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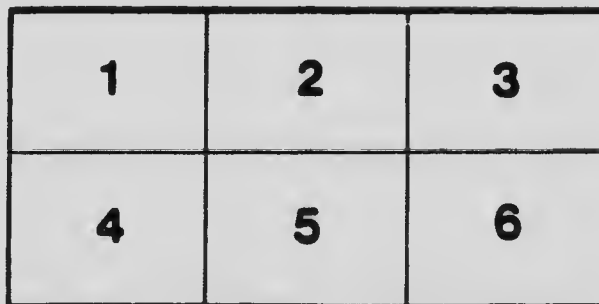
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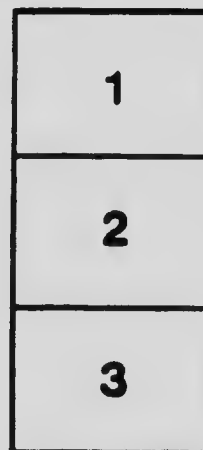
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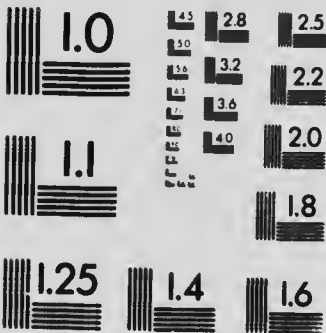
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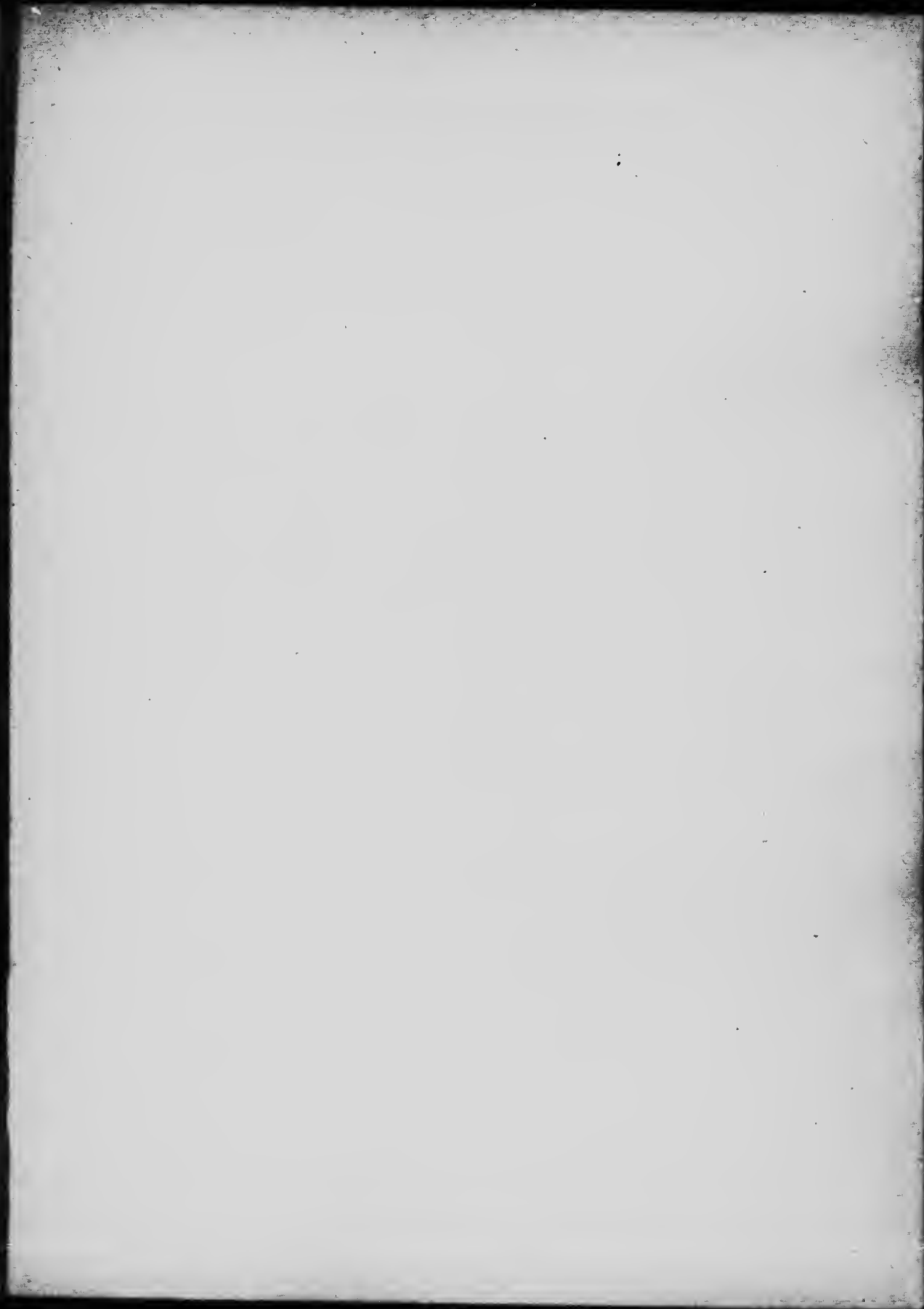
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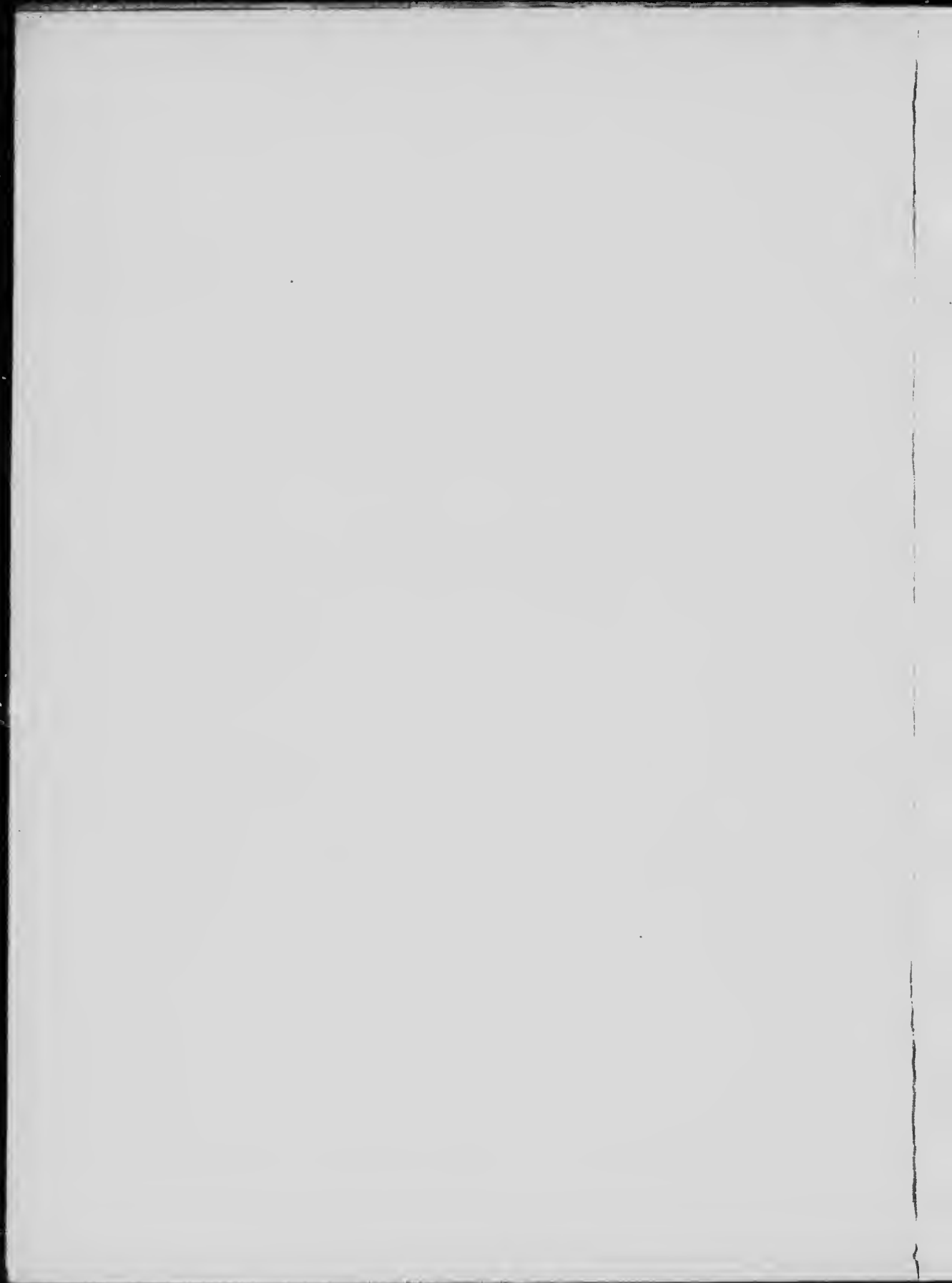
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ONTARIO SCHOOL
BOOKKEEPING

FIRST COURSE

REVISED EDITION

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

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PREFACE

BOOKKEEPING as a *science* is unchangeable—the principles are fixed; but bookkeeping as an *art* is constantly undergoing changes to suit the varying opinions of accountants, as they adapt it to the ever changing needs of modern business, or discover new and shorter methods of recording business transactions. In these days of world-wide competition the complexities of trade and commerce and of business in general call upon the accountant for finer distinctions in the details of records, more varied combinations of these details and closer computations, than ever before; his work must be so systematized that the necessary information from his department shall not only be accurate and complete, but immediately available. 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.

The treatment of this subject is presented in two books, called respectively the "First Course" and the "Second Course." The former deals with the general principles, with the more elementary applications thereof and with the simpler forms of record; the latter deals with the more advanced applications of these principles and with the more specialized forms of record.

In the "First Course" alternative methods of beginning the work are suggested. In the initial exercises the subject may be introduced either by using the individual accounts or by making complete journal entries for each transaction from the start. For some sets the attention is confined to the Journal, as the only posting medium, the Cash Book and the Bill Book being used, 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 learner is asked, in the "Instructions" at the beginning of each set in the "First Course," to make out a number of business forms; it is not intended that these instructions shall be followed slavishly or that all of the exercises and sets shall be worked out, but rather that the work will be adapted to special circumstances, and that the number of exercises, sets and business forms will be curtailed or increased, according to the needs of individual cases.

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 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.

The "First Course" closes with the use of some special books and special ruling and with an introduction to Single Entry Bookkeeping. The "Second Course" commences with a review and completion of Single Entry, and continues with the more advanced stages and special forms of Double Entry, including Manufacturing, Cost Accounting and Joint Stock Company work.

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PRELIMINARY INSTRUCTIONS

1. Select one of the alternative methods of Journalizing and adhere to it. See section II.
2. In the initial exercises adopt one of the following methods of posting: (a) Post only those items from the journal which concern the account under consideration, as is done in the text, or (b) Post all of the items to their respective accounts. Some exercises may be taken as oral work in journalizing, without posting.
3. The pupil is urged to make out the business papers—Inward and Outward—as indicated in the various sets. Filing systems are an absolute necessity in the modern business office; the pupil, therefore, should file his papers, say, as follows: (a) Have two compartments in a drawer, or two official envelopes (about 4" x 9½"). Label one "Inward Papers" and the other "Outward Papers." Place in the former all Notes, Receipts, Cheques, etc., received by the business, and in the latter all such papers given by the business; when a note on hand is paid, it becomes an "Outward Paper," and should be endorsed and transferred from the "Inward Papers" to the "Outward Papers," and so with any other inward papers where transactions call for transfer, such as the deposit of Cheques; likewise "Outward Papers" may become "Inward Papers" and should be transferred at the proper time—Cheques and Redeemed Notes coming home would be treated as Cancelled Papers or Receipts. (b) A better plan is to have one compartment in the drawer (or one envelope) for "Outward Papers," and a number of compartments (or envelopes), say four, for "Inward Papers," one for Notes, one for Receipts, one for Cheques (the cash drawer), one for Orders, etc. The "Outward Papers" compartment or envelope may be taken as representing the mail box carrying "Outward Papers" to other persons' offices, the filing in which does not concern us, and thus "Outward Papers" of all kinds may be put together.

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.

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; other persons' cheques are either cashed at once or deposited with the other cash, at which time they should be endorsed. The use of business papers suggested above will make the work sufficiently like actual business for general interest and good progress in Bookkeeping.

DUE DATES AND USE OF CALENDAR.

For variety the pupils may change the days of the month in the exercises and sets to suit the current year. He should then consult the calendar in determining due dates of notes and drafts. If the last day of grace falls on a Sunday or a statutory holiday, the date of maturity is the next business day thereafter. (See Section 78, on page 55.)

STATUTORY OR LEGAL HOLIDAYS.

1. The following are legal holidays or non-judicial days in all of the provinces of Canada: New Year's Day, Good Friday, Easter Monday, Victoria Day (May 24), Dominion Day (July 1), Labour Day (first Monday in September), Thanksgiving Day, King's Birthday, Christmas Day, and any day proclaimed a holiday by the Governor-General for the Dominion, or by a Lieutenant-Governor for his own province. If New Year's Day, Victoria Day, Dominion Day, King's Birthday, or Christmas Day falls on a Sunday, then the next business day thereafter is to be observed instead.
2. Alberta, Saskatchewan, North-West Territories, and Yukon add Ash Wednesday and Arbor Day (second Friday in May) to (1)
3. Quebec adds The Epiphany, the Ascension, All Saints' Day, and Conception Day to (1).
4. Newfoundland observes New Year's Day, Good Friday, Victoria Day, King's Birthday, Christmas Day, and any day proclaimed by the Governor-in-Council.
5. Civic Holidays are local, not bank or general holidays.

BOOKKEEPING

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 explanation 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 "	—	—	—	—	—	—	
IV.	5 "	—	—	—	2 hf. pp.	—	—	3 "
V.	6 "	—	—	—	2 " "	5 lines	6 lines	4 "
VI.)	7 "	—	—	—	{ 2 pages	6 "	4 "	{ 8 "
VII.)	7 "	—	—	—		{ 10 "	{ 7 "	
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 "

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	Dr. column		Cr. column	
Debtor line	Creditor line		\$	c.	\$	c.
TORONTO, January 2, 19—						
John Simpson Dr.			80			
Merch. Cr.					80	
Cash Dr.		5	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.

1. Classification of Accounts.

- (a) All accounts are either personal accounts, as John Simpson, or impersonal accounts, as Cash, Merchandise, etc.
- (b) All accounts are also either asset and liability accounts, as John Simpson, Cash, etc., or loss and gain accounts, as Merchandise, Expense, etc.
- (c) Some asset and liability accounts are also personal asset and liability accounts, as John Simpson, while others are impersonal asset and liability accounts, as Cash, Bills Receivable, etc. All loss and gain accounts are impersonal accounts, as Merchandise.
- (d) All accounts may thus be divided into three classes:
 - I. Personal Asset and Liability Accounts: as John Simpson, John Simpson & Co., The Imperial Bank, The 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 accounts of the first two classes show either values belonging to the business, or debts owing by the business, and are sometimes called **Real Accounts**. The accounts of the third class show either losses or gains in connection with the business and are sometimes called **Representative Accounts**.

11. Rules for Journalizing.

The work may be introduced by using any one of the following three alternative methods of journalizing. Each method approaches the subject from a different view-point, but the same result will be attained in the end.

(a) First Method of Journalizing.

- I. For Personal Asset and Liability Accounts.—Make the person debtor for the amounts which he receives *on account* and creditor for the amounts which he gives *on account*.
- II. For Impersonal Asset and Liability Accounts.—Make these accounts debtor for the amounts which the business receives and creditor for the amounts which the business gives.
- III. For Loss and Gain Accounts.—Make these accounts debtor for costs and creditor for proceeds; or make them debtor for the amounts which the business receives (as costs) and creditor for the amounts which the business gives (for proceeds).

(b) Second Method of Journalizing.

For this alternative method you will consider the classification of accounts into Personal Accounts and Impersonal Accounts only.

- I. For Personal Accounts.—Make the person debtor for the amounts which he receives *on account* and creditor for the amounts which he gives *on account*.
- II. For Impersonal Accounts.—Make these accounts debtor for the amounts which the business receives and creditor for the amounts which the business gives.

(c) Third Method of Journalizing.

For this alternative method of journalizing, the classification of accounts need not be taken into consideration until the closing of the Ledger.

- I. (a) Determine what the business has received (some thing, use or service) and make the account affected debtor for the amount, then determine what the business has given (some thing, use or service) and make the account affected creditor for the amount.
- (b) When the transaction is on account, say a purchase of goods by the business, we receive the goods and give a claim against our business to the person mentioned in the transaction—make Merchandise debtor for the amount of the goods received, and make the person creditor for the amount of the claim given; or, if the transaction on account be a sale by the business, we receive a claim against the person mentioned and give him the goods—make the person debtor for the amount of the claim, and make Merchandise creditor for the amount of the goods given. In short, make what is *received* debtor, and what is *given* creditor.

PERSONAL ASSET AND LIABILITY ACCOUNTS.

12. Instructions to the Pupil.

- 1 Think of the business as your own, and of yourself as the proprietor, in the exercises which follow. Remember that you are making entries in your own books, not in those of the other party mentioned in the transaction. When another person is mentioned as proprietor, you will be the bookkeeper, and should still think and speak of the business as *ours*.

- II. 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.
- III. Steps in making a Journal Entry: (a) Determine which accounts are affected by the transaction; make no entry for the personal account unless the transaction is on account, but you must make an entry for the impersonal accounts, whenever Cash, Merchandise, etc., are mentioned, no matter whether the transaction is on account or not. (b) Select the debits first and then the credits.

13. Journalizing—Rule I.

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

14. Business Transactions for John Simpson's Account.

Journalize the following transactions, and post the items for John Simpson's account, using the illustrations in Section 16 (a), (b) as guides. Leave room enough in both Journal and Ledger to continue with the February transactions of Section 15. This may be worked out in full or taken as an oral exercise.

- Toronto, January 2, 19—. Sold John Simpson on account, goods \$80.
5. Bought from John Simpson on account, goods \$75.
 10. Sold John Simpson on account, goods \$110.50.
 15. John Simpson paid on account, cash \$40.25.
 17. Sold John Simpson on account, goods \$70.50.
 22. John Simpson gave on account, goods \$90.
 24. Sold John Simpson on account, goods \$25.
 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.

15. Business Transactions—John Simpson's Account—Continued.

Journalize the following transactions; continue the posting under the January posting, balance and close the account as shown in Section 16 (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.

16 (a). Journal with the Ledger pages in, after posting.

TORONTO, January 2, 19—.

11	John Simpson Dr.					80			
	Mdse. Cr.								80
			5						
11	Mdse. Dr.					75			
	John Simpson Cr.								75
			10						
11	John Simpson Dr.					110	50		
	Mdse. Cr.								110 50
			15						
11	Cash Dr.					40	25		
	John Simpson Cr.								40 25
			17						
11	John Simpson Dr.					70	50		
	Mdse. Cr.								70 50
			22						
11	Mdse. Dr.					90			
	John Simpson Cr.								90
			24						
11	John Simpson Dr.					25			
	Mdse. Cr.								25
			25						
11	Mdse. Dr.					45			
	John Simpson Cr.								45
			29						
11	Cash Dr.					10	75		
	John Simpson Cr.								10 75
			30						
11	Cash Dr.					20			
	Mdse. Cr.								20

16 (b). Ledger Account posted, closed, and balance brought down.

DR.		JOHN SIMPSON.				CR.	
19—					19—		
Jan.	2		11	80	Jan.	5	11 75
	10		11	110 50		15	11 40 25
	17		11	70 50		22	11 90
	24		11	25		25	11 45
				29 5		29	11 10 75
Feb.	1	591.25	11	200	Feb.	6	11 100
	20	568.50	11	25		14	11 175
	26	24.75	11	80 25		28	11 30 50
				29 15		28	11 76 80
						28	11 24 75
				591 25		28	11 591 25
Mar.	1	Balance	11	24 75			

(c) Remarks on January Ledger:

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.

(d) **Remarks on February Ledger :**

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 red ink 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 16 (b), "11" is the Journal page from which the item came; the last two 11's are Ledger pages and show in the red ink where the balance was transferred to, and in the black ink where the balance came from. The 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: 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.
5. Bought from M. Peters on account, Merchandise \$150.
 9. M. Peters paid on account, cash \$70.
 13. Bought from M. Peters on account, Merchandise (Mdse.) \$130.
 16. 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. \$370.
 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.

17 (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 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 17 (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.

17 (b). Ledger—Proprietor's Account.

DR.		PROPRIETOR (Capital A/c).				CR.	
<i>(he received or withdrew)</i>						<i>(he gave or invested)</i>	
19—					19—		
May	6	13	10	75	May	1	13
	15	13	30			10	13
	27	13	20	50		30	13
	*31	*13	*3014	50		31	13
			3075	75			13
							1000
							1500
							500
							75
							50
							3075
							75
					June	1	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.
 24. G. Grand invested in the business, cash \$500.
 29. G. Grand withdrew from the business, cash \$30.
 Net gain on June 29, \$120.60.

18. 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 (*d*), 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.

19. 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. in 10 (*d*) 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*.

20. Journalizing—Rule II.

Make Impersonal Asset and Liability Accounts debtor for the amounts which the business receives, and creditor for the amounts which the business gives.

21. Cash Account.

Make this account debtor for all cash which the business receives, and creditor for all cash which the business gives.

The term Cash includes gold, silver, and copper coin, bank and government notes (bills), cheques, bank drafts, sight drafts, post office money orders, postal notes, express money orders, and all other demand orders for money.

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 Mdse., \$50.
 11. Paid cash for Mdse., \$200 25
 18. Received cash for Mdse., \$100.
 30. Paid cash to T. Dunn on account, \$60.

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.

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? This may be done as an oral exercise.

Winnipeg, August 1, 19.— Received from P. Mark on account, cash \$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. \$30.50.
- 24. Sold L. Gray for cash, Mdse. \$150.70.
- 28. Paid cash for Mdse., \$30.
- 30. Gave cash to T. Dunn on account, \$10.

23. Ledger for Cash Account—closed twice.

DR.				CASH.				CR.					
(we received)								(we gave)					
19—								19—					
July	2		14	300				July	4		14	50	
	18		14	100					11		14	200	25
				400					30		14	60	
									31	Balance	15	316	75
				400								49	
Aug.	1	Balance	15	89	75			Aug.	8		15		
	1		15	70					20		15	30	
	24		15	150	70				28		15	30	
				310	45				30		15	10	
									30	Balance	15	140	50
				310	45							169	25
Sept.	3	Balance	15	169	95							310	45

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. Bought Mdse. for 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 $\frac{60}{100}$	<i>London, November 1, 19—</i>
<i>Ten days</i> ~~~~~ <i>after date I promise to pay</i>	
<i>to the order of Proprietor</i> ~~~~~	
<i>at The Imperial Bank</i> ~~~~~	
<i>Two Hundred</i> ~~~~~	$\frac{60}{100}$ <i>Dollars</i>
<i>for Value Received.</i>	
	<i>K. Spiers.</i>

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

\$200 $\frac{60}{100}$	<i>London, November 1, 19—</i>
<i>Ten days</i> ~~~~~ <i>after date, pay</i>	
<i>to the order of myself</i> ~~~~~	
<i>Two Hundred</i> ~~~~~	
$\frac{60}{100}$ <i>Dollars</i>	
<i>for Value Received, and charge to the account of</i>	
<i>To K. Spiers,</i>	<i>Proprietor.</i>
<i>London, Ont.</i>	

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. This writing across the face may be done in either red ink or black ink.

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; 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 \$200.60 on account.
- 6. Received S. Parks' note \$300, for Mdse. sold to him.
- 14. Gave back K. Spiers' note \$200.60; he paid it in cash.
- 26. Received B. Clark's note \$400, on account.
- 30. Gave back S. Parks' note \$300; he paid it in cash.

26. Ledger for Bills Receivable Account.

Dr.		(we received)		BILLS RECEIVABLE.		(we gave back)		Cr.	
19—				19—					
Nov.	1			Nov.	14				
	6	17	200		30	17	200		60
	26	17	300			17	300		
		17	400				300		00
			000				000		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. 16 (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. (Gav 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; 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 acceptance 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.

<u>\$100.⁰⁰..</u>	<i>Woodstock, March 1, 19—</i>
<p><i>One month ~~~~~ after date I promise to pay</i></p> <p><i>to H. Spiers ~~~~~ or order</i></p> <p><i>at The Imperial Bank ~~~~~</i></p>	
<p><i>One Hundred ~~~~~</i></p> <p><i>for Value Received.</i></p>	<p><i>100</i> <i>100</i> <i>Dollars</i></p> <p><i>Proprietor.</i></p>

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. (See Sections 79 and 80.)

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. ⁰⁰ / ₁₀₀	Hamilton, March 1, 19—
19	One month—
to myself	after date, pay
One Hundred	or order
for Value Received, and charge to the account of	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; 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; we paid it in cash.
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.		<i>(we received back)</i>		BILLS PAYABLE.		<i>(we gave)</i>		Cr.	
19—				19—					
Mar.	18			19	200	Mar.	1	19	100
	25			19	150		4	19	200
	30			19	175		8	19	150
					...		20	19	175
							27	19	225
									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, 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; 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. \$75.60.

6. Accepted R. Proctor's draft at 15 days for \$130, on account.
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, Mdse. \$35.

Exercise No. 17.

Journalize; 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 deb. for costs, and creditor for proceeds.

32. (a). Merchandise Account.

Make this account debtor for the cost of goods received, and creditor for the proceeds from goods given. *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.

- Guelph, August 1, 19—. Bought Mdse. \$300.25.
5. Sold Mdse. for cash, \$200.50.
 9. Bought from R. Graham on account, Mdse. \$400.
 12. Sold to L. Parker for cash, Mdse. \$100.
 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 transactions in each exercise. Some of the journalizing may be taken as an oral exercise.

Total proceeds	\$510.85
Inventory—goods on hand	120.50 (add).
	\$631.35
Total value, Cr.	\$631.35
Total cost, Dr.	580.50 (subtract).
	\$ 50.85
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.
 14. Bought from E. Galley on my note at 30 days, Mdse. \$300.
 16. Sold to M. Peters on his note at 15 days, Mdse. \$400.
 23. Bought from E. Galley on account, 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 services 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.

BOOKKEEPING

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 ; post all of the accounts. Close only Cash and Expense Accounts.

Vancouver, December 2, 19—. Pupil invested cash, \$1000.

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.
Inventory taken Dec. 31.
- Fuel on hand.....\$10.

Exercise No. 22—Continued.

Journalize ; post all of the accounts. Open fresh accounts for Cash and Expense and bring the balances down from the December Exercise, or continue the posting under the December accounts. Close only Cash, Merchandise, and Expense Accounts. What is the gain in Merchandise Account, the loss in Expense Account, and the balance of Cash on hand?

Vancouver, January 2, 19—. Bought Mdse. for cash, \$600.

4. Paid cash for stamps and stationery, \$5.
5. Bought new office desk for cash, \$40.
7. Sold Mdse. for cash, \$200.
9. Paid cash for painting shelves, \$10.
12. Paid clerk's salary in cash, \$30.
18. Sold Mdse. for cash, \$150.
25. Bought set of scales for cash, \$50.
29. Sold Mdse. for cash, \$200.
31. Paid rent of store in cash, \$25.
Inventory taken Jan. 31.

Scales and office desk\$ 75
Merchandise on hand 250.

85. Business Papers—Receipts.

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.

(a) Receipt on Account.

<i>\$50 ⁰⁰</i>	<i>Peterboro, January 15, 19—</i>
<i>Received from J. Dame ~~~~~</i>	
<i>Fifty ~~~~~</i>	<i>⁰⁰/₁₀₀ Dollars</i>
<i>on account.</i>	<i>G. Grand.</i>

(b) Receipt for Rent.

<i>\$30 ⁰⁰</i>	<i>Woodstock, February 1, 19—</i>
<i>Received from D. Proctor ~~~~~</i>	
<i>Thirty ~~~~~</i>	<i>⁰⁰/₁₀₀ Dollars</i>
<i>for Rent of House No. 27 Princess St., for the month ending</i>	
<i>January 31, 19—</i>	<i>M. 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.

86 (a). Double Entry Bookkeeping.

Double Entry Bookkeeping deals with all the accounts affected by a transaction—both Personal and Impersonal. The debits are always equal in amount to the credits; and as they are written together in one journal entry, they are said to be written *double*. For Single Entry see page 87.

(b) Opening the Books.

When opening the books at the commencement of business or at beginning of a set, the general rules 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, or *have* been received (as a cost).

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).

87. Unity of Ledger Accounts.

The following Exercises and Sets will show more closely the connection and unity of Ledger Accounts. The Loss and Gain Account may be introduced with Exercise No. 23, or it may be delayed until the Illustration Set, on page 29, is reached.

Exercise No. 23.

Journalize, post to the Ledger, find the gain in Merchandise Account, enter the gain in the Capital Account, and close these accounts and Cash Account.

Regina, October 1, 19—. K. Mapp commences business, investing cash \$500, and Mdse. \$2,500.

2. Sold N. Gerry for cash, Mdse. \$100.
3. Bought from H. Moore on account, Mdse. \$250.
7. Sold N. Gerry on account, Mdse. \$160.
9. Sold H. Moore for cash, Mdse. \$75.
15. Paid H. Moore on account, cash \$125.
18. Bought from N. Gerry on account, Mdse. \$50.
25. N. Gerry paid on account, cash \$70.
30. Bought from H. Moore for cash, Mdse. \$180.

Inventory taken Oct. 31.

Mdse on hand \$2850.

Results:—Net Gain. \$205; Net Capital, \$3205.

Exercise No. 24.

Journalize, post to the Ledger, find the gain in Merchandise Account, the loss in Expense Account, enter the difference in the Capital Account, close these accounts and Cash Account.

Quebec, November 1, 19—. D. Christie commenced business, investing Cash \$1200, Mdse. \$1350, and a Note for \$150.

2. Bought on our note, Mdse. \$200.
6. Sold for cash, Mdse. \$150.
8. Received cash for note of Nov. 1, \$150.
11. Sold for note at 10 days, Mdse. \$50.
14. Bought for c. h., Mdse. \$350.
17. Paid our note of Nov. 2 in cash, \$200.
20. Paid cash for Office Furniture, \$35.

- 24. Received cash for note of Nov. 11, \$50.
 - 28. Petty Cash Sales, \$675.
 - 30. Paid for rent and salaries, \$50.
- Inventory taken Nov. 30.
- Mdse. on hand \$1220.
 - Expense, Office Furniture . . . \$33.
- Results* :—Net Gain, \$143 ; Net Capital, \$2843.

Exercise No. 25.

- (a) Journalize, post to the ledger, find the gain in Merchandise Account, enter it in G. Grand's Capital Account, close both accounts and bring the balances down. Leave all other accounts unclosed.
- (b) Make out the receipts for Jan. 15 and 16 ; and the promissory notes for 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.

- 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.

Inventory taken Jan. 19.

Mdse. on hand \$2600

Exercise No. 26.

Journalize, continue the posting under that of the previous exercise, find the gain in Merchandise Account, the loss in Expense Account, enter the difference in G. Grand's Capital Account, and close these accounts and Cash Account.

- Peterboro', Jan. 20, 19—. 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.

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27. Returned to P. Kerr the money borrowed on the 19th inst.
29. Paid cash for advertising, \$3, and for rent, \$30.
30. Redeemed our note of the 23rd inst.
31. Paid Pupil his month's salary.

Petty cash sales for the month, \$930.

Inventory taken Jan. 31.

Mdse. on hand \$1900.

Expense, Desk and Stove . . . 114.

Results.—Net Gain, \$166 ; Net Capital, \$3866.50.

Exercise No. 27.

- (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. 17 (b).) 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.
28. Paid F. Smith for February rent in cash.
Sold the balance of Mdse. on hand for cash, \$500.

Results.—Net Gain \$33 ; net Capital, \$1613.

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 or history of the transaction.

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.

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

OTTAWA, March 1, 19—.

Debit Page	Debtor line	Creditor line	Date line	Debit column	Credit column
	G. Grand commences the Dry Goods business at No. 35 Sparks St.				
31	Mdse.		1		
32	Cash			2000	
31	G. Grand (Capital A/c)			1500	
	For Assets at Commencement				3500
32	J. Speller		2		
31	Mdse.			130	
	Sold him on a/c				130
	130 yds. Can. Tweed at \$1 -				
31	Mdse.		5		
32	T. Hunter			75	
	Bought from him on a/c Mdse. as per Inv. 1				75
32	Expense		6		
32	Cash			5	
	Paid for Stamps and Stationery				5
32	Cash		8		
31	Mdse.			1.50	
	Sold J. Speller for cash,				1.50
	90 yds. Scotch Tweed at \$1.50				
31	Mdse.		11		
32	Cash			125	
	Bought from T. Hunter for cash, Mdse. as per Inv. 2				125
32	Expense		15		
32	Cash			30	
	Paid W. Moore for painting store				30
32	T. Hunter		20		
32	Cash			75	
	Paid him on a/c				75
32	Bills Pay.		21		
31	Mdse.			40	
	Sold J. Speller on B. R. 1,				40
	1000 yds. F. Cotton @ 4c.				
31	Mdse.		25		
32	Bills Payable			200	
	Bought from T. Hunter on B. P. 1,				200
	Mdse. as per Inv. 3.				
32	Cash		27		
32	J. Speller			50	
	Received from him on a/c				50
32	Expense		29		
32	Cash			30	
	Paid bookkeeper's salary				30

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

44. Ledger Posted—Illustration Set.

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

Ledger Posted—Illustration Set—Continued.

Dr.

Cash.

Cr.

Dr.			Cr.			
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
						265
<i>J. Speller</i>						
Mar 2		30	130	Mar 27	30	50
				<i>T. Hunter</i>		
Mar 20		30	75	Mar 5	30	75
				<i>Expense</i>		
Mar 6		30	5			
15		30	30			
29		30	30			
			65			
<i>Bills Receivable</i>						
Mar 23		30	10			
<i>Bills Payable</i>						
				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 creditor 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.	Dr.	Cr.
✓ 31	G. Grand (Capital A/c)		3500
✓ 31	Merchandise	2400	305
x 32	Cash	1685	265
x 32	J. Speller	150	50
✓ 32	Expense	65	
x 32	Bills Receivable	40	
x 32	Bills Payable		200
		4320	4320

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

TRIAL BALANCE, March 30, 19—.

✓ 31	G. Grand (Capital A/c)		3500
✓ 31	Merchandise	2400	305
x 32	Cash	1420	
x 32	J. Speller	80	
x 32	Expense	65	
x 32	Bills Receivable	40	
x 32	Bills Payable		200
		4320	4005

(c) 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	1.25	1250	
400 " F. Cotton . . . . .	.03	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*, as used 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 form with two others on page 65 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 *bookkeepers' statement*; it is very compact, but not simple enough for general use in business.

The use of the term *Balance Sheet* has been avoided, as it is used sometimes to mean all three parts of the Financial Statement, and oftener to mean only the Statement of Assets and Liabilities

51. Steps to make the Financial Statement.—Illustration Set.

(a) Statement of Losses and Gains.

This statement is made from the loss and gain accounts, marked thus (✓), in the Trial Balance in Section 46 (c), and the Inventory in Section 49. In loss and gain accounts debtor balances are losses and creditor balances are gains.

1. Merchandise Account: add the asset inventory to the creditor side, and take the difference which is a creditor balance and therefore a gain— $(\$305 + \$2180) - \$2400 = \885 , gain.
2. Expense Account: there is no Inventory, so that the debtor balance is a loss, \$65.
3. The difference between the gain and the loss is G. Grand's Net Gain— $\$85 - \$65 = \$20$, Net Gain.

(b) Summary of G. Grand's Account.

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

1. G. Grand's Account: the Net Credit from the Trial Balance is \$3500.
2. The Net Gain from the previous statement is \$20.
3. The Net Capital: add the Net Gain to the Net Credit— $\$3500 + \$20 = \$3520$, Net Capital.

(c) Statement of Assets and Liabilities.

This statement is made from the asset and liability accounts, marked thus (x), in the Trial Balance, the Inventory, and the Summary of G. Grand's Account. Debtor Balances from the Trial Balance are Assets, and Creditor Balances are Liabilities.

1. Cash Account: the debtor balance, \$1420, is an asset.
2. J. Speller's Account: the debtor balance, \$80, is an asset.
3. Bills Receivable Account: the debtor balance, \$40, is an asset.
4. Bills Payable Account: the creditor balance, \$200, is a liability.
5. Merchandise: the Inventory, \$2180, is an asset.
6. Expense: there is no Inventory.
7. G. Grand's Net Capital: the balance from the Summary, \$3520, is a deferred liability; the business owes the proprietor. This amount after all the other liabilities are paid—it is, therefore, a *deferred* liability. This amount must just balance the Statement of Assets and Liabilities; 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. Financial Statements—Illustration Set.

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

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

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

*Net Capital	*3520	Net Credit	3500
	320	" Gain	20
			3520

(c) STATEMENT OF ASSETS AND LIABILITIES.

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

53 (a). Exercises on Opening Journal Entries.

Make the Opening Journal entries for the following (see Section 59):

1. S. Campbell commences business with the following Assets: Cash on hand, \$1000; Mdse. on hand, \$1500; other persons' notes on hand, \$375; Office Furniture on hand, \$125; Store and Lot on hand, \$1950.
2. W. Price opens up business with the following Assets: Cash, \$1500; Mdse., \$2400; note against R. Swanson, \$75; K. Parkman owes on account, \$80. Liabilities: note in favor of M. Parker, \$125; amount due T. Kellog, \$220.
3. C. Waters commences business with the following Assets and Liabilities: Cash on hand, \$3000; other persons' notes on hand, \$275; his own notes outstanding, \$560; amount due L. Gleason, \$300; J. Varco owes on account, \$45; Mdse. on hand, \$2750; Shop Furniture on hand, \$160.

(b) Exercises on Financial Statements.

Make a Statement of Losses and Gains, a Summary of the Proprietor's Account, and a Statement of Assets and Liabilities from the following Trial Balances and Inventories:

1. TRIAL BALANCE, Feb. 28, 19—

2. TRIAL BALANCE, Mar. 31, 19—

	DR.	CR.		DR.	CR.
F. Munro (Capital)		2040	Merchandise	3507 50	3150 60
Merchandise	2800	2750	Expense	577 60	210 50
Expense	72		Real Estate	2800	
Cash	1800		W. Green		100
Bills Receivable	500		J. Williams	325 80	
Bills Payable		400	Bills Receivable	275 30	
W. Sheppard	128		Bills Payable		160 45
D. Lindsay		110	Cash	1125 75	
	5300	5300	C. Wilson (Capital)		4610
				8291 95	8291 95

INVENTORIES, Feb. 28, 19—

Merchandise on hand	\$270
Expense—Office Furniture	35
Net Gain, \$183.	

INVENTORIES, March 31, 19—

Merchandise on hand	\$1110.70
Real Estate on hand	2650.00
Net Gain, \$557.10	

3. Trial Balance, taken April 30, 19— : J. S. Willmott (Capital), Cr. \$4300 ; Cash, \$2825 ; Bills Payable, \$210 ; Bills Receivable, \$560 ; F. Clarkson, Dr. \$370 ; J. Walker, Cr. \$175 ; Merchandise, Dr. \$3515, Cr. \$2760 ; Expense, Dr. \$175. Inventories: Merchandise on hand, \$1310 ; Office Furniture on hand, \$75. Net Gain, \$455.
4. On May 31, 19—, J. M. Foster's books show the following: Merchandise, Dr. \$3890.50, Cr. \$2780.30 ; Real Estate, Dr. \$2600, Cr. \$1200 ; Expense, Dr. \$275.50, Cr. \$60.50 ; Cash, \$511.10 ; Bills Receivable, \$181.50 ; Bills Payable, \$175.40 ; W. Cairns, Dr. \$467.80 ; C. F. Patterson, Cr. \$210.20 ; J. M. Foster (Capital), Cr. \$3500. Inventories: Merchandise, \$1040.80 ; Furniture and Fixtures, \$150 ; Real Estate, \$1500. Net Loss, \$34.40.

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 1 Capital	3520	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		365
	2400		
	2485		
Apr. 1 Inventory	38 2180		2485

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
--------	-------	-------	-------

<i>Dr.</i>	<i>Expense</i>		<i>Cr.</i>
<i>Mar 6</i>	30	5	<i>Loss</i>
<i>15</i>	30	30	
<i>29</i>	30	30	
		65	65

Bills Receivable

<i>Mar 23</i>	30	100	
---------------	----	-----	--

Bills Payable

<i>Mar. 25</i>	30	200	
----------------	----	-----	--

Loss & Gain

<i>Mar 30 Expense</i>	39	65	<i>Mar. 30 Mdse.</i>	38	85
		20			
		85			85

Remarks:

- 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.
- 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 is 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."

- (e) Turn back to Mdse. 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 and foot the account.
- (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 D. Scott's Assets at commencement to be \$3000, and his Liabilities \$200 ; either of the following opening entries may be employed :

- 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 \$2600.

Results.—Net Gain, \$263 ; Net Capital, \$, 300.

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.

Date.	L. F.	Ledger Accounts Cr.	CASH (Receipts). Explanations.	Rems.	Dr.	Totals and Bal.
19—						
Feb. 1		Balance	On hand			1500
3		Misc.	Sold L. Dow			
13		L. Dow	On account	61		
19		Bills Rec.	No. 3	10		
27		P. Moore	On account	150		
28		Misc.	Sold by auction	5		
28		Real Estate	Sold store and lot to M. Street	3500		
28			Cash	2140		
			Dr.			5866
Mar. 1		Balance	On hand			7366
						627

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; he will not require to use the Ledger page column until he comes to use the Cash Book as a principal book in Set VIII. He may, however, commence to use the Cash Book as a journal earlier, say in Set IV.

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 III.

Dr.		CASH.		Cr.	
19--			19--		
Feb.	1	1500	Feb.	2	300
	3	61		6	25
	13	10		10	46
	19	150		14	50
	27	5		19	6
	28	3500		22	2
	28	2140		26	150
				28	60
				*28	*6727
		7366		*Balance	7366
Mar.	1	Balance			
		6727			

.....an Auxiliary Book.

Date.	L. F.	Ledger Accounts Dr.	CASH (Payments)	Explanations.	Items.	Totals and Bal.
19--						
Feb.	2	Mdse. - - - -	Bought from M. Street		300	
	6	Expense - - - -	Painting Store - - - -		25	
	10	Expense - - - -	Chairs \$6, Showcase \$40		46	
	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	
	*28		Cash - - - - Cr.			639
			*Balance - - - -			*6727
						7366

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 23; Receipts on Feb. 6, 14, and 28.

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), \$4.

- 27. Received from P. Moore on a/c, cash \$5.
- 28. Sold balance of M. . . 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 of Feb. 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	
		500 =		
		\$	1700	
		Coin	20	50
		Cheque	40	15
		"	39	35
			1800	

R. J.

(Deposit Slip—Savings Account.)

Scholastic Bank.

Savings Bank Department.

Account No. 375

Credit Pupil

Occupation Bookkeeper

Street Address 27 King St.

Post Office Hamilton

Deposited by Self

Feb. 28 19—

	x	1 =		
3	x	2 =	6	
2	x	4 =	8	
		5 =		
1	x	10 =	10	
		20 =		
		50 =		
		100 =		
		\$	24	

Hamilton, Feb. 5, 19

To the **Scholastic Bank**

Pay to S. Pearson or Bearer

5 Dollars

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 <u>A. Weir</u> Cr.				
DATE.	PARTICULARS.	AMOUNT.		Ledger Keeper's Initials.	CHEQUES.		CHEQUES.		CHEQUES.
19—									
Feb	2	Deposit . .	1800	B	200				
	3	"	390	B	150				
					15				
					44	50			
					25				
			2100		1755	50	Balance		
Mar.	1	Balance . .	1755	50	2100				

The leaves of the Pass Book fold here.

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.**

Hamilton, February 2, 19.— 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. Cash Cr.	1800	1800
Feb. 5.—Bought from S. Pearson for cheque, Mdse. \$200.	Mdse. Dr. Scholastic Bank Cr.	200	200
Feb. 7.—Sold J. Darwin for cheque, Mdse. \$250.	Cash Dr. Mdse. Cr.	250	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. 24, 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:

Calder, D., Grimsby, Ont.

Davis, J., Oakville, Ont.

Darwin, J., Dundas, Ont.

Kilgour Bros., Toronto, Ont.

Knight, A., St. Catharines, Ont.

Taylor & Sons, Toronto, Ont.

All Others, Hamilton, Ont.

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

A. Weir's Cap. A/c. H + 4	Expenses H + 7	A. Knight H + 4
Cash H + 9	Bills Payable H + 6	Bills Receivable H + 6
Merchandise H + 9	J. Davis H + 6	Loss and Gain H + 3
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.

BOOKKEEPING

- 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 *Expenses.*) 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. 28, 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.

Expenses.—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. These terms are, however, often interchanged.

(BILL.)

HAMILTON, February 2 19

Mr. James Scott

BOUGHT OF A. WALLACE & CO.
RETAIL GROCERS

20	# Sugar								
5	# Tea							1	
2	bags Potatoes							1	25
3	doz. Eggs					1.10		2	20
						.15			45
Paid Feb. 2, 19—, A. Wallace & Co., per M. T.								4	90

(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 # 4160				1.50	4	50		
2	gr. Pens # 1643				.55	1	10		
5	rms. Treasury Foolscap 16 #				1.60	8		13	60
Less 5%									40
Received Payment, Feb. 11, 19—, D. T. Page & Co. K.								13	90

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 ~~~~~ $\frac{25}{100}$ Dollars
and charge to my account.

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

78. 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, Nov. 28; Bills on May 5, June 25.
 2. Outward.—Cheques on Apr. 3, 15, May 26, Aug. 12, Sept. 10, 20, Nov. 30, Dec. 11; 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:

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

Ledger Lines:

¹ J. L. Graham (Cap. A/c) H+ 4	Farm Produce..... H+10	Farm Stock..... H+ 6
Cash..... H+14	Bills Payable..... H+ 3	⁴ Scholastic Bank..... H+11
² Pringle..... H+ 4	³ Farm Implements..... H+ 5	W. Kellow..... H+ 6
⁴ 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 Expense 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. Fensom, Seed Grain \$25, and gave cheque in payment.

BOOKKEEPING

- 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. Marcus, 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 prs. Shoes @ \$1.75.
 June 30. 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 ⁵⁰/₁₀₀ Brandon, April 1, 19—

Three months after date I promise to pay
to the order of B. Pearson ~~~~~
at the Dominion Bank here: ~~~~~
One Hundred and Twenty-five ~~~~~ ⁵⁰/₁₀₀ Dollars
with interest at seven per cent. per annum ~~~~~
for value received. S. Clearer.

(b) DRAFT "AFTER DATE."

\$275 ⁰⁰/₁₀₀ Halifax, April 1, 19—

Thirty days after date pay to ~~~~~
the order of R. Bruce ~~~~~
Two Hundred and Seventy-Five ~~~~~ ⁰⁰/₁₀₀ Dollars
for value received, and charge to account of
To M. Sinclair,
Montreal, Que. Pupil.

(c) DRAFT "AFTER SIGHT."

\$275 ⁰⁰ / ₁₀₀	<i>Halifax, April 1, 19—</i>
<i>Thirty days ~~~~~ after sight pay to</i>	
<i>the order of the Dominion Bank ~~~~~</i>	
<i>Two Hundred and Seventy-Five ~~~~~ ⁰⁰/₁₀₀ 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 example above, 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). *Marksmen'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.

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 two-fold: (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 $\frac{1}{8}\%$, 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 is said to 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 endorser of the note, or the endorser and 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 by 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.

88. Examples of Endorsement.

1. Blank.

Jas. Scott.

2. Full.

Pay to the order of T. Ray.
Jas. Scott.

3. Restrictive.

Pay to T. Ray only.
Jas. Scott.

4. Qualified.

Without recourse to me.
Jas. Scott.

5. For Partial Payment.

Received on the within note,
Feb. 3, 19—, Fifty Dollars.
J. S.
Mar. 4, 19—, Thirty Dollars.
J. S.

6. For Deposit.

Pay to the order of the
Dominion Bank.
Jas. Scott.

7. For Collection.

Pay to the order of the
Dominion Bank.
Jas. Scott.

8. For Discount.

Pay to the order of the
Dominion Bank.
Jas. Scott.

9. Waiving of Protest.

Presentation and Protest
waived.
Jas. Scott.

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.

- Makes it payable to bearer and holds Jas. Scott liable in case the maker fails to pay.
- Requires T. Ray to endorse before he can transfer, and holds Jas. Scott liable.
- Prevents T. Ray from transferring it with full title; he may assign it only. Jas. Scott is liable.
- Makes it payable to bearer, and frees Jas. Scott from liability.
- Acts as a receipt for payments thereon. The initials should be signed; if the name were signed in full, it would be payable to bearer.
- Prevents fraudulent cashing. It must be deposited. Banks object to the form "For deposit only."
- Used when notes or drafts are placed with the bank for collection.
- Used when notes or drafts are discounted and the proceeds deposited.
- 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 Cheques—1, 2, 3, 6.

(2)
Pay to the order of T. Ray.
Jas. Scott.

London, Jan. 4, 19—
I promise to pay
Scott,
and Fifty $\frac{00}{100}$ *Dollars*
M. Sinclair.

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). DRAWEE (DRAFT).	PAYEE (NOTE). PAYEE (DRAFT).	PAYABLE AT		BEGINS TO RUN.		
						Place.	Bank.	Month.	Year.	
1	April	1	Ourselves.	R. Spence.	Ourselves.	Stratford	His office	April	1	19—
2	"	1	R. Spence.	K. Marshall.	"	Dundas	Dominion	April	3	19—
3	"	"		F. Medland.	"	Guelph	His office	April	6	19—

BILLS.

No.	WHEN GIVEN.		ENDORSER (NOTE). DRAWER (DRAFT).	MAKER (NOTE). DRAWEE (DRAFT).	PAYEE (NOTE). PAYEE (DRAFT).	PAYABLE AT		BEGINS TO RUN.		
						Place.	Bank.	Month.	Year.	
1	April	1	E. Morrison & Co.	Ourselves	M. Carter	Toronto	Imperial	April	1	19—
2	"	1	E. Morrison & Co.	"	E. Morrison & Co.	Toronto	Our office	April	10	19—
3	Feb.	15		"	D. Peterson	Guelph	Scholastic	Feb.	19	19—

36. Drafts—Transactions Journalized.

(1) <i>Hamilton, April 1, 19—.</i> Drew a draft at 10 days on R. Spence, Stratford, in favour of M. Ford for \$100.	M. Ford	100		
	R. Spence		100	
(2) <i>Hamilton, April 1, 19—.</i> 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) <i>Hamilton, April 1, 19—.</i> 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) <i>Hamilton, April 1, 19—.</i> Received from R. Spence on acct., a sight draft on K. Marshall, in our favour, for \$100.	Cash	100		
	R. Spence		100	
(5) <i>Toronto, April 1, 19—.</i> 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) <i>Toronto, April 1, 19—.</i> Bought from E. Morrison & Co., Montreal, Mdse. \$200, on our acceptance at 20 days, in their favour. (Draft is dated April 10, being dated forward.)	Mdse.	200		
	Bills Pay.		200	
(7) <i>Toronto, April 1, 19—.</i> 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) <i>Toronto, April 1, 19—.</i> Paid E. Morrison & Co's sight draft on us, in favour of D. Millar, 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: Mdse. 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.	Sep.	Oct.	Nov.	Dec.			When.	How.	
10 dys.	19—				14													
10 dys' sight	19—				16												Apr. 14	Cash
30 dys.	19—					9											Apr. 16	Cash
																	May 11	Settled

PAYABLE.

TIME TO RUN.	Year.	WHEN DUE.												Rate % Int.	AMOUNT	REDEEMED.		
		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.			When.	How.	
20 dys' sight	19—				24												Apr. 24	Cheque
30 dys.	19—					3											May 3	Bank draft
60 dys.	19—				23												Apr. 22	Cash \$100
																	Apr. 22	Cheque \$100

Set VI.—D. H.—Grocery and Provision Business.

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

Instructions:

See note on Business papers p. 75

- (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 calendar for the current year 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:

- | | |
|---|-------------------------------------|
| <i>Bain, S., St. Mary's, Ont.</i> | <i>Peterson, D., Galt, Ont.</i> |
| <i>Smith, W. D. & Co., Limited, Toronto, Ont.</i> | <i>Simpson, D., Stratford, Ont.</i> |
| <i>Mason, P. & Co., Hamilton, Ont.</i> | <i>Williams, R., Galt, Ont.</i> |
| <i>Mathews, R., St. Mary's, Ont.</i> | <i>All Others, Guelph, Ont.</i> |

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.

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

Transactions—Set VI.

Guelph, April 1, 19—. Pupil commences the Grocery and Provision Business at No. 37 Upper Wyndham St.

Assets: Cash, \$4000; Mdse., \$2000; note against R. Williams, dated March 14, 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.

⁹ **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. Sjiers for cash, 60# Y. H. Tea @ 30c.; 120# Currants @ 4c.
Received from D. Simpson on a/c, his cheque for \$50, on the Molsons 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# Iardl 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 2 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 bbs. N.P. Soap @ \$2.00
1500# Coffee @ 14c.	80 gals. G. Syrup @ 15c.
2515# G. Sugar @ 4c.	50 bbs. Raisins @ \$1.25
800# Y.H. Tea @ 25c.	500# Currants @ 3½c.

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

87. Interest and Discount (Loss and Gain Accounts).

Interest is the sum paid for the use of money or other value; discount is the sum allowed off a note, invoice, or account, for prepayment or for other reasons.

Interest and Discount on notes or loans are posted to Interest and Discount A/c, which is closed into Loss and Gain A/c. Always reckon the amount for the time concerned in the note or loan.

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. Never consider the time element when reckoning cash discounts.

Rule. Make Interest debtor when it is a cost (of use received), and creditor when it is proceeds (of use given). Treat Discount in the same manner.

88. Interest and Discount—Transactions Journalized.

(1) May 1.—Paid my note \$100 and the interest thereon \$5, in cash.	Bills Pay.	100		
	Interest	5		
	Cash			105
(2) May 2.—R. Smith paid his note for \$200 and the interest thereon \$8, in cash.	Cash	208		
	Bills Rec.			200
	Interest			8
(3) May 3.—Prepaid my note of \$100 in cash, discount allowed \$6.	Bills Pay.	100		
	Cash			94
	Discount			6
(4) May 4.—R. Smith prepaid his note of \$200 in cash, discount allowed \$8.50.	Cash	191	80	
	Discount	8	80	
	Bills Rec.			200
(1) May 6.—Settled my account of \$150 with D. Robb, in cash; he allowed 5% discount.	D. Robb	150		
	Cash			142
	Mdse Discount			7
(2) May 7.—Sold F. Homers Mdse. \$300 for cash; allowed him 3% discount.	Cash	291		
	Mdse Discount	9		
	Mdse.			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		62	8	
	4		62	8	50		3		62	6	
	*31	Inventory	62	13	50		*31	Inventory	62	14	
				3	25		*31	Loss	62	2	50
											25
				16	75					16	75
June	1	Inventory	63	2	50	June	1	Inventory	63	3	25

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

May	7		60	9		May	6		7	50
							*31	Merchandise	1	50
				9					9	

* 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—.							INVENTORIES, May 31, 19—.	
					Dr.	Cr.		
✓	21	Pupil (Cap. A/c)				400	Asset Inventories:	
✓	21	T. Munson	510	25			Merchandise on hand \$1500.75	
✓	22	R. Palmer			404	60	Real Estate on hand 2100.00	
✓	22	Bills Receivable	330				Interest Receivable, accrued on Bills Rec. 2.50	
✓	22	Bills Payable			250		Liability Inventories:	
✓	23	Cash	1633				Expense—clerk's salary due 50.00	
✓	23	Merchandise	4350	75	3960	30	Interest Payable, accrued on Bills Pay. 3.25	
✓	24	Expense	240		50			
✓	24	Real Estate	2000					
✓	24	Interest and Discount	22	50	21	50		
			9086	50	9086	50		

NOTE.—See Section 66 (a).

98. Financial Statement—Form I.

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

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

(b) SUMMARY OF PUPIL'S ACCOUNT.

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

(c) STATEMENT OF ASSETS AND LIABILITIES.

Assets.		Liabilities.			
T. Mason	500	25	R. Palmer	404	60
Bills Receivable	230		Bills Payable	250	
Cash	133		Expense, salary due	30	
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.	
<i>Gains.</i>					
Merchandise		1110	40		
Real Estate		100		1210	40
<i>Losses.</i>					
Expense		220			
Interest and Discount					
Pupil's Net Gain		1	75	221	75
				988	65

(b) SUMMARY OF PUPIL'S ACCOUNT.

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

(c) STATEMENT OF ASSETS AND LIABILITIES.

		Items.		Totals.	
<i>Assets.</i>					
T. Musson		510	25		
Bills Receivable		330			
Cash		1633			
Merchandise		1500	75		
Real Estate		2100			
Interest Receivable accrued		2	50	6076	50
<i>Liabilities.</i>					
R. Palmer		404	60		
Bills Payable		250			
Expense, salary due		30			
Interest Payable accrued		3	25		
Pupil's Net Capital		5388	65	6076	50

95. Financial Statement—Form III.

FINANCIAL STATEMENT, May 31, 19—.

Trial Balance.

Statement of

Statement of

I.F.	Dr.		Cr.		Inventories.		Losses.		Gains.		Assets.		Liabilities.	
21 Pupil (Capital A/c)			4400											
21 T. Musson	510	25									510	25		
22 R. Palmer			404	60									404	60
22 Bills Receivable	330										330			
22 Bills Payable			250											250
23 Cash	1633										1633			
23 Merchandise	4350	75	3960	40	A. 1500	75					1500	75		
24 Expense	240		50		L. 30		220		1100	40	1500			
24 Real Estate	2000				A. 2100				100		2100			30
24 Interest and Discount	22	50	21	50	{ A. 1 L. 2 }	50	1	75			2	50	3	25
	9086	50	9086	50			221	75	1210	40	6076	50	687	85
*Net Gain							988	65						
(Summary)							1210	50	1210	40				
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 $7\frac{1}{2}\%$ per annum, Mdse. \$180, as 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# Salada Ceylon Tea @ 35c. ; received in part payment cash \$50, balance on a/c.
Petty Cash sales for the week, \$165.
20. Bought from F. Medland, Mdse. \$875 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. @ 18c. ; received his note at 2 months, bearing interest at 6% per annum, in payment.
22. Paid our acceptance of the 9th inst. \$180, and interest 45c., in cash.
23. Paid for painting private residence, \$30 from cash drawer.
25. Theft from cash drawer, \$25.
Petty Cash sales, \$281.99.
28. Sold F. Sinclair, 120 bxs. Raisins @ \$1.50 ; 15 sacks Patna Rice, 200# ea. @ 2½c. ; received his cheque for the amount, less 3% discount.
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 x \$1, 40 x \$2, 3 x \$4, 80 x \$5, 70 x \$10, 5 x \$20, 3 x \$50, 2 x \$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.	290# Patna Rice @ 2½c.

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

Interest Rec.—Accrued on Bills Rec. 6 and 8, \$2.68.

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 Pupil, F. 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

(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. Dinnick Mdse. \$550 ; 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.				
L. F.		Accounts Dr.	Explanations.	Items.	Cr.	Totals.
19—						
June	3	8	Scholastic Bank	Deposit		
	6	J	H. Denton & Co.	On account	2700	
	6	6	Dry Goods	Freight	75	
	8	J	Pupil	Withdrew	12	
	12	6	Boots and Shoes	Freight	30	
	12	7	L. Martin	On account	10	
	22	8	Scholastic Bank	Deposited	10	
	27	7	Discount	On B. R. \$	1400	
	29	J	Expense	Clerk's salary		35
	29	8	Scholastic Bank	Deposit	40	
	29	8		Cash	600	
	*29		*Balance			4877 35
						*67 25
						4944 60

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 3, 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.
Munro, 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:

¹ <i>Pupil (Capital A/c)</i> H + 6	<i>Bills Payable</i> H + 4	<i>S. Marks</i> H + 4
<i>Groceries</i> H + 9	<i>Insurance</i> H + 4	<i>Rent</i> H + 4
<i>E. Denton & Co.</i> H + 6	⁴ <i>Scholastic Bank</i> H + 10	<i>Bills Receivable</i> H + 5
¹ <i>Dry Goods</i> H + 14	<i>F. Simpson</i> H + 3	⁶ <i>E. Rogers & Co.</i> H + 2
<i>Boots and Shoes</i> H + 10	<i>R. Black</i> H + 2	<i>L. Martin</i> H + 2
² <i>Office Furniture</i> H + 4	<i>General Expense</i> H + 3	<i>Cash</i> H + 4
<i>Interest and Discount</i> H + 6	⁵ <i>J. Munro</i> H + 4	<i>Loss and Gain</i> 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 \$219, dated April 5, 19—, at two months, bearing interest at 6% per annum; interest accrued on this note \$2.05.

3. Deposited in the Scholastic Bank 5 × \$4, 100 × \$5, 48 × \$10, 20 × \$50, 5 × \$100; coin \$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 L. 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 6 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 Cash Cr. If 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%. (Is discount \$1.10 or \$1.12 ?)
R. Black paid his note of the 8th, with cheque.
Drew a draft at 30 days on S. Marks, for \$70 : discounted it at 7% and deposited the proceeds. (Is discount 46c. or 48c. ?)
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, 14 x \$10, 10 x \$20, 16 x \$50, and the in-coming 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 24 at 30 days, for \$300.
25. Sold J. Munro for cash, 1 bbl. Currants, 250# @ 4c. ; 10 hxs. Raisins @ \$1.50.

Put this through the personal account. See Section 69.

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. \$20 ; L. Martin Cr. \$10 ; and Cash Cr. \$40.

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

INVENTORIES taken June 29, 19—.

Asset Inventories :

Dry Goods	\$1438.22
Boots and Shoes	435.55
Groceries	1354.40
Office Furniture	140.00
Rent—2 months prepaid	120.00
Insurance—11 months unexpired	13.75
Discount—6% for unexpired time on B. P. S.	1.38

Liability Inventory :

Discount—6% for unexpired time on B. R. S.	2.12
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Results.—Net Gain, \$172.64 ; Net Capital, \$7211.59.

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 banks 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\$100⁰⁰

St. John, N.B., July 3, 19—

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

To The Scholastic Bank.

Transfer Co.

J. J. Crabbe, 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 Proctor
 One Hundred Pounds Sterling
 as advised.

The National Bank of Scotland

London, E. C.

R. Price, Manager.

A. Parker, Accountant.

Suppose that D. Proctor 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.

Scholastic Bank

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

Required, a draft on Toronto.....

In favour of The Dominion Printing Co.....

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

Applicant G. Proctor.....

No.	Par	\$100.00
Exchange	1/4 per c.	25
		\$100.25

102. Bank Drafts Transactions Journalized.

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

103. Remitting Cash.

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 make a 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, requesting it to pay the desired amount. They are used for sending any amount up to \$10, to any place in Canada or the United States. They are made for set amounts, 20c., 30c., etc.; for odd cents, from one to nine, postage stamps may be affixed to the face of the Postal Note. If a Postal Note or any of the following forms 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.

<p style="text-align: center;">NOT NEGOTIABLE. POSTAL NOTE.</p> <p style="text-align: center;">CANADIAN POSTAL NOTE. A 272040 TWENTY CENTS 20c.</p> <p>Pay to the order of <u>W. J. Thompson, P.M.</u> the sum of <u>Twenty Cents</u> on account of the <u>Postmaster General of Canada.</u></p> <p>ONE CENT (Stamp)</p> <p>POSTMASTER ISSUING OFFICE</p> <p>STAMP HERE</p>	<p style="text-align: center;">POST OFFICE MONEY ORDER.</p> <p>BLOOR STREET (Toronto), Ont. No 5292</p> <p style="text-align: center;">CANADIAN MONEY ORDER. BONNET DE POSTE CANADIEN.</p> <p>POSTMASTER ISSUING OFFICE</p> <p>Pay to the order of <u>London, Eng. H. Marshall</u> the sum of <u>Twenty-five Dollars</u> and <u>Twenty-five Cents</u></p> <p>POSTMASTER ISSUING OFFICE</p>
<p style="text-align: center;">EXPRESS MONEY ORDER.</p> <p>WHEN COUNTERSIGNED BY AGENT AT POINT OF SALE EXPRESS MONEY ORDER Serial F 9684</p> <p style="text-align: center;">Canadian Express Company AGREES TO TRANSMIT AND</p> <p>Pay to the order of <u>Chas. Proctor, Montreal, Que.</u> the sum of <u>Twenty-five Dollars</u></p> <p>Issued by <u>R. Patterson, Toronto, Ont.</u> on <u>September 22, 1919</u></p> <p>POSTMASTER ISSUING OFFICE</p>	
<p style="text-align: center;">MARKED CHEQUE.</p> <p>No. <u>95</u> Toronto, Ont., Feb. 28, 19<u>19</u></p> <p style="text-align: center;">The Dominion Bank.</p> <p>Pay <u>R. M. Thompson</u> the sum of <u>One Hundred and Twenty-five Dollars</u> (\$175.00)</p> <p><u>B. Thompson</u></p>	
<p style="text-align: center;">BANK DRAFT</p> <p>No. <u>389</u> The Dominion Bank. \$137.44</p> <p>Winnipeg, Man., Sept. 3, 19<u>19</u></p> <p>Pay to the order of <u>A. M. Belmont & Co., New York</u> the sum of <u>One Hundred and Thirty-seven Dollars</u></p> <p><u>D. R. Calder</u></p> <p>THE NATIONAL CITY BANK. 20 WALL STREET, NEW YORK.</p>	
<p style="text-align: center;">BANK MONEY ORDER.</p> <p style="text-align: center;">CANADIAN BANKERS ASSOCIATION BANK MONEY ORDER</p> <p>ISSUED BY THE CANADIAN BANK OF COMMERCE Kitchener, Ont., Oct. 7, 19<u>19</u> No. D 9501</p> <p>Pay to the order of <u>J. H. Thompson</u> the sum of <u>Twenty-five Dollars</u></p> <p>THE CANADIAN BANK OF COMMERCE MONTREAL, Q.T.C. <u>R. Thompson</u></p>	

The Cheque above is called a *Marked or Accepted Cheque*, because of "R. M. A. M." written across the left-hand end; the "R. M." is the page of B. Thompson's A/c in the bank ledger, and "A. M." are the ledger keeper's initials; the ledger keeper takes the amount from B. Thompson's A/c and reserves it to pay the cheque. Notice that "Bearer" is crossed out; the word "Order" is 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 investmer's 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.

		L.F.		Accounts Debtor.	MERCHANDISE (Sales).		Cr.	
						Items.		Totals.
July	3	37		K. Clarke, Moncton, on a/c, 30 days				
				8 Gold Watches		\$100	240	
				6 doz. Silver Plated Teaspoons		300	21	261
	5	38		K. Evans, Fredericton, on a/c, 30 days				
				10 Marble Clocks		200	200	
				1 doz. Alarm Clocks			60	260
	6	40		R. Johnston, Chatham, on a/c, 30 days				
				18 pcs. Silverware assorted		300	54	
				14 doz. Silver Plated Knives		400	63	117
	8	39		D. Proctor (Private A/c).				
				Silverware assorted				
	9	37		K. Clarke, Moncton, on a/c, 30 days				
				10 doz. Watch Chains		700	25	
				15 Ladies' Gold Watches		3000	300	375
				Carried forward				1012

MERCHANDISE SALES.

Cr.

		Brought forward				
11	38	E. Evans, Fredericton, on a/c, 10 days.			1012	60
		3 doz. Ladies' Gold Rings	17 ⁰⁰	51		
		6 doz. Gentlemen's Watch Pendants	12 ⁰⁰	72		
			13		123	
40		R. Johnston, Chatham, on a/c, 30 days.				
		2 doz. Eight-Day Clocks, ea.	4 ⁰⁰	96		
		3 " Silver Watches, ea.	11 ⁰⁰	360		
			20		456	
38		E. Evans, Fredericton, on a/c, 30 days.				
		8 Marble Clocks				
			22		240	
40		R. Johnston, Chatham, cash.				
		Job Lot of Goods				
			24		150	
39		Pupil, city, on a/c.				
		1 Silver Watch				
			25		20	
38		E. Evans, Fredericton, draft at 3 days.				
		1 doz. Fancy Card Receivers, ea.	2 ⁰⁰	24		
		6 " Napkin Rings	1 ⁰⁰	6		
44					30	
		Merchandise		Cr.		
					2031	60

Remarks.

- 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.
- 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.
- 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).				Rema.		Dr.
L.F.		Account's Creditor.	Date of Invoice and Terms.				Totals.	
19—								
July	2	J. D. Proctor (Capital A/c)	Investment				2300	
	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.	4630	
Aug.	1	A. McIntyre & Co.	July 30—10 days		150	25		
			—30 "		275	50	425 75	
	2	J. M. Foster & Co.	July 31—Cash		200			
			—Draft, 30 days		150	50	350 50	
	3	O. T. Mather & Co.	Aug. 3—Cash		125	50		
			—Note, 2 mos.		165		290 50	
	31		Merchandise				Dr. 1065 75	

- 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. B.—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, 29; Cheques on July 13, 29; Drafts on July 17, 16, 22, 25; Bank Draft on July 26
 - Outward.—Notes on July 6, 17; Cheques on July 1 (two), 5, 10, 17 (two), 21, (the 1), 31; Drafts on July 2, 9, 11, 23; Bank Drafts on July 3, 8, 23; Deposit Slip on July 2; Invoices on July 4, 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.

Lodger Lines :

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

Transactions--Set IX.

St. John, N.B., July 2, 19 — 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, payable at the Imperial Bank, Montreal, by request.

2. Deposited cash in the Scholastic Bank, 20 x \$5, 50 x \$10, 30 x \$20, 10 x \$100; cheques: \$125.75, \$71.25.

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 @ \$30; 6 doz. Silver Plated Teaspoons @ \$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 101.

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

5. Sold E. Evans on a/c, 3-10 days, 10 Marble Clocks @ \$20; 1 doz. Alarm Clocks @ \$9.00.

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 @ \$3-14 doz. Silver Plated Knives @ \$4.50.

Bought from the Dominion Show Case Co. on our note at 10 days, 3 Show Cases @ \$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 99.

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

BOOKKEEPING

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 \$1.50 on the other side for the Merchandise Discount. See example in Section 97, on June 7.
 Proprietor took for private use, Silverware \$50. (S.J.)
 Remitted bank draft, purchased with cash, to settle our acceptance of June 5, \$200; exchange $\frac{1}{4}\%$.
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.
14. 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.
 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.
15. 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. P. R., on goods ordered from G. Sloane & Co.
16. Bought from G. Sloane & Co. on a/c, Mdse. \$380 as per invoice dated July 16 at 15 days.
17. Settled our note of the 6th inst. in cash.
18. Sold E. Evans on a/c, 30 days, 8 Marble Clocks @ \$30.
 Deposited cash \$500.
19. 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.
20. 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 98.
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 24.
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—.

<i>Asset Inventories:</i>	
<i>Merchandise</i>	\$780.65
<i>Shop 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
<i>Liability Inventory:</i>	
<i>Interest accrued on Bills Pay. 4</i>	1.04
 <i>Results.—Net Gain, \$233.75; Net Capital, \$7093.75.</i>	

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/cs. Each Capital A/c is then closed in the same manner as a single proprietor's account would be closed.

118. Bank Account.

In Section 123 we shall not keep Bank A/c in the Ledger, but by the second method mentioned in Section 70, 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 Aug. 5, 19</i>				<u><i>The Dominion Bank.</i></u>
<i>Favour of D. Taylor</i>			<i>Pay D. Taylor</i>	<i>or order</i>
<i>For on a/c</i>			<i>One Hundred-----</i>	<i>$\frac{50}{100}$ Dollars</i>
<i>Amount</i>	<i>\$100⁰⁰</i>	<i>100 50</i>	<i>\$100⁰⁰</i>	<i>R. J. Peller.</i>
	<i>Bal.</i>	<i>649 50</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>		<u><i>The Dominion Bank.</i></u>
<i>Date Aug. 8, 19—</i>		<i>779 50</i>	<i>Pay H. Pearson</i>	<i>or order</i>
<i>Favour of H. Pearson</i>			<i>Seventy-five-----</i>	<i>$\frac{00}{100}$ Dollars</i>
<i>For Inv. of Aug. 6</i>			<i>\$75⁰⁰</i>	<i>R. J. Peller.</i>
<i>Amount</i>	<i>\$75⁰⁰</i>	<i>75</i>		
	<i>Bal.</i>	<i>704 50</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. Can. Tweed, 40 yds., returned	.	.	.	.	.	1 ⁰⁰	46	20		
5	gr. Cotton Thread, short Inv. July 29	.	.	.	.	.	2 ⁰⁰	12	50		
10	doz. prs. Ladies' Cashmere Hose	.	.	.	.	less	.10	1	00	59	70

118. Net Capital and Net Insolvency.

The Proprietor's Capital Account may be considered as an Asset and Liability Account. If, 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.		Mdar. Cr.	
Sept.	3	J	A. McIntyre (Cap. A/c)	Invested	5000		
	3	†74	J. MacDonald (Cap. A/c)	Invested	1000		
	7	✓	Merchandise	Petty Sales			
	13	75	Mdse. Discount	3% on K. H. Co's Inv. Sept. 12	9		150
	14	✓	Merchandise	Petty Sales			
	14	✓	Bills Receivable	On # 1			225
	16	75	Discount	5% on B. P. #3	200		
	17	76	Bills Receivable	#2	3		
	18	77	L. Luig	Bill of the 18th	78		
	21	✓	Merchandise	Petty Sales	98		
	23	78	T. Marshall	On a/c			200
	28	✓	Merchandise	Petty Sales	25		
	30	79	Merchandise	For September			275
	30	81		Cash	911	90	911
					7324	90	90
Oct.	1	✓	Balance †	From Sept.	7324	90	
							\$4339.47

* 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.

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	19—
2	Sept. 11	75	C. Dale	Inv. Sept. 6	C. Dale	Brandon	" "	Sept.	6	"
3	" 14	J	Bills Receivable	On B. R. I.	P. Fellows	Winnipeg	" "	Sept.	14	"
	" 30	76								

BILLS.

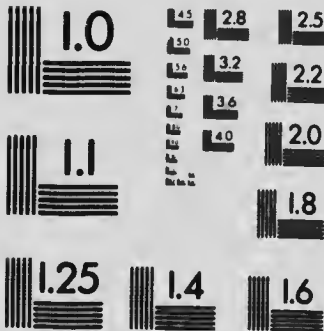
No.	WHEN GIVEN.	L. F.	ACCOUNTS DR.	REMARKS.	PAYER (NOTE), PAYEE (DRAFT).	PAYABLE AT		BEGINS TO RUN.		
						Place.	Bank.	Month.	Year.	
1	Aug 15	J	A. McIntyre (Cap. A/c)	Investment	R. Wilkins	Winnipeg	Schol.	Aug.	15	19—
2	Sept. 10	83	B. King	On a/c	J. Mason	"	"	Sept.	10	"
3	" 13	86	F. Burton & Co.	Inv. Aug. 29	F. B. & Co.	"	"	Aug.	29	"
4	" 28	80	Kent Hardware Co.	On a/c	K. H. Co.	"	"	Sept.	25	"
	" 30	81								

- Remarks.—1. For Bank A/c and the treatment of inward and outward cheques, see Section 113.
2. The Cash Balances 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.



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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.		
<i>(Entry for Journal.)</i>			<i>(Entry for C. J.)</i>			<i>(Entry for J.)</i>		
C	Cash	200	85	Cash	200	77	P. Fellows.	372.56
B	Bills Rec.	172.56	75	Bills Rec.	192.44	76	Bills Rec.	365
76	Bills Rec.	365	75	Interest	7.56	75	Interest	7.56
75	Interest	7.56						
<i>(Entry for Cash J.)</i>			<i>(Entry for B. J.)</i>			<i>(Entry for C. J.)</i>		
85	Cash	200	76	Bills Rec.	172.56	85	Cash	200
J	Bills Rec.	200	76	Bills Rec.	172.56	87	P. Fellows	200
<i>(Entry for Bill J.)</i>						<i>(Entry for B. J.)</i>		
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 Kent Hardware Co. on a/c, bank draft purchased with cheque, for amount of Invoice of the 12th, less 3% discount—\$300 less \$9; exchange $\frac{1}{2}$ %. (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 $\frac{1}{2}$ %.
 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 $\frac{1}{2}$ %; face \$7⁸⁰ coll. 20c.
 18. Sold L. Laing for cash, 15 doz. Paint Brushes @ \$1.20; 4 bbls. Boiled Linseed Oil, 40 gals. @ 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 Kent 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 $\frac{1}{2}$ %. 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 Pupil.—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; Mds. \$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, Mds. \$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 \$750.
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.	200 " Coal Oil . . . @ 17c.
300# Cheese @ 11c.	360 bush. Potatoes . . @ 50c.

180. Journal—Single Entry—Illustration Set.

The opening entry has been made by two different methods: the checked items, in the entries by the first method, are not to be posted, since they are impersonal accounts; there will be but one posting from each entry by the second method. The transaction on the 11th 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 "2 gals. Coal Oil @ 20c., 40c."

ST. CATHARINES, November 1, 19—.

		Items.		Totals.	
W. J. Sykes commences the Grocery Business at # 173 St. Paul Street.					
1					
Assets.					
✓	Cash as per C. B.	1700	68		
✓	Mdse. " " Inventory	2000			
✓	Bills Rec. " B. B.	300			
93	S. Porter	100	50	4101	18
Liabilities.					
✓	Bills Pay. as per B. B.	150			
93	H. Dowd	250		400	
93	W. J. Sykes (Capital A/c)			3701	18
or					
93	W. J. Sykes (Capital A/c)			4101	18
	Cash as per C. B.	1700	68		
	Mdse. " " 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. Dowd is owed on a/c	250			
93	S. Porter			100	50
	Balance of a/c.				
93	H. Dowd			250	
	Balance of a/c.				
94	R. Green			9	65
	15# S.C. Tea		5	25	
	10# Rio Coffee		4	40	
	2 gals. Coal Oil				
93	S. Porter			8	20
	100# Gran. Sugar		5		
	3 gals. G. Syrup		1	20	
	1 bag Flour		2		
93				6	60
	20 doz. Eggs		3		
	18# Butter		3	60	
93	H. Dowd			30	
	Gave him draft at 10 days' sight on S. Porter.				
93	S. Porter			30	
	For above draft.				
93	H. Dowd			30	
93	S. Porter			30	
	Gave H. D. a 10 days' sight draft on S. P.				
94	R. Green			5	
	Cash on a/c.				
93	H. Dowd			200	
	Mdse. Invoice Nov. 12.				
93	S. Porter			50	
	He gave Bills Rec. # 2 on a/c.				
93	H. Dowd			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.

181. 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	5	25		
	10# Rio Coffee	4	40	9	65
	2 gals. Coal Oil				
	5				
✓	S. Porter, 82 Queen's Avenue.				
	100# Gran. Sugar	5			
	3 gals. G. Syrup	1	20		
	1 bag Flour	2		8	20
	—Cr.—				
	20 doz. Eggs	3			
	18# Butter	3	60	6	60
	18				
	M. Wilson, 43 Main St.				
	4 ⁰⁰ 2 ⁰⁰				
	10# Tea 40c., 20# Cheese 15c.	6	60		
	2 ⁰⁰ 1 ⁰⁰				
	15 doz. Eggs 18c., 20# Sugar	3	70		
		10	30		

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, Nov. 5, 19—

Mr. 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. Syrup	.40	1	20
3	1 bag Flour		2	
4			8	20
5	—Cr.—			
6	20 doz. Eggs	.15	3	
7	18# Butter	.20	3	60
8			6	60
9	(Charge)			

ST. CATHARINES, Nov. 4, 19—

Mr. 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, Nov. 18, 19—

Mr. M. Wilson,

43 Main St.

BOUGHT — OF — W. J. SYKES

DEALER IN

Provisions, Groceries, and Fruits.

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

183. 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.
19—					
Nov.	1	W. J. Sykes (Cap. A/c)	Invested	1700	68
	6	Mdse.	Bought from Berry & Co.		250
	9	Mdse.	Sales for the week	350	
	12	R. Green	On account	5	
	12	Expense	Stamps and Stationery		2
	13	Bills Pay.	No. 1		150
	16	Bills Rec.	No. 1	300	
	16	Mdse.	Sales for the week	275	10
	23	Mdse.	" " "	327	20
	30	Expense	November Rent		30
	30	Mdse.	Sales for the week	330	75
			* Balance		*2856
				<u>3288</u>	<u>73</u>
Dec.		Balance	From November	2856	23
				<u>3288</u>	<u>73</u>

184. 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 \$2850. How much in the till?

185. 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.

186. Ledger—Single Entry—Illustration Set.

DR.		W. J. SYKES (Capital A/c).		CR.	
19—					
Nov.	1			90	3701 18
S. PORTER.					
19—					
Nov.	1	90	100	90	6 60
	5	90	8 20	11	30
				19	50
H. DOWD.					
19—					
Nov.	11	90	30	90	250
	30	90	200	90	200

R. GREEN.

19— Nov.	4	90	9	65	19— Nov.	12	90	5
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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.

		Assets.		Liabilities.			
S. Porter	-	Balance due by him	-	-	-	22	10
R. Green	-	" " "	-	-	-	4	65
Cash	-	" as per Cash Book	-	-	-	2856	23
Bills Receivable	-	" " " Bill Book	-	-	-	50	
Merchandise	-	" " " Inventory	-	-	-	1320	50
						4253	48
H. Dowd	-	Balance due to him	-	-	-	220	
Bills Payable	-	" as per Bill Book	-	-	-	200	420
		W. J. Sykes' Net Capital					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.

W. J. Sykes' Net Capital		3833	48
" Investment		3701	18
" Gain		132	30

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—					19—					
Nov. 30	* Net Capital	95	*3833	48	Nov. 1	Net Gain	90	3701	18	
			3833	48	Dec. 1	Net Capital	90	3833	48	
			3833	48			90	3701	18	
			3833	48			90	3833	48	

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 to 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									
94	Cash Dr.						2856	23	
94	Bills Rec.						50		
94	Misce.						1320	50	
94	Bills Pay.								200
Impersonal A/cs as per Single Entry Statement.									
2nd Method									
94	S. Porter, Dr.								10
94	R. Green								65
94	Cash						2856	23	
94	Bills Rec.						50		
94	Misce.						1320	50	
94	Bills Pay.								200
94	H. Dowd								220
94	W. J. Sykes (Capital A/c)								3833
For Assets and Liabilities as per Single Entry Statement.									

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 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 :

*Diamond, A., Norwood, Ont.
Dunster, W., 40 Stewart St.
Duncan, R., Hamilton, Ont.
Grant, R., 24 George St.
Grafton, B. & Co., Toronto, Ont.
Kennedy, C., Lakesfield, Ont.
Lamont, J., 27 Hunter St.
Lowry, E., Ashburnham, Ont.*

*Morrow, M., 82 Dublin St.
Pratt, F., Omemece, Ont.
Pringle, F. & Son, Montreal, Que.
Prang, Mrs. S., 30 Brock St.
Score, R. & Son, Kingston, Ont.
Smale, G. & Co., Montreal, Que.
All Others, Peterboro, Ont.*

Ledger Lines for Parts I. and II. :

¹ A. Grierson (Cap. A/c) H + 8	E. Lowry H + 4	Merchandise H + 7
A. Diamond II + 3	² Bills Payable H + 3	Cash H + 4
M. Morrow II + 4	Bills Receivable H + 3	Furniture and Fixtures H + 4
G. Smale & Co. II + 3	F. Pratt H + 3	⁵ F. Pringle & Son H + 2
³ B. Grafton & Co. H + 6	R. Purvis H + 2	Merchandise Discount H + 2
Mrs. S. Prang H + 4	Pupil (Cap. A/c) H + 4	Expense H + 5
R. Grant H + 4	⁴ C. Kennedy II + 3	Loss and Gain H + 6

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 \$40 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, purchased with cheque; exchange 25c.

Sold Mrs. S. Prang on a/c, 30 yds. Print @ 12c.; 50 yds. Sheeting @ 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 Hdkfs., \$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 @ $4\frac{1}{2}$ 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 18c.; 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. Duncan for cheque, Mdse. \$414, 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# @ $3\frac{1}{2}$ c.

Received in part payment 15 doz. Eggs @ 15c.; 30# Butter @ 16c.

148. 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

Omemece, Ont.

In Account With **GRIERSON & PUPIL,**
WHOLESALE AND RETAIL GROCERS.

Dec.	19	Mdse., net	. . . . .	28	35		
	24	" 10 days	. . . . .	26	55	54	90
			—Cr.—				
	19	Cash	. . . . .	10			
	26	Goods short	. . . . .	2	40	12	40
						42	60
			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. Baxter), 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. Prany; 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 $\frac{1}{3}$ 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, $\frac{4}{10} \frac{n}{30}$.
 $\frac{4}{10}$ means 4% off if paid inside of 10 days; $\frac{n}{30}$ 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 $\frac{1}{2}$ %.
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, $\frac{2}{15} \frac{n}{30}$.
Sold C. Kennedy on a/c at 10 days, 1 bbl. Gran. Sugar, 220 - 18 = 202# @ $3\frac{1}{2}$ 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 sale 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, $\frac{2}{10} \frac{n}{30}$.
21. Sold M. Morrow on a/c, 1 doz. cans Vegetables assorted, \$1.30; 2 qts. Oysters @ 30c.; 10# Layer Raisins @ 15c.; 2 bags Potatoes @ 90c.
Cash Sales for the week, \$780.50. Deposited in the Bank, cash \$950.
22. Bought a delivery Horse and Waggon from E. Sparling 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. (J.)
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
= 44# @ 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:

Merchandise on hand	\$4175.74
Furniture and Fixtures on hand	300.00
Expense—Horse and Wagon	180.00

Results:

A. Grierson's Net Gain, \$440.40; Net Capital, \$5380.40.
Pupil's " " 110.10; " " 1070.10.

SUPPLEMENTARY SETS

Sup. Set I.—D. E.—Hardware Business (Alternative with Set II., p. 41).

Instructions:

- (a) The same as for Set II.
- (b) Business Papers:
- Inward.—Notes on Feb. 1, 12 and 21; Receipts on Feb. 1, 9 and 28.
 - Outward.—Note on Feb. 14; Receipt on Feb. 28.
- (c) The same as for Set II.

Directory:

Dixon, S., Edmonton, Alta.	Morgan J., Lethbridge, Alta.
Manson, L., Medicine Hat, Alta.	All others, Calgary, Alta.

Ledger Lines for Sup. Sets I and II:

¹ P. J. Melville (Cap.) H + 4 + 3	Bills Receivable H + 3 + 2
Cash H + 7 + 10	Real Estate H + 0 + 4
² Merchandise H + 6 + 8	⁴ R. Grainger H + 3 + 2
Bills Payable H + 1 + 3	J. Morgan H + 0 + 2
S. Dixon H + 1 + 3	Loss and Gain H + 3 + 3
³ Expense H + 6 + 6	

Transactions—Sup. Set I.

- Calgary, February 1, 19—. P. J. Melville opens up a Hardware Business at 217 Eighth Avenue East, with the following Assets: Cash, \$1350; Mdse., \$3175; Office Furniture, \$225; note against L. Manson, dated Jan. 4, 19—, at 1 month, for \$350; R. Grainger owes on account, \$155.
2. Leased Store No. 217 Eighth Avenue East, from R. Williams, at \$360 per year, and paid cash for 1 month in advance.
 3. Sold R. Grainger on a/c 500# (lbs.) Nails @ 3c.; 1 Lawn Mower @ \$6.50.
 5. Bought from S. Dixon on a/c, Mdse. as per Inv. 1, \$250.
 7. L. Manson paid his note, due to-day, in cash, \$350.
 9. Paid D. Bundy for painting signs, cash \$10.
 12. Sold J. Morgan on his note at 30 days, 10 kegs Wire Nails @ \$3
 14. Gave S. Dixon on a/c, our note at 2 months, \$150.
 18. Sold R. Grainger for cash, 1 bbl. Coal Oil, 45 gals., @ 15c.
 21. Received from R. Grainger on a/c, his note at 15 days, \$150.
 25. Bought from S. Dixon for cash, Mdse. as per Inv. 2, \$158.
 28. R. Grainger paid cash in full of a/c, \$20.50. Paid Pupil's salary in cash, \$35.

INVENTORIES taken Feb. 28, 19—.

Asset Inventories:

Merchandise on hand	\$3636.25
Office Furniture on hand	215.00
Net Gain, \$20.50; Net Capital, \$5275.50.	

Sup. Set II.—D. E.—Hardware Business (Alternative with Set III., p. 44).

Instructions:

- (a) The same as for Set III.
- (b) Business Papers:
 1. Inward.—Notes on Mar. 16, and 22; Receipts on Mar. 14, 23, and 24.
 2. Outward.—Notes on Mar. 1, 18, and 21; Receipts on Mar. 8 and 28.
- (c) The same as for Set III.

Transactions—Sup. Set II.

Calgary, March 1, 19—. P. J. Melville continues the Hardware Business at 217 Eighth Avenue East.

2. Bought the Store and Lot we now occupy, on our note at 20 days, for \$2500.
3. Sold R. Grainger on a/c, 2 doz. Spades @ \$15; 500# White Lead @ 5c.
4. Pupil has been made bookkeeper and his salary raised to \$50 per month.
6. Bought from S. Dixon on a/c, Mdse. as per Inv. 3, \$154.
8. R. Grainger paid cash on a/c, \$30.
9. P. J. Melville withdrew for private use, cash \$25.
11. R. Grainger paid his note due to-day, cash \$150.
13. Sold J. Morgan on a/c, 12 doz. door locks @ \$7.50
14. Paid E. V. Knowlton for Office Books and Stationery, cash \$15.
16. Sold R. Grainger on his note at 1 month: 50 kegs Wire Nails @ \$2.90.
17. Received from J. Morgan cash \$30, in payment of his note due to-day.
18. Sent S. Dixon on a/c, our note at 30 days for \$75.
20. Sold R. Grainger on a/c, 6 doz. Steel Hammers @ \$9.
21. Bought from S. Dixon on our note at 60 days, Mdse. as per Inv. 4, \$210.
22. Received from J. Morgan on a/c, his note at 10 days for \$58.

- 23. Paid J. Scott for Shelving and Counters, \$30 cash.
- 24. Paid S. Dixon cash for balance due him on a/c.
- 25. Sold J. Morgan for cash, 1 bbl. Machine Oil, 45 gals., @ 40c.
Paid our note of Mar. 2 in cash, \$2500.
- 28. Sold R. Kester for cash, old Shelving and Counters, \$5.
- 29. Paid cash for Advertising, \$8.
- 30. Bought from S. Dixon for cash, Mdse. as per Inv. 5, \$275.
- 31. Petty cash sales of Mdse. for the month, \$1565.
Paid bookkeeper's salary in cash.

INVENTORIES taken March 31, 19—.

Asset Inventories:

Merchandise on hand	.....	\$2575.55
Real Estate—House and Lot	.....	2600.00
Expense—Office Furniture and Counters	.....	235.00
Net Gain, \$249.30; Net Capital, \$5499.80.		

Sup. Set. III.—D. E.—Dry Goods Business (Alternative with Set IV. or Set V.).

Special Features.—The use of Orders for money or goods.

Instructions:

- (a) Books to be used—Business Papers, Journal Day Book, Cash Book and Ledger.
- (b) Business Papers:
 - 1. Inward.—Invoices on Mar. 8, 22, 27; Cheques on Mar. 5, 23, 27, 29, drawn on any bank; Orders on Mar. 6, 12, 26; Notes on Mar. 1, 13, 16, 25, 27.
 - 2. Outward.—Invoices on Mar. 5, 6, 16, 23, 26, 27; Deposit Slips on Mar. 1. Cheques on Mar. 7, 11, 19, 22, 26, 27, 30; Order on Mar. 15; Notes on Mar. 1, 2, 27.
- (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 as in Sets I. and II.

Directory:

Carr, A., Harrisburg, Ont.	Spanner, M., Hamilton, Ont.
Casey, B., Dundas, Ont.	Tennant, W., Woodstock, Ont.
McIntyre, A. & Co., London Ont.	All Others, Brantford, Ont.
North, M., Woodstock, Ont.	

Ledger Lines

¹ A. T. Dingman (Cap. A/c) H + 7	Bills Receivable H + 6	Scholastic Bank H + 11
Cash H + 12	Bills Payable H + 4	⁴ Expense H + 8
Real Estate H + 3	² R. Swinton H + 5	P. Davis H + 2
³ Merchandise H + 11	M. Conway H + 5	Loss and Gain H + 4

Transactions—Set V.

Brantford, March 1, 19—. A. T. Dingman commences a Dry Goods Business at 85 Colborne Street

Assets: Cash, \$5000; Mdse., \$1000; note against M. Spanner, dated Feb. 16 at 60 days for \$750; balance due from R. Swinton, \$350; Office Furniture, \$150.

Liabilities: Note favor of A. Carr, dated Feb. 5 at 30 days, for \$150; note favor of B. Casey, dated Feb. 9 at 2 months, for \$350; balance due to M. Conway, \$150.

- 2. Bought from D. T. Ames, Store and Lot for \$1100, giving in payment cash \$400 and note at 4 months, payable at the Scholastic Bank, for the balance.

3. Deposited in the Scholastic Bank 20 × \$1, 15 × \$2, 100 × \$5, 200 × \$10, 21 × \$50, 3 × \$100, coin \$35, cheques \$25 and \$40
5. Sold M. North for his cheque, 30 yds. Tweed @ 80c.; 50 yds. Velvet @ \$1.
6. Sold R. Gray, 1 suit Clothes \$25; received in payment his order on M. Conway.
7. The proprietor withdrew for private use, \$100 per cheque.
8. Bought from M. Conway on a/c, 4000 yds. Towelling @ 9c.; 200 yds. Silk @ \$1.75; 300 yds. Black Velvet @ 90c.; 500 yds. F. Cotton @ 4c.†
9. Paid S. Bates for repairs to store, \$15 cash.
10. Settled Bills Pay. #1 with cheque, \$150.
12. Received from R. Swinton on a/c, an order on P. Davis for \$50.
13. Sold M. Cross on his note at 60 days, Store and Lot for \$1800.
14. Rented Store #50 Colborne Street from S. Powel, at \$30 per month.
15. Gave M. Conway on a/c, an order on R. Swinton for \$30 in goods from his store.
16. Sold W. Tennant on his note at 10 days, 500 yds. Print @ 10c.; 200 yds. F. Cotton @ 5c.
17. R. Swinton paid cash on a/c, \$80.
19. Paid M. Conway on a/c per cheque, \$800.
20. The proprietor took for private use, 1 suit Clothes, \$30.
21. Error in making change from cash drawer, \$4.25, lost.
22. Bought from A. McIntyre & Co. per cheque, 10 doz. prs. Ladies' Silk Gloves @ \$4; 100 doz. prs. Ladies' Cotton Hose @ \$1.25; 10 doz. prs. Misses' Cotton Hose @ \$1.
Paid for Postage and Stationery, \$1.20.
23. Sold M. Conway on a/c, 50 yds. Towelling @ 10c.; 30 yds. Silk @ \$2.
Sold R. Swinton for cheque \$30 and balance on a/c, 20 doz. prs. Ladies' Hose @ \$1.50; 50 gross Cotton Thread @ \$3.
24. Received from R. Swinton on a/c, his note at 30 days for \$40, and cash \$20.
Deposited in bank, \$580.
26. Sold W. Scott 10 prs. Ladies' Silk Gloves @ 50c.; 12 doz. prs. Ladies' Cotton Gloves @ \$2; received in payment his order on R. Swinton.
Paid Insurance Premium, to the British America Assurance Co., per cheque, \$15.
27. Bought from M. Conway 1000 yds. Assorted Prints @ 8c.; 100 yds. Can. Tweed @ 70c.; 20 gross Cotton Thread @ \$2.50. Gave in payment cash \$50, cheque \$100, and note at 10 days for balance.
Sold R. Swinton a job lot of goods, \$180; received in payment cash \$80, cheque \$70, and his note at 30 days for balance.
28. The proprietor paid from the cash drawer for 5 tons Coal @ \$6, for his private residence.
29. W. Tennant paid his note of the 16th inst. with his cheque.
31. Loaned R. Swinton on a/c, \$30 per cheque. Paid student's salary as bookkeeper, \$30.
Paid rent of store for March with cheque, \$15.

INVENTORIES taken March 31, 19—.

Asset Inventories:

Merchandise \$1820.50

Expense—Office Furniture 127.00

Results.—Net Gain, \$385.05; Net Capital, \$6825.05.

† The items of the purchases are given for making out the Invoices. Since the Invoices are always filed, do not write the items in the Journal Day Book; write for example, "Bought from M. Conway on account, Mdes. a/c per Inv. #1."

