Sinclair's draft \$180, and interest 45c., in cash.
23. Paid for painting premises \$200, in cash, by check.
25. Theft from cash drawer, \$2.  
Petty Cash sales, \$2.
28. Sold F. Sinclair, 120# Sugar, 150# Coffee, 15 sacks Patna Rice, 200# ea. @ 2½c. ; received his cheque for the amount of \$300, in account.
29. Drew a 30-day draft on R. Mathews in our own favour, to close his account. (Is the amount \$168.)
30. Fire destroyed \$500 worth of goods ; received insurance \$357 cash. (Should any entry be made for the \$500?)
31. Deposited in bank 30 × \$1, 40 × \$2, 3 × \$4, 80 × \$5, 70 × \$10, 5 × \$20, 3 × \$50, 2 × \$100 ; coin \$180.65 ; cheques \$100 and \$247.35.  
Paid salaries with cheques.

INVENTORIES taken May 31, 19...

Asset Inventories:

Merchandise.—50# Tapioca @ 3c.	5 bbls. Sugar, 240# ea. @ 3½c.
150# Mixed Nuts @ 10c.	5 bbls. C. Oil, 40 gals. ea. @ 11c.
7 bbls. Mess Pork @ \$10.	10 sacks Oatmeal, 200# ea. @ 2c.
10 bbls. Apples @ \$4.	200# Patna Rice @ 2½c.

Real Estate.—Store and Lot, valued now at \$2150.

Interest Rec.—Accrued on Bills Rec. 6 and 8, \$266.

Results.—Net Loss \$37.45 ; Net Capital \$5927.95.

### 96. Cash Book Used as a Cash Journal.

In the example in Section 97, which is the Cash Book for Set VIII., the Cash Book is used as a posting medium; previous to this it has been used as an *auxiliary* book (See Sec. 60). Notice on the Dr. side, that *Cash* is Dr. (Debtor) for \$4944.60, and that *Paul, E. Simpson, Dry Goods, etc.* are Cr. (Creditor) for the amounts opposite to them respectively; notice on the Cr. side, that *Cash* is Cr. for \$4877.35, and that *Scholastic Bank, E. Denton & Co., Dry Goods, etc.* are Dr. for the

amounts opposite to them respectively. Cash is posted in two totals, and the amounts for the other accounts separately. The Cash Book may, however, be considered as the Cash Account for the Ledger, in which case the cash totals need not be posted; the cash totals or the cash balance, would then be entered in the trial balance directly from the Cash Book. It will be well now to call the Cash Book by the name *Cash Journal*.

All purely cash transactions are to be entered in the Cash Journal only: for example, the entries on the Dr. side for June 7, 15, etc., will not be found in the Journal.

Transactions in which Cash and other accounts are jointly concerned are to be entered both in the Cash Journal and the Journal. The following, which are not purely cash transactions, are the journal entries for June 1, 6, 8, 18, 21, and 29; it will be seen that the *Cash* in the Journal is marked "C" in the folio column, and is not to be posted, since it will be posted from the Cash Journal; and also that *Pupil, J. Munro, S. Marks, etc.*, in the Cash Journal, are marked "J" in the folio column, and are not to be posted, since they will be posted from the Journal. Another method of dealing with these transactions would be to separate them each into two parts, one for the Cash Journal, and the other for the Journal; this method will be exemplified at a later stage.

June 1, 19			June 18		
C	Cash	3000	C	Cash	50
J	Dry Goods	1500	J	Bills Rec.	238
J	Boots and Shoes	500	J	J. Munro	298
J	Groceries	2000			
J	Office Furniture	150			
	Pupil (Cap. A c)	2150	C	Cash	30
			J	Bills Rec.	120 50
J	E. Denton & Co.	200	J	S. Marks	150 50
C	Cash	25			
J	Scholastic Book	125	J	Expenses	50
			C	Cash	30
J	Pupil (Cap. A c)	30	J	L. Martin	10
C	Cash	30			
J	Dry Goods	25			

97 (a) Cash Journal for Set VIII.

				CASH	
Dr.	Cr.	Accounts Cr.	Explanations	Dr.	Cr.
June	1	J. Pupil	Invested		3000
	7	F. Simpson	On account	50	
	15	J. Dry Goods	Petty sales	150	
	15	J. Boots and Shoes	"	500	
	15	J. Groceries	"	2000	
	15	J. Bills Receivable	No. 1	238	
	18	J. J. Munro	On account	298	
	20	J. Pupil	Invested	30	
	21	J. S. Marks	On account	150 50	
	21	J. J. Munro	"	50	
	26	J. Dry Goods	Sold damaged goods	25	
	27	J. Bills Rec.	No. 2 per paid	120 50	
	29	J. Dry Goods	Petty sales	26	50
	29	J. Boots and Shoes	"	150	
	29	J. Groceries	"	2000	
	29	J. S.	Cash	30	345
				3945	3945



(b) **Exercise on the Cash Journal.**

Make Cash Journal entries for the following, balance, foot, rule, and bring the balance down. Stratford, July 2, 19— Pupil invested \$3000.

3. Deposited in the Scholastic Bank, cash \$2700.
4. Bought from D. Sparrow for cash, Mdse. \$250, as per Inv. dated June 29.
5. Sold M. Dimmick Mdse. \$350 ; received in part payment, cash \$175, balance on a/c.
6. Paid for Stamps and Stationery, cash \$4.50.
8. Discounted W. Parker's note ; face \$200, discount \$5.30 ; proceeds received in cash.
9. Received from J. Campbell in full of a/c, cash \$110.60.
10. Prepaid our note with cash ; face \$160.50, discount \$4.10.
11. Paid M. Robertson on a c, cash \$87.30.
12. S. Gilmour paid his note due to-day, with cheque \$165.75.

**98. Putting Discounts Through the Cash Journal.**

The transaction on June 27 may be put through the Cash Journal instead of the Journal. On the Dr. side, enter the total amount for Bills Rec. (\$26.60) as though it were all received ; and on the Cr. side, enter the Discount (35c.) as though it were so much cash given back.

**99. Purchases and Sales for Cash or Note.**

It is usual in actual business to put a transaction through the Personal Account when paid with cash, note, or acceptance, at the time of purchase or sale. The transaction on June 25 would be entered first in the Journal, J. Munro Dr. \$25 and Groceries Cr. \$25 ; and then in the Cash Journal, Cash Dr. \$25 and J. Munro Cr. \$25. The purpose of this is to have a record of all large transactions with regular customers, in case an order is to be duplicated, or some other information is desired. Of course, petty cash sales are not put through the Personal Accounts.

**100. Department Accounts.**

Some stores, called *departmental stores*, keep many lines of goods, and separate their stock into several departments, such as Dry Goods Department, Boots and Shoes Department, Groceries Department, etc. For each of these departments they have a corresponding account—Dry Goods A c, etc. ; each account is treated in the same way as Merchandise A c. When Expense A c is separated into various accounts, such as Rent, Furniture, etc., each is treated in the same way as Expense A c.

		CASH		Dr.	
	L. F.	Accounts To	Explanations	Items	Totals
19					
June	3	S. Scholastic Bank	Deposit		
	6	J. K. Deaton & Co.	On account	2500	
	6	Dry Goods	Freight	75	
	8	J. Pupil	Withdraw	12	
	12	Boots and Shoes	Freight	30	
	12	L. Martin	On account	10	
	24	Scholastic Bank	Deposited	10	
	27	Discount	On B. R. 2	1300	
	29	J. Expense	Clerk's salary		
	29	Scholastic Bank	Deposit	20	
	29	Cash		100	1822 75
	29	Balance		Cr.	1822 75
					3645 50

**Set VIII.—D. E.—General Store Business.**

**Special Features.**—*Division of Merchandise Account into Dry Goods, Boots and Shoes, and Groceries Accounts; and Expense Account into Office Furniture, Rent, Insurance, and General Expense Accounts. Use of the Cash Book as a Cash Journal or posting medium.*

**Instructions :**

(a) *Books to be used—Business Papers, Journal, Cash Journal, Bill Book, and Ledger.*

(b) *Business Papers :*

1. *Inward.*—Notes on June 8, 14, 18; Cheques on June 3, 7, 17, 18, 21, 27 (drawn on various banks); Drafts on June 7, 17, 21; Order on June 19.

2. *Outward.*—Note on June 1; Cheques on June 3, 6, 10, 11, 12, 17, 19; Drafts on June 7, 14, 24; Deposit Slips on June 5, 22, 29; Invoices on June 4, 5, 6, 10, 13, 14, 19, 25.

(c) *Make out business papers, and make entries in Journal, Cash Journal, and Bill Book; post; take a Trial Balance; take stock; make Financial Statements; close the Ledger.*

**Directory :**

*Black, R., Listowel, Ont.*

*Denton, E. & Co., Toronto, Ont.*

*Green, W., Galt, Ont.*

*Muaro, J., Woodstock, Ont.*

*Marks, S., Seaforth, Ont.*

*Phillips, F., Seaforth, Ont.*

*Rogers, E. & Co., Hamilton, Ont.*

*Simpson, F., St. Mary's, Ont.*

*All Others, Stratford, Ont.*

**Ledger Lines :**

<sup>1</sup> Pupil (Capital A/c) . . . . .	H + 6	Bills Payable . . . . .	H + 4	S. Marks . . . . .	H + 4
Groceries . . . . .	H + 9	Insurance . . . . .	H + 4	Rent . . . . .	H + 4
E. Denton & Co. . . . .	H + 6	<sup>3</sup> Scholastic Bank . . . . .	H + 10	Bills Receivable . . . . .	H + 7
<sup>2</sup> Dry Goods . . . . .	H + 14	F. Simpson . . . . .	H + 3	E. Rogers & Co. . . . .	H + 2
Boots and Shoes . . . . .	H + 10	R. Black . . . . .	H + 2	I. Martin . . . . .	H + 2
Office Furniture . . . . .	H + 4	General Expense . . . . .	H + 3	Cash . . . . .	H + 4
Interest and Discount . . . . .	H + 6	J. Muaro . . . . .	H + 4	Loss and Gain . . . . .	H + 8

**Transactions Set VIII.**

Stratford, June 1, 19 . . . . . Pupil leases store # 75 Wellington Street from D. Winters at \$720 per annum, payable quarterly in advance, and opens up a General Store Business.

Assets—Cash \$3000; Dry Goods \$1500; Boots and Shoes \$500; Groceries \$2000; Office Furniture \$150.

Liabilities—Balance due to E. Denton & Co. on a/c, \$300—note favour of W. Green for \$249, dated April 5, 19 . . . . . at two months, bearing interest at 6% per annum—interest accrued on this note \$7.05.

3 Deposited in the Scholastic Bank 5 × \$4, 100 × \$5, 48 × \$10, 20 × \$50, 5 × \$100—com \$99.75—cheque for \$100.25, made by M. Spanner.

Took out an insurance policy for \$3000, in the Queen Insurance Co. at  $\frac{1}{2}$ % premium—paid premium with cheque.

Engaged I. Martin as clerk at \$50 per month.

4. Sold F. Simpson on a/c, 15 prs. Ladies' Shoes @ \$2.25 ; 50 yds. Blk. Lustre @ 50c.  
Sold R. Black on a/c, 1 bbl. G. Syrup, 40 gals. @ 35c. ; 60 yds. Navy Blue Serge @ \$1.50.
5. Bought from E. Denton & Co. on a/c, Dry Goods \$292 as per Invoice dated June 3.  
Sold J. Munro on a/c, 200 yds. Can. Tweed @ \$1.25 ; 5 bbls. Sugar, 240# each, @ 4c.
6. Paid E. Denton & Co. on a/c, cash \$75, cheque \$125.  
Sold S. Marks on a/c, 50 prs. Ladies' Shoes @ \$1.50 ; 150 yds. Blue Denim @ 20c.  
Paid the G. T. R. freight on Dry Goods, \$12 cash.
7. Received from F. Simpson on a/c, cheque \$20, and a sight draft on A. Barnes for \$30.  
Accepted E. Denton & Co's draft on us, dated June 3 at 30 days' sight for amount of Inv. of the 5th, \$292. (Due July 10.)
8. Took for private use cash, \$30 ; Dry Goods, \$25.  
We have requested W. Green to extend the date of payment of our note of April 5, to the 10th inst.  
Received from R. Black on a/c, his note, dated to-day at 5 days for \$104.
10. Paid our note of April 5 and interest, with cheque ; face \$219, interest \$2.38 (Test this).  
Sold S. Marks on a c, 5 bbls. Flour @ \$5.50 ; 1 bbl. XX Vinegar, 40 gals. @ 16c.
11. Bought from E. Rogers & Co. on a c, Boots and Shoes as per Inv. dated June 8, \$300.  
Paid rent of store to Aug. 31, with cheque \$180.
12. Paid the G. T. R. freight on Boots and Shoes, with cash \$10.  
Paid E. Rogers & Co., with cheque, the amount of Invoice of the 11th inst.  
Advanced L. Martin \$10 cash on his salary.  
  
Since L. Martin is paid at an irregular time, put the amount through his personal account—L. Martin Dr. and he were paid weekly, we would then say—Expense Dr. and Cash Cr.
13. Sold J. Munro on a c, 4 doz. prs. Men's Rubbers @ \$5 ; 6 doz. Gilt Edge Shoe Polish @ \$1.10.
14. Remitted E. Denton & Co. on a c, a 30 day sight draft on S. Marks for \$50.  
Sold F. Simpson on a c, 20 gr. Thread @ \$3.75 ; 800 yds. Shirting @ 15c.  
Received from J. Munro on a c, his note, dated June 13 at 3 months for \$26.60.
15. Petty cash sales for two weeks, Dry Goods \$110 ; Boots and Shoes \$90 ; Groceries \$350.
17. Prepaid our acceptance of the 7th inst. with cheque—discount at 6% (18 discount \$1.10 or \$1.12 1/2)  
R. Black paid his note of the 8th, with cheque  
Drew a draft at 30 days on S. Marks, for \$73 ; discounted it at 7% and deposited the proceeds—(18 discount 46c, or 18c. 1/2)
18. Received from J. Munro on a c, his cheque \$50, and his note, dated to-day at 60 days for \$248.
19. Sold F. Phillips on an order from S. Marks, 120 yds. Canton Flannel @ 20c. ; 10 Men's Fall Overcoats @ \$12.  
Paid for advertising with cheque \$10.
20. Sold half of the lot belonging to private residence for \$500 cash, and invested the amount in the business.  
Bought from E. Denton & Co. on a c, Dry Goods as per Inv. dated June 18, \$500.
21. Received from S. Marks to close his a/c, cheque \$30, and his draft, dated June 19 at 7 days on E. Denton & Co., in our favour, for the balance.
22. Deposited 6 x \$1, 25 x \$2, 11 x \$10, 10 x \$20, 16 x \$50, and the incoming cheques on June 7, 17, 18, 21.

Took for private use, Dry Goods \$20 ; Boots and Shoes \$15.

24. Accepted E. Denton & Co.'s draft on us, dated June 21 at 30 days, for \$300.  
 25. Sold J. Munro for cash, 1 bbl. Currants, 250# @ 6c. ; 10 bxs. Raisins @ \$1.50.

Put this through the personal account. See Section 96.

26. Rain damaged Dry Goods worth \$60 ; sold them for \$20 cash.  
 27. J. Munro prepaid his note of the 14th with cheque ; discount at 6% . (Is the discount 35c. or 36c. ? Fractions under  $\frac{1}{2}$ c. are dropped.)  
 28. F. Simpson returned 5 gr. Thread sold him on the 14th.  
 29. Place the amount of E. Denton & Co.'s acceptance on the 21st, which is due to-day, to the debit of their a/c, against what we owe them.

Petty cash sales for two weeks, Dry Goods \$140 ; Boots and Shoes \$104 ; Groceries \$345.  
 Paid L. Martin the balance of his salary in cash.

Make Expense Dr. \$50 ; L. Martin Cr. \$10 ; and Cash Cr. \$40.

Deposited 30 × \$1, 50 × \$2, 20 × \$5, 15 × \$10, 1 × \$50, 1 × \$100 ; coin \$43.75 ; cheque on 27th.

#### INVENTORIES taken June 29, 19—.

##### Asset Inventories

Dry Goods	\$1,438.22
Boots and Shoes	735.55
Groceries	1,354.40
Office Furniture	140.00
Rent — 2 months prepaid	120.00
Insurance — 11 months unexpired	13.75
Discount — 6% for unexpired time on B. P. B.	1.38

##### Liability Inventory

Discount — 6% for unexpired time on B. R. B.	1.12
--	------

Results — Net Gain, \$11,264 ; Net Capital, \$1,211.59.

### 101. Business Papers Bank Draft, Bill of Exchange, and Requisition Form.

Inland or Domestic Bills of Exchange are commonly called Drafts, they are drawn and payable in the same country. Foreign Bills of Exchange are commonly called, simply Bills of Exchange, they are drawn in one country and are payable in another. Bills of Exchange on the United States of America are, however, called drafts because of the similarity of currency and the proximity of the country. These names apply whether drawn by persons on persons, or by bank on banks.

When a bank in Canada draws upon another bank in Canada, the paper is called a Bank Draft, but when the second bank is an English or other European bank, the paper is called a Bill of Exchange.

## (a) BANK DRAFT.

**Scholastic Bank**\$100 <sup>00</sup>/<sub>100</sub>

St. John, N.B., July 3, 19—

Pay to The Dominion Plating Co. or Order  
 One Hundred <sup>00</sup>/<sub>100</sub> Dollars  
 and charge to the account of this Bank.

To The Scholastic Bank,  
 Toronto, Ont.

J. J. Crutche, Manager,  
 E. E. Switzer, Accountant.

## (b) BILL OF EXCHANGE.

**The Dominion Bank**

£100 Sterling.

Toronto, July 2, 19—

On Demand of this First of Exchange (second unpaid)  
 pay to the order of James Procter  
 One Hundred Pounds Sterling  
 as advised.

The National Bank of Scotland,  
 London, E.C.

R. Price, Manager,  
 M. Parker, Accountant.

Suppose that D. Procter of St. John, wishes to send \$100 to The Dominion Plating Co. of Toronto. He obtains a Bank Draft for the purpose, as follows. He steps into, say, the Scholastic Bank and fills in a Bank Draft Requisition Form, as shown in (c) on the next page, the amount of exchange and the total are filled in by a bank clerk. He presents this at the wicket, and on payment of the amount specified in the Requisition, a bank clerk makes out and hands him a form similar to that shown in (a) above. This he will mail to The Dominion Plating Co.

## (c) REQUISITION FORM.

**Scholastic Bank**

St. John, N.B., July 3, 19--

Required, a draft on Toronto.....

In favour of The Dominion Plating Co.....

For the sum of One Hundred.....Dollars.

Applicant I. Procter. ....

No.	Par	\$100.00
Exchange	1 <sup>1</sup> / <sub>4</sub>	per c. \$ .25
		<u>\$100.25</u>

**102. Bank Drafts Transactions Journalized.**

1. Sent D. R. Graham	on a/c, a bank draft purchased with cash	D. R. Graham	100	
\$100.	Exchange	Expense		25
		Cash		100 25
(2). Received from D. R. Graham	on a/c, bank draft for \$100.	Cash	100	
		D. R. Graham		100

**103. Remittances.**

1. *By Registered Letter.*—Registered letters are numbered and entered in special books so that they may be traced along the mail routes. Should a registered letter be lost or stolen, the post office authorities will make search for it but if unsuccessful, the sender has himself to bear the loss.

2. *By Postal Note.*—Postal Notes are orders issued by one post office on another post office, requiring the latter to pay a definite amount. They are used for sending any amount up to \$10, to any place in the United States. They are made for set amounts, 20c., 30c., etc., for odd cents, if necessary. Postage stamps may be affixed to the face of the Postal Note. If a Postal Note or any of the terms of it be lost, after being properly filled in, a duplicate can be obtained.

3. *By Post Office Money Order.*—These are orders by one post office on another post office and are used for sending any amount up to \$100, to any country in the postal union.

4. *By Express Money Order.*—These are orders by one express office on another express office.

5. *By Bank Cheque.*—Since Bank Cheques are drawn by a depositor on funds in the home bank, they are intended for making local payments only. Should a cheque be sent to a person in another town he would have to pay exchange to any bank cashing it for him. Occasionally, however, a firm arranges to have its cheques payable at par in other towns.

6. *By Bank Draft.*—These are orders by one bank on another bank at a distance. A person wishing to send money by this method, buys a Bank Draft; for this he pays the face amount and a small sum ( $\frac{1}{4}$  or more) for the banker's trouble. A small sum is charged as commission or exchange, in the other cases also.

7. *By Bank Money Order.* These are orders by one bank on another bank. They are intended for small amounts, whereas Bank Drafts are intended for larger amounts.

104. Cash Remittance Papers—Specimens.

NOT NEGOTIABLE. POSTAL NOTE.

**CANADIAN POSTAL NOTE** A 272040  
**TWENTY CENTS** 20c.

To the POSTMASTER of *Halifax, N.S.*  
PAY to *Mr. Graham* the sum of  
**TWENTY CENTS** on account of the Postmaster General of Canada  
*A. Phillips* POSTMASTER ISSUING OFFICE

**ONE CENT** (Stamp)

1. Purchase must be in the name of the person to whom the money is to be paid.  
2. Purchase must be made at the place where the note is issued and signed by the Postmaster.  
3. If value is not declared in established payment will be refused.  
4. When note is used the Postmaster-General will not be liable for any further value.  
5. Note may be used for payment through a bank.

6. After the expiration of three months from the last day of the month of issue a postmaster may, at his discretion, cancel and where the Note was issued to the original holder, send a similar cheque and for money not so cancelling three months after one year the Note can only be used on receipt of special authority.  
7. Received the above-named sum.

STAMP HERE

POST OFFICE MONEY ORDER.

BLOOR STREET (Toronto), Ont. No 5292  
CANADIAN MONEY ORDER.  
MARCHÉ DE POSTE CANADIEN

PAID TO THE PERSON MENTIONED IN ADVANCE (PAYÉ À LA PERSONNE MENTIONNÉE D'AVANCE)

*Thirty-five* Dollars  
*Twenty-five* Cents

London, Eng. & Marshall (Maison de Paris)

Received the above sum—(Reçu le montant ci-dessus.)

EXPRESS MONEY ORDER.

WHEN COUNTERSIGNED BY AGENT AT POINT OF ISSUE. EXPRESS MONEY ORDER. Series F 3684

**Canadian Express Company**  
AGREES TO TRANSMIT AND

Pay to the order of *Chas. Proctor, Montreal, Que.*  
The sum of *Twenty-five* Dollars

Countersigned by *R. Patterson* AGENT *J. W. Horton* AGENT TREASURER

Drawn at *Montreal, Que.* DATE *September 30, 1919*

ISSUED AT *Halifax, N.S.* BY *A. Sinclair*

MARKED CHEQUE.

No. *95* Toronto, Ont., Oct. 28, 1919

**The Dominion Bank.**

Pay *R. M. Spencer* or Bearer  
One Hundred and Twenty-five <sup>95</sup>/<sub>100</sub> Dollars.  
(in full of a/c to date)

*R. Thompson*

BANK DRAFT

No. *389* **The Dominion Bank.** \$ *137.42*

Winnipeg, Man., Sept. 3, 1919

Pay to the order of *A. W. Blatnick & Co., New York*  
One Hundred and Thirty-seven <sup>00</sup>/<sub>100</sub> Dollars.  
for value received which charge to account with advice.

**THE NATIONAL CITY BANK,** 64 WALL STREET, NEW YORK.  
*R. P. Calder*  
*Peter W. Rat*

BANK MONEY ORDER.

**CANADIAN BANKERS ASSOCIATION**  
NOT NEGOTIABLE

ISSUED BY **THE CANADIAN BANK OF COMMERCE**  
*Victoria, B.C., Oct. 7, 1919* No. D 9501

Pay to the order of *John Drygall, Inc.* the sum of *Three* Dollars and <sup>00</sup>/<sub>100</sub> Cents

**THE CANADIAN BANK OF COMMERCE** or Bearer  
MONTREAL, QUE. *R. D. Brown*

The Cheque above is called a Marked or Accepted Cheque, because of "R. M. Spencer" written across the left-hand end; the "95" is the page of R. Thompson's A/c in the bank ledger, and "A. M." are the ledger keeper's initials; the ledger keeper takes the amount from R. Thompson's A/c and reserves it to pay the cheque. Notice that "Bearer" is crossed out; the word "Order" understood and need not be written above.

**105. Two Accounts for the Proprietor.**

It is generally better to keep two accounts in the Ledger for the Proprietor—one for his investments and larger withdrawals, and one for small sums and goods taken for private use. Example: "D. Proctor (Capital A/c)"; "D. Proctor (Private A/c)". When closing the books, the Private A/c should be closed into the Capital A/c.

**106. Freight.**

The cost of Merchandise laid down in the store or warehouse includes freight, as well as invoice price. Freight may be dealt with in two ways: (1) Journalize it as Merchandise; (2) Journalize it as Freight, and close the Freight A/c into the Merchandise A/c, when closing the books.

**107. Sales Journal or Sales Book.**

All sales of Merchandise are entered in this book whether settled for at the time or not. It is used as a posting medium, from which each person named is debited in the Ledger for the amount sold him, and from which also Merchandise is credited for the total amount of the month's sales. When a person pays for the goods at the time of the sale, say with cash, he is debited through the Sales Journal for the amount of the sale, and credited through the Cash Journal for the cash payment; if he pay with note or acceptance he will be credited through the Journal, or through the Bill Journal when used as a posting medium. Notice that the Cash Book and the Bill Book are called respectively *Cash Journal* and *Bill Journal* when used as posting media. In the example in Section 108, the entries are for transactions in Set IX. Petty Cash Sales are entered in the Cash Journal only.

**108. Example of Sales Journal.**

Notice the two methods of entering the details: (1) By placing them even with the name, and (2) by indenting them an inch or less.

Notice also the two methods of dating: (1) By placing the dates at the side with an extra column for the Ledger Folio; in which case the heading may then be "Merchandise Sales Cr.," or simply "Sales Journal." (2) By placing the dates between the entries, and leaving the column at the side for the Ledger Folio; the heading should then be "St. John, July 3, 19..." The pupil may select any of these methods.

		MERCHANTISE (Sales).		Ch.	
L. F.	Accounts Debtor.	Items	Totals.		
July	3	27	K. Checks, Moncton, on a/c, 30 days.		
			8 Gold Watches	30 <sup>00</sup>	240
			10 do. Silver Plated Teaspoons	3 <sup>00</sup>	21
					261
		28	E. Evans, Fredericton, on a/c, 30 days.		
			10 Marble Clocks	20 <sup>00</sup>	200
			1 do. Alarm Clocks		9
					209
		29	R. Johnston, Chatham, on a/c, 30 days.		
			18 pos. Silverware assorted	3 <sup>00</sup>	54
			15 do. Silver Plated Knives	7 <sup>00</sup>	63
					117
		30	D. Proctor (Private A/c)		
			Silverware assorted		50
		31	K. Checks, Moncton, on a/c, 30 days.		
			10 do. Watch Chains	2 <sup>00</sup>	15
			15 Ladies Gold Watches	20 <sup>00</sup>	300
					315
			Carried forward		1012



MERCHANDISE SALES.

Cr.

		Brought forward		1012	60
11	38	E. Evans, Fredericton, on a/c, 10 days.			
		3 doz. Ladies' Gold Rings	17 <sup>00</sup>	51	
		6 doz. Gentlemen's Watch Pendants	1 <sup>20</sup>	72	123
					13
40		R. Johnston, Chatham, on a/c, 30 days.			
		2 doz. Eight-Day Clocks, ea.	4 <sup>00</sup>	80	
		3 " Silver Watches, ea.	10 <sup>00</sup>	300	456
					20
38		E. Evans, Fredericton, on a/c, 30 days.			
		8 Marble Clocks	30 <sup>00</sup>		240
40		R. Johnston, Chatham, cash.			
		Job Lot of Goods			150
					24
39		Pupil, city, on a/c.			
		1 Silver Watch			20
					25
38		E. Evans, Fredericton, draft at 3 days			
		1 doz. Fancy Card Receivers, ea.	2 <sup>00</sup>	24	
		6 " Napkin Rings	1 <sup>00</sup>	6	30
		Merchandise	Cr.	2051	60

Remarks.

1. Notice that the Sales Journal is much the same as the Cr. side of the Cash Journal. Merchandise is Cr. (Creditor) for the total sales, just as Cash is Cr. for the total payments; and the other accounts opposite the dates are Dr. (Debtor) both in the Sales Journal and the Cash Journal.
2. The date in the Sales Journal may be placed down the centre, as done in the last five entries—July 13 to 25, instead of down the left-hand side; the ruling, paging, and dating will then be the same as in the ordinary Journal on page 30; in either case, be sure to leave a space between the entries.
3. The Heading at the top may be "Merchandise Sales Cr." or "Sales Journal" or "St. John, N.B., July 3, 19...". The foregoing form of Sales Journal will, however, be simpler as a first step for the student.

109. Purchase Journal or Invoice Book.

All purchases of Merchandise are entered in this book, whether settled for at the time or not. It is used as a posting medium, from which each person named is credited for the amount purchased from him, and from which also, Merchandise is debited for the total amount of the month's purchases. When we pay for the goods at the time of purchase, say with cash, the person we purchase from is credited through the Purchase Journal for the amount of the purchase, and is debited through the Cash Journal for the cash payment; if we pay with note or acceptance he will be debited through the Journal, or through the Bill Journal if it be used as a posting medium. See Section 99.

There are two forms of Purchase Journal in general use. One form is wider than the ordinary Invoice so that the Invoices may be pasted in, and leave room to rule a money column on the right; the amounts of the Invoice are extended into this column and totalled; each person is credited for the amount purchased from him, and Merchandise is debited for the monthly total. The other form, of which there are many variations, is illustrated in Section 110—the July entries are from Set IX; the August entries do not belong to any set.

## 110. Example of Purchase Journal.

		MERCHANDISE (PURCHASES).				Dr.	
L.F.		Accounts Creditor.	Date of Invoice and Terms.	Items.	Totals.		
19							
July	2	J. D. Proctor (Capital A/c)	Investment			2800	
	4	G. Sloane & Co.	June 29—15 days			850	
	10	Dominion Plating Co.	July 6—30 days			600	
	18	G. Sloane & Co.	July 16—15 days			380	
	31		Merchandise		Dr.	650	
Aug.	1	A. McIntyre & Co.	July 30—10 days	150	50	425	
			—30 "	275	50	75	
	2	J. M. Foster & Co.	July 31—Cash	200			
			—Draft, 30 days	150	50	350	
	3	O. T. Mather & Co.	Aug. 3—Cash	125	50	50	
			—Note, 2 mos.	165		200	
	31		Merchandise		Dr.	1065	

- Remarks.**—1. The Purchase Journal is much the same as the Dr. side of the Cash Journal. Merchandise is Dr. for the total purchases, just as Cash is Dr. for the total receipts, and the other accounts opposite the dates are Cr. both in the Purchase Journal and the Cash Journal.
2. The Heading at the top may be "Merchandise Purchases Dr." or "Purchase Journal" or "St. John, N.B., July 2, 19 —."
3. The bookkeeper does not enter the details of the Invoices in the Purchase Journal, since he has the Invoices themselves for reference. He places the Invoices of each firm together, and files them away according to number, or in order of their dates.
4. Although the terms may be *cash* or *note*, still the cash or note may not be received until some days later. In the entry on Aug. 3, the Invoice and goods were received on the date of purchase; the terms are *cash* and *note at 2 mos.*; now whether the cash and note are given at once or some days later, the entry should be put through the personal account. See Section 99.

## Set IX. — D. E.—Wholesale Jewellery Business.

**Special Features.** Use of Sales Journal and Purchase Journal. Two accounts for the Proprietor—"D. Proctor (Capital A/c)" and "D. Proctor (Private A/c)." Transactions introducing Bank Drafts and Exchange.

**Instructions:**

- (a) Books to be used.—Business Papers, Journal, Sales Journal, Purchase Journal, Cash Journal, Bill Book, and Ledger.
- (b) Business Papers:
- Inward.—Notes on July 13, 16, 20; Cheques on July 13, 22; Drafts on July 15, 16, 22, 25; Bank Draft on July 26.
  - Outward.—Notes on July 6, 17; Cheques on July 3 (two), 5, 16, 17 (two), 23, 30, (three), 31; Drafts on July 2, 9, 11, 23; Bank Drafts on July 3, 8, 23; Deposit Slip on July 2; Invoices on July 3, 5, 6, 9, 11, 13, 20, 22, 25.
- (c) Make out business papers; make entries in Journal, Sales Journal, Purchase Journal, Cash Journal, and Bill Book; post to the Ledger; take a Trial Balance, take stock, make Financial Statements; close the Ledger.

**Directory :**

American Watch Case Co., Montreal, Que.  
 Clarke, K., Moncton, N.B.  
 Dominion Plating Co., Toronto, Ont.  
 Dominion Show Case Co., Montreal, Que.

Evans, E., Fredericton, N.B.  
 Johnston, R., Chatham, N.B.  
 Sloane, G. & Co., Halifax, N.S.  
 All Others, St. John, N.B.

**Ledger Lines :**

<sup>1</sup> D. Proctor (Capital A/c) . . . . .	II + 5	<sup>3</sup> Shop Furniture . . . . .	II + 5	<sup>6</sup> G. Sloane & Co. . . . .	II + 3
Dominion Plating Co. . . . .	II + 5	Scholastic Bank . . . . .	II + 12	R. Johnston . . . . .	II + 6
Real Estate . . . . .	II + 4	D. Proctor (Private A/c) . . . . .	II + 4	Insurance . . . . .	II + 4
Cash . . . . .	II + 4	<sup>4</sup> Dominion Show Case Co. . . . .	II + 2	Pupil . . . . .	II + 3
<sup>2</sup> Merchandise . . . . .	II + 8	Bills Payable . . . . .	II + 6	<sup>5</sup> K. Clarke . . . . .	II + 3
Expense . . . . .	II + 6	Interest and Discount . . . . .	II + 5	Merchandise Discount . . . . .	II + 2
Bills Receivable . . . . .	II + 7	E. Evans . . . . .	II + 5	Loss and Gain . . . . .	II + 5

**Transactions - Set IX.**

St. John, N.B., July 2, 1900. D. Proctor opens up a Wholesale Jewellery Business at # 69 Main Street.

Assets: Cash \$2500; Merchandise \$2800; Store # 69 Main Street, \$2000; Shop Furniture, \$300.

Liabilities: Balance due the Dominion Plating Co., \$450; draft for \$200 in favour of the American Watch Case Co., dated June 3, at 30 days' sight, accepted June 5, and payable at the Imperial Bank, Montreal.

2. Deposited cash in the Scholastic Bank, 20 x \$5, 50 x \$10, 30 x \$20, 10 x \$100; cheques \$125.75, \$74.25.

Engaged Pupil as bookkeeper at \$60 per month, and R. Mills and S. Dow as clerks at \$50 each per month.

3. Sold K. Clarke on a c at 30 days, 8 Gold Watches (a \$30); 6 doz. Silver Plated Teaspoons (a \$3.50).

Remitted to the Dominion Plating Co. on a/c, bank draft \$100, purchased with cheque; exchange 25c.

Paid freight \$8 with cheque, to the C. P. R., on goods ordered from G. Sloane & Co.  
 See Section III.

4. Bought from G. Sloane & Co. on a/c, 15 days, Mdsc. \$850 as per Invoice dated June 29.

5. Sold E. Evans on a c, 3 - 10 days, 10 Marble Clocks (a \$20); 1 doz. Alarm Clocks (a \$9.60).

Proprietor withdrew for private use by cheque, \$30.

Enter withdrawals in "D. Proctor (Private A/c)." Close "D. Proctor (Private A/c)" into "D. Proctor (Capital A/c)." "Loss and Gain A/c" is sometimes closed into the Private A/c, and then the Private A/c into the Capital A/c.

6. Sold R. Johnston on a c, 30 days, 18 pcs. Silverware assorted (a \$3); 14 doz. Silver Plated Knives (a \$4.50).

Bought from the Dominion Show Case Co. on our note at 10 days, 3 Show Cases (a \$25).

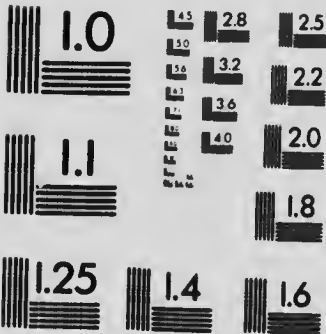
Put this through the Personal Account, making two entries in the Journal - Shop Furniture Dr. and Dominion Show Case Co. Cr.; Dominion Show Case Co. Dr. and Bills Payable Cr. The latter entry would be put through the Bill Book only, if used as a posting medium. See Section III.

Paid freight on Show Cases in cash \$6 (Shop Furniture A/c).



# MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



**APPLIED IMAGE Inc**

1653 East Main Street  
Rochester, New York 14609 USA  
(716) 482-0300 - Phone  
(716) 288-5989 - Fax

8. Received from E. Evans, cash for bill of 5th inst., less 3%.
- Make two entries in the Cash Journal—the full amount on the one side for E. Evans, and \$6.20 on the other side for the Merchandise Discount. See example in Section 97, on June 27.
- Proprietor took for private use, Silverware \$50. (S.J.)
- Remitted bank draft, purchased with cash, to settle our acceptance of June 5, \$200; exchange  $\frac{1}{8}\%$ .
9. Accepted G. Sloane & Co.'s draft, dated July 4 at 10 days, for the amount of Inv. June 29, \$850.
- Sold K. Clarke on a/c, 30 days, 10 doz. Watch Chains @ \$7.50; 15 Ladies' Gold Watches @ \$20.
- Paid freight \$7 in cash, on goods ordered from the Dominion Plating Co.
10. Bought from the Dominion Plating Co. on a/c, 30 days, Mdse. \$600 as per Invoice dated July 6.
11. Sold E. Evans on a/c, 10 days, 3 doz. Ladies' Gold Rings @ \$17; 6 doz. Watch Pendants @ \$12.
- Paid N. Ross for painting done to private residence, \$10 from cash drawer.
- Gave the Dominion Plating Co. on a/c, cash \$75, and sight draft on R. Johnston for \$100. (J. and C.J.)
12. Returned to the Dominion Plating Co. defective goods, received on the 10th, \$20.
- Insured Store and contents in the Royal Assurance Co. for \$4000; paid Premium \$20 in cash.
13. Sold R. Johnston on a/c, 30 days, 2 doz. Eight Day Clocks @ \$4 ea.; 3 doz. Silver Watches @ \$10 ea.
- Petty Cash Sales for two weeks \$450.
- Received from E. Evans his cheque for \$50, and his note dated July 11 at 10 days for \$73, for bill of goods sold him on 11th inst.
15. Discounted E. Evans' note of the 13th at 6 and deposited the proceeds; face \$73, discount 11c.
- Drew on R. Johnston on a/c, a draft at 10 days for \$150, in our favour.
16. Loaned E. E. Switzer on his note at 6 months, bearing interest at 7 per annum, payable at the Imperial Bank, \$500 given him by cheque.
- Received from R. Johnston on a/c, a sight draft on W. Rankin for \$100.
17. Settled our acceptance of the 9th with cheque for \$400, and our note at 30 days, bearing interest at 6 per annum, for balance.
- Paid freight \$10 with cheque to the C. & R., on goods ordered from G. Sloane & Co.
18. Bought from G. Sloane & Co. on a/c, Mdse. \$380 as per invoice dated July 16 at 15 days.
19. Settled our note of the 6th inst. in cash.
20. Sold E. Evans on a/c, 30 days, 8 Marble Clocks @ \$30.
- Deposited cash \$500.
22. Sold R. Johnston for his cheque, a job lot of Jewellery, \$150.
- Received from E. Evans on a/c, a draft at 10 days on the Dominion Plating Co. for \$240.
23. Fire destroyed Mdse. worth \$1000; received this amount on our insurance policy, and deposited the same.

- Accepted G. Sloane & Co.'s draft, dated July 18 at 10 days, for \$280, and also remitted a bank draft for \$100 purchased with cheque, exchange 25c., in payment of Mdse. as per Invoice received July 18. (J. and B.B.)
24. Returned R. Johnston's dishonoured cheque received on 22nd.  
Paid for fixing shelving, cash \$25.  
Gave Pupil on his salary, 1 Silver Watch \$20.  
Pupil's salary is not due until the end of the month, and as the payment is irregular we must treat this as a sale to Pupil on a c.
25. Sold E. Evans for his draft at 3 days on the Dominion Plating Co., 1 doz. Fancy Card Receivers @ \$2 each; 6 doz. Napkin Rings @ \$1. (S.J., J. and B.B.)  
Put this entry through the Personal Account. See Section 10.
26. Received from R. Johnston on a c, bank draft \$250.
27. Paid Pupil on his salary, cash \$20.  
Put through the Personal Account. See note on July 21.
29. R. Johnston paid cash \$50 on his acceptance of the 15th, and gave his note at 2 months bearing interest at 6% per annum, for the balance.
30. Paid salaries for July with cheques.  
Expense Dr., Pupil Cr., Scholastic Bank Cr.
31. Settled our acceptance of the 23rd with cheque, \$280.  
Petty Cash Sales, \$710.  
The Dominion Plating Co. requests us to place the draft of the 25th to their debit.  
Deposited the balance of cash on hand, excepting \$5.

*INVENTORIES taken July 31, 19—.*

*Asset Inventories:*

<i>Merchandise</i> . . . . .	\$180.67
<i>Office Furniture</i> . . . . .	375.00
<i>Real Estate</i> . . . . .	2100.00
<i>Insurance premium unexpired</i> . . . . .	14.22
<i>Interest accrued on Bills Rec. 3 and 6</i> . . . . .	1.47

*Liability Inventory:*

<i>Interest accrued on Bills Pay. 4</i> . . . . .	1.04
---	------

*Results. Net Gain, \$233.75; Net Capital, \$1093.75.*

**111. Partnership.**

A Partnership or Co partnership is an association of two or more persons, who agree to combine their money, labour, or skill, or any or all of them, in lawful business, and to share the profits or bear the losses, in certain proportions.

**112. Partnership Accounts.**

An account is opened for each partner, as "Pupil (Capital A c)" and "A. Hamilton (Capital A c)." A partner's account is treated similarly to that of a single proprietor, both in the opening Journal entry and in closing his account in the Ledger. An entry is made in the Loss and Gain A c for each partner's net gain or net loss, and the amounts are then transferred to their respective Capital A c's. Each Capital A c is then closed in the same manner as a single proprietor's account would be closed.

**113. Bank Account.**

In Set XI. we shall not keep Bank A/c in the Ledger, but by the second method mentioned in Section 69, namely, on the stub ends of cheques: or the student may keep it by the third method, by making a Bank Pass Book, as shown in Section 69, and recording therein the entries of deposits and cheques, as they would be recorded by the bank ledger-keeper; or he may combine both methods.

When either of these methods is used, no distinction is then made between the cash in the office drawer and the cash on deposit in the bank; both are considered as cash on hand. Payment by cheque is then treated as payment in cash, and an entry is made in the Cash Journal just as if paid from the office cash drawer. A deposit is considered merely as moving cash from one drawer to another drawer, and no entry is made in the Cash Journal.

The second method is illustrated on the stubs of the following cheques. Deposits are added to the last balance and each cheque is subtracted, thus showing the balance in the bank. The balance in the Cash Journal includes this balance and the balance in the office drawer.

Transactions for following stubs: Aug. 3—Deposited cash, \$750; Aug. 5—Paid D. Taylor balance of a/c with cheque, \$100.50; Aug. 6—Deposited cheques \$60, \$30, and currency \$40; Aug. 8—Paid H. Pearson for Invoice of Aug. 6 with cheque, \$75.

**114. Example of Bank Account on Stubs of Cheque Book.**

<i>No. 1.</i>	<i>Deposited</i>	<i>750</i>	<i>No. 1.</i>	<i>Halifax, August 5, 19</i>
<i>Date</i>	<i>Aug. 5, 19</i>		<u><b>The Dominion Bank.</b></u>	
<i>Favour of</i>	<i>D. Taylor</i>		<i>Pay</i>	<i>D. Taylor</i> <span style="float: right;"><i>or order</i></span>
<i>For</i>	<i>in a/c</i>			
<i>Amount</i>	<i>\$100<sup>00</sup> 100 50</i>		<i>One Hundred</i>	<i>00/100 Dollars</i>
	<i>Bal. 649 50</i>		<i>\$100<sup>00</sup></i>	<i>R. J. Potter.</i>

<i>No. 2.</i>	<i>Bal.</i>	<i>649 50</i>	<i>No. 2.</i>	<i>Halifax, August 8, 19</i>
	<i>Dep.</i>	<i>130</i>		
<i>Date</i>	<i>Aug. 8, 19</i>	<i>779 50</i>	<u><b>The Dominion Bank.</b></u>	
<i>Favour of</i>	<i>H. Pearson</i>		<i>Pay</i>	<i>H. Pearson</i> <span style="float: right;"><i>or order</i></span>
<i>For</i>	<i>Inv. of Aug. 6</i>			
<i>Amount</i>	<i>\$75<sup>00</sup> 75</i>		<i>Seventy-five</i>	<i>00/100 Dollars</i>
	<i>Bal. 704 50</i>		<i>\$75<sup>00</sup></i>	<i>R. J. Potter.</i>



**115. Financial Statements in Partnership.**

The Statements of Losses and Gains, and of Assets and Liabilities differ from those of a single proprietor only in the closing. In the form shown in Sections 93 and 94, there would be two or more entries for the Net Gain, two or more Summaries, and two or more entries for the Net Capital—one for each partner. In the form shown in Section 95, there would be two or more Summaries—one for each partner.

**116. Credit Invoice.**

A Credit Invoice or Credit Note is an acknowledgment of the return of goods, of an abatement in price, or of an error in an Invoice. It is much the same in form as an Invoice, but is usually printed in red ink; the writing is done in black ink.

**117. Example of Credit Invoice.**

CREDIT INVOICE.

VICTORIA, B.C.,

August 1

19

Mr. James Scott

IN ACCOUNT WITH GEO. MACDONALD & CO.

1	pc. Con. Thread, 10 yds., returned	-	-	-	-	1 <sup>00</sup>	00	20		
5	gr. Cotton Thread, short Inv. July 20	-	-	-	-	2 <sup>00</sup>	12	50		
10	doz. pos. Ladies' Cashmere Hose	-	-	-	-	10	1	00	50	20

**118. Net Capital and Net Insolvency.**

The Proprietor's Capital Account may be considered as an Asset and Liability Account. After transferring the Net Gain or the Net loss to the Proprietor's Capital Account, the Cr. side be the greater, the excess is called his Net Capital and is a liability of the business, since the business owes him this amount; if the Dr. side be the greater, the excess is called his Net Insolvency and is an asset to the business, since he must pay this amount to the business from his private means.

**119. Cash Book and Bill Book—Special Forms.**

Bookkeepers vary the form of the Cash Book and the Bill Book to suit different kinds of business. When used as *principal books*, that is, as posting media, they may be called Cash Journal and Bill Journal respectively.

The form of Cash Journal, shown in Section 120, illustrates the use of special columns. The check mark in the folio column indicates that Merchandise and Expense are not to be posted in separate items, but in totals from the footings of the Merchandise and Expense columns.

The form of Bill Book, shown in Section 85, is a general form and will teach the *parties* to notes and drafts. In the form of Bill Journal, shown in Section 121, a simple change is made from the form in Section 85; in the Bills Receivable Journal, the *items* are posted to the various accounts mentioned in the "Accounts Cr." column, and Bills Rec. Account is debited with the total of the "Amount" column; in the Bills Pay. Journal, the *items* are posted to the various accounts mentioned in the "Accounts Dr." column, and Bills Pay. Account is credited with the total of the "Amount" column.

If the Pupil understands the forms of Cash Book and Bill Book illustrated in the text, he will readily understand any special forms he may afterward meet with in his bookkeeping career.

120. Special Column Cash Journal.

		CASH.		Dr.	
19	L. F.	(Accounts Cr.)	(Explanations.)	Sundries Cr.	Misc. Cr.
Sept.	3	J	A. McIntyre (Cap. A/c) Invested	5000	
	3	174	J. MacDonald (Cap. A/c) Invested	1000	
	7	J	Merchandise - Petty Sales		150
	13	J	Misc. Discount - 3% on K. H. Co's Inv. Sept. 12	9	
	14	J	Merchandise - Petty Sales		225
	14	J	Bills Receivable - On #1	200	50
	16	J	Discount - 5% on B. P. #3	3	
	17	J	Bills Receivable - #2	78	
	18	J	L. Loring - Bill of the 18th	98	
	21	J	Merchandise - Petty Sales		260
	24	J	T. Marshall - On a/c	25	60
	28	J	Merchandise - Petty Sales		275
	30	J	Merchandise - Cr.	2911	90
	30	J	Cash - Dr.	524	90
				524	90
Oct.	1	J	Balance † - - - - -		
					8439.77

† These items and all ruling in red ink.

‡ The paging in the folio column has no reference to pages in this book.

121. Bill Journal Set XI. September.

BILLS.

No.	WHEN RECEIVED	L. F.	ACCOUNTS CR.	REMARKS.	MAKER (NOTE, DRAWEE (DRAFT).	PAYABLE AT		BEGINS TO RUN.	
						Place.	Bank.	Month.	Year.
1	May 11	J	A. McIntyre (Cap. A/c)	Investment	P. Fellows	Winnipeg	His Office	May 11	79
2	Sept. 11	J	C. Dab	Inv. Sept. 6	C. Dab	Brandon	" "	Sept. 6	"
3	" 17	J	Bills Receivable	On B. R. L.	P. Fellows	Winnipeg	" "	Sept. 17	"
	" 20	J							

BILLS.

No.	WHEN GIVEN.	L. F.	ACCOUNTS DR.	REMARKS.	PAVER (NOTE, PAYEE (DRAFT).	PAYABLE AT		BEGINS TO RUN.	
						Place.	Bank.	Month.	Year.
1	Aug. 15	J	A. McIntyre (Cap. A/c)	Investment	R. Wilkins	Winnipeg	Sched.	Aug. 15	19-
2	Sept. 10	S1	B. King	On a/c	J. Mason	"	"	Sept. 10	"
3	" 17	S1	F. Boston & Co.	Inv. Aug. 29	F. B. & Co.	"	"	Aug. 29	"
4	" 28	S1	Kent Hardware Co.	On a/c	K. H. Co.	"	"	Sept. 25	"
	" 29	S1							

† Remarks. 1. The Cash Balance for September should be brought down in the wide space, to prevent double posting. When the October total, for "Cash Dr." is obtained, then the September balance should be placed in the "Sundries" column to obtain the October Balance. If the Cash Journal be taken as the Cash Account in the Ledger, then the September Balance may be extended to the "Sundries" column at once, on Oct. 1.

CASH.

Cr.

19 -	L. F.	(Accounts Dr.)	(Explanations.)	Debit	Credit
Sept. 7	✓	Expense	Office Books		12
13	S9	Kent Hardware Co.	Bank Draft on a/c	300	
13	✓	Expense	Exchange 1/2%		36
16	S1	Bills Payable	# 3 prepaid	1750	
16	✓	Expense	Exchange 1/2%		1
17	S2	C. Rogers & Co.	Inv. Sept. 16	200	82
17	S3	A. McIntyre (Pric. A/c)	Withdraw	75	
17	✓	Expense	Collections, on B. R. 2		20
26	S4	J. MacDonald (Pric. A/c)	Withdraw	40	
27	✓	Expense	Gas Bill		15
28	✓	Expense	Collections, on cheque		65
30	S3	R. King	Bank Draft on a/c	800	
30	✓	Expense	Exchange 1/2%		1
30	✓	Expense	September Rent		40
30	✓	Expense	Bookkeeper's Salary		40
30	S4	Expense		De. 110	33
30	S5	Cash		Cr. 2983	33
		* Balance		Cr. 1530	37
				7324	90

RECEIVABLE.

TIME TO RUN.	WHEN DUE.												Rate Int.	AMOUNT.	DISPOSED OF.	
	Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov			Dec	When.
1 mos.	19															
7 dys.	"													Sept. 17	Cash \$2,000 & B. R. 3	
60 dys.	"													Sept. 17	Bank Collected	
															Bills Receivable De. 615 56	

PAYABLE.

TIME TO RUN.	WHEN DUE.												Rate Int.	AMOUNT.	REDEEMED.	
	Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov			Dec	When.
60 dys.	19															
30 dys. sight.	"															
30 dys.	"													Sept. 15	Prepaid.	
30 dys.	"															Bills Payable Cr. 2800

- Remarks.—1. By leaving the Bills Rec. and Bills Pay. out of the opening entry in the Journal, there would be no "J" in the folio column of the Bill Journal, and these items would then be posted from the latter book.
2. For Bills Rec. #3, the corresponding item (\$172.56) in the Journal must be checked "R" in the folio column to prevent double posting. If this entry be separated into two parts—one for the Cash Journal and one for the Bill Journal, or if it be put through the Personal Account, there will be no overlapping. See the following examples, (a), (b), (c) on the next page, of journalizing for Sept. 14.

## 122. Special Journal Entries for Sept. 14 Below.

(a). Entry Not Separated into Distinct Parts.	(b). Entry Separated into Distinct Parts.	(c). Entry Put Through the Personal A/c.
(Entry for Journal)	(Entry for C. J.)	(Entry for J.)
C Cash - - - 200	85 Cash - - - 200	77 P. Fellows - - - 372.56
B Bills Rec. - - 172.56	76 Bills Rec. - - 192.44	76 Bills Rec. - - 365
76 Bills Rec. - - 365	75 Interest - - 7.56	75 Interest - - 7.56
75 Interest - - 7.56		
(Entry for Cash J.)	(Entry for B. J.)	(Entry for C. J.)
85 Cash - - - 200	76 Bills Rec. - - 172.56	85 Cash - - - 200
J Bills Rec. - - 200	76 Bills Rec. - - 172.56	87 P. Fellows - - - 200
(Entry for Bill J.)		(Entry for B. J.)
76 Bills Rec. - - 172.56		76 Bills Rec. - - 172.56
J Bills Rec. - - 172.56		76 P. Fellows - - - 172.56

## 123. Transactions for foregoing Cash Journal and Bill Journal.

Winnipeg, Man., September 3, 19— A. McIntyre and J. MacDonald have this day entered into co-partnership.

*A. McIntyre's Assets:* Cash \$5000; note for \$365 against P. Fellows, dated May 11 at 4 months, bearing interest at 6% per annum. *Liabilities:* Note for \$100, in favour of R. Wilkins, dated August 15 at 60 days.

*J. MacDonald's Assets:* Cash by cheque on the Dominion Bank \$1000.

7. Bought a set of books for the office with cheque, \$12. Petty Cash Sales, \$150.
  10. Accepted B. King's draft on us, dated Sept. 6 at 30 days' sight, favour J. Mason, \$730.
  11. Drew a draft on C. Dale in favour of ourselves, for \$78, dated Sept. 6 at 7 days.
  13. Accepted F. Burton & Co.'s draft, favour of themselves, dated Aug. 29 at 30 days, for amount of Invoice of the 4th, \$1460.
- Sent the Keut Hardware Co. on a c, bank draft purchased with cheque, for amount of Invoice of the 12th, less 3% discount \$300 less \$9; exchange  $\frac{1}{8}$ . (C.J. and Stub.)
14. P. Fellows' note in the opening entry falls due to-day—face \$365, interest due \$7.56; he pays \$200 cash on it, and gives a new note at 60 days for the balance, bearing interest at 7%. Petty Cash Sales, \$225.50.
  16. Prepaid our acceptance of the 13th by remitting bank draft purchased with cheque; discount at 5% (\$3); exchange  $\frac{1}{8}$ .
  17. Remitted C. Rogers & Co. cheque on a c, \$200. A. McIntyre withdrew cash \$75. The bank has credited us with the amount of C. Dale's acceptance left for collection on the 11th, less collection charges  $\frac{1}{10}$ ; face \$78, coll. 20c.
  18. Sold L. Laing for cash, 15 doz. Paint Brushes @ \$1.20; 4 bbls. Boiled Linseed Oil, 40 gals. ea. at 50c. (Put this through the Personal A/c.)
  21. Petty Cash Sales, \$260.80.
  23. Received from T. Marshall on a c, his cheque on the Merchants Bank for \$25, dated Sept. 21.
  26. J. MacDonald withdrew for private use, \$40 by cheque.
  27. Paid gas bill with cheque, \$15.
  28. Accepted draft drawn by the Keut Hardware Co. in favour of themselves for \$600, dated Sept. 25 at 30 days. Petty Cash Sales, \$275.60. Paid bank collection charges 5c.
  30. Remitted B. King on a c, bank draft \$800, purchased with cheque; exchange  $\frac{1}{8}$ %. Paid bookkeeper's salary, \$40 in cash. Paid rent of store for Sept., \$40 in cash.

# SINGLE ENTRY BOOKKEEPING

---

---

## 124. Double Entry Versus Single Entry.

Double Entry deals with both Personal and Impersonal Accounts, whereas Single Entry deals with Personal Accounts only.

In Double Entry there are always one or more debits and one or more corresponding credits in each transaction ; and the sum of the debits is equal to the sum of the credits, so that the amount is entered twice, or *double*. In Single Entry there are not corresponding debits and credits in each transaction ; each entry concerns but a single account, and that a Personal Account, so that the amount is entered but once, or *single*. In Single Entry there can therefore be no Trial Balance to test the accuracy of the posting.

In a Double Entry Ledger there are Loss and Gain Accounts which give the details of the losses and gains. In a Single Entry Ledger there are no Loss and Gain Accounts, and therefore no details of the losses and gains. The only method of finding the Net Gain or the Net Loss in Single Entry, is by taking the difference between the Net Investment and the Net Capital at closing.

## 125. Books Used in Single Entry.

The books generally used in Single Entry are the Journal, the Cash Book, the Bill Book and the Ledger ; the Cash Book and the Bill Book are used as auxiliary books, though indeed they could be used as principal books from which payments of cash or notes on account might be posted to the Ledger. Many bookkeepers use an Order Book or a Counter Check Book in connection with the Journal, or even instead of the Journal.

## 126. Single Entry Journal Rule.

Make a person *debtor* when he *receives on account*, and *creditor* when he *gives on account*.

## 127. Transactions Entered by Single Entry.

There are three general kinds of transactions : (1) all on account, (2) part payment with cash or note, and balance on account, and (3) payment of the whole amount with cash or note, and nothing on account.

For (1). Make an entry in the Journal, debiting the person when he receives value on a/c, and crediting him when he gives value on a/c.

- For (2). Make an entry in the Journal, debiting the person for what he receives on a/c, and at the same time crediting him for what he gives on a/c. Also make an entry in the Cash Book or Bill Book.
- For (3). Make no entry in the Journal. Make an entry in the Cash Book or Bill Book. Payments of cash may be included with the Petty Cash Sales and entered in the Cash Book daily or weekly. In the case of a payment all in trade, such as butter and eggs brought in by the farmer, no entry is made at all.

### 128. Set X.—Single Entry—Illustration Set—Grocery Business.

**To the Pupl.**—*Study the illustrations, and then work this set out for yourself, in your work book.*

**Special Features.**—*Showing the difference between Single Entry and Double Entry. Method of changing a set of books from Single Entry to Double Entry.*

**Instructions:**

- (a) *Books to be used—Journal, Order Book or Counter Check Book, Cash Book, Bank Cheque Book (for Bank A/c), Bill Book, and Ledger.*
- (b) *Make entries in the Journal, Order Book or Counter Check Book, Cash Book, Bank Cheque Book, and Bill Book: post to the Ledger from the Journal and Order Book; you cannot take a Trial Balance (Why?); take stock: make a Statement of Assets and Liabilities and a statement showing Gain; enter the Net Gain in the Proprietor's A/c, and close it; make the Journal entry, from the Asset and Liability Statement, necessary to change the books to Double Entry.*

**Directory:**

*Berry & Co., Toronto, Ont.  
Chapman, R., Niagara Falls, Ont.  
Dowd, H., Hamilton, Ont.*

*Powers, L., Grimsby, Ont.  
All Others, St. Catharines, Ont.*

### 129. Transactions—Set X.—Illustration Set.

St. Catharines, November 1, 19 . . . W. J. Sykes commences the Grocery Business at # 173 St. Paul Street.

*Assets:* Cash \$1500.68; balance on deposit in the Scholastic Bank \$200; Mdse. \$2000; Note at 30 days, against R. Chapman, for \$300, dated Oct. 14, 19—; S. Porter owes on a/c \$100.50.

*Liabilities:* Note at one month, favour of L. Powers, for \$150, dated Oct. 10, 19—; balance due H. Dowd on a/c, \$250.

2. Deposited in Bank, \$1400. (Stub.)
4. Sold R. Green, 121 St. Paul St., on a/c, 15# S. C. Tea @ 35c.; 10# Rio Coffee @ 40c.; 2 gals. Coal Oil @ 20c.
5. Sold S. Porter, 82 Queen's Ave., 100# Gran. Sugar @ 5c.; 3 gals. G. Syrup @ 40c.; 1 bag Flour \$2. Received in part payment 20 doz. Eggs @ 15c.; 18# Butter @ 20c.
6. Bought from Berry & Co. for cash, Mdse. \$250, as per Invoice dated Nov. 2.
9. Cash Sales for the week, \$350.

11. Gave H. Dowd on a/c, a draft at 10 days' sight on S. Porter, for \$30.
12. R. Green paid cash on a/c, \$5.  
Paid for Stamps and Stationery, \$2.50 cash.
13. Paid Bills Pay. No. 1 with cheque, \$150.
15. Bought from H. Dowd on a/c, Mdse. \$200, Invoice dated Nov. 12.
16. R. Chapman paid Bill Rec. 1 in cash, \$300.  
Cash Sales for the week, \$275.10.  
Deposited in Bank, cash \$950.
18. Sold M. Wilson, 43 Main St., for cash, 10# Tea @ 40c. ; 20# Cheese @ 13c. ; 15 doz. Eggs @ 18c. ; 20# Sugar, \$1.  
  
This will be entered in the Order Book, or the Counter Check Book only, and marked "Paid." It will not be entered in the Cash Book as a separate item; the money will be put in the till and included with the other Cash Sales on the 23rd.
19. Received from S. Porter on a/c, his note dated Nov. 19 at 30 days, for \$50, payable at the Imperial Bank.
20. Accepted H. Dowd's draft on us, for \$200, dated Nov. 18 at 30 days.
23. Cash Sales for the week, \$327.20.  
  
This includes Petty Cash Sales, and Cash Sales from the Order Book or the Counter Check Book, such as that on the 18th. Only one example of a detailed Cash Sale (Nov. 18) has been given; the others have been omitted as unnecessary for illustration.
30. Paid Rent for November, \$30 in cash.  
Cash Sales for the week, \$330.75.  
Deposited in Bank, cash \$650.

INVENTORY taken Nov. 30, 19—.

Asset Inventory:

Merchandise—1500# S. C. Tea . . . . . @ 35c.	100 doz. Eggs . . . . . @ 13c.
1500# Gran. Sugar . . . . . @ 4½c.	500# Butter . . . . . @ 18c.
1800# Yellow " . . . . . @ 3½c.	400 gals. S. D. Syrup @ 35c.
500# Rio Coffee . . . . . @ 35c.	100 lbs. Oil . . . . . @ 17c.
300# Cheese . . . . . @ 11c.	500 lbs.atoes . . . . . @ 50c.

130. Journal—Single Entry—Illustration Set.

The opening entry has been made by two different methods; the entries by the first method, are not to be posted, since they are impersonal; there will be but one posting from each entry by the second method. The transaction on Nov. 4 has also been entered in two ways. The Pupil will make a selection.

The money columns are for items and totals respectively, and the posting is done from the "Totals" column only, excepting in the opening entry by the first method. The totals, in each entry, may be placed opposite the person's name or opposite the last item. For example on Nov. 4, the total "\$9.65" may be placed opposite "R. Green Dr." or opposite "Totals" or "Dr. Cr." @ 20c., 40c."

ST. CATHARINES, November 1, 19—.

		Items.		Totals.	
W. J. Sykes commences the Grocery Business at # 173 St. Paul Stre					
1					
Assets.					
✓	Cash as per C. B.	1700	68		
✓	Misc. " " Inventory	2000			
✓	Bills Rec. " B. B.	300			
93	S. Porter	100	50	4101	18
Liabilities.					
✓	Bills Pay. as per B. B.	150			
93	H. Doed	250		400	
93	W. J. Sykes (Capital A/c)			4101	18
or					
93	W. J. Sykes (Capital A/c)			4101	18
	Cash as per C. B.	1700	68		
	Misc. " " Inventory	2000			
	Bills Rec. " B. B.	300			
	S. Porter owes on a/c	100	50		
93	W. J. Sykes (Capital A/c)			400	
	Bills Pay. as per B. B.	150			
	H. Doed is owed on a/c	250			
93	S. Porter			100	50
	Balance of a/c.				
93	H. Doed			250	
	Balance of a/c.				
94	R. Green			5	65
	15# S. C. Tea	35	5	25	
	10# Rio Cofee	40	4	30	
	2 gals. Coal Oil	20			
93	S. Porter			8	20
	100# Genl. Sugar	65	5		
	3 gals. G. Syrup	30	1	20	
	1 bag Flour	2			
93				6	60
	20 doz. Eggs	15	3		
	18# Butter	20	3	60	
11					
93	H. Doed			30	
	Gave him draft at 10 days' sight on S. Porter.				
11					
93	S. Porter			30	
	For above draft.				
or					
93	H. Doed			30	
93	S. Porter			30	
	Gave H. D. a 10 days' sight draft on S. P.				
12					
94	R. Green			5	
	Cash on a/c.				
15					
93	H. Doed			200	
	Misc. Invoice Nov. 12.				
19					
93	S. Porter			50	
	He gave Bills Rec. # 2 on a/c.				
20					
93	H. Doed			200	
	Accepted Bills Pay. # 2 on a/c.				



- Remarks.—1. The Pupil is advised to journalize the transactions by Double Entry first, and then to make separate entries by Single Entry for each personal account mentioned in the Double Entry. He will thus understand the Single Entry through the Double Entry, and will readily see that Single Entry is, in the main, Double Entry with the impersonal accounts dropped out.
2. The money columns may be used as Dr. and Cr. columns respectively; but when this is done, it necessitates the placing of the price and the figures of the *Items* column in the explanation space, which is neither convenient nor practical. The method of entering, shown on the previous page, is preferable.
3. The Journal is not much used in actual business. The Order Book and the Counter Check Book are used as posting media, leaving few entries for the Journal.

**131. Order Book—Single Entry—Illustration Set.**

The entries are made in the Order Book when the customer gives his order, and are usually made in lead pencil; from this book the goods are put up ready for delivery. In this set, we have transferred the *sales on account* from the Order Book to the Journal and posted them from the Journal to the Ledger. No entry is made for the *sales for cash* recorded in the Order Book, the money from these sales being put in the till and included in "Cash Sales for the Week." The Order Book may be used in Double Entry also.

Would it do to post the *sales on a/c*, directly from the Order Book to the Ledger? Would it be better to do so? Why? Compare the two methods of entering items on the 5th and 18th. The check mark (✓) indicates transfer to the Journal; if posting is done directly from the Order Book to the Ledger, this column is used for ledger pages.

ST. CATHARINES, November 4, 19—.

			Items.	Totals.
✓	R. Green, 121 St. Paul St.			
	15# S. C. Tea	.35	5	25
	10# Rio Coffee	.30	1	
	2 gals. Coal Oil	.20	40	9 65
✓	S. Porter, 82 Queen's Avenue.			
	100# Gran. Sugar	.65	5	
	3 gals. G. Syrup	.30	1	20
	1 bag Flour		2	8 20
	Cr.			
	20 doz. Eggs	.15	3	
	18# Butter	.20	3	6 00
	18-			
✓	M. Wilson, 43 Main St.			
	4 <sup>00</sup>			
	10# Tea 40c., 20# Cheese 13c.		4	60
	2 <sup>00</sup> 1 <sup>00</sup>			
	15 doz. Eggs 18c., 20# Sugar		3	70
			10	50

- Remarks.—1. The total (\$10.30) of the entry on the 18th may be extended to the "Totals" column, when the Order Book is used as a Single Entry book. When it is used as a Double Entry book, as in Set XI, then the total of a cash sale should not be extended to the "Totals" column.

182. Counter Check Book—Single Entry—Illustration Set.

The Counter Check Book takes the place of the Order Book and is more generally used. Each slip is duplicated by means of a carbon sheet: the customer receives one copy, and the other is retained as a record of the transaction. The amounts of those slips marked "Paid" are included with the petty cash sales in the till: the amounts of those marked "Charge" are entered in the Journal, or posted directly from the Counter Check Book to the Ledger. Three leaves of the Counter Check Book are shown herewith. Which is the better method of record—in the Order Book, or in the Counter Check Book?

ST. CATHARINES, *Nor. 4, 19—*

**M***r. R. Green,*

*121 St. Paul St.*

BOUGHT OF **W. J. SYKES**

DEALER IN

Provisions, Groceries, and Fruits.

1	15# S.C. Tea	.35	5	25
2	10# Rio Coffee	.40	4	
3	2 gals. Coal Oil	.20		40
4	(Charge)		9	65

ST. CATHARINES, *Nor. 5, 19*

**M***r. S. Porter,*

*82 Queen's Ave.*

BOUGHT OF **W. J. SYKES**

DEALER IN

Provisions, Groceries, and Fruits.

1	100# Gran. Sugar	.05	5	
2	3 gals. G. Syrap	.40	1	20
3	1 bag Flour		2	
4			8	20
5	<i>Cr.</i>			
6	20 doz. Eggs	.15		
7	18# Butter	.20	3	60
8			6	60
9	(Charge)			

ST. CATHARINES, *Nor. 18, 19*

**M***r. M. Wilson,*

*43 Main St.*

BOUGHT OF **W. J. SYKES**

DEALER IN

Provisions, Groceries, and Fruits.

1	10# Tea	.40	4	
2	20# Cheese	.13	2	60
3	15 doz. Eggs	.18	2	70
4	20# Sugar		1	
5			10	30
6				
7				
8				
9	(Paid)			

**133. Cash Book—Single Entry—Illustration Set.**

The one-page Cash Book, illustrated below, is generally called the Single Entry Cash Book. But the two-page Cash Book is a better form, both for Single Entry and Double Entry, as there is less liability of making mistakes. The Pupil should use the following form in this set, for the sake of practice.

		CASH.		Dr.	Cr.
<i>Dr</i>					
<i>Nov.</i>	1	W. J. Sykes (Cap. Acc) Invested		1700	68
	6	Mdse. Bought from Berry & Co.			250
	9	Mdse. Sales for the week		250	
	12	R. Green On account			
	12	Expense Stamps and Stationery			
	15	Bills Pay. No. 1			2 50
	15	Bills Rec. No. 1			150
	18	Mdse. Sales for the week		300	
	21	Mdse. " " " "		255	10
	30	Expense November Rent		327	20
	30	Mdse. Sales for the week		350	
		* Balance			2856 23
				3288 13	3288 23
<i>Dec.</i>	1	Balance From November		2856 23	

**134. Bank Account.**

The Bank Account will be kept in this set and the next one, as indicated on p. 82 in Sections 113 and 114. Only two stubs will be required in this set: balance in Bank \$3050. How much in the till?

**135. Bill Book Single Entry Illustration Set.**

The Bill Book for Single Entry does not differ from that used for Double Entry. The Pupil will use the forms shown in Section 85; and from his Bill Book will obtain the following balances—Bills Rec. unpaid \$50, Bills Pay. unpaid \$200.

**136. Ledger—Single Entry—Illustration Set.**

		W. J. SYKES (Capital Acc)			
				Dr.	Cr.
<i>Dr</i>					
<i>Nov.</i>	1			500	20 18
<i>Cr</i>					
<b>S. PORTER.</b>					
<i>Dr</i>					
<i>Nov.</i>	1	50	100	50	
	5	50	8	50	
<i>Cr</i>					
<b>H. DOWD.</b>					
<i>Dr</i>					
<i>Nov.</i>	11			50	200
	20			50	200
<i>Cr</i>					

R. GREEN.

19				19 -				
Nov.	4	90	9	65	Nov.	12	90	5

**137. Financial Statement—Single Entry—Illustration Set.**

This consists of two parts: (1) a Statement of Assets and Liabilities, and (2) a Statement showing the Net Gain or the Net Loss.

The Statement of Assets and Liabilities in Single Entry is made from four sources—the Ledger, the Cash Book, the Bill Book, and the Inventory Book, as follows:

- (1). Find all the balances of the personal accounts from the Ledger. Debtor balances are Assets; Creditor balances are Liabilities.
- (2). Find the balance of cash on hand from the Cash Book. This is an Asset.
- (3). Find the balance of other persons' notes and acceptances unpaid, from the Bills Receivable Book; this balance is an Asset. Find the balance of our notes and acceptances unpaid, from the Bills Payable Book; this balance is a Liability.
- (4). Find the balance of Mdse. on hand, from the Inventory. This balance is an Asset.

*STATEMENT OF ASSETS AND LIABILITIES.*

		<i>Assets.</i>			
<i>S. Porter</i>	- Balance due by him	-	-	22	10
<i>R. Green</i>	- " " "	-	-	1	65
<i>Cash</i>	- " as per Cash Book	-	-	2856	23
<i>Bills Receivable</i>	- " " Bill Book	-	-	50	
<i>Merchandise</i>	- " " Inventory	-	-	1320	50
					4253 48
		<i>Liabilities.</i>			
<i>H. Dowd</i>	- Balance due to him	-	-	220	
<i>Bills Payable</i>	- " as per Bill Book	-	-	200	
	<i>W. J. Sykes' Net Capital</i>	-	-		3833 48

When there are a large number of personal accounts from the Ledger, they are entered as one item under the title "Personal Accounts Receivable" in the Assets, or "Personal Accounts Payable" in the Liabilities.

The Statement showing the Net Gain is made from two sources: the Proprietor's Capital A/c, and the Asset and Liability Statement, as follows:

- (1). Find the Net Capital from the Asset and Liability Statement.
- (2). Find the Net Investment from the Proprietor's Capital A/c.
- (3). Find the difference between the Net Capital and the Net Investment. This difference is Net Gain if the Net Capital be the larger, and Net Loss if it be the smaller.

*STATEMENT SHOWING GAIN.*

<i>W. J. Sykes' Net Capital</i>		3833	48
" Investment		3701	48
" Gain		132	00

**138. Closing the Ledger—Single Entry—Illustration Set.**

This consists in closing the Proprietor's A/c only. The other Personal A/cs are closed, only when settled or when carried forward to a new page.

1. Determine the Net Gain from the Financial Statement.
2. Enter the Net Gain on the Cr. side of the Proprietor's A/c.
3. Close the Proprietor's A/c and bring down the Net Capital, as follows:

Dr.				W. J. SYKES (Capital A/c).				Cr.			
19											
Nov.	30	* Net Capital	95	* 3833	78	Nov.	1	Net Gain	90	3701	18
				3833	78		30			132	30
										3833	78
						Dec.	7	Net Capital	95	3833	78

**139. Changing from Single Entry to Double Entry.**

A Single Entry Ledger contains only Personal A/cs; a Double Entry Ledger contains both Personal A/cs and Impersonal A/cs. To change from Single Entry to Double Entry, it is necessary, therefore, to open Impersonal A/cs in the Ledger, in addition to the Personal A/cs already there.

- (1). Make a Single Entry Financial Statement and close the Proprietor's A/c.
- (2). Make a journal entry from the Single Entry Asset and Liability Statement: 1st Method—make a journal entry containing only the Impersonal A/cs. 2nd Method—make a journal entry containing both the Personal A/cs and the Impersonal A/cs; check the Personal A/cs and post only the Impersonal A/cs.
- (3). Post this opening journal entry and take a trial balance. From the 2nd Method, it will be seen that all the Single Entry Ledger lacks of being in balance, is the Impersonal A/cs.
- (4). Proceed by Double Entry, in the same way as you would after making the opening journal entry from the Assets and Liabilities in a Double Entry Set. Bring down the balance in the Cash Book, and continue the Bill Book.

**140. Journal Entry to Change from S. E. to D. E.—Illustration Set.**

ST. CATHARINES, December 2, 19

W. J. Sykes has this day changed his books from Single Entry to Double Entry, and continues the Grocery Business at # 173 St. Paul St.

1st Method			
19	Cash Dr.		
19	Bills Rec.		2856
19	Mdse.		50
19	Bills Pay.		1320
	Impersonal A/cs as per Single Entry Statement.		200
2nd Method			
19	S. Porter, Dr.		22
19	R. Green		10
19	Cash		4
19	Bills Rec.		2856
19	Mdse.		50
19	Bills Pay.		1320
19	H. Dowd		200
19	W. J. Sykes (Capital A/c)		220
	For Assets and Liabilities as per Single Entry Statement.		2856

**141. Changing from S. E. to D. E.—Old Ledger or New Ledger.**

When the *same* Ledger is to be used for the Double Entry as was used for the Single Entry, either of the foregoing methods may be employed. But when a *new* Ledger is to be used, then the second method must be employed, and without the checking: both Personal and Impersonal A/c's must be posted.

**Set XI. Single Entry and Double Entry.**

**Special Features.**—*Changing from Single Entry to Double Entry. Introduction of Retail Statements of Account, and Wholesale Monthly Statements.*

**Instructions for Part I.—Single Entry.**

- (a) *Books to be used—Business Papers, Journal, Order Book or Counter Check Book, Cash Book, Bank Cheque Book, Bill Book, and Ledger.*
- (b) *Business Papers:*
1. *Inward.*—Note on Dec. 10; Draft on Dec. 14.
  2. *Outward.*—Drafts on Dec. 2, 9; Cheques on Dec. 4, 10, 11, 13, 14; Bank Draft on Dec. 4; Receipts on Dec. 5, 6, 13.
- (c) *Make out business papers: make entries in the Journal, Order Book or Counter Check Book, Cash Book, Bank Cheque Book, and Bill Book; post to Ledger from the Journal and Order Book; take stock; make Financial Statements; close the Proprietor's A/c.*

**NOTE.** Pages of the Journal may be used for the Order Book. If the Pupil wishes to use the Counter Check Book, he may use any forms provided for this purpose, or he may fold sheets of his work book, and rule like the Counter Checks in Section 132.

**Directory:**

<i>Dunwood, A., Norwood, Ont.</i>	<i>Morrice, M., 81 Dublin St.</i>
<i>Dunster, W., 71 Stewart St.</i>	<i>Pratt, F., Omemee, Ont.</i>
<i>Duncan, R., Hamilton, Ont.</i>	<i>Pringle, F. &amp; Son, Montreal, Que.</i>
<i>Grant, R., 24 George St.</i>	<i>Praug, Mrs. S., 30 Brock St.</i>
<i>Grafton, B. &amp; Co., Toronto, Ont.</i>	<i>Score, R. &amp; Son, Kingston, Ont.</i>
<i>Kennedy, C., Lakefield, Ont.</i>	<i>Snabe, G. &amp; Co., Montreal, Que.</i>
<i>Lamont, J., 5 Hunter St.</i>	<i>All Others, Peterboro, Ont.</i>
<i>Lorrey, E., Ashburnham, Ont.</i>	

**Ledger Lines for Parts I. and II.:**

A. Grosvenor Cap. A/c	H + 8	E. Lorrey	H + 1	Merchandise	H + 7
A. Dunwood	H + 3	Bills Payable	H + 3	Cash	H + 4
M. Morrice	H + 7	Bills Receivable	H + 3	Furniture and Fixtures	H + 4
G. Snabe & Co.	H + 4	F. Pratt	H + 3	F. Pringle & Son	H + 2
B. Grafton & Co.	H + 2	R. Parris	H + 2	Merchandise Discount	H + 2
Mrs. S. Praug	H + 4	Paper Cap. A/c	H + 4	Expense	H + 5
R. Grant	H + 4	C. Kennedy	H + 3	Loss and Gain	H + 0

## Transactions—Set XI.—Part I.

Peterboro, December 2, 19 — A. Grierson buys a General Store Business, formerly conducted by W. B. Short at # 76 George Street. He receives all the assets, and assumes all the liabilities as follows :

*Assets* : Mdse. \$2500 ; Furniture and Fixtures \$325 ; A. Diamond owes on a/c, \$75.60 ; M. Morrow owes on a/c, \$28.90.

*Liabilities* : Balance due G. Smale & Co. on a/c, \$125 ; draft at 30 days, favour of R. Score & Son for \$150, dated Nov. 10 and accepted Nov. 12.

Besides the above Mr. Grierson invests Cash \$1500.

3. Engaged Miss D. Markham as clerk at \$30 per month, and Pupil as clerk and bookkeeper at \$10 per month. The Store is rented from S. Gallow at \$60 per month.

Deposited in the Scholastic Bank, cash \$1400.

4. Sold R. Grant on a/c, 1 White Shirt, \$1.25 ;  $\frac{1}{2}$  doz. Linen Collars @ \$1 ; 6 prs. Woollen Socks @ 30c. ; 1 pr. Shoes, \$3.50.

Paid G. Smale & Co. on a/c, with bank draft \$100, purchasec. with cheque ; exchange 25c.

Sold Mrs. S. Prang on a/c, 30 yds. Print @ 12c. ; 50 yds. Sheetting @ 14c. ; 4 prs. Ladies' Hose @ 25c. ; 10# Raisins @ 8c.

5. Bought from B. Grafton & Co. on a/c, Mdse. \$450, Invoice dated Dec. 3 at 30 days.

A. Diamond paid on a/c, cash \$50.60.

Sold W. Dunster, 1 doz. Linen Hdks, \$1.50 ; 3 Neckties @ 40c. ; 3 prs. Cuffs, 50c. Paid in cash.

This is to be entered in the Order Book (or Counter Check Book, but is not to be posted, nor entered separately in the Cash Book, as it and other transactions like it are included in the "Cash Sales" at the end of each week.

6. Bought from G. Smale & Co. on a/c, Mdse. \$100, Invoice dated Dec. 4 at 10 days.

Sold E. Lowry on a/c, 10 yds. Print @ 13c. ; 2 yds. Blk. Lustre @ 20c. ; 50# Sugar @  $1\frac{1}{2}$ c. ; 2# Tea at 40c.

Received from Mrs. S. Prang on a/c, cash \$8.

7. Paid for Stamps and Stationery, cash \$2.50.

Sold M. Morrow, 1 bbl. Sugar, 240# @ 4c. ; 10 gals. Coal Oil @ 16c. ; 25# Tea @ 35c.

He paid \$10 cash on a/c. (O.B. and C.B.)

This \$10 cash is *not* included in the "Cash Sales." The weekly "Cash Sales" are made up of Petty Sales for which no bills are given, and of such sales as the one to Wm. Dunster on the 5th; only one of the latter class has been given in detail.

Cash Sales for the week, \$237.80.

Deposited in the Bank, cash \$400.

9. Accepted G. Smale & Co.'s draft on us for \$125, dated Dec. 6 at 7 days.

Sold Mrs. S. Prang, 20 yds. Blk. Silk @ \$1.25 ; 5 yds. Lining @ 20c. ; 12# Butter at 15c. ; 10 doz. Eggs @ 20c. She gave cash \$15 in part payment.

The Proprietor took for private use, 30# Sugar @ 4c. ; 5# Tea @ 40c.

10. Received from M. Morrow on a/c, his note for \$35, dated Dec. 7 at 10 days. (J. and B.B.)

Bought from R. Dimean for cheque, Mdse. \$114, Invoice dated Dec. 8.

11. Remitted B. Grafton & Co. on a/c, cheque for \$125.

Sold R. Grant on a/c, 10 gals. Cider Vinegar @ 30c. ; 1 bbl. Salt, \$1.25 ; 20# Wire Nails @ 4c. ; 5# Putty @ 5c.

12. Sold E. Lowry,  $\frac{1}{2}$ # Blk. Pepper @ 30c. ; 3 Brooms @ 25c. ; 1 bbl. Sugar, 240# @  $3\frac{1}{4}$ c.

Received in part payment 15 doz. Eggs @ 15c. ; 30# Butter @ 16c.





**143. Monthly Statements—Wholesale.**

These are sent out monthly; they show the amounts of the purchases and payments on a/c during the month, and the balance due. Usually a draft is drawn on the customer for the balance; this draft is placed in the bank for collection, or for discount if the firm need ready money; the bank obtains the acceptance.

PETERBORO, ..... January 2 ..... 19—

Mr. F. Pratt

Omenee, Ont.

In Account With **GRIERSON & PUPIL,**  
WHOLESALE AND RETAIL GROCERS.

Dec.	19	Mdse., net		28	85		
	24	" 10 days		26	55	34	50
			Cr.				
	19	Cash		10			
	26	Goods short		2	40	12	40
						44	50
			Balance due				

**Instructions for Part II.—Double Entry.**

(a) *Books to be used*—Business Papers, Journal, Order Book or Counter Check Book, Purchase Journal, Cash Journal, Bank Cheque Book, Bill Book, and Ledger.

(b) *Business Papers:*

1. *Inward.*—Receipts on Dec. 18 (from W. Baster), Dec. 31 (for Rent); Bank Draft on Dec. 27; Draft on Dec. 30.

2. *Outward.*—Draft on Dec. 24; Cheques on Dec. 16, 17, 20, 30, 31; Bank Draft on Dec. 17; Invoices for C. Kennedy on Dec. 18 and 27, and for F. Pratt on Dec. 19 and 24; Credit Invoice on Dec. 26; Statements of Account for M. Morrow and Mrs. S. Prang; Monthly Statements for F. Pratt and C. Kennedy.

(c) *Make out business papers:* make entries in Journal, Order Book, Purchase Journal, Cash Journal, Bank Cheque Book, and Bill Book; post to Ledger from Journal, Order Book, Purchase Journal, and Cash Journal; take a Trial Balance; take stock; make Financial Statements; close the Ledger.

*Keep the Cash Journal with special columns, as in Section 120.*

*Keep the Order Book like the Sales Journal in Section 108. Put partial payments, such as C. Pratt's on Dec. 19, through the Cash Journal. J. Lamont's entry on Dec. 18 will be treated like M. Wilson's entry in the example in Section 131.*

**Transactions—Set XI. Part II.**

Peterboro, December 16, 19—. A. Grierson admits Pupil as a partner under the firm name of Grierson & Pupil. They decide to continue the business as a Wholesale and Retail Grocery and Provision Business.

Mr. Grierson is to increase his Net Capital to \$5000; he is to receive  $\frac{2}{3}$  of the profits and may withdraw for private use not more than \$60 per month. Pupil is to invest \$1000 cash; he is to receive  $\frac{1}{3}$  of the profits and may withdraw not more than \$40 per month.

The books are to be changed to Double Entry.

Miss D. Markham's salary is to be increased to \$35 per month.

16. A. Grierson invests cash sufficient to make his Net Capital up to \$5000.  
Pupil invests cash, \$1000.  
The firm sells to R. Purvis all the goods, except the stock of Groceries and Provisions, for cash, \$1563.  
Put this through the Personal A/c.  
Paid Pupil's salary due to date, \$20, in cash.  
Paid B. P. #2 with cheque, \$125. Deposited in Bank, cash \$2800.
17. Bought from F. Pringle & Son, Mdse. \$1475, Invoice dated Dec. 16,  $\frac{3}{10}$   $\frac{n}{30}$ .  
40 means 4% off if paid inside of 10 days; n 30 means net cash in 30 days, that is, if not paid in 30 days interest will be charged.  
Paid B. Grafton & Co. in full of a/c, with bank draft \$325, purchased with cheque; exchange  $\frac{1}{8}\%$ .  
Sold Mrs. S. Prang on a/c, 3 bars Soap @ 18c.; 5# Currants @ 8c.; 3 bags Potatoes @ 90c.; 1 bbl. Russet Apples, \$3.50.
18. Paid W. Baxter for painting store, \$20 cash.  
Bought from B. Grafton & Co. on a/c, Mdse. \$1630, Invoice dated Dec. 16,  $\frac{3}{15}$   $\frac{n}{30}$ .  
Sold C. Kennedy on a/c at 10 days, 1 bbl. Gran. Sugar, 220 - 18 = 202# @  $3\frac{3}{4}c$ .; 1 chest S. C. Tea, 90 - 8 = 82# @ 35c.; 1 bbl. S. D. Syrup, 35 gals. @ 42c.; 3 bxs. Raisins, 25# ea. @ 7c.  
18# and 8# are the tare, the respective weights of the empty barrel and the empty chest.  
Sold J. Lamont, 2# Mustard @ 25c.; 5 doz. Eggs @ 20c.; 1 box Soda Biscuits, 25c.; 3 cans Corn @ 12c. Paid in cash.  
Included in "Cash Sales" on the 21st.
19. Sold F. Pratt, 1 bbl. XX White Wine Vinegar, 40 gals. @ 17c.; 5 cases Corn, 10 doz. @ \$1.15; 2 doz. XXX Brooms @ \$2.40; 1 keg Mustard Pickles, 15 gals. at 35c. Received in part payment, cash \$10.  
Put this through the Personal A/c—the side through the Order Book, the payment through the Cash Journal.  
Sold E. Lowry on a/c, 1 Smoked Ham, 10# @ 15c.; 5# Coffee @ 25c.; 10 gals. Coal Oil @ 16c.; 2 bbls. Salt @ \$1.15.
20. Sent F. Pringle & Son on a/c, cheque for amount of Invoice received on the 17th, less discount \$59.  
M. Morrow paid his note, B. R. 1, in cash \$35.  
Bought from B. Grafton & Co. on a/c, Mdse. \$800, Invoice dated Dec. 18,  $\frac{3}{10}$   $\frac{n}{30}$ .
21. Sold M. Morrow on a/c, 1 doz. cans Vegetables assorted, \$1.30; 2 qts. Oysters @ 30c.; 10# Layer Raisins @ 45c.; 2 bags Potatoes @ 90c.  
Cash Sales for the week, \$780.50. Deposited in the Bank, cash \$950.
23. Bought a delivery Horse and Waggon from E. Spurling for \$180 cash.  
Sold R. Grant on a/c, 5# Tapioca @ 7c.; 1 bag Flour, \$2.50; 10# Cheese @ 12c.
24. Sold F. Pratt on a/c at 10 days, 5 cases Tomatoes, 2 doz. ea. @ \$1.20; 1 bbl. Y. Sugar, 250 - 20 = 230# @  $3\frac{1}{2}c$ .; 1 sack P. Rice, 200# @  $3\frac{1}{2}c$ .  
Accepted B. Grafton & Co.'s draft on us, dated Dec. 18 at 10 days, for \$2430 to close a/c.
26. F. Pratt writes us that the goods, shipped him on the 24th, were short 1 case Tomatoes, 2 doz. @ \$1.20. — 6J  
Bought from E. Lowry on a/c, 2 crates Eggs, 18 doz. ea. @ 15c.; 1 tub Butter, 50# @ 16c.  
A. Grierson took for private use, 50# Gran. Sugar @  $3\frac{1}{2}c$ .; 25# Butter @ 16c.; 10# Tea @ 35c.

27. A. Diamond paid his acceptance, B. R. 2, with draft on the Dominion Bank, \$25.  
 Sold C. Kennedy on a/c at 10 days, 1 tin Gr. Ginger, 10# @ 30c. ;  $\frac{1}{2}$  chest O. Tea, 50 - 6  
 = 11# @ 30c. ; 1 sack Almond Nuts, 100# @ 11c.
28. Cash Sales for the week, \$830.25.  
 Deposited in the Bank, cash \$820.
30. Paid freight bill for two weeks, \$15.50, with cheque.  
 Rendered C. Kennedy a monthly statement, and drew on him at 5 days. for bills of 18th  
 and 27th.
31. Paid acceptance favour of B. Grafton & Co. with cheque, \$2430.  
 A. Grierson withdrew for private use \$50.75 cash, and Pupil withdrew \$40.  
 Paid Rent for December, \$60 cash.  
 Paid Miss Markham's salary, \$32.50 cash.  
 Cash Sales for two days, \$125.10.

INVENTORIES taken Dec. 31, 19—.

*Asset Inventories:*

<i>Merchandise on hand</i> .....	\$4175.74
<i>Furniture and Fixtures on hand</i> .....	300.00
<i>Expense—Horse and Waggon</i> .....	180.00

*Results:*

*A. Grierson's Net Gain, \$440.40: Net Capital, \$5380.40.*  
*Pupil's " " 110.10: " " 1070.10.*

# CALENDARS

THE Department of Education requires each set and exercise to be dated according to the calendar of the year in which it is being worked out in the class; for example, if Set II. is being done in the year 1910, the dates in the text-book should be changed from January 1912 to January 1916 in such a way as to record all transactions on business days. Sundays and statutory holidays are indicated in darker type in each of the calendars.

NOTE. The following statutory holidays are not printed in darker type in the calendars, as they are not observed in every province and do not affect any of the sets or exercises: The Epiphany on Jan. 6; Arbor Day on the second Friday in May; All Saints' Day on Nov. 1; Conception Day on Dec. 8; Ash Wednesday, 1909-16, on Feb. 24, Feb. 9, Mar. 1, Feb. 21, Feb. 5, Feb. 25, Feb. 17, Mar. 8; Ascension Day, 1909-16, on May 20, May 5, May 25, May 16, May 1, May 21, May 13, June 1. Thanksgiving Day is proclaimed annually. See "Statutory Holidays" on page 5.

## CALENDAR FOR 1909.

1909	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.						
	JAN.						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
FEB.		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30					
MAR.		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30					
APRIL					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
MAY							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
JUNE		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30					
JULY					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
AUG.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31					
SEPT.			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30				
OCT.					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
NOV.		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30					
DEC.				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31		

## CALENDAR FOR 1910.

1910	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.						
	JAN.							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
FEB.		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30					
MAR.		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
APRIL					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
MAY	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31					
JUNE		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30					
JULY					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
AUG.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31					
SEPT.			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30				
OCT.					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
NOV.		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30					
DEC.				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31		

CALENDAR FOR 1911.

1911	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	
JAN.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
FEB.				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
MAR.				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
APRIL.							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
MAY.		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
JUNE.					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
JULY.						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
AUG.			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
SEPT.						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
OCT.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
NOV.				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
DEC.						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26

CALENDAR FOR 1912.

1912	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.
JAN.		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
FEB.					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
MAR.							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
APRIL.		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
MAY.				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
JUNE.						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
JULY.		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
AUG.			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
SEPT.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
OCT.			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
NOV.						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
DEC.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30

CALENDAR FOR 1913.

1913	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thur.	Fri.	Sat.	Sun.	Mon.	
JAN.				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	
FEB.							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
MAR.							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
APRIL.			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
MAY.					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
JUNE.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
JULY.			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	
AUG.						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
SEPT.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
OCT.			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
NOV.						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
DEC.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31



# INDEX.

	PAGE		PAGE
ACCEPTANCE OF DRAFTS DEFINED.....	54	CHEQUES .....	46, 74, 75, 82
Forms of .....	16, 19	CHEQUE BOOK AND USE OF STEEL.....	82
ACCOUNT DEFINED.....	7	CHECKING BACK AND CHECKING OFF.....	10
ACCOUNTS, CLASSIFICATION OF.....	8	CLOSING THE BOOKS.....	34
ASSETS DEFINED.....	8	CLOSING THE LEDGER, PURPOSE OF.....	37
ASSET AND LIABILITY ACCOUNTS.....	3, 8, 13	Double Entry Ledger.....	37, 39
ASSIGNABLE PAPER.....	56	Single Entry Ledger.....	95
BALANCED ACCOUNTS.....	33	COLLECTION AND DISCOUNT.....	56
BALANCE SHEET.....	36	COUNTER CHECK BOOK.....	92
BANK ACCOUNT.....	47, 82, 93	CREDIT INVOICES.....	83
Transactions Journalized.....	47	DAYS OF GRACE.....	55
BANK DRAFTS.....	72, 73, 74, 75	DEBTOR AND CREDITOR.....	7, 13
Transactions Journalized.....	74	DEBIT AND CREDIT.....	7
BANK MONEY ORDER.....	77	DEPARTMENT ACCOUNTS.....	69
BANK PASS BOOK.....	46	DEPOSIT SLIPS.....	45
BILL BOOKS.....	58, 83, 93	DIRECTORY, PURPOSES OF.....	29
Form of.....	58, 59, 84, 85	DISCHARGE.....	56
BILLS AND INVOICES DEFINED AND ILLUSTRATED.....	48, 49	DISCOUNTING.....	56
BILLS OF EXCHANGE.....	72, 73	DISCOUNTS PUT THROUGH THE CASH JOURNAL.....	69
BILLS RECEIVABLE DEFINED.....	16	DISPONOR.....	56
Journal Rule.....	17	DOUBLE ENTRY DEFINED.....	28
BILLS PAYABLE DEFINED.....	18	Illustration Set.....	29
Journal Rule.....	19	DOUBLE ENTRY VERSUS SINGLE ENTRY.....	28, 87
BOOKKEEPING DEFINED.....	7	DRAFTS, DEFINITION OF.....	52
Two Systems of.....	28	Forms of.....	16, 19, 53, 54
BUSINESS PAPERS, FORMS OF.....	5	Kinds of.....	55
Bank Cheques.....	46, 75, 82	Parties to.....	53
Bank Drafts.....	73, 75	Transactions Journalized.....	59
Bank Money Orders.....	75	DUE DATES.....	55
Bills of Exchange.....	73	ENDORSEMENTS DEFINED.....	56
Bills and Invoices.....	49	Kinds, Effects, Applications.....	57
Credit Invoices.....	83	Purposes of.....	56
Deposit Slips.....	45	ERRORS IN TRIAL BALANCES.....	34
Drafts.....	16, 19, 53, 54	EXERCISES ON BILLS RECEIVABLE AND PAYABLE.....	17, 18, 21
Express Money Orders.....	75	Bills Payable A/c.....	19, 20, 21
Monthly Statements.....	99	Cash A/c.....	14, 15, 16
Notes, Promissory.....	16, 18, 26, 53	Cash Journal.....	69
Orders.....	50, 74, 75	Expense A/c.....	23, 24
Postal Notes.....	75	Journalizing and Business Papers.....	26, 27
Post Office Money Orders.....	75	Merchandise A/c.....	21, 22, 23
Receipts.....	25, 57	Personal A/c.....	9, 10, 11, 12
Requisitions for Bank Draft.....	74	Proprietor's A/c.....	12, 13
Statements of Account.....	98	EXPENSE ACCOUNT DEFINED.....	23
BUSINESS TRANSACTION DEFINED.....	7	Journal Rule.....	23
CALENDARS FOR 1909-16.....	102, 103, 104	EXPRESS MONEY ORDERS.....	74, 75
CAPITAL ACCOUNT.....	12, 76	FINANCIAL STATEMENTS, KINDS OF.....	34, 83
CASH DEFINED.....	14	Double Entry Forms.....	35, 36, 64, 65
CASH ACCOUNT DEFINED.....	15	Single Entry Forms.....	94
Journal Rule.....	14	FREIGHT ACCOUNT.....	76
CASH BOOK EXPLAINED.....	42	GAIN DEFINED.....	8
Forms of.....	42, 43, 68, 69, 84, 85, 93	HOLIDAYS, STATUTORY.....	5
Purposes of.....	44	ILLUSTRATION SET, DOUBLE ENTRY.....	29
Used as a Journal.....	43, 67, 83	Financial Statements.....	34, 35, 36, 37
Use as a Ledger Account.....	43	Index to Ledger.....	31
CHANGING SINGLE ENTRY TO DOUBLE ENTRY.....	95		

	PAGE		PAGE
Inventory	34	PAGING THE JOURNAL	10
Journal	30	The Ledger	10, 11
Ledger Posted	31, 32	PAGES REQUIRED FOR THE VARIOUS SETS	6
Ledger Closed	38, 39, 40	PARTNERSHIP AND PARTNERSHIP ACCOUNTS	81
Trial Balance	33, 34	PERSONAL ASSET AND LIABILITY ACCOUNTS	8
ILLUSTRATION SET, SINGLE ENTRY	88	Journal Rule	8
Bill Book	93	PERSONAL ACCOUNTS, WHEN CLOSED	11
Cash Book	93	Putting Transactions Through the	69
Counter Check Book	92	PIN-HEAD TOTALS	10, 33, 39
Closing the Ledger	95	POSTAL NOTES	74, 75
Financial Statements	94	POST OFFICE MONEY ORDERS	74, 75
Journal	89, 90	POSTING DEFINED	8
Ledger	93	Order of Entering Items	10
Order Book	91	PRINCIPAL AND AUXILIARY BOOKS	42
IMPERSONAL ASSET AND LIABILITY ACCOUNTS	13	PROPRIETOR'S ACCOUNT DEFINED	12
Journal Rule	14	Capital A/c and Private A/c	12, 76
INDEX TO LEDGER	31	PROPRIETOR AND THE BUSINESS DISTINGUISHED	9
INK, USES OF RED AND BLACK	11, 40	PROTEST	56
INTEREST AND DISCOUNT	62, 63	PURCHASE JOURNAL	77, 78
Ledger Account	63	PURCHASES AND SALES FOR CASH, ENTRY OF	69
Transactions Journalized	62	REAL ESTATE DEFINED	40
INVENTORY BOOK	34	Journal Rule	40
INVENTORIES, DEFINITION AND TREATMENT OF	23, 40, 63	RECEIPTS	25
INVOICES	49	REGISTERED LETTERS	74
INVOICE BOOK	77, 78	REMITTING CASH, METHODS OF	74, 75
JOURNALIZING DEFINED	8	REQUISITION FORM FOR BANK DRAFTS	73, 74
JOURNAL DAY BOOK	8	SALES JOURNAL	76, 77
JOURNAL ILLUSTRATED, DOUBLE ENTRY	8, 9, 10, 14, 30, 68	SERVICE AND USE ACCOUNTS DISCUSSED	3
Single Entry	90	SINGLE ENTRY DEFINED	28
JOURNAL RULES, DOUBLE ENTRY	8, 14, 17, 19, 21, 24, 40	SINGLE ENTRY BOOKKEEPING	87
Single Entry	87	Books Used	87
LEDGER ACCOUNTS DEFINED	7	Journal Rule	87
Forms of	7, 10, 11, 13, 14, 15, 17, 20, 22, 43, 63	Illustration Set	88
LEDGER, DOUBLE ENTRY	31, 32, 38, 39	STATEMENTS OF ACCOUNT—RETAIL	98
Single Entry	93, 94, 95	STATEMENTS, MONTHLY—WHOLESALE	99
LEDGER LINES	41	STOCK TAKING	34
LIABILITIES DEFINED	8	STATEMENT OF LOSSES AND GAINS	35, 36, 64, 65
LOSSES DEFINED	8	STATEMENT OF ASSETS AND LIABILITIES	35, 36, 64, 65, 94
LOSS AND GAIN ACCOUNTS	21	SUMMARY OF THE PROPRIETOR'S ACCOUNT	35, 36, 64, 65
Journal Rule	21	SET I	29
MARRIED CHECK	75	SET II	41
MERCHANDISE ACCOUNT DEFINED	21	SET III	44
Journal Rule	21	SET IV	47
MERCHANDISE DISCOUNT ACCOUNT	63	SET V	51
MONTHLY STATEMENT, WHOLESALE	91	SET VI	60
NEGOTIABLE, NON-NEGOTIABLE, AND ASSIGNABLE	56	SET VII	60
NET CAPITAL	83	SET VIII	70
NET INSOLVENCY	83	SET IX	78
NOTES PROMISSORY DEFINED	52	SET X	88
Forms of	16, 18, 26, 53	SET XI	96
Kinds of	55	TRANSACTIONS FOR BILL JOURNAL	86
Parties to	52	TRANSACTIONS FOR CASH JOURNAL	69, 80
OPENING ENTRY, DOUBLE ENTRY JOURNAL	24, 40, 41	TRIAL BALANCE DEFINED	33
Single Entry Journal	91	Finding Errors	34
ORDERS DEFINED	49	Forms of	33, 63
Forms of	50		
Transactions Journalized	50		
ORDER BOOK	91		
ORIGINAL ENTRY BOOKS	42		



08  
10  
11  
6  
81  
8  
8  
11  
69  
39  
75  
75  
8  
10  
42  
12  
76  
9  
56  
78  
89  
40  
10  
25  
74  
75  
74  
77  
3  
28  
77  
77  
77  
88  
08  
09  
44  
15  
04  
15  
29  
11  
44  
77  
51  
60  
66  
70  
78  
68  
06  
66  
66  
33  
44  
33

