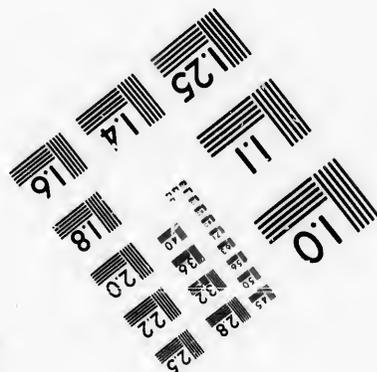
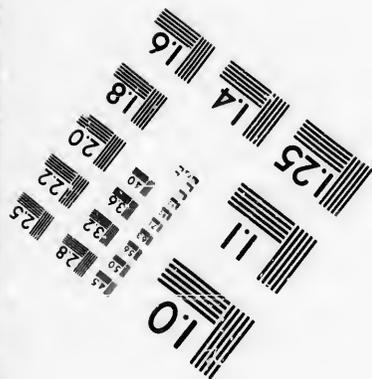
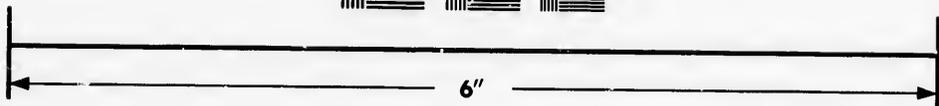
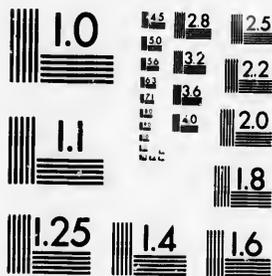
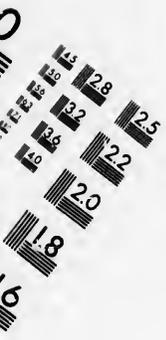


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THE

HIGH SCHOOL BOOK-KEEPING

B E W

CONTAINING *B K*

ILLUSTRATIONS OF THE LATEST AND BEST METHODS
OF KEEPING ACCOUNTS BY
RECORDS BY

SINGLE AND DOUBLE ENTRY.

BUSINESS FORMS, CORRESPONDENCE, AND NUMEROUS
CLASS EXERCISES;

ALSO

PRÉCIS-WRITING AND INDEXING:

FOR THE USE OF

HIGH SCHOOLS AND COLLEGIATE INSTITUTES,
INSTITUTES

Birdie Mohr BY
H. & MACLEAN,

Lujan

Birdie Mohr Lujan

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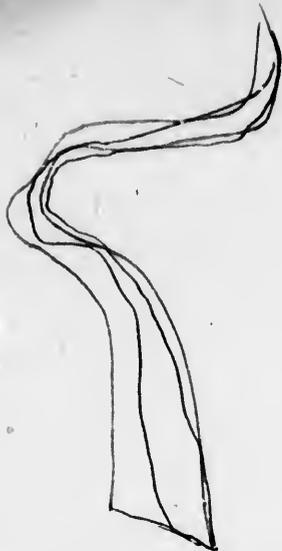
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PREFACE
PREFACE

Monday.
Monday.

Sept 14
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1897
F. Green
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IN constructing this work I have endeavored to keep in mind the important fact that the training received at school should be a proper preparation for the performance of the duties of life. With this before me, I have made an attempt, whether successful or not, to present a course of instruction in Book-keeping not only thoroughly practical, but also furnishing suitable means for mental development. Although the more difficult parts of the subject are discussed somewhat fully, care has been taken to give only such explanations as actual experience in the school-room has proved necessary. The pupil is required not merely to copy and study work done for him, but to do it for himself. In short, the aim has been to *train* the pupil to record business transactions systematically, not simply to *show* him how to do so.

As Double Entry, contrary to the usual practice, is introduced before Single Entry, a word or two by way of explanation may not be out of place. For a considerable time I held the opinion that Single Entry, owing to its greater simplicity, should be taught first in order. Notwithstanding the difficulty of getting rid of preconceived notions, I have been forced to the conclusion that such idea is not correct by observing, (1) that D. E. can be made so simple as to present to the average High School pupil no difficulty sufficiently great to be objectionable educationally; (2) that D. E. affords more scope for mental discipline; (3) that the pupil who has mastered the principles of D. E. experiences but little trouble with S. E. If the converse of the last-named were true it would certainly lose its force, but this is not the case owing to the incompleteness of S. E. as compared with D. E. The arrangement is such, however, that those who wish to take S. E. first may do so without inconvenience.

The chapters on Précis-Writing and Indexing have been added so that the book might cover the commercial course prescribed for High Schools and Collegiate Institutes. The exercises and examples given in connection with these subjects have been obtained from various sources; but I am chiefly indebted to the *Art of Précis-Writing*, by Hunter, for hints and suggestions.

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BOOK-KEEPING.

BOOK-KEEPING.

CHAPTER I.

INTRODUCTORY.

That every person, whether actively engaged in business or not, should keep some record of his dealings with others, is conceded by all. The teacher or student, as well as the merchant, should keep a set of books, or one book at least in which to enter business transactions. As might be supposed, there are different methods of keeping books. No doubt there are certain well-defined principles which should always be adhered to, but the application of these must ever depend largely on the nature of the transactions recorded. A blacksmith might find one "account book" all that would be necessary for his purpose, while a banker would require to use several books. Both parties should have the same object in view, viz. : to shew clearly, expeditiously, and accurately the true state of their affairs.

The pupil must endeavor to take a firm grasp of the principles, for when these are mastered the details of any particular method will present but little difficulty.

By a **business transaction** we mean the exchange of values, *i.e.*, that something which has a financial value is given for something else to which an equal financial value is attached. When we receive or pay money, get or give for value a note, check or any other valuable consideration, a business transaction takes place.

Goods are said to be bought or sold **on credit** when actual payment is not made for them *at the time* the transaction takes place.

EXAMPLE I.—We sell John Smith on credit 2 bush. wheat at 70c. per bush.

As John Smith gives us no value at the time the transaction occurs, we must hold him responsible for payment ; or, in other words, we must charge the amount to him. In this way we shew by our books that he owes us \$1.40.

EXAMPLE II.—We buy of L. Mason on credit 12 lbs. of tea at 60c. per lb.

As we get value from L. Mason without giving value in return at the time, we must make such an entry as will show that we are indebted to him to the extent of \$7.20.

By a **Cash** transaction we mean that cash has been received or given for some other thing.

EXAMPLE I.—We sell H. Crosby a fanning mill for cash \$30.

In this case we cannot charge H. Crosby with the amount, as he has given cash in payment. But as we have received cash we must make our books show this fact.

EXAMPLE II.—We buy of A. Hilker for cash 12 lbs. of sugar at 9c. per lb.

As we pay for the sugar, the business relations which existed between A. Hilker and us before the transaction took place have not been changed, but we must make our books show that we have paid out cash \$1.08.

ACCOUNTS.

When we have dealings with a person a very simple method of recording them is to write the **name of the person** in a *plain, large hand*, and to write the items below it. Again, when we receive or pay out money, we may write the word "**Cash**" as our heading and place the different amounts below it. We may also divide the items into two classes. For example, in each cash transaction money is either received or paid out. We may, therefore, place all amounts *received* on one side and all amounts *paid out* on the other side of the account headed "**Cash**."

A similar division can be made of the items of all other accounts; but a clear idea of this can be obtained only by means of examples.

A number of items collected under a heading is termed an **Account**.

Every account has two sides, the one on the *left* being called the **Debtor (Dr.)** side, and the one to the *right* the **Creditor (Cr.)** side.

PERSONAL ACCOUNTS.

An account kept with a person, a firm, or a corporation is called a **Personal Account**.

It is customary to place all amounts which a *person owes us* on the **Dr.** side of the account which we keep with him, and all amounts which *we owe him* on the **Cr.** side.

EXAMPLE.

July 1, 1886. Sold James Brown on credit 1 Reaper at \$80. July 5. Sold him two waggons at \$45 each on credit. Sept. 13. Received from him 25 bush. Wheat at 70c. per bush. Sept. 20. Received from him

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on account cash \$30. Sept. 24. Sold him on account 1 Buggy at \$84.
Sept. 30. Received from him 25 bush. Barley at 50c. and cash \$20. How
does the account stand on the 30th of September?

Dr.		(Our Account Against Him.)	JAMES BROWN.	(His Account Against Us.)	Cr.	
1886				1886		
July	1	1 Reaper	80	Sep. 13	25 bush. Wheat at 70c. 17 50	
"	5	2 Waggon at \$45 ...	90	" 20	Cash	30
Sep.	24	1 Buggy	84	" 30	25 bush. Barley at 50c. 12 50	
		1906		" "	Cash	20
		1886			Balance in our favor.	80 50
		20 yds				174 70
			254			254
Oct.	1	Balance from old a/c.	174			

When a dealer wishes to know merely how an account stands he adds up the money column on the Dr. side, and also the one on the Cr. side, and finds the difference between these sums.

If he wishes to close the account he adds the columns and finds the difference between them. He then places the difference on the smaller side, making the entry in red ink, and rules lines across the money columns, as shown by the example given. The totals, which are of course equal, are put down and double lines ruled immediately below them across the money columns. The account is then said to be closed.

In the following exercises the items are to be arranged under the proper headings.

EXERCISE I.

October 1, 1886.—Sold John Jamieson on credit goods valued at \$40. 5. John Jamieson paid me on account cash \$10. 9. Sold John Jamieson 10 bush. Barley at 50c. 12. Received from John Jamieson 2 bbls. Potatoes at \$1.50. 15. John Jamieson paid me cash in full of account, \$—.

EXERCISE II.

October 16, 1886.—Wm. Muir owes me on account, \$25. Sold him 24 yds. Tweed at 70c. 20. Sold him 1 suit of Clothes at \$17, and Overcoat at \$13. 23. He gave me on account, 3½ tons of Coal at \$6, and cash \$5. 26. He paid me cash \$10 on account. How much does he still owe me? What appears on the Dr. side? What on the Cr.?

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EXERCISE III.

Nov. 1, 1886.—Sold L. Mason 24 bush. Barley at 55c., and 12 bush. Wheat at 75c. 3. Sold A. Hilker 28 bush. Oats at 34c. Received from L. Mason on account, cash \$10. 5. Bought of N. D. McKinnon, 20 cords Wood at \$1.50. 6. Received from A. Hilker, 24 lbs. Cheese at 11c. Paid N. D. McKinnon, cash in full of account, \$—. Sold L. Mason, 120 bush. Oats at 35c. Received from A. Hilker, cash in full of account, \$—. What does the Dr. side of a Personal acct. show? What the Cr.? When the Dr. side is the greater, in whose favor is the difference between the sides? Why? What is a Personal account?

[NOTE.—The pupil is required to open in proper form an account with each person with whom he does business on credit.]

CASH ACCOUNT.

A **Cash Account** is kept to show the amount of cash received and cash parted with. The plan adopted is to put all amounts of cash which are *taken into* the business on the Dr. side, and all amounts *parted with* on the Cr. side of this account.

EXAMPLE.

Nov. 1, 1886.—Cash on hand, \$10. 4. Paid for a hat, \$2. 6. Received week's wages, \$5. 8. Paid for a coat, \$7. 10. Paid to C. Cameron on account, 50c. 13. Received week's wages, \$5. 17. Paid for a pair of boots, \$4. 20. Received week's wages, \$5. 23. Paid for fuel, \$1.50. 27. Received week's wages, \$5. 30. Bought for cash a vest at \$2.50. Find the amount of cash on hand.

Dr.		(Received.)	CASH.		(Parted with.)	Cr.	
1886				1886			
Nov	1	On hand	10	Nov	4	Paid for a hat	2
"	6	Received week's wages.	5	"	8	" " a coat	7
"	13	" " "	5	"	10	" to C. Cameron..	50
"	20	" " "	5	"	17	" for boots	4
"	27	" " "	5	"	23	" fuel	1 50
				"	30	" " vest	2 50
				"		Balance on hand	12 50
			30				30
Dec.	1	On hand	12				

EXERCISE IV.

July 5, 1886.—Commenced business with cash on hand, \$50. Bought of A. Mann for cash 100 yards Cotton at 7c., 20 yards Tweed at \$1.20. 10. Sold for cash to L. Mason 25 yds. Cotton at 8c. Paid for Coal Oil \$1, and for Stationery 50c. 12. Sold H. Corbett for cash 12½ yds.

Tweed at \$1.30. 15. Sold out the remainder of my goods for cash \$18. Find the amount of cash on hand.

EXERCISE V.

Aug. 2, 1886.—Commenced business with cash on hand, \$1,100. Bought of J. Bruce for cash, 20 bbls. of Flour at \$5.50, and 200 bush. Wheat at 90c. 3. Paid fuel, \$10. 5. Sold Jas. Ross for cash, 10 bbls. Flour at \$6.50. 6. Sold W. Garrow for cash, 50 bush. Wheat at 95c. 7. Paid for Postage, \$1.20. 9. Received from J. Clark, 20 cords of Wood at \$1.50, for which I paid cash.

How much is on hand on the 10th of Aug? What does the Dr. side of the cash account show? What the Cr? Which side must be the greater when there is a difference between the sides? Explain.

A Personal Account must be opened (if not opened already) when we receive value from a person without giving equal value at the time; and also when we give value to a person without receiving equal value at the time.

All cash transactions must appear in the Cash Account in some form. As the Dr. shows all amounts which are taken into the business and the Cr. side all amounts which are paid out, the Dr. side must be the greater when there is a difference between the sides.

The pupil will observe that the same transaction may affect both the Cash Account and a Personal Account. For example, if J. Ross pays on account cash \$30, his account must be credited with the amount, because he gives value without receiving, at the time, value in return; and the Cash Account must be debited for the same, because cash has been received.

In the next two exercises the pupil will open a Cash Account, and also such Personal Accounts as are required.

EXERCISE VI.

Oct. 1, 1886.—Commenced business with cash on hand \$2,000. J. Taylor owes me on account \$350. 4. Bought of A. Gunn on account 250 yds. Tweed at 70c.; 30 yds. Broadcloth at \$2.30; 50 yds. Farmer's Satin at 45c.; 125 yds. Flannel at 30c. 5. Sold J. McKay 10 yds. Tweed at 90c.; 50 yds. Flannel at 40c. Paid for Coal Oil for use of store with cash, \$2.50. 6. Received from J. Taylor on account cash \$100. Paid cash for Fuel, \$20. 12. Paid A. Gunn. on account cash \$140. Paid cash for Stationery and Postage, \$1.20. 13. Sold H. Murray on account 50 yds. Tweed at 90c.; 15 1/2 yds. Farmer's Satin at 50c. 15. Paid clerk's salary with cash \$20. Paid A. Gunn cash in full of account, \$—.

Find the amount of cash on hand, and show how the Personal Accounts stand on the evening of Oct. 15th.

Handwritten calculations and notes including: 150, 112, 15.60, 62, 6.0, 75, 12, 21.50, 60, 13.25, 12.2, 16.25, 90.00, 100.00, 1.00, 24.00, 47.00, 90.00, 30.00, 75.00, 15.00, 20.00, 20.00.

EXERCISE VII.

Oct. 18, 1886.—Invested in business cash \$800. Bought of Wm. Symington for cash goods valued at \$100. 19. Sold A. Robinson on account 12½ yds. Silk at 90c.; 20 yds. Factory Cotton at 11c.; 14 yds. Tweed at \$1.20. 20. Bought of A. Hilker on account 300 yds. Linen at 50c. 21. Paid for Stationery, \$2.50. 22. Sold M. Milne on account 16¼ yds. Linen at 60c.; 20 yds Muslin at 25c. 23. Paid for Office Furniture, \$10. 25. Received from A. Robinson on account cash \$5. Paid A. Hilker on account cash \$60.

The pupil's work should show the following result: Cash on hand, \$632.50; A. Robinson owes on account, \$25.25; M. Milne owes \$14.75; amount owing to A. Hilker, \$90.

MERCHANDISE ACCOUNT.

A **Merchandise Account** is kept for the purpose of showing the *cost* and the *proceeds* of all goods handled in connection with the business.

When goods *come in* an entry is made on the Dr. side, and when goods are *disposed of* an entry is made on the Cr. side of the Merchandise Account. At commencing, the value of goods on hand is entered on the Dr. side.

Merchandise is the term commonly employed to denote goods of any kind which are bought to sell again. Goods bought for *use*, such as fuel, coal oil, stationery, &c., are not included.

EXAMPLE.

Aug. 2, 1836.—Commenced business with goods on hand valued at \$300. Sold James Holman on account 20 yds. Linen at 40c. 4. Bought of N. Bowman on account 250 yds. Cotton at 10c. Sold H. Holmes for cash 112 yds. Tweed at 75c.* 5. Sold C. McLaren for cash 120 yds. Cotton at 12c. 6 Bought of L. Mason for cash 224 yds. Calico at 11c. 7. Sold J. Baker my entire stock of goods for cash \$250. Find the loss or gain.

Dr.		(Cost.)	MERCANDISE.		(Proceeds.)	Cr.		
1836.				1836.				
Aug.	2	On hand.....	300	Aug.	2	Sold Jas. Holman on account	8	
"	4	Bought of N. Bowman on account	25	"	4	Sold for cash to H. Holmes	84	
"	6	Bought for Cash of L. Mason.....	24	64	"	5	Sold for cash to C. McLaren	14
		Gain.....	6	76	"	7	Sold for cash to J. Baker.....	250
			<u>356</u>	<u>40</u>			<u>356</u>	<u>40</u>

* The pupil who has done the exercises previously given will see at once that this transaction affects the Cash Account; but it is not necessary to open any other than the Merchandise Account to find the result required.

EXERCISE VIII.

Sept. 1, 1886.—Bought of F. Ross for cash goods valued at \$300.
 2. Sold D. Beaton for cash 3 prs. Men's Shoes at \$4.50. Sold A. Gunn on account 2 prs. Slippers at \$1.50; 3 prs. Gaiters at \$2. 4. Bought of H. King on account 100 prs. Men's Calf Stitched Shoes at \$5.20. Sold my entire stock of goods for cash \$798.50.

Find the loss or gain.

EXERCISE IX.

Nov. 1, 1886.—Invested in business merchandise worth \$560; cash \$350.
 Sold H. Calder for cash 20 yds. Flannel at 27c.; 300 yds. Sheeting at 10c.
 Sold A. McCoubrey on account 20 yds. Tweed at \$1.20; 2 Spools Thread at 5c. 3. Paid for Fuel, cash \$25. 4. Received from A. McCoubrey on account cash \$10. Paid cash for Stationery, \$2.50. 6. Sold Wm. Muir on account 30 yds. Broadcloth at \$2.50. Bought of H. Steele on account 100 yds. Scotch Tweed at \$1.30. 9. Received from W. Muir on account cash \$40.50. 10. Received from A. McCoubrey cash in full of account, \$—. 12. Paid H. Steele on account cash \$100. Sold Harper & Co. on account 120 yds. Flannel at 30. Bought of H. Steele on account an invoice of goods amounting to \$230. [By "invoice of goods" we mean goods as shown by the invoice or list of them received from the seller.] Sold A. McCoubrey for cash 5 pes. English Print, 35 yds. each, at 20c. 15. Sold all the goods in store to W. Sloan for cash \$800.

Find the loss or gain on merchandise, and shew how the Cash Account and the necessary Personal Accounts stand. This exercise will require the opening of a Merchandise Account, a Cash Account, and personal accounts with A. McCoubrey, Wm. Muir, H. Steele, and Harper & Co.

What is the object of the Merchandise Account? What does the Dr. side show? What the Cr? What entry should be made of goods unsold at the time of closing?

BILLS RECEIVABLE ACCOUNT.

When a dealer purchases goods on credit there is an understanding between himself and the seller as to the time of payment, although no written promise is given. It often happens, however, that a person gets a *written promise* to pay a sum of money at some stated time, for goods which he sells. When this is the case the merchandise is not really sold *on credit*, as the promise to pay is regarded as *actual payment* for the goods.

Suppose that E. Brown buys from the pupil goods valued at \$10, and that he gives the pupil in payment the following:

\$10. *Clinton, Oct. 8, 1886.*
 One month after date I promise to pay _____ Ten
 Dollars, for value received.

E. BROWN.

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As Brown has given the pupil this *Promissory Note* which represents *value receivable* one month hence, he should not charge the amount of the goods to Brown's account. The pupil will open a **Bills Receivable Account**, into which he will enter this and all other *written obligations which he holds against others*.

When a note signed by another *comes into a dealer's possession* he should place the amount of it on the Dr. side of the Bills Receivable Account, and when he *parts with it* he should enter the amount of it on the Cr. side.

Notes on hand at commencing are entered on the Dr. side.

EXAMPLE.

Aug. 2, 1886.—Sold H. McDougall 12 bbls. Flour at \$5 ; 30 bush. Oats at 28c. Received in payment his note at 30 days for \$68.40. 5. Received from A. Burwash on account his note at 10 days for \$60. 6. Sold W. Cole, on his note at 3 months, goods valued \$25. 7. Bought goods from J. Patterson amounting to \$60. Gave in payment A. Burwash's note for \$60.

Find the value of other's notes on hand.

Dr.		(Others' Notes) Received.	BILLS RECEIVABLE.		(Others' Notes) Parted With.	Cr.			
1886				1886					
Aug	2	Received for Flour and Oats from H. Mc- Dougall	68	40	Aug	7	Gave for goods A. Burwash's Note....	60	
"	5	Received on account from A. Burwash ..	60						
"	6	Received for goods from W. Cole	25						
			<u>153</u>	<u>40</u>			Others' Notes on hand.	93	40
								<u>153</u>	<u>40</u>

EXERCISE X.

Aug. 9, 1886.—I have on hand L. Mason's note for \$240. 10. Sold H. Clark on his note goods worth \$50. 11. Received cash for J. Mason's note, \$240. Received on account from D. Monroe his note for \$100. 14. Received cash for H. Clark's note for \$50. 16. Sold A. Pace on his note goods valued at \$45. Sold M. Rose on his note 12 yds. Broadcloth at \$3, \$—.

Find the amount of the notes on hand. 181

EXERCISE XI.

Aug. 23, 1886.—Commenced business investing as follows: H. Minto's note for \$300; C. Bolton's note for \$500. 24. Bought goods invoiced at

\$500, for which I gave in payment C. Bolton's note. 25. Sold F. Crosby on his note at 10 days goods valued at \$35. 27. Bought goods from M. Mann valued at \$40; gave in payment F. Crosby's note for \$35 and cash \$5 for balance. 28. Sold R. Martin on his note at one month goods worth \$60. 30. Received cash for R. Martin's note, \$60. Sold H. Calder on his note goods valued at \$37.

Find the value of others' notes on hand.

BILLS PAYABLE ACCOUNT.

When a dealer gives his written promise in payment for goods that he purchases that *written promise* represents value which is *payable* at some future time; therefore, he must not treat such a transaction as if he had bought the goods *on credit*. He has *paid* for them by giving his note. He will open a **Bills Payable Account** in which to enter the amounts of all notes which he signs and hands over to others.

When he *issues* a note he makes an entry of its amount on the Cr. side of the Bills Payable Account; but when he *redeems* it the amount is entered on the Dr. side. Notes *outstanding* are entered on the Cr. side.

EXAMPLE.

Nov. 1, 1886.—Note outstanding in favor of A. B. Dean, \$300.
 3. Bought goods of H. Holman; gave in payment of the same my note at 10 days for \$120. 5. Paid cash for my note favor of A. B. Dean, \$300.
 6. Bought on my note at 30 days of H. C. Menzies goods valued at \$240.
 9. Bought of A. McDonald on my note at three months goods valued at \$100. 13. Paid cash for my note favor H. Holman, \$120.

Find the value of my notes outstanding.

Dr.		(My Notes Redeemed.)	BILLS PAYABLE.	(My Notes Issued.)	Cr.		
1886			1886				
Nov	5	Redeemed with cash my note favor A. B. Dean.	300	Nov	1	Outstanding	300
"	13	Redeemed with cash my note favor H. Holman	120	"	3	Gave for goods to H. Holman	120
		Notes Outstanding . . .	340	"	6	Gave for goods to H. C. Menzies	240
			760	"	9	Gave for goods to A. McDonald	100
							760

EXERCISE XII.

Nov. 15, 1886.—Bought goods of G. McKay, for which I gave my note for \$100. Gave my note for \$50 to G. Smith on account. 17. Paid cash

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for my note favor of G. McKay, \$100. 18. Gave my note for \$55 to H. Hilker for goods. 19. Paid cash for my note favor of G. Smith, \$50. 20. Bought of M. Manley 120 yds. Tweed at \$1.20. Gave in payment my note.

Find the amount of my notes outstanding.

For the next exercise the pupil will open a Bills Receivable Account and a Bills Payable Account.

EXERCISE XIII.

Dec. 1, 1886.—Commenced business with notes on hand amounting to \$550. 2. Bought goods on my note for \$320. Sold Peter Bruce, on his note, 24 yds. Tweed at 75c. 4. Bought of W. McMaster, on my note, 100 yds. Flannel at 35c. Received cash from Peter Bruce in payment of his note, \$18. 6. Sold Colin Campbell, on his note, 1 suit of clothes, \$20. 7. Bought of A. Hilker, on my note, 200 yds. Cotton at 11c., \$—.

(a) Find the value of others' notes on hand.

(b) Find the value of my notes outstanding.

For the next exercise the pupil is required to open all the necessary accounts; that is, all the accounts affected by the transactions given.

EXERCISE XIV.

May 3, 1886.—Invested in business as follows: Cash, \$400; goods in store valued at \$200; James Reynar's note for \$40. 2. Bought of L. Mason, on my note, 200 bush. Wheat at 90c. 5. James Reynar paid cash for his note, \$40. 7. Sold Wm. Rose, for cash, 20 bush. Oats at 30c. 8. Sold W. Gordon, on account, 30 bush. Wheat at \$1. 10. Paid my note favor L. Mason with cash, \$180. W. Gordon paid cash in full of account, \$—.

1. Sold out my entire stock of goods for \$340, cash.

(a) Find the amount of cash on hand.

(b) Find the loss or gain.

(c) What was I worth at commencing?

(d) What was I worth at closing?

EXPENSE ACCOUNT.

When a merchant buys articles, such as coal, wood, &c., which are *not* for sale, but *for use*, he should open an **Expense Account** to receive the amounts of them. In this account he may enter also amounts paid for rent, insurance, clerks' salaries, &c.

All sums representing the *cost* of carrying on the business are entered on the Dr. side of the Expense Account.

When articles *charged to the Expense Account are sold* (which happens but seldom), the proceeds are placed on the Cr. side of it.

EXAMPLE.

June 1, 1886.—Paid cash for Coal, \$10. 2. Bought from H. McLaren, on account, 5 gals. Coal Oil at 30c. 5. Paid cash for Stationery, \$2, 7. Paid cash for Insurance, \$6. 9. Paid cash for Rent, \$10. 10. Bought of C. Dickson, on account, a Set of Books for store, \$5.40.

Find the total loss on expenses.

Dr.		(Cost.)	EXPENSE.	(Proceeds.)	Cr.
1886			1886		
Jun.	1	Coal	10	Jun. 10	Loss
"	2	5 gals. Coal Oil at 30c.	1 50		34 90
"	5	Stationery	2		
"	7	Insurance	6		
"	9	Rent	10		
"	10	Books for store	5 40		
			34 90		34 90

200
90
00

EXERCISE XV.

Oct. 1, 1886.—Paid for Fuel, \$10. 2. Bought from Jas. Keith, on account, a Set of Books for store, \$3.40. Paid for Postage, \$1. 4. Paid for Insurance, \$5. 5. Bought of H. Burns, on account, 10 gals. Coal Oil at 30c. for use of store. 6. Paid clerk's salary, \$20.

- (a) Determine the loss on expenses.
- (b) What does the Dr. side of this account shew?
- (c) When are articles bought placed under the heading "Merchandise," and when under the heading "Expense"?

THE PROPRIETOR'S ACCOUNT.

When a dealer invests cash, goods, notes, or any other valuable consideration, in a business, he should open an account, having his *own name* as its heading, and place all amounts *invested* and subsequent *gains* on the Cr. side of it. All debts assumed by the business at commencing *withdrawals* and *losses*, should be placed on the Dr. side.

EXAMPLE.

Aug. 2, 1886.—Commenced business investing as follows: Cash, \$1,000; Goods on hand, \$400; Note against J. Mason, \$50. I owe H. Henry on account \$60. 12. Withdrew from the business cash \$40. 31. Net gain for the month of August, \$60.

Shew the condition of the Proprietor's Account on Sept. 1st.

200
90
1,000
86

Dr.		(Debts Assumed, With- drawals and Losses.)	(Pupil's Name Here.)	(Investment and Gains.)	Cr.
1886			1886		
Aug 2	H. Henry's a/c.....	60	Aug 2	Cash invested	1000
" 12	Cash withdrawn	40	" 2	Goods "	400
" 31	Present worth	1410	" 2	L. Mason's note	50
			" 31	Gains for the month.	60
		1510			1510

EXERCISE XVI.—REVIEW.

March 1, 1886. — Commenced business with cash on hand \$800. 2. Bought for cash of S. Hunter goods worth \$100. 3. Paid for Stationery with cash, \$5. 4. Sold goods valued at \$25 to A. McIntyre on account. 5. Bought of J. Davis, on account, 200 bush. Wheat at \$1. 6. Bought of L. Mason, on my note, 35 bbls. Flour at \$6. Sold H. Huston, for cash, 10 bbls. Flour at \$6.50. 7. Sold A. McKay, on his note, goods valued at \$20. Paid cash for Fuel, \$15. 8. Received A. McIntyre's note in full of account, \$—. Gave my note to John Davis in full settlement of account, \$—. 9. Sold out my stock of goods for cash \$440. 10.

RESULT.—Cash on hand, \$1,185; others' notes on hand, \$45; my notes outstanding, \$410; Expense Account shows a loss of \$20; gain on Merchandise, \$40; net gain, \$20. Present worth, \$820.

By the preceding part of the chapter the pupil will see that it is possible to record the transactions of a simple business, such as that of a farmer, mechanic or grocer in one "Book of Accounts."

The name of the account will be written in a large, plain hand at the top of the page of the Account Book. When an account is likely to be large several successive pages should be kept blank for it.

In recording the transactions care must be taken to give full particulars. Dates, prices, amounts, names of parties concerned, &c., should be stated distinctly. To allow sufficient space for this the Dr. and Cr. money columns may be placed side by side and to the right. See page 14.

In order that debits and credits may be readily distinguished the following should be attended to:

When entering a debit, place at the extreme left of the space for explanations, the word "To," and after it a full description of the transaction. The amount will be put in the left-hand money column.

When entering a credit, place the word "By" some distance from the left-hand side of the space for explanations, and after it a full description,

*The term "Stook" is commonly used as the title of this account. We do not employ it at this stage for fear of confusion.

D.M.
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as in the case of a debit. The amount will be extended to the right-hand money column.

The directions that have been already given will be found sufficient for the remaining exercises of this chapter.

The pupil who has performed thoughtfully the work of the previous exercises will have observed :

- (1) *That every transaction affects at least two accounts.*
- (2) *That the debits and credits of each transaction are of equal amount.*
- (3) *That some accounts shew losses or gains, while others shew values in favor of the dealer or against him.*

Bird

EXERCISE XVII.

- 35 3
b
Jan. 3 1887.—Commenced business with cash in hand, \$500; goods in store, \$400.
- " 4. Bought goods of D. Gunn on account, \$240.
 - " 5. Sold goods to B. E. Monroe on his note, \$45.50.
 - " 7. Paid D. Gunn on account cash \$120.
 - " 8. Sold H. Calder goods worth \$200. Received in part payment his note, \$110.
 - " 11. Received cash in payment of B. E. Monroe's note, \$45.50.
 - " 13. Gave D. Gunn my note to balance his account, \$—.
 - " 14. Paid cash for Stationery and Postage, \$5.
 - " 15. Bought goods of D. Gunn on my note, \$70. Paid cash for advertising, \$1.20.
 - " 17. Sold Thomas Smith, on account, goods valued at \$18.60. Paid cash for Fuel, \$10.
 - " 18. Received from H. Calder on account cash \$30.
 - " 19. Redeemed my note favor of D. Gunn with cash \$—. Paid cash for Repairs, \$4.
 - " 21. Sold Thomas Smith, on account, goods, \$70.
 - " 22. Lent D. Gunn a \$10 bill **M.B.**
 - " 24. Received from Thomas Smith his note for \$80 on account.
 - " 25. D. Gunn returned the money he borrowed, \$—.
 - " 26. Bought a Stove for store. Gave in payment my note for \$15.
 - " 27. Received cash in full payment of H. Calder's note, \$—. Paid clerk's salary, \$25.
 - " 28. Received from H. Calder, on account, cash \$40.
 - " 29. Paid cash for Telegram, 25c.
 - " 31. Sold out my stock of goods at auction for cash \$456.35. Paid the auctioneer \$6.

NOTE.—The pupil is expected to do all he can for himself; this exercise is worked out simply to shew the proper form.

Cr.

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BOOK-KEEPING.

(Pupil's Name Here.)

STOCK Dr.

Cr. **X**

1887					
Jan.	3	By Cash.	Amt. invested		500
"	4	" Mdse,	"		400
"	31	" Net gain	"		14
			Net Worth	914	
				914	914

CASH.

Dr.

Cr.

1887					
Jan.	3	To (Pupil's Name Here.)	for Amt. on hand	500	
"	7	By D. Gunn.	Pd. him on a/c		120
			Balance		880
			500		500
"	11	To Balance brot. down			
"	14	" B. Rec.	Rec'd for Monroe's note	380	
"	15	By expenses for Postage, etc.		45	50
"	17	" " " Advertising			5
			" " " Fuel		1
			Balance		10
			425	50	400 30
			425	50	50
"	18	To Balance brot. down			
"	19	" H. Calder.	Rec'd on a/c	409	30
"	22	By B. Pay.	Note favor D. Gunn	30	
			" Expenses for Repairs		120
			" D. Gunn.	Lent him \$10	4
			Balance		10
			439	30	369 30
			439	30	30
"	25	To Balance brot. down			
"	27	" D. Gunn.	Returned loan	305	30
			By expense, Salary	10	
"	28	To B. Rec.	H. Calder's note		
"	29	" H. Calder	on a/c	110	
			By expense, Telegram	40	25
"	31	To Mdse.	Sold stock of goods for cash		
"		By expense, pd. Auctioneer		456	35
			Balance		6
					890
			921	65	40
			921	65	65

Henry H. Wallace, alpha. name.

MERCHANDISE.

Dr. Cr.

1887			Dr.	Cr.
Jan.	3	To (Pupl's Name Here.) Amt. of goods in store.	400	
"	4	" D. Gunn. Bot. goods on a/c	240	
"	5	By B. Rec. Sold goods for note		45
"	8	" Sundries. Sold goods to H. Calder, \$200; part payt., note \$110		200
"	15	To B. Pay. Bot. goods of D. Gunn for note	70	
"	17	By T. Smith. Sold goods on a/c		18
"	21	" " " "		70
"	31	" Cash. Sold my stock of goods		456
		Gain	80	45
			<u>790</u>	<u>45</u>
			<u>790</u>	<u>45</u>

BILLS RECEIVABLE.

Dr. Cr.

1887			Dr.	Cr.
Jan.	5	To Mdse. Sold goods for note	45	50
"	8	" " " "	110	
"	11	By Cash for D Monroe's note		45
"	24	To T. Smith for note on a/c	80	
"	27	By Cash for H. Calder's note		110
		Others' notes on hand		80
			<u>235</u>	<u>50</u>
			<u>235</u>	<u>50</u>

BILLS PAYABLE.

Dr. Cr.

1887			Dr.	Cr.
Jan.	12	By D. Gunn. Gave note on a/c		120
"	15	" Mdse. Bot. goods for note		70
"	19	To Cash, for note favor D. Gunn	120	
"	26	By Expense. Gave note for Stove		15
		Our notes outstanding	85	
			<u>205</u>	<u>205</u>
			<u>205</u>	<u>205</u>

In actual business only one account usually appears on a page.

Henry H. Wallace, alpha. sum.

Cr. X

500
400
14
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Cr.
20
30
50
30
30
25
40
65

EXERCISE XVIII.*

- Jan. 3. 1887.—Commenced business with cash in hand \$400.
 " 5. Bought goods of A. Patterson on account, \$70.
 " 7. Bought goods of M. Anderson on my note at one month, \$40.
 " 8. Sold goods to Peter Cameron for cash, \$50.
 " 10. Paid cash for Stationery, \$1.60.
 " 15. Paid A. Patterson, on account, cash \$20.
 " 17. Bought goods of A. Patterson, on my note at 10 days, \$35.
 " 19. Sold A. Halden goods valued at \$60 on his note.
 " 21. Paid cash for Advertising, \$1.50.
 " 24. Paid for Repairs, cash \$5.
 " 25. Sold goods to Peter Cameron, \$60. Received in part payment his note for \$40 Deposited in bank cash, \$300.
 " 27. Paid my note favor of A. Patterson with cash \$—.
 " 28. Received from Peter Cameron, on account, cash \$10.
 " 31. Sold my entire stock of goods for cash \$16.10.

(a) Open the proper accounts as the transactions occur, and make the necessary entries.

(b) Find the loss or gain on merchandise.

(c) Find the loss on expenses.

(d) Show how the Net Gain is found. *\$33. EE*

(e) Find the proprietor's Net Worth Jan. 31.

(f) How can the proprietor's Net Worth be obtained without making use of the Net Gain?

45.00
30.00

15.00

EXERCISE XIX.

- Feb. 1. 1887.—Commenced business with cash in safe, \$400, and goods in store valued at \$700. Deposited in bank cash. \$250.
 " 2. Sold James Smith, on account, 20 bbls. Flour at \$4.50, ~~\$20~~ Cash sales, \$40.
 " 3. Bought of A. C. Carson, on account, 200 bush. Wheat at 78c., ~~X~~ ~~\$56~~ Sold H. Macpherson, on his note at 5 days, 140 bush. Oats at 30c. Cash sales, \$56.40.
 " 4. Paid cash for Stationery, \$1.60. Bought of P. C. Taylor for cash, 152 bush. Barley at 52c. ~~\$77.04~~ Paid cash for Coal Oil, \$1.20. Bought of W. Munroe, on my note at 10 days, 50 bush. Wheat at 80c. ~~\$40~~ Cash sales, \$27.30.
 " 5. Received from James Smith, cash \$25. Paid cash for Fuel, \$6.50. Sold M. L. Jones, on account, 100 bush. Wheat at 80c. ~~\$80~~ Sold D. Gaskin, on his note at 2 months, 30 bbls. Flour at \$5. ~~\$150~~ Cash sales, \$20.70.
 " 7. Gave A. C. Carson my note at 2 months for \$100 in part payment of account. Received from James Smith, on account,

F. 2.00

* The pupil is expected to do the work of XVIII. and XIX. in full, transferring directly to the "book of accounts." The accounts will be closed in the same manner as the preceding.

156.00
140.50

42.00

13.22
30.4

79.04

Cr.	
240	
240	
10	
10	
Cr.	
80	
8	60
88	60
Cr.	
30	
40	
20	
90	
Cr.	
36	45
36	45

816
910

- cash \$40. Paid for repairing store with cash, \$5.60. Cash sales, \$30.
- Feb. 8. Paid A. C. Carson cash in full of account, \$56. Received from M. L. Jones, on account, cash \$35. Cash sales, \$24.90.
- " 9. Received cash for H. Macpherson's note, \$42. Paid for Advertising, cash \$5.20. Cash sales, \$22.
- " 10. Sold out the remainder of my goods to M. L. Jones, on account, for \$347.80. X
- (a) Find the loss or gain or merchandise. 64.64
- (b) Find the loss on expenses; also the Net Loss or Net Gain. What is the Net Worth at closing?
- (c) What is the amount of cash on hand? Of others' notes on hand? Of our notes outstanding?
- (d) How much does James Smith owe us on account? M. L. Jones owes us how much?

CHAPTER II.

Book-keeping is the recording of business transactions in such a manner as to show the true condition of a dealer's finances.

There are two methods of keeping accounts, called **Double Entry** and **Single Entry**. The main distinction between them is this:—In a Single Entry Ledger *only Personal Accounts* are kept, while in a Double Entry Ledger accounts are kept with persons and things.

[As a result of this only one entry of a transaction is made in a Single Entry Ledger, while two are made in a Double Entry Ledger, one a debit and the other a credit.]

The **Fundamental Principle** of Double Entry Book-keeping is that the debits and credits of every transaction are of equal amount.

By the method exemplified in the preceding chapter transactions are entered directly into the book of accounts, called the Ledger.

THE LEDGER.

In the **Ledger** all the debits and credits arising out of the transactions of the business are collected and properly arranged under their respective headings.

When transactions are of a simple character the Ledger may furnish a sufficiently full record; but when a somewhat lengthy description is necessary this book is no longer suitable as one of original entry.

THE DAY BOOK.

The Day Book contains a plain and comprehensive statement of each transaction connected with the business, put in as short a form as possible. When a transaction takes place it is immediately recorded in this book, the following being clearly shewn :

- (1) The **date** of the transaction.
- (2) The **name** of the person or account.
- (3) The **thing** received or given.
- (4) The **prices, quantities, &c.**, of the articles bought or sold.
- (5) The **terms** of payment.

THE JOURNAL.

The Journal contains the *Debits* and *Credits* arising from each transaction recorded in the Day Book, arranged in such a manner that they may be easily transferred to the Ledger.

Note.—The Journal becomes necessary only when the entries in the Day Book are somewhat complicated, and are, therefore, not conveniently carried therefrom to the Ledger.

DAY BOOK.

Toronto, September 1, 1886.

Dr

JOURNAL FOLIO.	18	Sold James Ross,—			
		200 Bbls. Flour at \$6.....	\$1,200		
		150 " Apples at \$1.....	150	1,350	
		Received in payment cash.....	\$1,000		
		Balance on account.....	350		
		date	_____		
				DOLLARS.	CENTS.

JOURNAL.

Toronto, September 1, 1886.

19

Dr. *Cr.*

LEDGER FOLIO.	C	Cash, <i>Dr.</i>		1,000			
		Jas. Ross ".....		350			
		To Merchandise.....				1,350	
		date	_____				
				DOLLARS.	CENTS.	DOLLARS.	CENTS.

LEDGER.*

Dr. Cash. Cr.

1886																			
Sept.	1	To Mdse		1,000															
			JOURNAL FOLIO.	DOLLARS.	CENTS.					JOURNAL FOLIO.	DOLLARS.	CENTS.							

Merchandise.

								1886											
								Sept.	1	By Sundries									1,350

James Ross.

1886																			
Sept.	1	To Mdse		350															

RULES FOR DETERMINING DEBITS AND CREDITS.†

STOCK, OR THE PROPRIETOR'S ACCOUNT.

Debit for the amount of the proprietor's *liabilities assumed* by the concern at the time of commencing, for all *sums withdrawn*, and for the *Net Loss* (if any) at the time of closing.

Credit for the amount of the *investment* at commencing, for all *sums subsequently invested*, and for the *Net Gain* (if any) at the time of closing.

*When a Day Book is used the entries in the Ledger are as short as possible. The former contains the complete history of the transactions; the latter merely the results.

†By Debit is meant an entry made in such a manner as to shew the indebtedness of the person or thing represented by the Ledger title under which it is placed.

By Credit is meant an entry made in such a manner as to shew the amount due to the person or thing represented by the Ledger title under which it is placed.

The term "Stock" is commonly used as the heading of the account kept with the dealer. His name, or either of the terms "Capital" or "Proprietor," would be quite suitable.

When small sums are frequently withdrawn for private use, it is found convenient to open a "Private Account," into which to enter such. This account is closed into the Stock Account.

In a Partnership business an account should be opened with *each partner*, and it should be treated in a manner similar to the Stock Account.

MERCHANDISE ACCOUNT.

Debit for the value of the goods *on hand* at the time of commencing, for the cost of goods *subsequently purchased*, and for the value of goods *returned by customers*.

Credit for the *proceeds of sales*, for the value of goods *returned by us*, and for the value of goods *on hand* at the time of closing.

All goods bought *on speculation* are included under the heading "Merchandise." When a dealer wishes to know his gain or loss on any particular line of goods he must open a separate account for it.

Articles purchased for *use*, but not handled in connection with the business, do not belong to this account.

REAL ESTATE ACCOUNT.

Debit for the *value of the property* represented at commencing, for the *cost of that afterwards purchased*, and for all *charges*.

Credit for all amounts *against the property* represented at commencing, for *proceeds*, and for the *value of the property* at the time of closing.

Farms, stores, dwelling houses, &c., are usually included under this heading.

CASH ACCOUNT.

Debit for the amount of *cash on hand* at the time of commencing, and for all amounts afterwards *received*.

Credit for all amounts of cash *parted with*.

Checks, Sight Drafts, Bank Drafts, Bills of Exchange payable on demand, Post Office Orders, Certificates of Deposit, &c., are included under this heading. Generally, all paper which can be cashed *immediately*, when received by us, is regarded as cash.

PERSONAL ACCOUNTS.

Debit for the amounts *they owe us* at commencing, for their subsequent *indebtedness to us*, and for all payments which we *make to them* on account.

Credit for all amounts which *we owe them* at the time of commencing, for our subsequent *indebtedness to them*, and for all payments which *they make to us* on account.

BANK ACCOUNT.

Debit for the *amount deposited* at the time of commencing, and for all *other sums deposited* from time to time.

Credit for the amounts of *checks issued*, and for all sums otherwise *withdrawn*.

Cr.

JOURNAL FOLIO.	DOLLARS.	CENTS.

1,350

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DITS.†

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BILLS RECEIVABLE ACCOUNT.

Debit for the amount of *others'* notes, acceptances, &c., which are *on hand* at the time of commencing, and for the amounts of those afterwards *received*.

Credit for the amounts of *others'* notes, &c., *disposed of*.

Under this heading we put all written obligations which we hold *against others* that are not payable on demand, such as Promissory Notes, Time Drafts, &c.

BILLS PAYABLE ACCOUNT.

Debit for the amounts of our notes, &c., when they are *redeemed by us*.

Credit for the amount of our notes, &c., which are in the *possession of others* at the time of commencing, and for the amounts of those afterwards *issued*.

Under this heading we put all written obligations which others hold *against us*, such as Promissory Notes, Acceptances, &c.

EXPENSE ACCOUNT.

Debit for the *outlay* in running the business.

Credit for the *proceeds of sales* of articles formerly charged to this account, and for the value of such articles *on hand* at the time of closing.

Expense is a general term usually including Stationery, Postage, Office Books and Furniture, Rent, Salaries, Light, Fuel, &c.

If the dealer wishes to know the loss on any one of these he must open a separate account for it, debiting for the cost and crediting for the proceeds.

INTEREST AND DISCOUNT ACCOUNT.

Debit for sums *paid by us* for the use of money, and for sums *allowed by us* on debts paid to us before due.

Credit for sums *paid to us* for the use of money, and for sums *allowed to us* for debts paid by us before due.

Interest is an allowance made for the *use of money*.

Discount is an allowance made for the payment of a debt *before it becomes due*.

As Interest paid out and Discount allowed by us affect the business in exactly the same way it is not necessary to keep a separate account for each. The same may be said of Interest received and Discount allowed to us.

At the time of *commencing* accrued interest in our favor is debited, and that against us is credited.

At the time of *closing* accrued interest in our favor is credited, and that against us is debited.

GENERAL RULES.

All the preceding rules are included in the following general rules :

- (1) The person, firm or corporation receiving value without giving equal value at the time is made Dr., and the person, firm or corporation giving value without receiving equal value at the time is made Cr.
- (2) The thing received is made Dr., and the thing parted with is made Cr.

EXERCISE I.

1. Bought of James Brown goods on account worth \$30.
 2. Paid R. Miller cash on account, \$100.
 3. Received from L. McLeod cash \$1.50 on account.
 4. Sold goods to M. Ray for cash, \$40.
 5. Bought goods from R. McKay for cash, \$15.
 6. Sold Peter McGarva, on his note, goods valued at \$50.
 7. Bought of R. Ross \$100 worth of goods. Gave in payment my note.
 8. H. Henry paid his note in cash, \$40.
 9. Received from J. Jones \$10 on account.
 10. Paid M. W. Hespeler \$100 on account.
 11. Paid \$2 cash for Coal Oil for use in store.
 12. Bought of R. Miller goods valued at \$45. Gave in payment my note at 30 days.
 13. Bought of L. Mason goods valued at \$70. Gave in payment cash \$40, the balance on account.
 14. Sold to James Johnston goods valued at \$90. Received in payment his note at 10 days for \$30 and cash for balance.
 15. Bought of W. Hill, on my note at 60 days, goods worth \$90.
 16. Sold H. Corbett, on account, 200 bush. Wheat at 90c.
 17. Bought of L. Jones, for cash, 20 bush. Wheat at 85c.
 18. Paid for Office Furniture, \$25 in cash.
 19. Bought a House and Lot for \$900 in cash.
 20. Paid for Fuel, cash \$5.
- (a) Determine the debits and credits.

SET I.—RECORD OF TRANSACTIONS.

- CLINTON, Sept. 1, 1886.—Commenced business on Albert Street, investing as follows:—Cash, \$500; 100 bbls. Flour at \$5.50; 300 bush. Wheat at 90c.; John Smith owes on account \$40.
- Sept. 2. Bought of R. Mills, for cash, 100 bbls Flour at \$5.
- “ 3. Sold W. Hill, for cash, 50 bush. Wheat at \$1.05; 3 bbls. Flour at \$6.50.
- “ 4. Sold R. Fullerton, on account, 25 bush. Wheat at \$1; 15 bbls. Flour at \$6.
- “ Deposited in Bank cash \$50.

100
13
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under

17

- Sept. 7. Sold J. Pace, on account, 50 bbls. Flour at \$6.10; 30 bush. Wheat at \$1.
- “ 8. Received from John Smith in full of account, cash \$30, his note at 30 days for \$10.
- “ 9. Paid cash for Books for use of Store, \$10.
- “ 10. Lent R. Fullerton a \$5 bill.
- ✓ “ 11. Paid H. McDonald for repairing doors, &c., cash \$1.
- ✓ “ 13. Sold R. McNaughton 20 bbls. Flour at \$6.10, on his note at 30 days.
- ✓ “ 15. Bought of P. McEwen, on my note at 10 days, 10 bbls. Flour at \$6.
17. Received from R. Fullerton, on account, cash \$50.
- “ 18. Sold J. Langdon 100 bbls. Flour at \$6.10. Received in payment an order on R. Fullerton for \$100; John Smith's acceptance for \$200; cash for balance, \$—.
- “ 20. Received from R. Fullerton in payment of order from J. Langdon, cash \$100.
- ✓ “ 21. Received J. Pace's note at 30 days in full of account, \$—.
- “ 22. Paid for Fuel, cash \$10. Deposited in Bank, cash \$200.
- “ 25. Paid cash for my note of 15th inst., \$—.
- ✓ “ 27. Bought of A. Mann, on my note at 30 days, 30 bush. Wheat at 90c.
- ✓ “ 28. Paid for Coal Oil, cash \$1.20.
- ✓ “ 29. Sold L. Mason, on his note at 30 days, 10 bbls. Flour at \$6.10; 98 bush. Wheat at 90c.

Inventory, Sept. 30.

12 bbls. Flour at \$5.50.....	\$66 00
127 bush. Wheat at 90c.....	114 30
Total.....	<u>\$180 30</u>

SPECIMEN DAY BOOK.

The student should write up the Day Book from the Record of Transactions. When he makes an entry he should compare it with the corresponding entry in the Specimen Day Book. It is important to observe carefully the correct form. A loose sheet should be ruled and the entries made on it; when these are corrected they should be put in the blank book.

Clinton, September 1, 1886.

<i>(Student's Name.) commences business this day on</i>			
<i>Albert Street investing as follows:—</i>			
<i>Cash on hand</i>		500	
<i>100 bbls. Flour</i>	\$5 50	550	
<i>300 bush. Wheat</i>	90	270	
<i>John Smith owes</i>		40	1,360
<hr/>			
<i>Bought of R. Mills for cash,—</i>			
<i>100 bbls. Flour</i>	\$5		500
<hr/>			
<i>Sold W. Hill for cash,—</i>			
<i>50 bush. Wheat</i>	\$1 05	52	50
<i>3 bbls. Flour</i>	6 50	19	50
<hr/>			
<i>Sold R. Fullerton on a/c,—</i>			
<i>25 bush. Wheat</i>	\$1	25	
<i>15 bbls. Flour</i>	6	90	115
<hr/>			
<i>Deposited in Bank,—</i>			
<i>Cash</i>			50
<hr/>			
<i>Sold J. Pace on a/c,—</i>			
<i>50 bbls. Flour</i>	\$6 10	305	
<i>30 bush. Wheat</i>	1	30	335
<hr/>			
<i>Received from John Smith in full of a/c,—</i>			
<i>Cash</i>		30	
<i>His note at 30 days for</i>		10	40
<hr/>			
<i>Paid cash for Books for Store</i>			
			10
<hr/>			
<i>Lent R. Fullerton a \$5 bill</i>			
			5
<hr/>			
<i>Paid H. McDonald for repairing doors, etc., cash.</i>			
			1
			2,488

66

Clinton, September 13, 1886.

Brought forward				2,488
Sold R. McNaughton,—				
20 bbls. Flour	\$6 10			
Received in payment,—				
His note at 30 days for	\$122			122
15				
Bought of P. McEwen, on my note at 10 days,—				
10 bbls. Flour	\$6			60
17				
Received from R. Fullerton on a/c,—				
Cash				50
18				
Sold J. Langdon,—				
100 bbls. Flour	\$6 10			610
Received in payment,—				
An order on R. Fullerton	\$100			
John Smith's acceptance	200			
Cash for balance	310			
20				
Received from R. Fullerton in payment of Order				
received from J. Langdon,—				
Cash				100
21				
J. Pace gave his note at 30 days in full of a/c.....				335
22				
Paid for Fuel with cash				10
22				
Deposited in Bank,—				
Cash				200
25				
Paid cash for my note of 15th inst				60
27				
Bought of A. Mann on my note at 30 days,—				
30 bush. Wheat	\$ 90			27
28				
Paid for Coal Oil with cash				1 20
29				
Sold L. Mason on his note at 30 days,—				
10 bbls. Flour	\$6 10	61		
98 bush. Wheat	90	88	20	149 20
Inventory,—				
Flour, 12 bbls	\$5 50	66		
Wheat, 127 bush	90	114	30	
Total.....		180	30	4,212 40

SPECIMEN JOURNAL.—SET I.

The simplest form of the Journal is here presented. The pupil will rule properly a loose sheet and make the Journal entries on it; he will then compare his work with the model, correcting it wherever necessary. After this he is in a position to use the blank form. The narrow column to the right is for the page of the Day Book. This is to be filled as soon as the Journal entry is made. The column to the left is for the page of the Ledger, and must not be filled until after the entry is posted. As soon as an entry is transferred from the Day Book to the Journal the page of the Journal must be placed in the column to the left of the Day Book.

Clinton, September 1, 1886.

LED. FOL.		D.B. FOL.		
	Cash Dr.		500	
	Mdse. "		820	
	John Smith "		40	
	To Stock	25		1,360
	_____ 2 _____			
	Mdse. Dr.	25	500	
	To Cash			500
	_____ 3 _____			
	Cash Dr.	25	72	
	To Mdse.			72
	_____ 4 _____			
	R. Fullerton Dr.	25	115	
	To Mdse.			115
	_____ 6 _____			
	Bank Dr.	25	50	
	To Cash			50
	_____ 7 _____			
	J. Pace Dr.	25	335	
	To Mdse.			335
	_____ 8 _____			
	Cash Dr.	25	30	
	Bills Rec. "		10	
	To John Smith			40
	_____ 9 _____			
	Expense Dr.	25	10	
	To Cash			10
	_____ 10 _____			
	R. Fullerton Dr.	25	5	
	To Cash			5
			2,487	2,487

INDEX TO LEDGER.—EXPLANATION.

It is important to index an account just before opening it in the Ledger, as this will prevent the occurrence of two accounts having the same heading.

The form presented is termed a vowel index. When there are a great many accounts in the Ledger, such an arrangement of the titles as is here shown will be found convenient. If an account has to be transferred for the first time from one page to another, the figure 2 will be placed over the figures indicating the new page. If it is transferred for the second time, the figure 3 will be used. This number will shew the order of opening the account on any of the pages on which it appears.

The pupil will observe that each horizontal space represents a page of an index, such as would be used in actual business.

This form of index is so simple as to be easily understood by the pupil who will study it carefully.

SPECIMEN LEDGER. SET I.

Dr. (Debts at commencing, Withdrawals and Net Loss, if any.)		Stock.	(Investments and Net Gain, if any.)	Cr.
1886				
		1886		
		Sept. 1	By Sundries	1,360

1. Why has no entry been made on the Dr. side?
2. What is posted to the Cr. side?
3. In what accounts are the debits corresponding to the credit of this account found?
4. What does the difference between the sides of this account shew?

REMARKS.—The term "Stock" stands for the Proprietor's name. Either "Proprietor" or "Capital" would be quite suitable. As this account must shew the dealer's Net Worth it cannot be closed until the Net Gain or Net Loss has been found.

(Received.)

Cash.

(Paid Out.)

(Received.)		Cash.	(Paid Out.)		
1886			1886		
Sept. 1	To Stock	500	Sept. 2	By Mdse	500
" 3	" Mdse	72	" 6	" Bank	50
" 8	" John Smith . . .	30	" 9	" Expense	10
" 17	" R. Fullerton . . .	50	" 10	" R. Fullerton . . .	5
" 18	" Mdse	310	" 11	" Expense	1
" 20	" R. Fullerton . . .	100	" 22	" "	10
			" " Bank	200	
			" 25	" Bills Payable . . .	60
			" 28	" Expense	1 20

1. What appears on the Dr. side of the Cash account? What on the Cr.?
2. If there is a difference between its sides, which is the greater? Why?
3. What does this difference represent?
4. In making a statement of Resources and Liabilities, and also a statement of Gains and Losses from this Ledger, into which would you place the amount of cash on hand?

REMARKS.—The student must endeavor to grasp the meaning of the terms used in No. 4. Having done this, he will have but little difficulty in distinguishing the two great classes of accounts from one another. What are those classes?

Dr.	(Cost.)	Merchandise.	(Proceeds.)	Cr.	
1886			1886		
Sept. 1	To Stock	820	Sept. 3	By Cash	72
" 2	" Cash	500	" 4	" R. Fullerton	115
" 15	" Bills Pay	60	" 7	" J. Pace	335
" 27	" "	27	" 13	" Bills Rec	122
			" 18	" Sundries	610
			" 29	" Bills Rec	149
					20

1. What does the first entry on the Dr. side of this acct. show?
2. What does the Dr. total represent?
3. What the Cr. ?
4. When the Mdse. is all sold, what must the difference between the sides show?

REMARKS.— By the Inventory the goods remaining unsold are worth \$180.30. When these goods were bought the cost of them was entered on the Dr. side of this account, but as they are still on hand and therefore represent value, this account must be credited with such value before it is in a position to show whether the dealer has gained or lost on Merchandise.

	(Other's Notes) Received.	Bills Receivable.	(Other's Notes) Parted With.
1886			
Sept. 8	To John Smith	10	
" 13	" Mdse	122	
" 18	" "	200	
" 21	" J. Pace	335	
" 29	" Mdse	149	20

1. What does the Dr. footing show?
2. Why is there no entry on the Cr. side?
3. How many notes are now on hand?
4. What entry in this acct. when a note is collected?

5. Whether would the difference between the sides of this account be put into a statement of Resources and Liabilities, or into one of Gains and Losses?

	(My Notes) Redeemed.)	Bills Payable.	(My Notes) Issued.		
1886			1886		
Sept. 25	To Cash	60	Sept. 15	By Mdse	60
		60			60
			Sept. 27	By Mdse	27

1. Why was this acct. closed on Sept 25th?
2. Why re-opened on the 27th?
3. When is an entry made on the Dr. side? When on the Cr. ?

REMARKS.— It is customary to close an account whenever the footings of its sides are found equal, and to re-open it when further entries are to be made in it.

Dr.	(Amount Deposited.)	<i>Bank.</i>	(Amount Withdrawn.)	Cr.
1886				
Sept. 6	To Cash	50		
" 22	" "	200		
		250		

1. What does the Dr. side shew?
2. What the Cr.?
3. How much is deposited?
4. Whether does this show a Resource or a Liability? Explain.

5. In what way do business men pay their debts with money deposited?
6. How does this account resemble a Personal Account?

(My Account Against Him.)	<i>John Smith.</i>	(His Account Against Me.)
1886		1886
Sept. 1	To Stock	40
		40
		40

1. Why was this account closed on Sept. 8th?
2. What does the Dr. side of every Personal Account shew?

3. Explain the entry made on Sept. 1st.

(My Account Against Him.)	<i>R. Fullerton.</i>	(His Account Against Me.)
1886		1886
Sept. 4	To Mdse	115
" 10	" Cash	5
" 18	" Mdse	100
		220

1. What does the difference between the sides of this account shew?

2. What is meant by Personal Account

(My Account Against Him.)	<i>J. Pace.</i>	(His Account Against Me.)
1886		1886
Sept. 7	To Mdse	335
		335
		335

1. Explain the closing entry.
2. When is a Personal Account debited?
3. When credited?

4. Is it necessary to take this account into consideration when testing the equilibrium of the Ledger? Why?

(Outlay.)	<i>Expense.</i>	(Proceeds.)
1886		
Sept. 9	To Cash	10
" 11	" "	1
" 22	" "	10
" 28	" "	1
		22

1. What kind of outlay comes under this heading? Here the debit side amounts to \$22.20. Whether would this be entered in a Statement of Gains and Losses or in one of Resources and Liabilities? Explain.

3. Which side of this account is likely to be the greater?
4. How does this account affect the Stock Account?

Trial Balance

BOOK-KEEPING.

TRIAL BALANCE.

Whenever the posting is complete, the pupil should test its correctness by taking off a Trial Balance. As every debit has its corresponding credit, the sum of the debits must be equal to that of the credits; or, in other words, the Ledger must be in equilibrium. If such is not the case one error at least has crept in, and it must be discovered before any further progress is made. The Student will commence with the first acct. in the Ledger. He will find the Dr total (if any), entering it in pencil, as it is to be erased afterwards. He will then add the Cr. side and enter it as before. All the open accts., in the Ledger, are to be treated in a similar manner. This being done, the results will be arranged as shown by the form given below. If the amounts of the Dr. and Cr. columns are the same, the Ledger is, of course, in balance. By adding to these the totals of the closed accts., an additional test is furnished; as the results should correspond to the totals of the Day Book and Journal.

When the Trial Balance is satisfactory, it is assumed that the work is correct.

Trial Balance.—Set 1.

L.	ACCOUNTS.	DR.		CR.	
30	Stock			1,360	
30	Cash			837	20
31	Mdse	1,062		1,403	20
31	Bills Rec.	1,407			
31	Bills Pay	216	20		
32	Bank			27	
32	R. Fullerton	250			
32	Expense	220		150	
		22	20		
	<i>Proof of Equilibrium</i>	3,777	40	3,777	40
	<i>Amount of Closed Accts.</i>	435		435	
	<i>Total</i>	4,212	40	4,212	40

In business the books are usually balanced once a month and the Trial Balances are properly filed. The best method is to keep a **Trial Balance Book**, which is ruled so as to have a set of columns for each month of the year

DETECTING ERRORS.

Many rules have been given for detecting errors in the Trial Balance, but only a few of these are found to be of any practical value.

3777
435
4212

The following directions may prove helpful :

- (1.) Make sure that the columns of the Trial Balance are properly added.
- (2.) Test the footings of the accounts in the Ledger.
- (3.) Find out whether the footings are transferred correctly to the Balance Sheet or not.
- (4.) Add the columns of the Journal to see if it balances.
- (5.) Examine each Journal entry by itself, and also the posting of it, checking in both the Journal and the Ledger. Place the check mark (✓) opposite each amount.
- (6.) Look through the Ledger for unchecked entries, and when one is found search for the cause of its appearance.

In most cases it will not be necessary to resort to all these; but until the error is found the foregoing should be applied in the order in which they are given.

CORRECTING ERRORS.

Day Book. No erasing is allowable in a book of original entry. If the amount is wrong rule a light red line through it, and then enter the correct amount over that which has been cancelled. But if the entry is altogether astray, and if it has gone no further than the Day Book, mark it "void, corrected page—," and make a new entry on the page mentioned, there referring to the one on which it first appeared. It may be necessary to make explanatory entries. These will be discussed hereafter. Whatever the correction made, it must not in any way render illegible the original entry.

Journal. When the Journal is not the book into which the transactions are entered as they occur, an occasional erasure of a word or figure does not seem very objectionable; but, if an entry is altogether wrong, it should be marked "void," the proper references being given. Cross entries are sometimes employed to correct errors in the Journal.

Ledger. If the wrong amount is given, correct it; but if the entry is made to the wrong account make ciphers of the figures expressing the amount and post correctly. When two accounts having the same heading are opened, as is almost sure to be the case if the indexing is not properly attended to, close one of them into the other and give the proper reference. If the same amount should be twice entered, the best way of correcting it is to make in the second entry ciphers of the figures in the money column.

THE TWO CLASSES OF ACCOUNTS.

The pupil, who has endeavored faithfully to answer the questions given in connection with the accounts in the Ledger of Set I, must have seen that two sets of results can be obtained from it. The Dr. total of the **Cash** Account is \$1,062, which means simply that that amount of Cash was *received* during the term of business. The Cr. side shows that \$837.20 was *paid out* in the time mentioned. The difference between the amount received and the amount paid out obviously represents the *cash on hand*, which, in this particular case, is \$224.80. Is this a Resource or, in other words, is it something owned by the dealer, to which a financial value is attached? A moment's reflection will make clear that when a difference exists, the Dr. side of the Cash Acct. must be the greater, consequently, when it does not close itself, it must shew, what in business language is termed, an *Asset* or *Resource*.

Again, consider **R. Fullerton's** Acct. The Dr. total is \$220, that is, our account against him amounts to that sum. But his acct. against us amounts to \$150, therefore there is a balance of \$70 in our favor. From a financial point of view this is looked upon as property which belongs to us, hence it is an *Asset* or *Resource*. If the Cr. side had been the greater the balance would have been in his favor and for that reason would have been to us a *Liability*. Hence a Personal Acct. shews either a *Resource* or a *Liability*.

Take now the **Mdse.** Acct. The Dr. side represents the cost of the goods, and the Cr. side the proceeds. If the property is all sold the difference between them must evidently shew the *gain* or *loss*. If the Dr. side is the greater the difference is a *loss*, but if the Cr. is the greater the difference is a *gain*. If a part of the goods remains unsold, the account must be credited with its value.* After this is done the difference between the sides will be the gain or loss on the merchandise handled. The property *unsold* should manifestly be considered a Resource. We come to the conclusion then that when the Mdse. Acct. does not close itself it exhibits a *Gain* or a *Loss*.

If this is true of the Mdse. Acct. it holds good for the very same reasons in the case of all **Property** Accts.

The **Expense** Acct. evidently shews a *Loss*; but it is unnecessary to multiply examples, as the foregoing are quite sufficient to establish the fact that *accounts may be divided into two classes, viz.:*

- (1) RESOURCE AND LIABILITY ACCOUNTS.
- (2) LOSS AND GAIN ACCOUNTS.

* Suppose that a dealer has bought 500 bush. of wheat at \$1, and that he has sold 200 bush. at \$1.10. It is obvious that he has gained 10c. per bush. on the amount sold, or \$20 in all. Now on the Dr. side of the Mdse. Acct. there will appear \$500, while on the Cr. there will be only \$220; therefore, to make the account shew the gain, the value of the 300 bush. unsold must be placed on the Cr. side.

CLASSIFICATION OF THE ACCOUNTS OF SET I.

<i>Resource and Liability Accounts</i>	{	<i>Cash</i> <i>Bank</i> <i>Bills Receivable</i> <i>Bills Payable</i> <i>John Smith</i> <i>R. Fullerton</i> <i>J. Page</i> <i>(Stock)</i>
<i>Loss and Gain Accounts</i>	{	<i>Merchandise</i> <i>Expense</i>

It will be observed that this classification is based on the relation of the various accounts to the financial position of the proprietor. For that reason the Stock Acct., which shows the proprietor's standing *absolutely*, not relatively, cannot strictly be regarded as belonging to either class. It is here taken with the Resource and Liability Accts., because it closes in the same manner as the others of that class.

CLOSING THE LEDGER.

In business it is customary, at least once a year, to make an estimate of the value of the goods on hand, and to close such accounts as shew losses and gains. The object of doing this is to find **Stock's Net worth**, which is done by carrying the net gain or net loss, as the case may be, to the Stock Account.

The accounts shewing resources and liabilities may also be closed when it is desirable to do so, and the balances may be brought down at once or transferred to an account which may be opened in the Ledger for the purpose of receiving them.

GENERAL DIRECTIONS FOR CLOSING.

- (1.) If not already done, test the equilibrium of the Ledger by taking off a Trial Balance, as described.
- (2.) Open a Loss and Gain Account, if not already opened, into which to close every account that shows by the difference between its sides either a loss or a gain.
- (3.) Open a Balance Account into which to close the remaining accounts in the Ledger. This account will receive all the Inventories.
- (4.) If an account has an Inventory representing a Resource enter its amount on the Cr. side of the account in red ink "*By Bal. Inventory*," transferring it at once to the Dr. side of the Balance Account. But if the Inventory should represent a Liability its amount must be entered in red ink on the Dr. side of the account to which it belongs, "*To Bal. Inventory*," and then be transferred to the Cr. side of the Balance Account. The heading of the account having the Inventory will be used in the Balance Account as "*To*" or "*By Mdse.*," "*To*" or "*By Real Estate*," &c.,

and the entry will be in black ink. This being done in the case of all the accounts having Inventories, the Ledger is in a proper condition for closing.

(5.) Omitting the Stock Account, examine the next in order, so as to determine whether it shews a *resource*, a *liability*, a *loss* or a *gain*, by the difference between its sides. If a resource or a liability, is shewn enter the difference on the smaller side in red ink "*To*" or "*By Balance*," as the case may be, carrying the amount at once to the opposite side of the Balance Account, and using for explanation the heading of the account just closed. If a loss or gain is shewn enter the amount in red ink on the smaller side "*To*" or "*By Loss and Gain*," as the case may be, and transfer to the opposite side of Loss and Gain Account, using for explanation the heading of the account just closed, as "*By*" or "*To Mdse.*," "*By*" or "*To Expense*." Proceed as described until all the accounts in the Ledger are closed, except Stock, Loss and Gain, and Balance.

(6.) Take a Second Trial Balance to see if the three accounts now open are in equilibrium.

(7) Close Loss and Gain into Stock by making in red ink, on the smaller side, the entry "*To*" or "*By Stock*." Carry the Net Gain or Loss thus found in the Stock Account and make the entry in black ink on the Cr. side, if it is a gain, but on the Dr. side if a loss. In a partnership business the net gain or loss will be divided according to the terms of contract, and entered into the partners' accounts as into Stock Account.

(8.) Close Stock (or the partners' accounts) into Balance, which ought to close itself.

Dr.		<i>Bills Receivable.</i>		Cr.	
1886				1886	
Sept. 8	To John Smith...	10		Sept. 30	By Balance.....
" 13	" Mdse	122			816 20
" 18	" "	200			
" 21	" J. Pace.....	335			
" 29	" Mdse	149	20		
		<u>816</u>	<u>20</u>		
Oct. 1	To Bal. from old a/c.....	816	20		<u>816 20</u>

Bills Payable.

1886				1886	
Sept. 25	To Cash.....	60		Sept. 15	By Mdse
		<u>60</u>			60
					<u>60</u>
Sept. 30	To Balance.....	27		Sept. 27	By Mdse
		<u>27</u>			27
					<u>27</u>
					By Bal. from old a/c.....
					27

Bank.

1886				1886	
Sept. 6	To Cash.....	50		Sept. 30	By Balance.....
" 22	" "	200			250
		<u>250</u>			
Oct. 1	To Bal. from old a/c.....	250			<u>250</u>

John Smith.

1886				1886	
Sept. 1	To Stock.....	40		Sept. 8	By Sundries.....
		<u>40</u>			40
					<u>40</u>

Jap

Dr.				Cr.
Balance.				
1886			1886	
Sept. 30	To <i>Misc</i>	180 30	Sept. 30	By Bills Pay.
" "	" Cash	224 80	" "	" Stock
" "	" Bills Rec.	816 20		
" "	" Bank	250		
" "	" R. Fullerton ..	70		
		1,541 30		1,541 30

CR

NOTE.—The student will notice that the closing entry of the Loss and Gain Acct. always shows the Net Loss or Net Gain; and, also, that the closing entry of the Stock Acct. always shows the Net Insolvency or Net Worth. He will observe, too, that all the Resources appear on the Dr. side of the Balance Acct., and all the Liabilities on the Cr. side.

EXERCISE II.

- Resource*
1. Invested in business, cash \$150; goods in store, \$100.
 2. Bought for cash 12 bush. Wheat at \$1.10.
 3. Sold John Smith, on account, 2 bbls Apples at \$1.20.
 4. Paid clerk's salary, \$10.
 5. Received from John Smith \$1.50, on account.
 6. Deposited in Bank \$30.
 7. Bought, on my note at 60 days, 200 lbs. Sugar at 7c.
 8. Sold James Jones, on his note, 10 bush. Wheat at \$1.
 9. Paid for Coal for fuel, \$2.
 10. Bought of John Smith, on account, 100 lbs. Pork at 5c.
 11. Withdrew \$20 from Bank.
 12. Paid rent, \$5. Goods unsold worth \$130.
- (a) Make in proper form the Day Book entries.
 (b) Transfer to the proper accounts in the Ledger.
 (c) Make out the statements and close the Ledger.
 (d) What are the different ways of finding the Net Worth?

EXERCISE III.

- 100*
460
- Oct. 1, 1886.—Invested in business cash \$400; 150 lbs. tea at 45c.
 " 2. Sold Henry Brown, on account, 20 lbs. tea at 50c.
 " 4. Bought 12 bbls. Apples from L. McKay at \$1.10. Gave in payment my note at 30 days.
 " 5. Deposited in Bank \$300.
 " 8. Sold M. Nagle 3 bbls. apples at \$1.20, on account.
 " 11. Sold James Ross, for his note at 3 months, 8 bbls. apples at \$1.20.
 " 12. Sold D. McCown 1 bbl. apples at \$1.20, and 50 lbs. tea at 50c.
 " 13. Sold remainder of goods on hand for \$40 cash.
- (a) Make the Day Book entries.
 (b) Post directly from the Day Book.

Make

WFL
WR17

B
Jap

8

Balance

14.00

(c) What appears on the Dr. side of Mdse.? What on the Cr.? What does the difference shew?

(d) What does the difference between the sides of the Bank Account shew? The Cash Account? Henry Brown's account?

RECORD OF TRANSACTIONS.—SET II.

- Oct. 1, 1886.—(Student's Name) commenced business, investing as follows: Cash, \$2,500; John Morrison owes on acct., \$40; Jas. Jones holds a note against me for \$60.
- " 2. Bought of J. Ross on acct., 4 bbls, Sugar, 1,000 lbs. net., at 10c.
- " 4. Deposited in Bank \$500.
- " 5. Sold David McNaughton, 2 bbls. Sugar, 500 lbs. net., at 11c. Received in payment an order on Thomas Brown.
- " 6. Bought of L. Porteous for cash, 10 chests Y. H. Tea, 600 lbs., at 70c.
- " 7. Bought on my note at 60 days, from L. Mason, 2 hhds. Molasses, 126 gals., at 75c.
- " 9. Sold R. Fullerton, on his note at 30 days, 4 chests Y. H. Tea, 240 lbs., at 75c.
- " 12. (Student's Name) withdrew Cash for private use \$100.
- " 14. Sold John Robinson 30 gals. Molasses at 80c.; 300 lbs. Sugar at 11c. Received in payment his note at 10 days for \$40, an order on James Jones for \$10, and cash for balance.
- " 15. Paid Cash for Office Furniture, \$30.
- " 16. Paid my note favor James Jones with cash, \$60.
- " 18. Withdrew from the Bank \$200.
- " 19. Received from John Morrison on acct. cash, \$30.
- " 21. Prepaid my note favor of L. Mason. Face, \$94.50; discount allowed, \$2.50. Paid balance in cash. [Discount is here allowed in my favor, therefore I must give credit to the Interest and Discount Account for \$2.50. As Interest and Discount are in effect the same, only one account is commonly kept for both.]
- " 25. Received from Thomas Brown cash on account \$40.
- " 28. Sold D. Cameron, on his note at 10 days, 50 gals. Molasses at 80c.
- " 29. John Robinson paid his note, received 14th inst., with cash, \$— Paid one month's rent, \$40.

Inventories, Oct. 30th.

Mdse.—200 lbs. Sugar at 10c.....	\$ 20 00
360 lbs. Tea at 70c.....	252 00
46 gals. Molasses at 75c.....	34 50
Total.....	<u>306 50</u>

Set II. is to be worked out according to the instructions given for Set I.

Cr.

27

1,514 30

1,541 30

shows the Net Inside of the

W

W FLO.

WRITE

B

Japort

1.20.

0c.

14.00

IV

RV

to write. Kyan

306.50

306.50

Allow 5 lines for the Mdse. Acct., 8 for the Cash Acct., 4 for the Bills Rec. Acct., and 3 for each of the others. The following statement is to be made and the Ledger closed as in Set I.

Combined Statement—Set II.

ACCOUNTS IN LEDGER.	L. F.	L. F.		RESOURCES.	LIABILITIES.	LOSSES.	GAINS.
		DR.	CR.				
✓ Stock		160	2,540				
✓ Cash		2,817	1,242	1,575			
✓ Merchandise		614 50	332	306 50			24
✓ Bills Receivable		260	40	220			
✓ Bills Payable (closed)		154 50	154 50				
✓ Thos. Brown		55	40	15			
✓ John Morrison		40	30	10			
✓ Jas. Jones		10		10			
✓ Bank		500	200	300			
✓ Jas. Ross			100		100		
Expense		70				70	
Interest & Discount			2 50				2 50
Stock at cost							
Loss							44 50
Profit							
		4,681	4,681	2,436 50	2,436 50	70	70

CHAPTER III.

BUSINESS FORMS.

In this chapter a number of business forms of a simple character are given. The pupil will require to become familiar with these, as it is necessary for a person keeping a set of books to be able to write off-hand any invoices, bills, notes, &c., that may be required in connection with transactions. Besides this, the study of business forms gives the pupil more definite ideas of the real nature of many of the transactions themselves than could otherwise be attained.

BILLS AND ACCOUNTS.

A **Bill** is a detailed statement given by the seller to the buyer showing the quantity, quality and price of goods sold or services rendered. The date of the transaction and the names of the buyer and seller must also appear on it.

A bill is *received* when the words "Received Payment," or other words to the same effect, are written at the bottom of it followed by the signature of the creditor.
When goods are bought *on account* a bill of them should always be taken.

EXERCISE I.

Sept. 13, 1886. The Central Store, Port Elgin. J. K. Lamont buys of H. Muir & Co., on account, 20 yds. of Factory Cotton at 11c.; 12 yds. Cashmere at \$1.10; 30 yds. Scotch Tweed at \$1.20; 25 lbs. Sugar at 9c.; 10 lbs. Black Tea at 75c.; 9 lbs. Japan Tea at 60c.; 7 lbs. Java Coffee at 40c.

- (a) Make out the bill on the last day of Sept.
- (b) Receipt it in full on Oct. 1

Port Elgin, Sept. 30, 1886.

Mr. J. K. LAMONT.

Bought of H. MUIR & CO.

1886				
Sept. 13	To 20 yds. Factory Cotton..... at	11	2	20
	" 12 " Cashmere..... "	1 10	13	20
	" 30 " Scotch Tweed..... "	1 20	36	
	" 25 lbs. Sugar..... "	9	2	25
	" 10 " Black Tea..... "	75	7	50
	" 9 " Japan "..... "	60	5	40
	" 7 " Java Coffee..... "	40	2	80
				69
Oct. 1	Received Payment, H. MUIR & CO., * per L. N.			35

EXERCISE II.

Oct. 14, 1886. The Dry Goods Palace, Kincardine, Ont. Peter Cameron buys of McGillivray & Kennedy, on account, 20 yds. Print at 8½c.; 40 yds. Muslin at 13c.; 25 yds. Flannel at 32c.; 4 Silk Ties at 50c.; 2 doz. Handkerchiefs at 14c. each; 2½ yds. Tweed at 85c.

Oct. 18, 1886. Peter Cameron buys of McGillivray & Kennedy 13 yds. Ribbon, at 25c.; 3½ yds. Silk Velvet at \$3.

Oct. 23. Peter Cameron pays cash \$10.

- (a) Make out and render the bill at the end of the month.
- (b) Render a statement of this on the last day of November.

[When a bill has been rendered, but not settled at the proper time, it is not customary to give the items again unless they are demanded. It is considered sufficient to refer to the itemized bill by using the words, "To account rendered," or "To Bal. of old account." The latter is used if a part has been paid.]

* This bill is received by a clerk having authority to attach the signature of H. Muir & Co. to such papers. The letters "L. N." are his initials.

EXERCISE III.

Oct. 4, 1886. The City Book Store, Winnipeg, Man. S. H. McMahon buys of Alex. M. Calder, on account, 2 High School Algebra at 75c.; 3 Mason's Grammar at 90c.; 2 Campbell's Geography at 75c.; 1 Smith's Conic Sections at \$2.60; 2 Gage's Physics at \$1.50.

Oct. 11, 1886. S. H. McMahon buys of Alex. M. Calder 2 Hallam's Constitutional History of England at \$1.75.

Oct. 26. S. H. McMahon pays, on account, cash \$5.

Dec. 6. S. H. McMahon pays cash in full of account.

(a) Render the bill Oct. 30.

(b) Render a statement Nov. 30.

(c) Receipt the statement Dec. 6.

INVOICES.

An **Invoice** is a detailed description of goods shipped or delivered, shewing the marks, quantities, and values of all packages, &c. An invoice is sent by the seller to the buyer, and it should have in it the names of these parties, as well as the date and place of sale.

When goods are shipped to another country a **certified invoice** should be sent, as such will be required by the collector of customs.

Montreal, Jan. 1, 1887.

Messrs. SMITH & CO.,

Barrie, Ont.

Bought of MURRAY & FISHER,

Importers and Wholesale Dealers in Groceries.

Forwarded by G. T. R.

Terms—Note at 4 mos.

4	Bags Coffee, Java, 221-4, 222-4, 229-5, 226-5, ⁸⁹⁸ / ₁₈	880	0.22	193	60
3	Bbbs. Sugar, Granulated, 262-22, 293-23, 273-22, ⁸⁹⁸ / ₆₇	761	0.09½	70	39
	Cartage.....				25
				264	24

RECEIPTS.

A **Receipt** is a written acknowledgment of having received money or other value.

When a person pays value which *has been charged* he should take a receipt for it.

B. S. W.

B. S. W.

(Receipt in Full of Account.)

\$15. TORONTO, July 1, 1886.
Received from N. D. McKinnon Fifteen Dollars in full of account.
H. A. LANGDON.

(Receipt for Payment on Account.)

\$15. TORONTO, July 1, 1886.
Received from N. D. McKinnon Fifteen Dollars on account.
H. A. LANGDON.

(Receipt for Rent.)

\$150, TORONTO, July 1, 1886.
Received from L. Mason, One Hundred and Fifty Dollars in payment
for rent of Stores Nos. 220 and 222 Yonge St., for quarter ending June
30, 1886.

W. WEST & CO.

(Agent's Receipt.)

\$10. OSHAWA, May 29, 1886.
Received from James Jones, Ten Dollars in full of his account with
Hugh Black.

JACOB R. RUSSELL.
Agent.

(Receipt for Interest Due.)

\$70. CLINTON, July 1, 1886.
Received from B. Keillor Seventy Dollars in full for one year's interest,
due this day on his mortgage to me, dated February 4th, 1880, for Seven
Hundred Dollars.

WILLIAM MILLS.

(Indorsement on Note.)

\$30. PEMBROKE, Oct. 1, 1886.
Received on account of the within note Thirty Dollars.

C. W. MILNE.

(Receipt for Borrowed Money.)

\$300. SOUTHAMPTON, May 1, 1886.
Received from C. A. Leeds Three Hundred Dollars, which I promise to
pay on demand with interest from date.

D. M. SINCLAIR.

(Receipt for Note.)

\$300. SOUTHAMPTON, May 10, 1886.
Received from L. M. Cassidy his note of this date at sixty days for
Three Hundred Dollars in full of account to the 30th ult.

D. MCGILLIVRAY.

B. S. W.

McMahon
at 75c.; 3
1 Smith's

Hallam's

delivered,
i invoice
names of

uch will be

1887.

ceries.

e at 4 mos.

93	60
70	39
	25
64	24

ney or

DUE BILL.

A **Due Bill** is a written acknowledgement of a debt.

(*Non-negotiable.*)

\$100.

OSHAWA, Dec. 10, 1886.

Due John S. Pace, on demand, One Hundred Dollars in goods from store.

H. A. TAYLOR.

Negotiable by Indorsement.

\$100.

OSHAWA, Dec. 10, 1886.

Due John S. Pace, or order, on demand, One Hundred Dollars.

H. A. TAYLOR.

The Due Bill given above is said to be negotiable because J. S. Pace can transfer it to a third party after writing his name on the back of it. Both Pace and Taylor will be held responsible for payment of it. By **Negotiable Paper** we mean all notes, due bills, drafts, &c., which can be legally transferred as valid from one to another, the holder having the right to sue for payment at the time of maturity in his own name.

(*An I. O. U.*)

\$100.

OSHAWA, Dec. 10, 1886.

I. O. U. One Hundred Dollars.

H. A. TAYLOR.

An I. O. U. is not negotiable.

CREDIT NOTES.

A **Credit Note** is an acknowledgment of the return of goods or of an error in an Invoice. In form it is the same as an Invoice, with the exception that the words "Credited by" must be used instead of "Bought of."

ORDERS.

An **Order** is a written request for the payment of money or the delivery of goods, on account of the person whose signature is attached to it.

(*Non-negotiable Order.*)

\$140.

GRIMSBY, June 25, 1886.

Messrs. Carey & Co. please pay James Hutcheson One Hundred and Forty Dollars and charge to the account of

MOLLOY & WILSON.

Negotiable by Indorsement.

\$100.

ST. CATHARINES, May 1, 1886.

Messrs. Tait & Co. please pay W. Lamb, or order, One Hundred Dollars and charge to my account.

H. P. McLAREN.

If W. Lamb wishes to transfer the order given above to another person he must sign his name across the back of it. When he does this he is said to *indorse* it.

(Negotiable without Indorsement.)

MESSRS. MCKAY & Co.

MONTREAL, Oct. 1, 1886.

Gentlemen,—Please deliver to H. A. Conn, or bearer, goods from your store to the value of One Hundred Dollars and charge to my account.
\$100.

J. W. RANKIN.

EXERCISE IV.

November 1, 1886. Bought of H. Muir & Co. 120 yds. Tweed at 90c. Gave in payment an order on Thomas Craig for \$100, and cash for balance.

November 2. Sold S. Kennedy 27 yds. Carpet at 60c.; 13 yds. Broadcloth at \$4.20; 5 yds. Farmer's Satin at 55c. Received in payment an order for \$40, drawn by S. H. Tate on P. Bruce, indorsed by S. Kennedy, and cash for balance.

November 4. Returned goods valued at \$25 to A. Allen, and received a due bill for that amount in goods.

(a) Write the order on Thomas Craig.

(b) Write the order received from S. Kennedy and indorse it properly.

(c) Write the due bill received from A. Allen.

PROMISSORY NOTES.

A **Promissory Note** is a written promise, signed by the person making it, but not sealed, to pay unconditionally a certain sum of money at a specified time.

The person who promises to pay is called the **maker**, and the person in whose favor the promise is made is called the **payee**.

Requisites of a Note. etc

- (a) There must be a *promise in writing*.
- (b) The promise must be for the payment of *money*.
- (c) The sum of money must be *specified*.
- (d) The sum specified must be payable *unconditionally*.
- (e) The time specified for payment must be *sure to arrive*. [If no time for payment is expressed it will be payable on demand.]
- (f) There must be a *valuable consideration* to support it.
- (g) It must be made by a person capable of becoming legally *accountable for the payment of it at maturity*.

(Non-Negotiable.)

\$400.

CLINTON, April 10, 1886.

Three months after date I promise to pay, J. Y. Morris, Four Hundred Dollars, value received.

E. A. HODGSON,

A note is *non-negotiable* when it is made payable only to the person whose name is mentioned in it. Such a note cannot be transferred; it must therefore be held by the payee till it falls due.

(Negotiable by Indorsement.)

\$2,000.

CLINTON, May 24, 1884.

Four months after date, I promise to pay A. Forrester, or order, Two Thousand Dollars, value received.

E. A. HODGSON.

A note is **transferable** only when it is made payable to the *order* of the payee, or to *bearer*.

If A. Forrester wishes to transfer the foregoing note, it being payable to his order, he must indorse it by signing his name across the back of it.

The maker of a note is the one *primarily* liable, but each indorser is liable to succeeding holders in default of payment by the maker. A subsequent indorser is not liable to a prior indorser.

When the payee writes only his name it is termed a *blank indorsement*, and it has the effect of rendering the note payable afterwards to any *bona fide* holder. The payee thus becomes the indorser and as such is responsible for payment.

If the payee writes above his signature "Pay to the order of A. B.," it is called a *full indorsement*. In this case A. B. will have to indorse it before he can negotiate it.

If the payee writes above his signature, "Pay to A. B. only," it is termed a *restrictive indorsement*.

If the indorser does not wish to render himself liable for payment he should write "Without recourse to me" above his name. This is called a *qualified indorsement*.

FORMS OF INDORSEMENT.

Indorsement in blank :

A. Forrester.

Restrictive indorsement :

Pay to A. B. only.

A. Forrester.

Indorsement in full :

Pay to A. B. or order.

A. Forrester.

Qualified indorsement :

Without recourse to me.

A. Forrester

(Negotiable without Indorsement.)

\$10.

TORONTO, July 1, 1886

Thirty days after date, I promise to pay John Smith, or bearer, Ten Dollars, value received.

W. McMANN.

When a note is made payable to *bearer* it is negotiable without indorsement, delivery being all that is necessary.

In calculating the date of maturity of a note three days must be allowed after the time expressed, that is, it falls due on the third day after its term has expired. If this day is one of public rest, the note is not due till the following day. The three days allowed are termed *days of grace*. These vary in different countries.

When the term of a note is given in months, calendar months are meant, and no allowance is made for a deficiency in the number of days in any month. This being the case the pupil will see that four notes drawn at 2 months and bearing dates Dec. 28, Dec. 29, Dec. 30, Dec. 31 respectively, will become due on the same day, viz: March 3 of the next year.

The day on which the note is dated is not counted in computing the date of its maturity.

(Payable at Bank.)

\$40.

PORT ELGIN, April 13, 1886.

Sixty days after date I promise to pay John Wilson, or order, Forty Dollars at the Bank of Hamilton here, value received.

J. J. SCOTT.

When a note becomes due, which happens on the third day after the time expressed, it *must be presented for payment* during business hours at the place mentioned in it. If no place is stated, it should be presented at the maker's place of business or at his residence.

Unless a note is presented on the very day of maturity the holder loses his remedy against the indorsers, although the maker is still liable.

Should the maker refuse to pay it, the proper demand being made, it is then the duty of the holder to give due notice to all parties to it. He may have it protested if he chooses.

A protest is a declaration on the part of the holder of a note or bill against any loss to be sustained in consequence of non-payment when it becomes due.

The payment of a note must be made within business hours on the day of its maturity to the true holder or his representatives.

The person paying a note has a right to a receipt, which is usually written on the back of the note.

The person who pays a note has a right to it as his voucher, if it is negotiable, but not otherwise.

(Negotiable with Interest.)

\$1,200.

DUNDAS, May 1, 1886.

Thirty days after date, I promise to pay J. T. Ross, or bearer, Twelve Hundred Dollars, with interest at six per cent., value received.

H. K. LAMONT.

When a note is made payable with interest like the foregoing it bears interest from the date of it, and not merely from its maturity. In such case the interest is part of the debt.

When no interest is mentioned anything that may be allowed the holder for delay in the payment of a note must be regarded, strictly speaking, as damages for the retention of the principal debt, and not as interest. Practically, however, a note bears interest from the date of its maturity until paid.

(Payable on Demand.)

\$200.

ST. CATHARINES, May 1, 1886.

On demand, I promise to pay Jonas Clark, or order, Two Hundred Dollars, value received.

D. McDOUGALL.

No days of grace are allowed on demand notes.

(Joint Note.)

\$950.

WALKERTON, June 1, 1886.

Three months after date, we promise to pay S. L. Cameron, or order, Nine Hundred and Fifty Dollars, value received.

BENJAMIN LAWTON.

A. S. AMOS.

If a note is signed by two or more persons, and if the promise to pay is expressed thus, "We promise, &c.," as in the foregoing, it is termed a *joint note*.

If payment is not made, the makers should be sued jointly.

(Joint and Several Notes.)

\$150.

BRANTFORD, May 3, 1886.

One year after date, we jointly and severally promise to pay Peter Cooper, or order, One Hundred and Fifty Dollars, value received.

L. SMITH.
J. MACPHERSON.

If a note signed by two or more persons contains the words "I promise, &c.," or "We jointly and severally promise," it is termed a *joint and several* note.

The foregoing note is, so far as security to the holder is concerned, the same as any one of the following, viz.: The joint note of L. Smith and J. Macpherson, the note of L. Smith and the note of J. Macpherson.

ACCOMMODATION NOTES.

An **Accommodation Note** is one to which a person has put his name as indorser, without value passing, merely to accommodate some other party by enabling him to get it discounted.

The note is made payable to the order of a certain person, who indorses it and gives it back to the maker. Being thus rendered negotiable the maker can get it discounted, as both he and the indorser are liable for payment to the holder.

CHATTEL NOTES.

A **Chattel Note** is a written promise to pay otherwise than in money.

\$100.

SOUTHAMPTON, Oct. 1, 1886.

Thirty days after date, I promise to pay Jas. Wilson One Hundred Dollars worth of good timothy hay at eight dollars per ton, to be delivered at Port Elgin, Ont.

A. H. ROBINSON.

CHECKS.

A **Check** is a written order on a bank, made by one having money deposited therein, for the payment of a specified sum to a certain person or to his order, or to bearer.

When a check is drawn payable to the order of the person named in it he must indorse it before he can transfer it.

A check should be presented for payment within banking hours not later than *one day* after that one on which it is received.

In filling a check the particulars should be entered first on the stub.

No.	:	No.	TORONTO,	188.....
Date	:		THE BANK OF TORONTO	
.....	:			
Favor of	:	Pay to .....	.....	or Bearer,
.....	:		.....	100 Dollars.
.....	:			
\$:	\$		

EXERCISE V.

Sept. 1, 1886. Bought of H. Corbett goods valued at \$120. Gave in payment my note at 30 days for \$75, and an order on Henry Brown for balance. Sold P. Cooper goods valued at \$25.50. Received in payment John Thompson's note at 2 months, dated Aug. 24, 1886. Face of note \$25.50. Bought of S. Jarrett 16 cords of Wood at \$2 per cord to be paid in goods from store. He took goods valued at \$10, and I gave him a due bill for the balance.

- (a) Write the note given to H. Corbett and also the order.
- (b) Write the note received from P. Cooper.
- (c) Write the due bill given to S. Jarrett.
- (d) Define negotiable paper. What does it embrace?

EXERCISE VI.

Sept. 2, 1886. Bought of A. McKay 300 bbls. Apples at \$1.20; 40 bush. Wheat at 70c.; 120 bush. Oats at 30c. Gave in payment my check on the Molsons Bank for \$120; an order on J. Taylor for \$100; H. Kennedy's note in my favor, dated May 24th, 1886, and drawn at 5 mos. for \$70; and my own note at 30 days, payable at the Molsons Bank, for the balance.

- (a) Write the invoice received from A. McKay.
- (b) Write the check, the order, and the two notes given in payment for the goods, the former being negotiable by indorsement and the latter being negotiable without indorsement.
- (c) Find the date of maturity of each note.

EXERCISE VII.

1. Date of note, Jan. 4, 1886. Time to run, 8 mos.
2. Date of note, Feb. 28, 1886. Time to run, 3 mos.
3. Date of note, Mar. 1, 1886. Time to run, 3 mos.
4. Date of note, Mar. 31, 1886. Time to run, 3 mos.
5. Date of note, Mar. 30, 1886. Time to run, 3 mos.
6. Date of note, April 30, 1886. Time to run, 4 mos.
7. Date of note, May 1, 1886. Time to run, 4 mos.
8. Date of note, Oct. 20, 1886. Time to run, 30 days.
9. Date of note, July 15, 1887. Time to run, 90 days.
10. Date of note, Oct. 13, 1887. Time to run, 60 days.

- (a) Find the date of maturity of each of the foregoing notes.
- (b) Explain why it is that there are four days between the dates of maturity in (2) and (3).
- (c) Why is it important to know exactly the day on which a note becomes due? Explain fully.

16
2
\$32.00
\$22.00

CHAPTER IV.

This chapter presents a number of sets for practice. In order to test the pupil's knowledge of the preceding chapters, as well as to teach him self-reliance, he is required to work out each set for himself. The results and only such hints as experience has proved absolutely necessary are given.

Two very important auxiliaries are introduced in connection with Set IV., viz., the Cash Book and the Bill Book.

Set VI. illustrates the Day Book and Journal combined.

EXERCISE I.

1. Sold Peter Smith, on account, goods \$20.
2. Sold James Jones, for cash, goods \$40.
3. Sold Peter Cooper, on his note, goods \$10.
4. Bought goods for cash \$20.
5. Bought goods, on account, from M. L. Hay, \$5.
6. Bought goods, on my note, from M. L. Hay, \$5.
7. Paid M. L. Hay, on account, \$5.
8. A. Mann paid me, on account, cash \$6.
9. Peter Cooper paid his note with cash \$10.
10. Gave my note for goods, \$30.
11. A. H. Hay settled with me by giving me his note in full of account, \$40.
12. Gave my note for \$10 to John Jamieson, on account.
13. Deposited in Bank cash \$100.
14. Lent M. L. Hay \$50.
15. M. L. Hay returned the money lent.
16. Peter Smith paid, on account, cash \$10.
17. James Jones gave me Mdse. in payment of his account, \$30.
18. Sold Mdse. to H. Huston, \$30. Received in payment cash \$20, and his note for the balance \$10.
19. Lost cash from my pocket \$5.
20. Bought a pair of gloves for cash \$1.
21. Paid for advertising, cash \$20.
22. Sold Mdse. to H. Huston and received in payment my own note which he held, \$70.
23. Paid cash for a suit of clothes, \$20.
24. Gave my note for a suit of clothes, \$20.
25. Sold 5 suits of clothes to J. Benson at \$20. \$100.

(a) Journalize the foregoing transactions. [This is intended as an oral exercise to test the pupil's knowledge of the rules given.]

SET III.—GROCERY AND PROVISION BUSINESS.

Books used—Day Book and Ledger.

RECORD OF TRANSACTIONS.

- CLINTON, Sept. 1, 1886.—Leased a store of H. R. Mann at \$15 per month and commenced business investing cash \$340.
2. Bought of A. McHardy, on account, goods invoiced at \$500.
Paid Cash for Fuel \$5.
 3. Sold A. H. McCorvie for cash 25 lbs. Tea at 50c.; 1 box Starch at 90c.; 3 boxes Blacking at 10c. Paid cash for Coal Oil \$1.50.
 6. Paid A. McHardy cash, on account, \$300.
 8. Sold C. Dingman 10 lbs. Tea at 60c.; 25 lbs. Coffee at 30c.; 35 lbs. Sugar at 9c.; 2 bbls. Flour at \$5.50 per bbl. Received in payment cash \$10, the balance to remain on account, \$17.65
 10. Paid cash for Postage \$1.20; for Advertising \$1.50.
 13. Received from C. Dingman cash, in full of account, \$17.65
 15. Sold out my stock of goods for cash \$495.35. Paid H. R. Mann half a month's rent with cash \$7.50.

- (a) Make the Day Book entries.
- (b) Transfer from the Day Book to the Ledger.
[The Journal is unnecessary as the transactions are of a simple character.]
- (c) Take off a Trial Balance and make the statements.
- (d) Close the accounts.

Result.—Net Gain, \$20. Present Worth, \$360. Cash on hand, \$560.

SET IV.—EXPLANATIONS.

Two very important books are now brought before the notice of the pupil for the first time. The **Cash Book** receives the entries of all cash transactions, and the **Bill Book** the particulars of all notes, &c., connected with the business. The pupil will enter each transaction first into the Day Book. He will then enter it into the Cash Book if it is a cash transaction, and into the Bill Book if a note is involved. He will observe that a transaction may affect both of these books, or only one of them. As soon as the posting for October is completed a Trial Balance will be taken off, and after the Ledger is found to be in equilibrium a statement of Losses and Gains, and also a statement of Resources and Liabilities will be made. The accounts showing losses and gains will then be closed into the Loss and Gain account, which in its turn will be closed into Stock, or the Proprietor's account. The investment for the second month will be taken from the statement of resources and liabilities for the first. All the accounts in the Ledger for November will be closed after the proper statements are made.

SET IV.—FURNITURE BUSINESS.

(FIRST MONTH'S, TRANSACTIONS.)

Books used—Day Book, Journal, Ledger, Cash Book and Bill Book, the two latter being auxiliaries.

RECORD OF TRANSACTIONS.

- Oct. 1, 1886. (Student's Name) has this day commenced the furniture business, investing as follows: Cash, \$1,200; Furniture on hand, \$800. J. Ross owes, on account, \$30; L. Mason has to his credit \$40.
2. Bought of J. Richardson, on my note at 60 days, 2 doz. Bedsteads at \$3 each.
 5. Sold J. Ross for cash 2 Centre Tables at \$15; 5 French Bedsteads at \$20.
 6. Bought of J. Richardson for cash 10 Arm Chairs at \$5; 6 Extension Tables at \$25.
 7. Sold G. Johnson, on his note at 60 days, $\frac{1}{2}$ doz. Kitchen Chairs at \$6 per doz.; 1 Extension Table at \$28; 1 Easy Chair at \$7.50.
 8. Deposited in the Merchant's Bank \$1,000.
 9. Bought from F. Hood 2 tons of Coal for fuel at \$7. Gave in payment my check.
 11. Sold A. Hilker, on account, 5 carved Blk. Walnut Chairs at \$6.
 16. Paid clerk's salary with check \$10.
 19. Paid cash for Insurance \$20.
 20. Sold N. McKinnon for cash 1 corner What-not, Blk. Walnut, at \$10.
 21. Sold G. McKay 1 Blk. Walnut Parlor Suite, \$150. Received in payment his note at 30 days for \$100 and cash for balance.

Cash Received.

1886						
Oct.	1	(<u>Student's Name</u>)	Investment	1,200		
"	5	<i>Mdse.</i>	<i>Sold J. Ross.</i>	130		
"	20	"	" <i>N. McKinnon.</i>	10		
"	21	"	" <i>G. McKay</i>	50		
"	27	<i>A. Hilker</i>	<i>On Account</i>	20		
"	30	<i>Mdse.</i>	<i>Sold J. Bruce</i>	60		1,470
						<u>1,470</u>
Nov.	1	<i>Balance</i>	<i>Cash on hand.</i>	247	30	

- 22. Bought Mdse., as per Invoice, from W. Tinsdale, \$300. Gave my note at 2 months for \$100, my check for \$100, the balance to remain on account.
- 23. Paid \$2.20 for Postage and Stationery.
- 26. Sold J. Ross, on account, 2 Extension Tables at \$30.
- 27. Received from A. Hilker, on account, cash \$20.
- 29. Sold H. Calder, on account, 1 Parlor Suite, \$60.
- 30. Sold for cash to J. Bruce 2 Extension Tables at \$30. Paid clerk's salary with check, \$10.

Inventory.—Goods unsold valued at \$883.50.

Result.—Net Loss, \$6.20; Net Capital at the beginning of November, \$1,983.80.

SET IV.—CASH BOOK.

The **Cash Book** is kept for the purpose of recording all Cash Transactions. It is customary to enter the amounts received on the left hand side, and the amounts paid out on the right hand side of the Cash Book. In an extensive business this book should be balanced every night; in a limited business once a week may perhaps be enough. The amount of money on hand as shewn by the Cash Book should correspond to that found by counting. A comparison can be made at any time without balancing the Cash Book *formally*. Should a difference exist its cause must be searched for as soon as possible, and the error corrected. When the Cash Book is used as an auxiliary care must be taken to see that it agrees with the Cash Account in the Ledger when the posting is completed.

The names of the other accounts affected appear in the column after that containing the date. The next column contains an explanation of each transaction, as can be seen by referring to the form given.

Cash Paid Out.

1886							
Oct.	6	Mdse.	Bo't of J. Richardson.....	200			
"	8	Merchants' Bank ..	Deposited.....	1,000			
"	19	Expense.....	Insurance.....	20			
"	23	"	Postage and Stationery....	2	20	1,222	20
		Balance	Cash on hand.....			247	80
						<u>1,470</u>	

BILL BOOK.

The **Bill Book** is kept for the purpose of recording in a form convenient for reference the particulars of written obligations, which we receive from others and which others receive from us. It is divided into two parts, into one of which are entered all the *Bills Receivable* and into the other the *Bills Payable*. This book is sometimes used as one of original entry and sometimes as an auxiliary merely. In either case it must be in harmony with the corresponding accounts in the Ledger. The simplest form is here presented. The method of entering notes, &c., in this book is so plainly seen as to need but little explanation.

The particulars are to be entered in the Bill Book at the time the notes are received or issued. This is very important, especially when this book is one of original entry.

As our notes issued are not in our own possession we must necessarily refer to the Bill Book for the particulars of them.

When a note is paid, or otherwise disposed of, the last columns are to be filled as indicated; and, as a safe-guard, a red ink line is to be ruled through the figures expressing the amount.

Great care must be taken in finding the date of maturity, as an error in this may be followed by serious consequences.

Bills

No.	When received.	Payer	Indorser.	For what received.	Where Payable.	DATE.			Time.
						Year.	Month.		
1	Oct.	7 G. Johnson....		Mdse.	Merchants' Bk	1886	Oct.	7	60 ds.
2	"	21 G. McKay....		"	"	"	"	21	30 ds.

Bills

No.	When given.	To whom given.	In whose favor.	For what given.	Where Payable.	DATE.			Time.
						Year.	Month.		
1	Oct.	2 J. Richardson..	J. Richardson..	Mdse.	Molsons Bank.	1886	Oct.	2	60 ds.
2	"	22 W. Tinsdale...	W. Tinsdale...	"	"	"	"	22	2 m's.

REMARKS ON CLOSING.

The pupil will bear in mind that in actual business the Ledger should be *tested* every month to see whether it is in equilibrium or not. Although this involves considerable work it is the best plan to adopt, as it often saves time and trouble. But it is only at certain times, usually once or twice a year, that an inventory is taken, and the accounts shewing losses and gains are closed. The object of this is to make the account kept with the dealer shew his true financial standing, which is effected by crediting it with the Net Gain or debiting it with the Net Loss. The difference between its sides will then shew the Present Worth. All inventories must be brought down when re-opening the accounts to which they belong respectively.

The other accounts of the Ledger, that is, those which shew resources and liabilities may or may not be closed at such a time, Under ordinary circumstances they are usually left open. But when it is desired to *mark an era in the business, to prepare for receiving a partner, or to prepare for transferring the accounts to a new Ledger*, the Resource and Liability accounts should be closed and the balances carried to the new accounts.

Receivable.

Year.	WHEN DUE.												Amount.		When and how disposed of.			
	Jan.	Feb.	Mar.	Apr.	May.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.						
1886																38	50	
1886														23	9	100		

Payable.

Year.	WHEN DUE.												Amount.		When and how redeemed.			
	Jan.	Feb.	Mar.	Apr.	May.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.						
1886																	72	
1886															4	25	100	

SET IV.—Continued.

(SECOND MONTH'S BUSINESS.)

RECORD OF TRANSACTIONS.

- Nov. 1, 1886. *Pupil's* investment shewn by Balance Sheet for October.
2. Bought from J. Richardson Mdse., as per invoice, \$400. Gave in payment my note at 60 days for \$200, an order on H. Calder for \$60, and my check on Merchants' Bank for balance.
 5. Sold L. Mason, on account, 1 Blk. Walnut Bookcase at \$70.
 6. Sold A. Hilker 1 Easy Chair at \$10; 1 Sofa at \$40; 1 Black Walnut Hall Stand, \$30. Received in payment his note at 15 days for \$50 and his check for balance.
 9. Gave W. Tinsdale my note at 10 days in full of account, \$120.
 10. Paid cash for Postage and Stationery, \$3.
 11. Deposited in Merchants' Bank \$200.
 15. Received from J. Ross, on account, his note at 10 days for \$60.
 17. Received from A. Hilker his check in full of account, \$10.
 19. Sold J. Bruce 2 Centre Tables at \$30. Received in payment his note at 2 months for \$40; check for balance, \$20.
 23. Received from J. Ross, on account, cash, \$20.
 24. Bought a Stove for store, \$25, with my note at 2 months. Received cash from A. Hilker for his note, as per B. B.
 25. Bought from R. Henderson Mdse., as per Invoice, \$150. Gave in payment my check for \$100; the balance to remain on account.
 27. Paid clerk's salary with cash \$20. Paid my note favor of W. Tinsdale with check \$—.
 30. Sold by auction entire stock of goods for cash \$1,320; and Stove for cash \$20. Paid the auctioneer for his services cash \$5.

Result.—Net Gain, \$63.50; Net Capital at closing, \$2,047.30.

The pupil will make out a statement of Losses and Gains, and also a statement of Resources and Liabilities corresponding to those which follow. These are *not* to be copied, but to be taken from the pupil's ledger.

Set IV.—Statement of Losses and Gains.

(Taken from Ledger Nov. 30, 1886.)

		LOSSES.		GAINS.	
Mdse.	Cr.—Proceeds.....				
"	Dr.—Cost.....				
	Difference.....			96	50
Expense	Dr.—Outlay.....				
"	Cr.—Proceeds.....				
	Difference.....	33			
	Net Gain.....	63	50		
		96	50	96	50

Set IV.—Statement of Resources and Liabilities.

(Taken from Ledger Nov. 30, 1886.)

		RESOURCES.		LIABILITIES.	
Cash.....	Dr.—Amount rec'd.....				
".....	Cr. " paid out.....				
	Balance on hand.....	1,489	80		
Mt's Bank.....	Dr.—Amount deposited.....				
".....	Cr. " withdrawn.....				
	Balance on deposit.....	726			
Bills Rec.....	Dr.—Others' notes rec'd.....				
".....	Cr. " " parted with..				
	Balance on hand.....	238	50		
Bills Pay.....	Cr.—Our notes issued.....				
".....	" " " redeemed.....				
	Notes outstanding.....				397
J. Ross.....	Dr.—Our a/c against him.....				
".....	Cr.—His a/c against us.....				
	Balance in our favor.....	10			
L. Mason.....	Dr.—Our a/c against him.....				
".....	Cr.—His a/c against us.....				
	Balance in our favor.....	30			
R. Henderson....	Cr.—His a/c against us.....				50
	Net Worth.....			2,047	30
		2,494	30	2,494	30
Proof.....	Net Investment.....	\$1,983	80		
	" Gain, as per Statement....	63	50		
	" Worth.....	2,047	30		

Let it be
 Let it be
 Let it be

SET V.—DRY GOODS BUSINESS.

Books used—Day Book, Journal, Cash Book, Bill Book and Ledger.

- KINCARDINE, July 1, 1886. Commenced business investing as follows:—
 Goods on hand, \$1,200. Cash in safe, \$30. Money deposited in the Molsons Bank, \$400.
 2. Bought of Smith & Sons goods invoiced at \$360. Gave in payment a check on the Molsons Bank for \$300 and my note at 90 days for balance \$60. Paid cash for Postage 50c., and for Telegram 25c.

50
50

- 124.05 - 50.05
3. Sold R. W. Wismer, on account, 20 yds. Black Satin at \$2; 40 yds. Brussels Carpet at \$1.50; 2 prs. Kid Gloves at \$1.50; 3 yds. Ribbon at 35c.
 5. Paid cash for Fuel, \$15.50. Lent Jas. Smith cash \$6.50.
 7. Sold A. C. Moore 30 yds. Blk. Cashmere at 90c.; 10 yds. Velvet at \$1.60; 20 yds. Carpet at 70c. Received in payment his check for \$47 and an order on A. McKay for balance.
 9. Paid cash for Postage, \$1.30. Paid S. Reid's written order in goods, \$17.50. Received from R. W. Wismer, on account, his check on the Molsons Bank for \$40.
 16. Received from Jas. Smith his note at 30 days in full of account \$6.50.
 12. Paid cash for repairing store, \$3.60.
 - ✓ 14. Sold A. Cameron, on his note at 10 days, 20 yds. Gingham, 12½c.; 10 yds. Flannel at 30c.; 40 yds. Cotton at 11c.; Thread, 12c.; Buttons, 10c. Received from S. Reid cash in full of account, \$17.50
 15. Sold A. McKay 120 yds. Sheeting at 12c.; 15 yds. Tweed at \$1.50; 3 yds. Farmer's Satin at 60c.; 12½ yds. Cassimere at \$1.10. Received in payment his check for \$20, the balance to remain on account, \$-.
 16. Received from R. W. Wismer, on account, cash \$30. Paid for Coal Oil cash \$1.20.
 20. Received from A. McKay, on account, his check for \$15.
 - ✗ 23. Sold Jas. Smith, on account, 15 yds. Tweed at 90c.; 13 yds. Broadcloth at \$2.60.
 26. Deposited in the Molsons Bank cash \$60.
 27. Lent R. Rainer a \$5 bill.
 - ✓ 29. Received from R. W. Wismer his note at 30 days for balance of account, \$24.03
 31. Paid Clerk's salary with my check on the Molsons Bank, \$30.
- Inventories, July 31st.—Mdse., Goods on hand, \$1,338.81; Expense, Fuel on hand, \$5.50.
- (a) Make the proper Day Book, Cash Book and Bill Book entries as they occur, writing all the business papers required.
 - (b) Transfer to the Journal and thence to the Ledger, indexing each entry.
 - (c) Test the equilibrium of the Ledger and then make the proper statements.
 - (d) Close the accounts in the Ledger.
- Result.—Cash on hand, \$105.65. Cash in Bank, \$130. Net Gain, \$20.38. Present Net Capital, \$1,650.38.

SET VI.—JOURNAL DAY BOOK.

Set VI. is intended to illustrate a somewhat practical method of keeping accounts. The pupil who has written carefully the previous sets and

mastered them will find but little difficulty in combining the Day Book and Journal. The *Journal entry* is given first in order in plain writing of medium size. This is followed by a *full description* of the transaction in as concise a form as possible. The pupil will observe that the explanatory words should be arranged in such a manner as to be readily distinguished from the other part of the entry. To effect this, they are written in a smaller hand and placed at some distance to the right of the column for the Ledger Folio. (See the Form given on page 65.)

The advantages of this method over that exemplified by Set I. are as follows :—

- (1) Time and labor are saved.
- (2) The expenditure for books is diminished.

That shewn on page 65 will be found sufficient for illustration.

INVOICE BOOK.

The details of purchases should be entered into the **Invoice Book**. There are different methods of dealing with invoices. Some accountants enter an abstract of each in this book, and file the original invoices in such a manner as to be convenient for reference, (See instructions for filing business papers, page 192.) Another plan is to paste each invoice when it is received into the Invoice Book, indexing it.* When several are received from one person or firm, it is well to put as many as possible of them on the same page in order, the first being at the top, the next immediately below it, &c. The book should be made of strong, light paper, and each leaf of it should be wide enough to leave room for a money column to the right of the invoices into which to enter the amounts.

THE INVENTORY BOOK.

The **Inventory Book** is used for recording all values of property on hand; of interest accrued, of rent paid beforehand or unpaid, of articles on hand which were charged to the Expense Account, &c.; in short, all values representing resources or liabilities in connection with loss and gain accounts.

It is necessary in business to take at stated times, an account of all such values, &c., in order to adjust the gains and losses properly.

The inventory of goods on hand is found by counting, weighing or measuring the articles in the store, and attaching to them the amounts for which they could be bought at the time. In actual practice, however, it is customary to take down the cost of any particular line and to add or subtract an estimated amount when necessary.

* If it is likely that a large business will be done with a house, several consecutive pages should be left blank for the invoices from it. This is especially important when the purchases of merchandise are posted from this book.

SET VI.—GRAIN BUSINESS.

Books used—Journal Day Book, Cash Book, Bill Book and Ledger.

FIRST MONTH'S TRANSACTIONS.

- CLINTON, Oct. 1, 1886. Commenced business investing as follows: Cash in safe, \$2,000. Goods in store, valued at \$600. John Smith owes me on account \$40.
2. Sold L. Mason, on his note at 20 days, 34 bush. Wheat at 75c. Paid cash for Fuel, \$10. Bought of C. Kerr, on account, goods invoiced at \$600. [As the invoices are kept in a book for the purpose or properly filed, and may therefore be referred to, it is not necessary to give the items of purchase in the Day Book.]
 4. Sold John Jamieson, on account, 140 bush. Barley at 50c.
 5. Paid cash for Stationery, \$1.50.
 6. Gave C. Kerr my note at 30 days in full of account.
 7. Sold H. Smith, on his note at 30 days, 100 bush. Wheat at 70c.; 260 bush. Barley at 50c.
 9. Paid cash for Coal Oil for use of Store, and for Lamps, \$2.50. = 12.50
 11. Received from John Jamieson on account, cash, \$30; his note at one month for the balance, \$—.
 12. Withdrew from the business cash \$100.
 13. Sold to H. W. Peterie, for cash, 100 bush. Wheat at 75c.
 14. Paid Clerk's salary with cash, \$20.
 16. Bought of H. Martin 80 bush. Barley at 50c. Gave in payment John Jamieson's note for \$—.
 18. Received from John Smith, on account, an order on A. Baker for \$10.
 20. Sold M. Mullen, on his note at 3 months, 80 bush. Barley at 55c.
 23. Prepaid my note in favor of C. Kerr. Face of note \$600. Discount off, \$1.50. Proceeds paid with cash, \$598.50.
[Debit Bills Payable; credit Int. & Dis. and Cash. Why?]
 25. Received cash in payment of L. Mason's note \$—.
 27. Received from John Smith, on account, cash \$20.
 30. Paid Clerk's salary with cash \$20.

Inventories, Oct. 30, 1886.

Mdse.—Goods on hand.....	\$891 50
Expense.—Coal Oil.....	6 50

Result.—Net Gain, \$10; Present Worth, \$2,550.

SET VI.—JOURNAL DAY BOOK.

Clinton, Oct. 1, 1886.

Dr.

Cr.

L. E.	..... (Pupil's name here) has this day commenced the Grain Business with the following Resources:—			
	Sundries <i>Dr</i> Effects invested. <i>To</i> (Pupil's name here)			2,640
	Cash As per C. B.	2,000		
	Mdse As per Inventory.	600		
	John Smith Owes me on account.	40		
	_____ 2 _____ B. Receivable <i>Dr</i> To Mdse	25	50	25 50
	Sold L. Mason on his note, as per B. B., 30 bush. Wheat at 75c.			
	_____ " _____ Expense <i>Dr</i> To Cash Paid for Fuel for Store.	10		10
	_____ " _____ Mdse <i>Dr</i> To C. Kerr Bought on a/c goods, as per Invoice No. 1.	600		600
	_____ 4 _____ John Jamieson <i>Dr</i> To Mdse Sold him on a/c., 140 bush. Barley at 50c.	70		70
	_____ 5 _____ Expense <i>Dr</i> To Cash Paid for Stationery.	1	50	1 50
	_____ 6 _____ C. Kerr <i>Dr</i> To B. Payable Gave on a/c. my note as per B. B.	600		600
	_____ 7 _____ B. Receivable <i>Dr</i> To Mdse Sold H. Smith on his note as per B. B. 100 bush. Wheat at 70c. \$ 70 • 260 " Barley at 50c. 130	200		200
	Amounts forward.....	4,147		4,147

SET VI.—SECOND MONTH'S TRANSACTIONS.

- CLINTON, Nov. 2, 1886. Sold J. Turnbull 20 bush. Wheat at 72c.; 45 bush. Barley at 51c.; 120 bush. Oats at 26c. Received in payment his check on the bank of Montreal for \$30, and cash for balance, \$28.55
3. Bought of A. Megraw goods invoiced at \$540.20. Gave in payment an order on J. Smith for \$10; M. Mullen's note, dated Oct. 20, for \$44; my own note at 10 days for \$200, and cash for balance, \$286.20
Paid for Fuel, cash \$5. Deposited in the Molsons Bank \$1,000.
4. Received from A. Baker, on account, cash \$10. Paid cash for Postage, \$1.10; Telegram, 25c.
5. Sold Robert Keith, on his note at 3 months, 25 bbls. Flour at \$5.20; 40 bush. Wheat at 75c. *total \$160.*
6. Lent P. McCallum a \$5 bill. Discounted Robert Keith's note, dated Nov. 5, 1886, at the Molsons Bank. Face of note \$160; Discount \$6. Proceeds deposited, \$154.
9. Received cash for H. Smith's note for \$200, which I immediately deposited in the Molsons Bank.
11. Bought of O. Kerr 300 bush. Wheat at 70c.; 500 bush. Barley at 50c. *460*
Gave in payment my check. Sold A. Baker 200 bush. Barley at 55c.; 100 bush. Wheat at 72c.; 120 bush. Oats at 23c. Received in payment his note for \$200, and his check for balance. *\$9.60*
12. Prepaid my note due 16th inst. Face of note \$200. Discount off 50c. Proceeds paid with check.
13. Paid Clerk's salary with cash \$20; P. McCallum returned the money which he borrowed, \$5.
16. Paid cash for Office Furniture \$10. Sold P. McCallum, on account, 100 bush. Wheat at 73c. *72.00*
17. Bought of H. Sorby, on my note at 4 mos., 250 bush. Oats at 25c. *625*
Sold A. Baker, on account, 12 bush. Wheat at 72c. *8.64*
19. Received from P. McCallum, on account, cash \$30. Sold A. Baker 20 bush. Barley at 54c. Received from him H. Holman's note, dated Nov. 1, 1886, and drawn at 30 days, for \$25. Settled with A. Baker by giving him my check for balance due him, \$2.56
20. Sold J. Turnbull 25 bush. Peas at 60c.; 40 bush. Wheat at 73c. *44.20*
Received in payment an order on J. Craig, which by his request is passed to his account.
23. Received from P. McCallum his check in full of account \$43.00
25. Paid A. Mallory for repairing Store, cash \$5.
27. Sold D. Gibbings, on account, 25 bush. Barley at 53c. *13.25*
30. Withdrew from bank \$100.

Paid rent for the three months ending Dec. 31st, with check, \$75.

Inventories, Nov. 30th, 1886.

Mdse.—Goods on hand.....	\$1,435 01
Expense—Office Furniture.....	9 50
Rent paid beforehand.....	25 00

Result.—Net Loss, \$25; Net Capital, \$2,525.

If the pupil has done the preceding Set correctly his Loss and Gain account and his Balance account should correspond respectively to the following:—

Dr.		(Losses.)	<i>Loss and Gain.</i>		(Gains.)
1886			1886		
Nov. 30	To Expense	88 35	Nov. 30	By Mdse.	68 85
	" Int. & Dis.	5 50		" Stock.	25
		<u>93 85</u>			<u>93 85</u>

Dr.		(Resources.)	<i>Balance.</i>		(Liabilities.)	Cr.
1886			1886			
Nov. 30	To Mdse. (Inv.) ..	1435 01	Nov. 30	By Bills Payable..	62 50	
" "	" Expense (Inv.) ..	34 50	" "	" Stock.	2525	
" "	" Cash.	321 60				
" "	" Bank	513 94				
" "	" Bills Rec'able..	225				
" "	" A. Craig	44 20				
" "	" D. Gibbings. ...	13 25				
		<u>2587 50</u>				<u>2587 50</u>

CHAPTER V.

DRAFTS.

A **Draft** is an unconditional written order addressed by one person to a second requesting the payment of a specified sum of money to a third.

The person who makes the draft is termed the *Drawer*, the person on whom it is drawn is termed the *Drawee*, and the person in whose favor it is drawn is termed the *Payee*.

When a draft is made payable to the Drawer he is also the *Payee*.

Drafts are drawn payable "on demand," "at sight," a specified time "after sight," or a specified time "after date."

Acceptance in its ordinary signification is an engagement on the part of the drawee to pay the draft, when it falls due, in money.

Until a draft is accepted the drawee is not liable to the holder.

The drawee accepts the draft by writing across the face of it the word "accepted," followed by his signature. The drawee then becomes the *acceptor*, and the draft becomes his *acceptance*.

In the case of drafts drawn at sight, or at a specified time after sight, the acceptor must give the date of acceptance. The acceptor may fix the place of payment, but if he neglect to do this, the payee may do it.

A bill should be presented for acceptance without delay. If it is honored the *acceptor* becomes liable; if not, the *prior parties* immediately become responsible for payment of it.

Presentment is absolutely necessary in the case of bills payable at a certain time "after sight" in order to fix the time of payment.

Bills payable "at sight" or "on demand" are expected to be paid *when presented*.

There are three kinds of acceptances: **general, special and qualified.**

When the drawee writes the word "accepted," the date, and his name across the face of a draft the acceptance is termed a *general* or *absolute* acceptance.

When words are used which restrict to a certain place the payment of the draft, the acceptance is said to be *special*. Qualified acceptances are of two kinds, *partial* and *conditional*.

When the drawee binds himself to pay only a portion of the amount of a draft or varies the time of payment, the acceptance is said to be *partial*.

When the bill is made payable only when a certain event happens, the acceptance is said to be *conditional*.

No particular form of acceptance is necessary. Red ink is generally used.

If, upon proper presentment, the drawee refuses to honor the draft, it then becomes the duty of the prior parties to it to *notify* the drawer at once of such refusal.

The drawer, when notified of the non-acceptance of the bill, should pay the holder the amount of its face, and such damages as are allowed by law.

The object of the notice is to warn the parties that they will be looked to for payment.

The holder may have any bill protested by a notary public, but in the case of inland bills a protest is unnecessary.

When a bill is protested, notice of the same should be sent immediately to all the parties to it.

When a bill which has been dishonored by the drawee is accepted by a third party for the honor of the prior parties to it, such is termed an acceptance *supra protest*.

Days of grace are allowed on all bills but those *payable on demand*.

When a draft is accepted it becomes in effect the same as a promissory note, the acceptor bearing the same relation to a draft that the maker bears to a note.

If a draft is drawn payable to *order*, the payee must indorse it before it can be transferred, just as in the case of a note.

The law regarding promissory notes is applicable to drafts and bills.

(Sight Draft.)

CLINTON, Jan. 1, 1887.

\$100.

At sight, pay to J. W. Chisholm, or order, One Hundred Dollars, value received, and charge to account of

MOSES L. BRICKER.

To L. P. SMITH,
Toronto.

(Time after Sight.)

CLINTON, Jan. 1, 1887.

\$100.

At twenty days' sight pay to the order of J. W. Chisholm One Hundred Dollars, value received, and charge to the account of

MOSES L. BRICKER.

To L. P. SMITH,
Toronto.

Form of acceptance of the foregoing Draft :

"Accepted, Jan. 5, 1887,
"L. P. Smith."

(Demand Draft.)

CLINTON, Jan. 12, 1886.

\$100.

On demand, pay to the order of J. W. Chisholm One Hundred Dollars, value received, and charge to account of

MOSES L. BRICKER.

To L. P. SMITH,
Toronto.

(Time Draft.)

CLINTON, August 16, 1886.

\$230.

Sixty days after date, pay to A. H. Smellie, or Order, Two Hundred and Thirty Dollars, value received, and charge to account of

MOSES L. BRICKER.

To L. P. SMITH,
Toronto.

Form of acceptance of Time Draft :

"Accepted,
"L. P. Smith."

Bank Drafts are extensively employed for making remittances.

The amount charged by the bank for issuing a draft is but a small fraction of its face value and no risk is incurred in its transmission.

RULES FOR JOURNALIZING DRAFTS.

When a person draws on us without giving us equal value *at the time* we make him Dr.

When we draw on a person and do not give him equal value *at the time* we make him Cr.

DRAFT PAYABLE AT SIGHT OR ON DEMAND.*

Drawer's entry	{ Payee	Dr.	To Drawee.
Drawee's entry	{ Drawer	Dr.	To Cash. †
Payee's entry	{ Cash	Dr.	To Drawer.

DRAFT PAYABLE AT A CERTAIN TIME AFTER SIGHT.

Drawer's entry	{ Payee	Dr.	To Drawee.
Drawee's entry	{ Drawer	Dr.	To Bills Payable.
Payee's entry	{ Bills Receivable	Dr.	To Drawer.

RENEWING AND DISCOUNTING BILLS.

It occasionally occurs even in a well managed business, that a note is about to fall due for the payment of which the dealer is not at the time prepared. The proper course for him to take in such a case is to ask for a renewal for a long enough period to enable him to secure the necessary means of payment. Of course, the dealer having asked for an extension of time must pay interest, and any other charges that may be incurred. The usual practice is to draw the new note (*i.e.*, if the favor is granted) for such an amount as will cover the face value of the note retired, and the interest on the same for the time that the new note has to run, together with all other charges that may be connected with the renewal. Sometimes only a partial renewal may be desired.

Again, a dealer may have a note outstanding which he wishes to pay before it is due. In this case, discount will be allowed, and the dealer will pay a sum which is less than he would have paid if he had waited till the maturity of the note. Or, he may hold a note against another party, and he may wish to get money for it before it is due. In the latter case he will be obliged to take a smaller amount for it than if he had waited till its maturity.

If a note bearing interest is negotiated, the value of the note when due is found, and the sum thus found is discounted to give the proceeds. Bank discount is always used in business. Days of grace are added, except in the case of paper payable on demand.

The phrase "*discounting a note*" is used with different meanings. (1.) The selling of any note in my possession before it matures for a sum less than what it calls for when due. (2.) The paying of any note which another holds, before it falls due, with a sum less than it calls for at maturity. In either case the amount thrown off is termed the *discount*.

* When the Drawer makes a sight or demand draft payable to himself, his entry will be, Cash, Dr., to Drawee. When he draws a time draft in like manner, his entry will be, Bills Receivable, Dr., to Drawee.

† If the Drawee pays the draft by issuing a check, he will credit the Bank instead of Cash.

The pupil is expected to study the following until the application of rules already given is seen, and thoroughly understood :

EXAMPLES.

TRANSACTIONS.

JOURNAL.

1. Discounted at bank H. C. Mann's note. Face, \$100. Discount allowed, \$5. Proceeds received in cash, \$95.

Cash	Dr.....	95	
Int. & Dis.	".....	5	
	To Bills Receivable ..		100

2. Discounted at bank M. Taylor's note, due 73 days hence, at 6%. Face of note, \$250. Proceeds deposited.

Bank	Dr.....	247	
Int. & Dis.	".....	3	
	To Bills Receivable ..		250

3. Drew a draft on C. Cameron at 10 days sight and discounted it at the bank at 8%. Face, \$365. Discount allowed, \$— . Proceeds remitted to A. Murray on acct.

A. Murray	Dr.....	363	96
Int. & Dis.	".....	1	04
	To C. Cameron.....		365

4. Prepaid with cash my note favor of Amos Drummond. Face, \$40. Discount off, \$2.

Bills Payable	Dr.....	40	
	To Cash.....		38
	" Int. & Dis.....		2

5. Retired Jas. Stark's note for renewal for 2 months. Face of note, \$150. Interest on same for 2 months at 6%. \$1.50. Face of new note, \$151.50.

Bills Receivable	Dr.....	151	50
	To Bills Receivable ..		150
	" Int. & Dis.....		1 50

6. Renewed my note favor of Morley & Wismer. Face, \$60. Gave a new note at 3 months to cover the old note and interest thereon at 8%.

Bills Payable	Dr.....	60	
Int. & Dis.	".....	1	20
	To Bills Payable ...		61 20

7. H. J. Manning has renewed his note. Face, \$350. Received in part payment an order on G. McKay for \$150 and a new note for \$202.

G. McKay	Dr.....	150	
Bills Receivable	".....	202	
	To Bills Receivable ..		350
	" Int. & Dis.....		2

8. G. Johnson has failed, paying 80c. in the dollar. He pays his note which I hold. Face, \$700. Proceeds received in cash.

Cash	Dr.....	560	
Loss & Gain	".....	140	
	To Bills Receivable ..		700

EXAMPLES.—(Continued.)

TRANSACTIONS.	JOURNAL.					
9. As the indorser of H. Stewart's note for \$100, I pay it and protest charges, \$1.03, with my check on the Merchants' Bank.	<i>H. Stewart</i>	<i>Dr.</i>	101	03		
		<i>To Merchants' Bank.</i>			101	03
10. Bought goods for \$105 at a sale. Gave my note at 10 days in payment. Before moving the goods I sell them for \$120, getting in payment my own note and a sight draft on A. Kean for \$15.	<i>Cash</i>	<i>Dr.</i>	15			
		<i>To Loss & Gain.</i>			15	

EXERCISE I.

- James Furrier, of Windsor, draws on H. A. Smith, of Montreal, for \$60 at 30 days.
- H. A. Smith accepts Furrier's draft.
- L. Mason gives Peter McLaren, in payment for goods bought one month ago, his note (negotiated by indorsement) at 3 months, for \$500.
- Mason prepays his note, being allowed a discount of \$20.
- Miller & Co., St. Catharines, send W. Smith, of Paisley, an invoice of goods amounting to \$150, and draw on him at 10 days' sight.
 - Give Furrier's Journal entry, and write the draft.
 - Give H. A. Smith's Journal entry on accepting. Accept the draft for Smith.
 - Write Peter McLaren's Journal entry on receiving the note. Make the note and indorse it in blank.
 - Give Mason's entry on prepaying it.
 - Write the draft for No. 5. Accept it on the 22nd day of September, 1886, making it payable at St. Catharines.
 - What is meant by *negotiable paper*? Name the different kinds.

EXERCISE II.

- Accepted S. W. Perry's draft for \$123.75 at 10 days' sight, in favor of J. F. Morrow, payable at the Molsons Bank.
- Paid W. Martin in full of account, by giving him S. Furrier's note at 6 months, indorsed by H. Houston, for \$750. Date of note, March 30, 1886.
- Paid S. W. Perry's draft on me with cash.
- N. C. McPherson & Co. failed, and made an assignment, their creditors receiving 60 cents in the dollar. My claim was \$250. Received in settlement W. H. Muir's acceptance, \$150.

- (a) Write the draft for No. 1, and accept it. Give the Journal entries of all the parties concerned.
- (b) Write the note for No. 2. On what day will it fall due?
- (c) What are the Journal entries for Nos. 3 and 4?
- (d) Define acceptance, promissory note, draft and order.
- (e) Illustrate by examples the different kinds of indorsement, and state the effect of each.
- (f) When is a bill or note negotiated without indorsement?

EXERCISE III.

1. Gave Jas. Smith, on account, my draft at 10 days on L. Mason for \$40.
 2. Paid Wm. Jones' sight draft on me for \$80.
 3. Jas. Smith returned my draft on L. Mason on its being dishonored. I immediately remit cash \$40 (1.)
 4. R. Mills drew on me for \$100 at 30 days. I prepaid the draft with cash. Discount off \$2.
 5. Drew on John Ross at sight for \$100 in favor of Wm. McKay, who had to his credit \$75 in my books. Received McKay's note for amount overpaid.
 6. Accepted H. Corbett's draft on me at 20 days' sight, favor of James McGillivray, for \$120.
 7. Prepaid my acceptance in favor of James McGillivray. Discount off \$3. Gave my check for balance, \$117.
 8. Drew a draft on R. T. Todd in my own favor for \$30. Had it immediately discounted at the bank. Discount off \$1. Proceeds deposited.
 8. Had Wm. Gray's acceptance for \$60 discounted at the bank. Discount allowed \$4. Proceeds deposited.
 10. Gave H. Leonard my draft for \$25, on Jas. Brown, in payment for goods, which I immediately sold for \$30 in cash.
- (a) Give my Journal entries.
- (b) Write the draft required for No. 5. ✓
- (c) Discuss the methods of treating No. 10.
- (d) Make a list of the Ledger accounts affected by the foregoing, arranging them into two classes.

BILLS OF EXCHANGE.

A **Bill of Exchange** is a written order from one person (the Drawer) to another (the Drawee) directing him to pay to a third person (the Payee), or to his order, or to bearer, a specified sum of money.

Bills of Exchange are of two kinds, **Domestic** or **Inland**, and **Foreign**.

An Inland Bill of Exchange is one payable in the same country in which it is made, and is usually called a *draft*.

A Foreign Bill of Exchange is one payable in a different country from that in which it is made.

The **Par of Exchange** between two countries is the nominal value of the coinage of one country, when expressed in terms of the coinage of the other.

The **Course of Exchange** is variable and depends chiefly on the balance of trade. It simply means the market value in one country of bills on another.

A Bill of Exchange is used for the payment of a debt *due in another country* without the transmission of specie, thus avoiding risk, loss of interest and transportation charges.

Foreign bills are commonly drawn in sets, three making a set or one bill. These are forwarded at different times, or by different means of transportation, so that one of them, at least, may reach its destination as soon as possible. Whenever any one of them is paid the others are void.

Form of a Set of Exchange.

Exchange for £200.

TORONTO, Sept. 30, 1886.

Thirty days after sight of this first of Exchange (second and third of same date and tenor unpaid) pay to Muir & Co., or order, Two Hundred Pounds, sterling, value received, and charge to the account of

JOHN JAMIESON.

To MESSRS. BARING & CO.,

London.

TORONTO, Sept. 30, 1886

Exchange for £200.

Thirty days after sight of this second of Exchange (first and third of same date and tenor unpaid) pay to Muir & Co., or order, Two Hundred Pounds, sterling, value received, and charge to the account of

JOHN JAMIESON

To MESSRS. BARING & CO.,

London.

TORONTO, Sept. 30, 1886.

Exchange for £200.

Thirty days after sight of this third of Exchange (first and second of same date and tenor unpaid) pay to Muir & Co., or order, Two Hundred Pounds, sterling, value received, and charge to the account of

JOHN JAMIESON.

To MESSRS. BARING & CO.,

London.

EXERCISE IV.

1. Accepted H. McKay's draft at 30 days' sight, favor of Jas. Clark, payable at the Molsons Bank, for \$150.

2. Drew on A. D. McCaul, at 30 days' sight, for \$120. Had the draft discounted at the bank. Discount off \$1.50. With proceeds I bought a draft on the Molsons Bank, Toronto (Exchange $\frac{1}{4}\%$), which I remitted to H. Calder on account.
3. Discounted at the Merchants' Bank E. McKibbon's note, due 2 months hence. Face of note \$40. Discount allowed \$1. Proceeds received in cash.
4. Sold James Jones goods from store valued at \$750. Received in payment his note at 6 months, which I discounted at the Merchants' Bank at 6%. Discount allowed \$—. Proceeds remitted to W. Muir in part payment of my note due this day for \$1,000.
5. Remitted to W. Muir cash for balance of note (No. 4), and interest due on the same. Interest \$1.30.
6. Bought for cash from Matthew Baker his bill on Baring & Co., London, at 30 days' sight for £570, sterling, exchange being at a premium of $9\frac{1}{2}\%$. [A bill for £1 costs $\$49 \times \frac{1091}{100}$].
7. H. C. Manley has failed, and his note which I hold is valueless. Face of note \$25.
8. Paid with check my note drawn in favor of W. Wentworth, which was under protest. Face of note \$150. Protest charges \$1.03; 6 days' interest \$0 25.
 - (a) Give my Journal entries.
 - (b) Write the draft for No. 1 properly accepted.
 - (c) What is meant by protesting a note? Is it necessary to have a note protested?
 - (d) Define Bill of Exchange

EXERCISE V.

1. Renewed our note, favor of Jas. Brown, due to-day, for \$150. Gave a new note at one month for \$151.
NOTE.—The \$1 which is added is one month's interest on the old note at 8%.
2. Renewed our note, favor D. Cameron, due this day, for \$750. Gave our note at 3 months for \$408 and cash \$350 for balance.
3. Retired M. L. McKinnon's note due this day for \$200; received in payment his note at 10 days for \$100.50, and his check for \$100.
4. Retired John Smith's note due this day for \$250. Received in payment his note at 3 months for \$153, and his sight draft on Jas. Brown for \$100.
5. Renewed R. Robb's note due to-day for one month. Face, \$100. Interest received in cash, \$1.
6. Sold H. C. Massey 124 bush. Oats at 35c. Received in payment his note at 60 days, bearing interest at 6%. Face of note \$43.40.
7. Discounted H. C. Massey's note at the Bank 30 days before due at 8% (No. 6).

8. Prepaid with cash my note in favor of Jas. Jones 73 days before due. Face of note \$60. Discount at 6%.
9. Prepaid with check my note for \$75.20 in favor of N. Storey 10 days before due. Discount at 5%.
10. Sold S. W. Hartt 30 bush. wheat at \$1. Received in payment Robert Curry's acceptance due one year hence for the amount. It bears interest at 6%.
 - (a) Journalize the foregoing.
 - (b) Explain fully what is meant by renewing a note.
 - (c) What are the different senses in which the word "discounting" is used?
 - (d) Write the note for No. 6 and the draft properly accepted for No. 10.

SET VII.—DRY GOODS BUSINESS.

Books used—Journal, Cash Book, Bill Book, and Ledger.

TRANSACTIONS.

— December 1, 1886.

Commenced business, investing as follows:

Resources—Cash on hand, \$500. Goods on hand valued at \$800. W. Stephen's note, dated Nov. 1, 1886, at 70 days, bearing interest at 8%; face of note, \$400; interest accrued, \$42.67. Milne's acceptance, dated Sept. 8, 1886, at 4 months; face of acceptance, \$120. H. Foster owes me on account, \$65.50. ~~W. Smith~~ owes me on account, \$27.30.

Liabilities—H. George holds a non-negotiable note against me, dated Aug. 24, 1886, drawn at 4 months, for \$60. I owe John Patterson on account, \$36.90.

Paid for Postage and Stationery \$1.20.

2. Sold R. Purvis 3 pcs. Linen, 50 yds. each, at 75c.; 16 yds. Scotch Tweed, \$1.50. Received in payment an order on John Patterson which is passed to his account at his request. Deposited in Bank of Montreal, cash, \$400. Paid for Office Furniture cash, \$15. Cash sales, \$19.60.
3. Bought of H. H. Bunting, on my acceptance at 10 days, an invoice of goods amounting to \$200. Paid for Insurance cash, \$10. Paid for Advertising cash, \$5. Cash sales, \$20.25.
4. Sold M. McPherson for his acceptance at 20 days, 150 yds. Broadcloth at \$2.40, \$360.00. Paid for Repairing Store with check, \$8.40. Cash sales \$31.50.
6. Bought of J. Young an invoice of goods amounting to \$400. Gave in payment cash, \$50; an order on H. Foster for \$65.50, and my note at 3 months for balance, \$— . Cash sales, \$18.40.
7. Sold J. McHardy for his note at 15 days, 2 prs. Pants, at \$7; one Overcoat, \$15; 50 yds. Flannel, at 40c. Cash sales, \$18.60.

8. Prepaid with check my note favor of H. George as per B.B.; discount allowed, 50c. Jas. Scott has failed, paying 40c. in the dollar; my share received in cash, \$~~109~~¹⁰⁹ 2 Cash sales, \$21.30.
9. Discounted W. Stephen's note as per B. B. at 6%; proceeds deposited, \$—. Paid for Fuel, cash, \$20, and for Telegram, 50c. Cash sales, \$20.
10. Lost a \$2 bill. Received from John Patterson his note at 2 mos. in full of acct., \$~~49~~⁴⁹ 60 Cash sales, \$16.50.
11. Sold A. J. McKay on one month's credit, 25 yds. Scotch Tweed, at \$1. Paid for Stove for store with check, \$25. Paid for Postage and Stationery with cash, \$2.50. Cash sales, \$28.70.
13. Sold H. P. Smith for his check on Molsons Bank, 3 doz. Fancy Ties, at \$4 per doz.; 4 doz. Linen Collars, at \$2.50 per doz., \$—. Cash sales, \$17.90.
14. Presented H. P. Smith's check for payment, but it was dishonored and returned to him. Discounted John Patterson's note, as per B. B., at the bank; discount allowed 8%; proceeds deposited, \$—. Cash sales, \$23.80.
15. Received from A. J. McKay his check for \$15 on acct. Cash sales, \$14.75.
16. H. P. Smith sent me his note at 10 days, in full of acct. Renewed my acceptance due this day favor of H. H. Bunting; gave a new note at 2 mos. to cover face of acceptance and interest at 8% on the same. Cash sales, \$21.20.
17. Sold A. J. McKay, 10 ready-made Overcoats at \$12, \$—. Received in payment a sight draft on Wm. Muir for \$100 and cash for balance. Cash sales, \$24.30.
18. Bought of W. H. Sims, with my check, an invoice of goods amounting to \$500. Discount off, 5%. Cash sales, \$39.96.
20. Discounted M. McPherson's acceptance at the bank at 8%. Proceeds received in cash, \$—. Paid for Stationery, \$1.50. Cash sales, \$39.47.
21. Sold R. Holmes, on account, 13 yds. Brown Beaver at \$2. Paid H. Murch for repairs, \$6.40. Cash sales, \$13.60.
22. Deposited in bank cash \$300. Received from A. J. McKay his note at 2 months in full of account, \$~~42~~⁴². Cash sales, \$24.45.
23. Bought of M. Wismer, on account, goods invoiced at \$130. Cash sales, \$22.60.
24. Paid for Fuel, cash \$5. Cash sales, \$40.10.
27. Discounted at 6% W. Milne's acceptance, as per B. B. Proceeds remitted to M. Wismer, together with cash to close his account. (Wismer allows 5% for prompt payment.) Cash sales, \$22.
28. Received cash in full of J. McHardy's note, as per B. B. Cash sales, \$35.50.
29. Sold at auction for cash goods to the amount of \$300. Paid the auctioneer with check, \$5.

30. Paid clerk's salary with check, \$30. Cash sales, \$40.
 31. H. P. Smith paid his note with his check. Cash sales, \$32.60.

Inventories, taken Dec. 31st.

Merchandise—Goods remaining unsold.....	\$550 00
Expense—Stove on hand.....	20 00
Furniture.....	14 00
Total.....	\$584 00

Result—Net Gain, \$74.10.

NOTE.—The student is expected to write out all checks, drafts, notes, &c., as he would in actual business.

SET VII.—THE JOURNAL.

The form of Journal used in connection with this set will be found very practical. It has special columns, and by this means much time is saved in posting. All amounts representing the cost of goods purchased will be entered in the column to the left hand side headed "*Mdse.*" The corresponding column to the right hand side will receive all amounts of sales. The sums in these columns will be posted in *total* at the end of the month. All the other amounts will be posted separately. When the items belonging to any account are very numerous a special column should be used for them. It is quite obvious that this method can be advantageously employed for almost any kind of business.

THE CASH BOOK.

The Cash Book is used as a principal book; that is, the amounts which appear in it are transferred directly to the Ledger. It has three columns on each side. The one headed "*Mdse.*" on the Dr. side will receive all amounts of cash sales, and the "*Sundries*" column will receive all other amounts of cash which come into the business. The footing of the "*Mdse.*" column will be posted to the credit side of the *Mdse.* account at the end of each week;* the amounts in the (Dr.) *Sundries* column will be posted daily to the Credit side of the accounts producing them. The footing of the "*Mdse.*" column is carried to the "*Sundries*" column, and the total is posted to the debit side of the Cash account. The "*Expense*" column will receive all amounts paid out for current expenses, and its footing for the week will be charged to the *Expense* account in the Ledger. All other amounts paid out will appear in the (Cr.) *Sundries* column, and will be placed on the debit side of their respective accounts. The footing of the "*Expense*" column is carried to that having the heading "*Sundries,*" and the total placed to the credit of the Cash account.

The Cash Book may be tested every day, though not balanced in a formal manner.

Although it is customary to keep a Cash account in the Ledger the pupil will see that such can shew nothing more than is shewn by the Cash Book. This Book might, therefore, be regarded as the Cash Account.

*This may be done semi-monthly, or monthly, if desired.

JOURNAL—SET VII.

December 1, 1886.

SUNDRIES	MDSE.	L. P.		L. P.	MDSE.	SUNDRIES
			— has this day commenced the Dry Goods business, investing the following Resources and Liabilities:—			
			<i>Sundries</i> To (Pupil's name here)			1415 43
			Effects Invested:			
	800		<i>Mdse.</i> On hand.			
520			<i>Bills Rec.</i> Note against W. Stephens as per B. B. W. Milne's acceptance as per B. B.			
	2 63		<i>Int. & Dis.</i> Interest accrued on W. Stephen's note as per B. B..			
65	50		<i>H. Foster</i> He owes me on acct.			
27	30		<i>Jas. Scott</i> " " "			
		 "			
96	90		(Pupil's name here) To <i>Sundries.</i>			
			Liabilities Assumed:			
			<i>Bills Payable.</i>			60
			Note favor H. George us per B. B.			
			<i>John Patterson.</i>			36 90
			I owe him on acct.			
			2			
136	50		<i>John Patterson</i> To <i>Mdse.</i>		136 50	
			Sold R. Purvis for his order on John Patterson,—			
			3 pcs. Linen, 50 yds each @ \$ 75			
			16 yds. Scotch Tweed.... @ 1.50			
			3			
	200		<i>Mdse.</i> To <i>Bills Payable.</i>			200
			Bot. goods as per invoice of H. H. Bunting on my acceptance as per B. B.			
			4			
360			<i>Bills Rec.</i> To <i>Mdse.</i>		360	
			Sold M. McPherson for his acceptance as per B. B.,—			
			150 yds. Broadcloth.... @ \$2.40			
1208	83	1000	..... Amounts forward.....		496 50	1712 33

Dr.

Cash.

CASH BOOK

1886			MDSE.	SUNDRIES	TOTAL.
Dec.	1	(Pupil's name here).			
"	2	Mdse.		500	
"	3		19 60		
"	4		20 25		
			31 50		
		Mdse. Cr.—Sales for week.....	71 35	71 35	
		Cash Dr.—Receipts for week.....		571 35	571 35
					571 35
		Balance.....			140 15

Bills

BILL BOOK

No.	When Rec'd.	Drawer or Indorser.	Drawee or Maker.	In Whose Favor.	For What Received.	Where Payable.	Date.	Time to Run.
1	Dec. 1		W. Stephen W. Milne	Myself	Investment	Molsons Bk.	Nov. 1, '86 Sept. 8, '86	70 ds. 4 ms.

Bills

No.	When Given.	Drawer or Indorser.	Drawee or Maker.	In Whose Favor.	For What Given.	Where Payable.	Date.	Time to Run.
1	Aug. 24		Myself	H. George		My Office	Aug. 24, '86	4 ms.

* When there is a large number of Bills Receivable there should be a column for every day in the month instead of one for every month in the year into which to enter the date of maturity of each note or draft. All the notes, &c., falling due during any particular month should be entered on the same

-SET VII.

Cash.

Cr.

1886		L. P.		EXPENSE.	SUNDRIES	TOTAL.
Dec.	1		Expense	Stationery & Postage....	1 20	
"	2		Bk. of Commerce	Deposited.....	400	
"	3		Expense	Office Furniture.....	15	
"	3		"	Insurance & Advertising	15	
				Expense Dr.—Outlay for expenses....	31 20	31 20
				Cash Cr.—Disb. for week		431 20
				Balance.....		140 15
						571 35

-SET VII.*

Receivable.

Year	When Due.												Interest.		Amount.	Payments.		When and How Disposed of.
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Rate.	Sum.		Date.	Sum.	
1887	13												8%				400	
1887	11																120	

Payable.

Year	When Due.												Interest.		Amount.	Payments.		When and How Retired.
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Rate.	Sum.		Date.	Sum.	
1886																	60	

page or on consecutive pages, the name of the month being placed at the top. In the column headed "No." the file should be indicated in small figures or letters above the figures expressing the number of the note.

SET VIII.—EXPLANATIONS.

The only new feature of this set is the introduction of the Sales Book. This book being used, the Sales column in the Journal will be dispensed with, as all the amounts which would be placed in it will be found in the Sales Book. The amounts representing the cost of goods purchased may be transferred directly from the Invoice Book to the Ledger, or a column for such amounts may be in the Journal. In either case the total for the month should be posted to the Dr. side of the Merchandise Account. The Cash Book will be the same as that of the preceding set.

SALES BOOK.

All sales of merchandise are recorded in this book. When goods are sold for which full payment in cash is made, it is not necessary to enter the items in this book, as the amount can be carried directly to the "Mdse." column on the Dr. side of the Cash Book. When part payment for goods sold is received in cash, although the items should be given in the Sales Book, the amount of cash received should not be extended into the money column, but transferred to the "Mdse." column of the Cash Book, only the part paid otherwise than in cash being carried to the money column.

At the end of the month the amount of the Mdse. column of the Cash Book is transferred to the outside column of this book, the footing of which will then shew the total sales. The total is posted to the Cr. side of the Merchandise Account in the Ledger. By examining the form given the student will see at once how to post the debits.

SET VIII.—BOOT AND SHOE BUSINESS.

Books used.—*Journal, Cash Book, Sales Book, Bill Book, and Ledger.*

— *January 3, 1887.*

Commenced this day the Boot and Shoe Business, investing cash \$2,000. Bought of Smith & Co., Toronto, goods invoiced at \$1,200. Paid the same with cash. Paid freight, \$17.50; drayage, 50c.* Employed A. Bolger as clerk at \$30 per month. Paid cash for Fuel, \$10, and for a set of books for store, \$6.

January 4.

Deposited in the Bank of Commerce cash \$500.
Sold J. McEachern 3 prs. Men's Kip Boots at \$4.50; 2 prs. Men's Gaiters at \$3; 4 prs. Women's French Kid Button Boots at \$4.50; 3 prs. Women's Slippers at \$1.20; 4 prs. Boys' Plain Rubber Overshoes at 60c. Received in payment A. Taylor's acceptance at 6 mos., dated Sept. 1, 1886. *amt 45.00*
Cash sales, \$25.30.

* All amounts paid for freight and drayage on goods *purchased* should be entered on the Dr. side of Mdse. acct

If the dealer wishes to know the amount he pays for freight, for instance, during a term of business he will open a Freight account and debit it with all sums paid for the transportation of goods purchased. This account must be closed into Mdse. account before the books are balanced.

January 5.

Sold William Leeds, on account, 2 prs. Men's French Calf Bals. at \$4.50 ;
 1 pr. Women's Butt. Calf Boots at \$2.70. = 11.70
 Discounted at bank A. Taylor's acceptance at 6%, and deposited the proceeds.
 Paid for Coal Oil \$1.40.
 Cash sales, \$27.20.

January 6.

Bought of Warner & Sons, London, an invoice of goods amounting to
 \$200. Gave in payment a draft on the Bank of Commerce for that
 amount, purchased with cash. [Banks charge $\frac{1}{8}\%$ for issuing drafts,
 therefore a draft for \$200 will cost \$200.25.] Paid freight, \$3.50.
 Received from William Leeds, on account, cash \$5.
 Cash sales, \$32.85.

January 7.

Sold W. H. Martin 3 prs. Men's Imitation Sandals at 65c.; 4 prs. Women's
 Buff Bals. at \$1.40; 5 prs. Women's Felt Slippers at \$1.20; 2 prs.
 Boys' Heavy Boots at \$2.50 } 3 prs. Boys' Tie Shoes at \$1.80.
 Received in payment his sight draft on J. Sloan for \$10, and his note
 at 10 days for balance.
 Paid for Postage and Stationery \$2.30 with cash.
 Bought of Warner & Sons, London, goods invoiced at \$146. Accepted
 their draft at 30 days for that amount,
 Cash sales, \$21.45.

January 8.

Sold K. McKendrick 3 prs. Children's Butt. Boots at \$1.10; 4 prs. Misses
 Goat Lace Boots at \$1.25; 2 prs. Women's Polished Calf Boots at
 \$2.50. Received in payment an order on R. Mills for \$10; the
 balance to remain on account.
 Received from Wm. Leeds his note at 10 days in full of account, \$—.
 Sold Benjamin Hill, on account, 3 prs. Men's Stoga Boots at \$1.80.
 Paid for Advertising, \$2.50; Telegram, 25c.
 Cash sales, \$40.20.

January 10.

Borrowed from C. Cameron a \$5 bill.
 Prepaid my acceptance favor Warner and Sons at 6% with my check.
 Sold to Jas. Mooney 43 prs. Men's Calf Sewed Boots at \$5; 50 prs. Woman's
 Polished Calf Boots at \$2. Received in payment his note at 10 days, \$—.
 Cash sales, \$39.50.
 Discounted at bank Wm. Leed's note my favor. Discount allowed, 25c.
 Deposited the proceeds.
 Paid C. Cameron the amount borrowed, \$5.

January 11.

Deposited in the Bank of Commerce cash \$200.
 Cash sales, \$50.70.

January 12.

Bought of Elder & Co., Hamilton, goods invoiced at \$300. Accepted their draft at 30 days' sight for \$100. Paid freight, \$5, with check.

R. Mills paid the order on him received on the 8th inst. with his check.

Cash sales, \$29.60.

January 13.

Sold W. Manning 30 prs. Men's Calf Sewed Boots at \$5. Received in payment his note at 10 days.

Cash sales, \$10.70.

January 14.

Sold R. Mills, on account, 2 prs. Men's Stoga Boots at \$3; 1 pr. Men's French Calf Boots at \$4.50; 3 prs. Misses Prunella Bals. at \$1.

Paid S. James for cleaning store, cash \$1.50.

Cash sales, \$16.28.

January 15.

Paid clerk's half-month's salary with check, \$15.

Sold H. Hughes 25 prs. Women's Buff Bals. at \$1.50; 50 prs. Misses Butt. Bals. at \$1.20. Received in payment his sight draft on Francis Bawden, which is honored.

Cash sales, \$47.50

January 17.

Sold Henry Brown 2 prs. Men's Carpet Slippers at \$1.25; 4 prs. Boys' Kip Boots at \$3.50; 2 prs. Women's Pebbled Bals. at \$1.30. Received in payment A. Embree's acceptance due March 4, 1887.

Lost from my pocket a 50c. piece.

Received from R. Mills his note at 30 days in full of account, \$—.

Cash sales, \$28.80.

January 18.

Sold H. J. George, Dundas, 100 prs. Men's French Calf Sewed Boots at \$5. Received in payment a draft on the Bank of Commerce for the amount, which I deposited.

Remitted Elder & Co. on account a bank draft for \$100, which I purchased with cash.*

Paid cash for Coal Oil, \$4; for Writing Desk, \$20.

Cash sales, \$35.20.

January 19.

Bought of Hurdon & Graham, Guelph, goods invoiced at \$550. Discount off 5%. Remitted them my note at 70 days, bearing interest at 5%, for \$200, and my check for balance.

Cash sales, \$24.35

January 20.

Prepaid my acceptance favor of Elder & Co. with check. Discount at 5%.

Cash sales, \$37.60.

*As a rule, banks charge 25c. for issuing drafts not exceeding \$200.

January 21.

Received cash for W. H. Martin's note, \$13.90
 Jas. Mooney has renewed his note. Received in part payment cash \$100.
 and a new note at 30 days for \$215, bearing interest at 5%.
 Cash sales, \$36.40.

January 22.

Received from K. McKendrick cash in full of account. Deposited in
 bank cash \$330.
 Cash sales, \$48.75.

January 24.

Prepaid my note favor of Hurdon & Graham with check. Discount at 6%
 [When a note bears interest its amount when due is discounted for
 the unexpired time.]
 Cash sales, \$25.20.

January 25.

Paid Elder & Co. cash on account, \$30.
 Cash sales, \$19.40.

January 26.

Sold R. Mills, on account, 1 pr. Men's Stoga Boots at \$3.60; 3 prs-
 Misses Polished Calf Bals. at \$1.75; 1 pr. Men's Plain Buckle Over.
 shoes at \$1.75, \$—.
 Paid cash for Office Furniture, \$14.50.
 Cash sales, \$23.30.

January 27.

Discounted A. Embree's acceptance. Face of acceptance, \$—.
 Discount allowed, \$0.35. Proceeds deposited, \$—.
 Cash sales, \$15.40.

January 28.

Gave Elder & Co. my note at one month in full of account, \$—.
 Cash sales, \$21.96.

January 29.

Sold H. Corbett, on account, 1 pr. Men's Calf Sewed Boots at \$4.60.
 Cash sales, \$31.20.

January 31.

Paid clerk's half month's salary with check, \$15,
 Sold by auction, goods for cash, \$400; paid auctioneer \$5.

Inventories.

Mdse.—Goods on hand	\$206 87
Expense.—Writing Desk and other office furniture.....	31
Int. and Dis.—Interest accrued on Jas. Mooney's note	29

Result—Net Gain, \$41.01; Net Worth, \$2,041.01.

SALES BOOK—SET VIII.

—, January 4, 1887.

J. McEachern.		
3 prs. Men's Kip Boots.....	@ \$4.50	13 50
2 " " Gaiters	" 3	6
4 " Women's Fr. Kid Butt. Boots	" 4.50	18
3 " " Slippers	" 1.20	3 60
4 " Boy's Plain Rub. O. S	" 60	2 40
Bills Rec.	A. Taylor's acceptance at 6 mos.....	43 50
	5	
William Leeds.		
2 prs. Men's French Bals	@ \$4.50	9
1 pr. Women's Butt. Calf.....	" 2.70	2 70
	7	
W. H. Martin.		
3 prs. Men's Im. Sandals.....	@ \$ 65	1 95
4 " Women's Buff Bals.....	" 1.40	5 60
5 " " Felt Slippers	" 1.20	6
2 " Boy's Heavy Boots.....	" 2.50	5
3 " " Tie Shoes	" 1.80	5 40
Cash.*	Sight draft on J. Sloan, \$10.....	
Bills Rec.	Martin's note at 10 ds.	13 95
	8	
K. McKendrick		
3 prs. Children's Butt. Boots	@ \$1.10	3 30
4 " Misses' Goat Lace Boots	" 1.25	5
2 " Women's Pol. Calf.....	" 2.50	5
R. Mills.	Order on him.....	10
	"	
Benjamin Hill		
3 prs. Men's Stoga Boots	@ \$1.80	5 40
	10	
James Mooney.		
43 prs. Men's Sewed Boots	@ \$5	215
50 " Women's Polished Calf	@ 2	100
Bills Rec.	Note at 10 ds.....	315
	11	
W. Manning.		
30 prs. Men's Calf Sewed Boots	@ \$5	
Bills Rec.	Note at 10 ds.....	150

* This amount is not extended to the money column, because it will be transferred to the Cash Book, and therefore find its way to the Ledger as part of the total sales for the month.

CHAPTER VI.

SHIPMENTS AND CONSIGNMENTS.

It occasionally happens that a dealer has goods in his possession for which he cannot find a ready sale at his place of business, but for which there is a good market somewhere else. It will, in such a case, evidently be to his advantage to send these goods where they are in demand, and to employ a person doing business there to offer them for sale. As such goods, though shipped, are still *owned* by the person who sent them, it is obvious that he cannot treat them as property which he has sold. It is, therefore, necessary to use a special term to represent such. The representative titles "**Shipment**" and "**Adventure**" are the ones commonly employed.

SHIPMENTS.

Debit the Shipment for the *value* || Credit the Shipment for the *net*
of the property represented, and for || *proceeds*.
all *expenses*.

The entry is made on the Dr. side when the goods are shipped, and on the Cr. side when the Account Sales is rendered.

The person sending goods to be sold by another for him is termed the **Shipper** or **Consignor**.

If the shipper wishes to close his books before an Acct. Sales is rendered, he will close "*By Bal. Inventory*," and carry the amount to the Dr. of Balance Acct.

If an Acct. Sales has been rendered, and if the proper entry on receipt of it has been made, the Dr. side shews the cost and the Cr. side the proceeds of the Shipment; consequently, the account will close into *Loss and Gain*.

Different Shipments are distinguished one from another by numbering them, and by attaching the name of the seller, or of his place of business to each. The third shipment sent to W. Mason, Montreal, for instance, might be styled "*Shipment to Mason, No. 3.*"

The person to whom the goods are sent for sale is termed the **Agent** or **Consignee**.

When the Agent receives the goods he takes them in charge, paying freight, drayage, &c., if required. It may also be necessary for him to

43 50

11 70

13 95

3 30

10

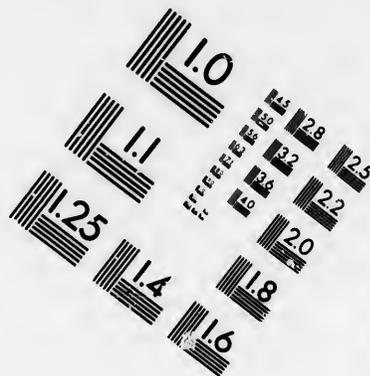
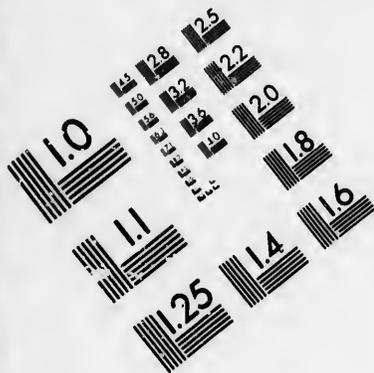
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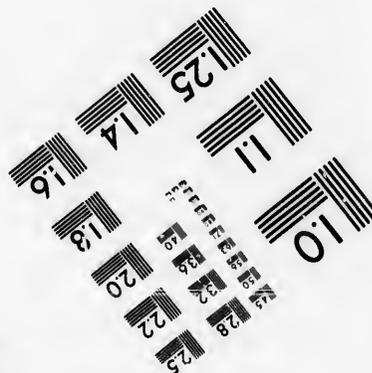
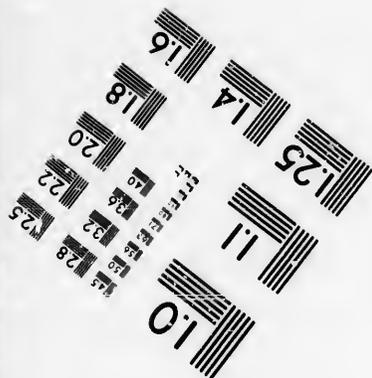
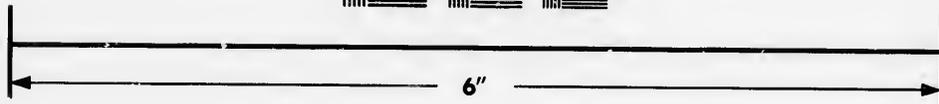
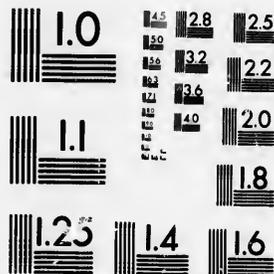
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to the Cash





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store them away for a time, and to have them insured. Although the agent may do all this he does *not* become the *owner*; he merely assumes the management of them until they are sold, or ordered by the Consignor to be re-shipped. It will be clear, therefore, to the student who understands what the Mdse. Acct. represents, that it will be necessary to open a separate account to represent property to be sold on the account and risk of another. The heading usually employed is "**Consignment.**"

CONSIGNMENTS.

Debit the Consignment for all *values paid* on account of it, for the amount of *commission* on the sales, and for the *net proceeds* due the shipper.

Credit the Consignment for the *proceeds of sales.*

If the Shipper is not paid when the Acct. Sales is rendered his personal account must be credited; but if paid, the account or accounts representing whatever is remitted must be credited.

When a large commission business is carried on there will likely be a number of consignments *partly* disposed of at the time of closing the Ledger. It would be improper to render an Acct. Sales of the goods sold unless such were called for, and, therefore, it would be better not to debit the consignment for the commission earned on the goods parted with. But this commission represents value, and must be taken into consideration. The simplest and most logical method is to treat such consignments as *personal accounts*, closing them as they stand into Balance. Enter the commission on the sales effected in *total* on the Cr. side of the Commission account "*By Bal. Inventory,*" and carry to the Dr. side of Balance. As manifestly ought to be the case, this amount is placed among the Resources, while the accounts representing the property partly sold are left undisturbed.

When the new Commission account is opened, this balance will be brought down to the Dr. side of it. As the consignments are disposed of the total commission arising from each is entered on the Cr. side of the Commission Acct. The bringing down of the balance from the old account will obviously prevent the counting twice of that part of the commission that was before credited.

If it is not important to know the *exact* gain or loss for the term of business, the commissions on consignments partly disposed of may be disregarded at the time of closing.

Different Consignments are distinguished from one another by numbering them and by making use of the names of the Shippers. The second consignment received from William Wilson, for instance, might be styled, "Wilson's Consignment, No. 2."

W. H. Smith, Guelph, Ont., ships to W. Mason, Montreal, 40 bbls. Extra Flour, at \$4 per bbl., to be sold on the account and risk of the Shipper, who pays \$10 shipping expenses with cash.

On making the shipment, Smith will send Mason a letter advising him of the same, and he will enclose the invoice of the goods shipped.

(Advice of Shipment sent by Smith.)

GUELPH, Oct. 1, 1886.

W. MASON, Esq.,
Montreal, Que.

Dear Sir,—I have, this day, forwarded to you Flour, as per Invoice enclosed, to be sold on my account.

Hoping that a profitable sale may be effected at an early date, I remain,

Yours respectfully,

W. H. SMITH.

(Invoice enclosed.)

Invoice of 40 bbls. Extra Flour, shipped per G. T. R., Oct. 1, 1886, to W. Mason, Montreal, to be sold on commission.

40 bbls. Extra Flour at \$4		160
E. & O. E.		
Guelph, Oct. 1, 1886.	W. H. SMITH, Consignor.	
		160

(Mason's Acknowledgment on Receipt of the Consignment.)

MONTREAL, Oct. 5, 1886.

W. H. SMITH, Esq.,
Guelph, Ont.

Dear Sir,—I have, this day, received, in good condition, your consignment of Flour as per Invoice of the 1st inst.

As prices are good, I shall put it on the market immediately.

Yours truly,

W. MASON.

Mason, on disposing of the consignment, will, as soon as convenient, send the shipper a statement shewing the amounts received for the goods and also the charges, such as freight, storage, commission, &c. Such a statement is termed an **Account Sales**.

(The Account Sales rendered by Mason.)

Account Sales of 40 bbls. Extra Flour, received per G. T. R., Oct. 5, 1886, from W. H. Smith, Guelph, Ont., to be sold on commission.

1886		Sales.		
Oct.	7	Sold for Cash, 40 bbls. Extra Flour, at \$6		240
		Charges.		
Oct.	5	Freight.	30	
"	8	Commission, 3% on Sales	7 20	37 20
		W. H. Smith's net proceeds, placed to his credit		202 80
		E. & O. E.		
		W. MASON, Consignee.		
		Montreal, Oct. 8th, 1886.		

TRANSACTIONS.

EXAMPLES.

JOURNAL.

<p>1. Student shipped to Dickson for sale on commission 1200 bbls. Flour, which he bought of Jas. Keene at \$5 per bbl., giving in payment his own note at 10 days for \$1200, Keene's note, then due, for \$1000, and a check on the Molson's Bank for balance. Student paid shipping expenses, \$50, with cash.</p>	(Student's entry.)		
	Ship't to Dickson Dr.	6050	
	To Bills Payable.		1200
	" Bills Receivable.		1000
	" Molsons Bank.		3800
	" Cash		50
<p>2. Dickson, on receipt of the Flour, paid freight, \$60, with his sight draft on J. B. Wilson, and drayage, \$10, with his check on Merchants' Bank.</p>	(Dickson's entry.)		
	Student's Consigt Dr.	70	
	To J. B. Wilson.		60
	" Merchants' Bank		10
<p>3. At the request of Student Dickson purchased 800 bbls. Flour at \$4.50, for which he paid cash, and added the same to the consignment. He paid freight, \$25, and drayage, \$5, with his check on Merchants' Bank.</p>	(Dickson's entry.)		
	Student's Consigt Dr.	3630	
	To Cash		3600
	" Merchants' Bank		30

T

EXAMPLES.—(Continued.)

TRANSACTIONS.

JOURNAL.

4. Dickson sold the whole consignment (less 10 bbls. damaged) to Robert Fullerton at \$5.50, and received in payment his own note for \$2000, then due, on which there had accrued \$150 interest; Fullerton's sight draft on John Campbell for \$1200, and a draft on the Bank of Montreal for the balance.

(Dickson's entry)

<i>Bills payable</i>	<i>Dr.</i>	2000	
<i>Int. & Dis.</i>	".....	150	
<i>Cash</i>	".....	8795	
	<i>To Student's Consig't</i>		10945

5. Dickson charged 2c. per bbl. for buying, 3c. per bbl. for selling, \$20 for storage, \$15 for cooerage, \$10 for insurance, and rendered an Account Sales, remitting Fullerton's sight draft as above, and a draft on the Merchants' Bk., purchased with cash, to settle in full with the shipper.

(Dickson's entry.)

<i>Student's Consig't</i>	<i>Dr.</i>	7245	
<i>To Commission</i>	.....		75 70
<i>" Storage</i>	.....		20
<i>" Cooerage</i>	.....		15
<i>" Insurance</i>	.....		10
<i>" Cash</i>	.....	7124	30

(Student's entry.)

<i>Cash</i>	<i>Dr.</i>	7116 90	
<i>Int. & Dis.</i>	".....	7 40	
	<i>To Ship't to Dickson</i>		7124 30

EXERCISE I.

- (Student's Name) shipped to Smith for sale on commission, Mdse. invoiced at \$1,500.
- Smith, on receiving the goods, paid \$10 freight with cash.
- Smith sold the whole consignment for \$1,800, and received in payment a check on the Molsons Bank.
- Smith charges 3% com. for selling, and renders an Acct. Sales, remitting a check on the Bank of Commerce to cover net proceeds.
 - Give student's Journal entries.
 - Write student's letter to Smith on making the shipment.
 - Give Smith's Journal entries.
 - Open Smith's Ledger. Shew how to close the accts.

EXERCISE II.

- (Student's Name) shipped to A. Megraw, to be sold on commission, 2,000 bush. Fall Wheat, at \$1 per bush. Paid shipping expenses, \$40 with his Note at 60 days.
- Megraw, on receiving the consignment, paid \$10 for unloading with his note at 10 days, and \$15 for drayage with cash.

T. R.,
be sold

240	
37 20	
202 80	

1200
1000
3800
50

60
10

3600
30

1800
64
1736

T

3. Megraw sold the consignment to F. Corbett for \$2,600, and received in payment his own note for \$200, A. Blue's note for \$300, an order on James Brown for \$400, a check on the Merchants' Bank for \$300, the balance to remain on account.
4. Megraw rendered an Acct. Sales, charging 2% for commission, $\frac{1}{4}$ % for insurance and \$30 for storage.
 - (a) Give student's Journal entries.
 - (b) Make out the Acct. Sales (4).
 - (c) Give Megraw's Journal.
 - (d) Classify the accounts in Megraw's Ledger.

EXERCISE III.

1. Smith shipped to (Student's Name.) to be sold on the acct. and risk of the Shipper, 100 bbls. Extra Flour at \$5: 400 bush. Fall Wheat at \$1, and paid shipping expenses, \$30, with his sight draft on C. Dickson.
2. (Student's Name.), on receipt of the consignment, paid freight, \$40, with his draft at 60 days on A. Campbell; charges for unloading, \$15, with his check on Bank of Commerce; and drayage, \$10, with his order on Wm. Muir.
3. (Student's Name.) sold the Flour to James Johnson at \$6.50 per bbl., and received in payment a sight draft on H. A. May for \$20: a draft at 30 days on W. Milne for \$20; and check on the Molsons Bank for balance.
4. (Student's Name.) sold the Wheat to C. Kerr at 90c., and received in payment his note for \$30, and a check on Bank of Commerce for balance.
5. (Student's Name.) charged $2\frac{1}{2}$ % commission for selling, \$15 for storage, and rendered on Acct. Sales, remitting a Bill of Exchange bought at $\frac{3}{8}$ % premium with net proceeds.
 - (a) Give student's Journal entries.
 - (b) Give May's entry and also Milne's entry (3).
 - (c) Write all the student's correspondence with the Consignor in the order of its occurrence.
 - (d) Give Smith's Journal.

EXERCISE IV.

1. Bought of R. Mills, on 3 months' credit, goods valued at \$200. Paid freight on the same in cash, \$4.
2. Received Wm. Henderson's note at 3 months in payment of account, \$50.
3. Received cash for the sale of J. Scott's goods, \$40.
4. Discounted for H. Hill his note (No. 4) @ 4 months, for \$500; Discount off, \$10. Paid Net Proceeds $\frac{1}{2}$ in goods from store and $\frac{1}{2}$ in goods from J. Scott's Consignment.

5. Gave R. Mills our check on the Molsons Bank for \$100.
6. Shipped by the G. T. R., by order and for acct. of Taylor & Co., an Invoice of goods amounting to \$500. Paid freight on the same in cash, \$25. My commission at 3% is \$15.
7. Lent J. Smith cash, \$5.
8. Found in till a counterfeit \$10 bill.
9. Bought at an auction sale Mdse. for cash, \$200. Sold it immediately at an advance of 5% receiving a check in payment.
10. Received cash, from J. Smith, \$5. (7).
 - (a) Give the Journal entries.
 - (b) Write the communication to Taylor & Co. in No. 6.
 - (c) What is the object of keeping a Freight Account? How should it close?
 - (d) Does transaction No. 6 affect the Freight Account? Explain fully.

EXERCISE V.

1. Received from Massey & Co., for sale on their account, an invoice of goods amounting to \$800. Paid freight in cash \$20.
2. Accepted Massey & Co's draft on us, owing to the above consignment, for \$400.
3. Sold E. H. Parks, on his note at 6 months, indorsed by B. Lawton, merchandise from Massey & Co.'s Consignment, \$300.
4. Shipped to S. Davidson & Co. 400 bush. Fall Wheat at \$1.00; 300 bush. Spring Wheat at 90c., for their account and by their order. Paid freight and other charges with A. Brook's acceptance at 60 days, \$24.
5. Shipped to S. Davidson & Co., for sale on my account and risk, 200 bush. Fall Wheat at \$1.10. Paid freight on same per check \$8.
6. Shipped to M. L. Sanderson, 300 bush. Fall Wheat from Manning & Macpherson's Consignment, No. 1. Paid freight on the same by giving an order on A. G. Hay for \$25.
7. Paid W. Huston's sight draft on me for \$500 in favor of John Doyle, with goods from store, \$300; goods from Massey & Co's Consignment, \$100; check for balance.
 - (a) Journalize the foregoing.
 - (b) Draw the note for No. 3.
 - (c) Make the sight draft for No. 7.
 - (d) Make out the invoice for No. 4.

SET IX.—GRAIN AND COMMISSION BUSINESS.

Books used—Journal, Ledger, Cash Book, and Bill Book, the last as an auxiliary.

- Nov. 1, 1886.—(.....^{Student's name.}.....) commenced the Grain and Commission business, investing as follows:
- Resources.—Cash on hand, \$1,500; 400 bush. Fall Wheat at \$1; 1,000 bush. Oats at 40c.; R. Mills owes on account \$400.
- Liabilities.—I owe W. Marling on account \$100, and F. Fraser, on account, \$50.
2. Deposited in Bank of Commerce \$1,400. Shipped to Fisher & Son, Montreal, to be sold on my account and risk, 500 bush. Oats invoiced at 40c.; 200 bush. Fall Wheat invoiced at \$1. Paid shipping expenses with cash \$20.
 3. Bought of W. Young 500 bush. Wheat at 90c. Gave in payment my draft at 30 days on R. Mills for \$400 and check for balance.
 4. Received from R. Fowler, Kincairdine, to be sold on his account and risk, 1,000 bush. Barley, invoiced at 45c. Paid freight, \$30, with cash.
 5. Accepted W. Marling's draft on me at 10 days' sight in favor of G. King for \$100.
 6. Sold from R. Fowler's Consignment, No. 1, to J. Matheson 500 bush. Barley at 45c. Received in payment his note at 30 days.
 8. Shipped to Fisher & Son, Montreal, (2nd shipment,) 400 bush. Oats invoiced at 40c. and 500 bush. Wheat at 90c. Paid shipping expenses \$40 with my order on Fisher & Son.
 9. Bought of John Young, on one month's credit, 1,000 bush. Oats at 35c.; 500 bush. Barley at 50c. and 300 bush. Wheat at 80c.
 10. Sold Tait & Co. 500 bush. Oats at 42c.; 300 bush. Wheat at \$1.05. Received in payment an order on Robert Ewing for \$200, the balance to remain on account.
 12. Fisher & Son rendered an Account Sales of the goods shipped to them on the 2nd inst. They remitted my net proceeds in cash, \$450, which I immediately deposited.
 13. Robert Ewing paid his order received from Tait & Co. on the 10th inst. with his check \$200.
 15. Sold for cash to L. M. Stark 500 bush. Barley, at 52c., being the remainder of R. Fowler's Consignment, No. 1. Deposited in bank, cash \$400. Paid Marling's draft of the 5th inst. with check \$100.
 17. Closed R. Fowler's Consignment, No. 1, and rendered an Account Sales. Commission 2% on sales, \$— . Storage 2c. per bush., \$— . Check remitted for net proceeds.
 18. Bought of M. C. McCaul 600 bush. Oats at 30c. Gave in payment my note at 30 days for \$100 and my order on Tait & Co., for \$80.
 19. Shipped to Sloan & Williams, Montreal, to be sold on my account and risk, 1,200 bush. Wheat invoiced at 80c. Paid shipping expenses, \$30, with cash \$20 and my sight draft on Tait & Co. for \$10.

- 20. Bought of A. Hilker 1,300 bush. Wheat at 80c. Gave in payment my check on the bank.
- 23. Received from Fisher & Son an Account Sales of my 2nd shipment made to them on the 8th inst. Net proceeds \$700, which is placed to my credit in their books.
- 27. Received from R. Fowler, Kincardine, (2nd Consgt.) to be sold on his account and risk, 1,000 bush. Barley. Paid freight, \$25, with check, and drayage, \$15, with cash.
- 29. Sold Robert Walker, 400 bush. Barley from R. Fowler's Consgt., No. 2, at 55c. Received in payment his note at 30 days for \$100, and his sight draft on Jas. Johnson for balance, \$120.
- 30. Discounted J. Matheson's note as per B. B. Discount allowed, \$15. Net proceeds deposited in Bank.

Inventories, Nov. 30, 1886.

Mdse.—300 bush. Wheat at 90c.; 1200 bush. Oats at 30c.;	
500 bush. Barley at 55c. Total	\$905
Shipment to Sloan & Williams, No. 1.....	990
Commission—2% on the part sold of R. Fowler's Consgt. No. 2	4 40

NOTE.—All the correspondence in connection with this set is to be systematically done by the student as in actual business.

Statement—Set IX.

ACCOUNTS IN LEDGER.	Dr.	CR.	RESOURCES.	LIABILITIES.	GAINS.	LOSSES.
<i>Stock</i>		2550				
<i>Cash</i>	2080	1885	195			
<i>Merchandise</i>	3310	2495	905		90	
<i>Bills Receivable</i>	375	275	100			
<i>Bills Payable</i>	100	200		100		
<i>Bank</i>	2510	1689 30	320 70			
<i>Tait & Co.</i>	325	90	235			
<i>Interest & Discount</i>	15					15
<i>F. Fraser</i>		50		50		
<i>Ship't to Fisher & Son, No.1</i>	420	450			30	
<i>Commission</i>		10 70	4 40		15 10	
<i>R. Fowler's Consign't, No.2</i>	40	220		180		
<i>Fisher & Son</i>	700	40	660			
<i>Storage</i>		20			20	
<i>Ship't to Fisher & Son, No.2</i>	650	700			50	
<i>John Young</i>		840		840		
<i>Ship't to Sloan & Williams, No. 1</i>	990		990			
<i>Stock's net Inv't. \$2550</i>						
" " <i>Gain</i> ...	190 10					190 10
" " <i>Worth</i>						
	11515	11515	3910 10	3910 10	205 10	205 10

In the previous part of this chapter, it was the aim to establish the principles underlying the proper methods of dealing with shipments and consignments. The student who has grasped these principles is now in a position to make a practical application of them. As each branch of the Shipping and Commission business has its own peculiar requirements, it would be beyond the scope of this work to discuss these in particular. All that can be done is to exemplify in a general way, a method which is thoroughly practical, and which can easily be modified so as to meet the demands of any particular case. The books used are: a Commission Invoice Book, Commission Sales Book, Journal, Cash Book, Bill Book, and Ledger.

THE COMMISSION INVOICE BOOK.

This book is the one into which the first entry of a consignment is made. When the invoice sent by the shipper is received by the consignee, he either pastes the original invoice, or enters an abstract of it, into this book. He will also number the consignments, respectively, 1, 2, 3, &c. As soon as a consignment is received, the invoice will be checked, the title of the consignment being entered (red ink) in the margin, and every box, package, &c., belonging to it will be marked with the *distinguishing* number given to it. Different consignments from the same person should be marked A., B., etc. For example, the third consignment received from Thos. Murray might be entitled: "(10) Thos. Murray's Consigt. C.," and the fourth: "(18) Thos. Murray's Consigt. D." The letter of the alphabet shows the order among those received from the same person or firm; while the number shews the order among those received from all parties. The Commission Invoice Book is used merely as an auxiliary.

THE COMMISSION SALES BOOK.

Whenever a consignment is received, an account is opened with it in this book, having as its title that given to it in the Com. Invoice Book. This account is debited only for the actual amount which it *costs* the consignee for freight, drayage, storage, &c. It is credited with all *amounts* of sales as they occur. The method of posting from this book will be readily understood on examining the form shown on pp. 100 and 101. Cash transactions are not posted from this book, but carried to the Cash Book. (No Cash Account is kept in the Ledger, as such would only cause additional work.) When the goods belonging to a consignment are all sold, the account is charged with the commission, and an Account Sales is rendered. If the net proceeds are not remitted, the account in this book may be left open; or, it may be closed and the net proceeds may be placed to the credit of the consignor in the Ledger. If the net proceeds are remitted, the account with the consignment must be closed. The Com. Sales Book should be indexed just like the Ledger.

NOTE.—In making out the slips showing the sales, the clerks will use the Consignment numbers, as these are quite sufficient to identify the goods sold. Much time is saved by using the distinguishing numbers of the consignments instead of their full titles.

SET X.—EXPLANATIONS.

In this set the books from which the posting is done are: the Cash Book, Journal, and Commission Sales Book. All cash transactions are transferred from the Cash Book to the Ledger, such of them as are connected with consignments being first carried from the Commission Sales Book to the Cash Book. Entries belonging to consignments appear in the Commission Sales Book, and all excepting those involving cash are posted therefrom to the Ledger. Other transactions are entered into the Journal. At the time of closing, it must be remembered that the Commission Sales Book forms part of the Ledger.

SET X.—SHIPPING AND COMMISSION.

Books used—Commission Invoice Book, Commission Sales Book, Cash Book, Bill Book, Journal and Ledger.

—, March 1, 1887.

(^{student's name.} ...) has this day commenced a General Shipping and Commission business, with the following Resources and Liabilities:

Resources.—Cash on hand, \$2,500; Goods in store valued at \$1,250; D. Gunn's note for \$730, dated Feb. 1, 1887, drawn at 3 mos., and bearing interest at 7%; interest accrued, \$ $\frac{1}{2}$; A. G. McKay owes me on account, \$75.

Liabilities.—I owe J. H. Steele on account, \$150.

Engaged H. A. McLaren as book-keeper at \$50 per month, and John Boyd as clerk at \$30.

Took out open policy of insurance on warehouse and contents for \$5000 at $\frac{1}{2}$ %. Paid premium with cash, \$ $\frac{2}{2}$, 23

3. Deposited in the Bank of Commerce cash, \$1,500.

Shipped to R. M. Mercer, Toronto, 45 Dressed Hogs, 9,720 lbs., at 6 $\frac{1}{2}$ ¢, to be sold on my account and risk. Paid shipping expenses with my check, \$25.

Paid cash for fuel, \$10.

5. Received from A. G. McKay on account 10 tubs Butter, 450 lbs., at 14¢.

Gave J. H. Steele my note at 10 days in full of account, \$—.

7. Received from Peter McGregor, Paisley, to be sold on commission, his first consignment, consisting of 180 bbls. Flour, invoiced at \$1. Paid freight, \$60, with my check, and drayage, \$20, with cash.

8. Sold Richard Baxter 100 bbls. Flour from Peter McGregor's Consignment at \$4.90. Received a sight draft on F. S. Sorby for \$300, on order on P. H. Somers for \$100, and a check on the Merchants' Bank for balance, \$—.

10. Received from R. M. Mercer an Account Sales of shipment to him of the 3rd inst. Net proceeds, \$750. He remitted a draft on the Molsons Bank, purchased with that amount. (Exchange $\frac{1}{8}$ %)

11. Sold A. H. Manning 80 bbls. Flour from Peter McGregor's Consignment at \$5. Received in payment Samuel Barker's note for \$200, dated Jan. 14, 1887, at 4 mos., on which I am allowed discount at the rate of 6% for unexpired time; the balance to remain on account, \$—.
12. Received from E. P. Rice, Guelph, to be sold on commission, 50 kegs Butter, 2,250 lbs., invoiced at 13c. Paid freight with my check, \$7.50, and drayage with cash, \$2.50.
14. Rendered Peter McGregor an Acct. Sales, charging him 2½% com., \$5 for storage, and \$4.30 for insurance.
Received from A. G. McKay, his note at 60 days, in full of account, \$—.
Paid for Telegram, cash 25c.
16. Received from Peter McGregor, Paisley, his second consignment of Flour, 120 bbls. at \$4.80. Paid freight with my check, \$40, and drayage with cash, \$10.
17. Sold Alex. Mann on account, 20 Dressed Hogs, 3,600 lbs. at \$6.20 per 1 cwt.
18. Remitted Peter McGregor, on account, D. Gunn's note as per B. B., allowing discount at the rate of 6%, and cash for balance, \$—.
(As this note bears interest, the amount when due must be discounted at 6% for the unexpired time.)
21. Sold Wm. Keefer from E. P. Rice's Consignment 30 kegs Butter, 1,420 lbs. at 15c.; from Peter McGregor's second Consignment, 40 bbls. Flour at \$5.50. Received in payment a draft for \$100 at 30 days' sight, on B. C. Mallory; a sight draft on A. Hilker for \$150, and a check for balance, \$—.
(Mallory's acceptance taken at a discount of 2%).
22. Deposited in the Bank of Commerce, cash \$1,000.
24. Received from E. P. Rice, his second Consignment, consisting of 150 kegs Butter, 6,300 lbs. Paid freight \$13, and drayage \$4, with check.
25. Sold P. H. Somers on acct., from E. P. Rice's first Consignment, 20 kegs Butter, 830 lbs. at 15c.
Paid cash for Coal Oil, \$1.60.
26. Discounted Mallory's acceptance at 8% per annum, and deposited proceeds.
28. Rendered E. P. Rice an Acct. Sales of his first Consignment, charging 3% commission, \$2.50 for storage and \$1.20 for insurance.
Remitted Samuel Barker's note as per B. B., at a discount of 6% per annum and my check for remainder of net proceeds due the shipper.
29. Sold R. A. Foster for cash, 100 bbls. Flour at \$5.20.
30. Sold John Hardy the remainder of Peter McGregor's second consignment at \$5.60 per bbl. Received in payment a draft on the Bank of Montreal for \$200, a sight draft on Thos. Fraser for \$100, and an order on J. H. Steele for \$148.

30. Rendered Peter McGregor an Account Sales of his second consignment. Charge: commission, 3% of sales; storage, \$4.50; insurance, \$3.50. Remitted the foregoing sight draft on Thos. Fraser, the balance of net proceeds being placed to the credit of shipper.

Received from P. H. Somers, M. S. Mercer's note for \$125, dated Jan. 4, 1887, at 3 months, and his check on the Bank of Montreal, to balance account.

31. Deposited in the Bank of Commerce, cash \$15.

A. H. Manning paid cash in full of account, \$—.

Paid H. A. McLaren \$50, and John Boyd \$30 per check.

Inventories, March 31.

Mdse.—Goods remaining unsold	\$86 09
Expense.—Fuel on hand.....	4 17

Result.—Net gain, \$200. Net capital at closing, \$4,608.92.

COMMISSION

(1) P. McGregor's

CHARGES.

1887							
Mar.	7	Bank of Commerce	Freight on 180 lbs. Flour, valued at \$7.20.....	60			
"	"	✓ Cash	Drayage.....	20			
"	14	Commission	My commission at 2½%.....	22	25		
"	"	Insurance	.....	4	30		
"	"	Storage	.....	5			
						111	55
"	"	P. McGregor*	Net proceeds.....			778	45
						890	

* When this account is closed, an account with P. McGregor is opened in the Ledger. It is Cr. "By P. McGregor's Consignment, \$778.45." Some accountants do not close such as this until the remittance is made.

(2) E. P. Rice's †

CHARGES.

1887							
Mar.	12	Bank of Commerce	Freight on 50 kegs Butter, 2,250 lbs., valued at \$292.50.....	7	50		
"	"	✓ Cash	Drayage.....	2	50		

† This account is filled only in part. The student is expected to do the rest himself. There will be two other accounts in the Commission Sales Book, viz: "(3) P. McGregor's Consignment B," and "(4) E. P. Rice's Consignment B."

SALES BOOK.

Consignment A.

SALES.

1887					
Mar.	8	✓	Cash.....\$390	Sold to R. Baxter 100 bbls. Flour	
"	"		P. H. Somers... 100	at \$4.90	490
"	11		Bills Rec'ble..... 200	Sold to A. H. Manning 80 bbls.	
			A. H. Manning†. 200	\$5. Rec'd in part payment, Barker's note as per B. B.	400
					890

† Journal entry: A. H. Manning, Dr. \$2.20. Int. and Dis., Cr. \$2.20.

Consignment A.

SALES.

SION

ARGES.

111 55

778 45

890

It is Cr.
s until the

ARGES.

0
0

There will
gnment B."

JOINT ACCOUNTS.

When two or more persons (or firms) unite in the purchase and sale of some particular article or articles, with a view to making a profit thereby, a *special partnership* is formed, and the goods are said to be bought and sold on **Joint Account**.

The partners do not carry on business under a firm title, as in the case of a general partnership, for the joint interest extends only to the transactions connected with the articles specified at the time the contract was made. It is usual to appoint one of the persons concerned as *Manager*, and to define his duties as such.

Whenever goods are purchased or otherwise provided for the joint speculation, it becomes the duty of the partner who supplied them to furnish each member with a copy of the invoice. On the disposal of the property, the manager will render an Account Sales to each.

"**Shipment Co.**" or "**Adventure Co.**" is a representative title under which the amount of *our interest* in goods or other property to be sold on joint account is placed.

"**Merchandise Co.**" is a title representing goods *received by us* to be sold on joint account.

SHIPMENT CO.'S.

Debit Shipment Co. for <i>our interest</i> in property shipped by us, or furnished by others, to be sold on our joint account and risk, and also for <i>our share of expenses</i> on the same.	||	Credit Shipment Co. for <i>our share of the net proceeds</i> when an Account Sales is received.
--	--	---

If at the time of closing the books, a part of the goods remains unsold, and if an account of partial sales has been received, Shipment Co. should be *credited* for our share of the proceeds, as well as for our interest in the property remaining unsold.

If no Account Sales has been rendered, Shipment Co. should be *credited* "*By Balance Inventory*" for the amount necessary to close the account.

Shipment Co.'s are closed either "To" or "By Loss and Gain."

Different Shipment Companies are distinguished by numbering them or by affixing letters of the alphabet, as: "Shipment Co., No. 1." "Shipment Co., No. 2." "Shipment Co., A." &c.

MERCHANDISE CO.'S.

Debit Mdse. Co. for <i>our interest</i> in the property received, and for <i>all the charges</i> on the whole shipment.	||	Credit Mdse. Co. for the <i>proceeds of sales</i> .
---	--	---

At the time of closing, Mdse. Co. will be debited for all *unposted* charges for the net proceeds due the shipper, and for *our share of the net*

gain (if any). When there is a loss, Mdse. Co. will be credited for *our share* of it.

When a remittance to cover shipper's net proceeds is made at the time of rendering the Account Sales, the account or accounts representing what is remitted should be credited, instead of the shipper.

If at the time of closing the books the property belonging to the Co. Sales should be but partially sold, Mdse. Co. would have to be credited "*By Balance Inventory*" for only our share of the goods on hand, the remainder being owned by the shipper or shippers.

With regard to the commission earned on Co. Sales partially disposed of, the method explained on page 88 should be adopted. Sometimes such amounts of commission are left out of consideration altogether at the time of closing the books. This may be done when these amounts are small, and it is not important to find the exact gain or loss for a particular term of business.

If no sales have been made, Mdse. Co. should be credited "*By Balance Inventory*" for the sum necessary to close the account.

At first sight it may seem a little strange to regard the charges for which we have debited the Mdse. Co. as a resource, but on reflection it will be seen that this is the proper view to take. Certainly, we have paid a portion of these charges for ourselves, thereby increasing the cost of our share of the goods. Is it, therefore, not reasonable to consider the goods belonging to the Co. Sales worth their total cost? If so, the position we take is the proper one; for the remainder of the charges we in reality pay for the other partners, who will practically refund to us the amount we have paid for them when a settlement is effected.

Different Merchandise Companies are usually distinguished by affixing letters of the alphabet, as "Mdse. Co., A," "Mdse. Co., B," &c.

TO FIND THE NET PROCEEDS.—From total sales deduct total charges, such as freight, storage, insurance, commission, &c., and the remainder will be the net proceeds of the business. This being done, the part belonging to each person is found by dividing the whole according to agreement.

TO FIND OUR NET GAIN.—From our net proceeds deduct our net cost, and the remainder will be our net gain. If our net proceeds are less than our net cost, the difference, will, of course, be a loss.

Company accounts are generally closed whenever the property belonging to them is disposed of.

EXAMPLES.

TRANSACTIONS.

JOURNAL ENTRIES.

1. D. S. Baker shipped to S. L. Mason, to be sold in joint account, 650 bbls. Apples, invoiced at \$1.80. The shipper took 300 bbls. from his own warehouse, and the rest he bought of Taylor, giving in payment Jones' check on the Molsons Bank. He paid shipping expenses \$30 with his sight draft on Cameron.

Baker's entry).			
Shipment Co.	Dr.....	600	
Mason	"	600	
	To Mdse.....		540
	" Cash		630
	" Cameron		30

2. Mason, on receiving the Apples, paid freight \$80, and drayage \$10, with cash.

(Mason's entry.)			
Mdse. Co.	Dr.....	690	
	To Baker		600
	" Cash		90

3. Mason sold the whole consignment (less 10 bbls. damaged) to Welsh & Co. at \$2.60, and received in part payment Miller's note for \$200, due in 3 months (discount 8% per annum), and Wilson's sight draft on Manning for \$150.

(Mason's entry.)			
Bills Receivable	Dr.....	200	
Cash	"	150	
Welsh & Co.	"	1318	
	To Mdse. Co.		1664
	" Int. and Dis....		4

4. Mason charged 2% for selling, 2c. per bbl. for storage, 1/2% for insurance, and rendered an Account Sales remitting Wilson's sight draft on Manning as above, and an order on Welsh & Co. to settle with Baker.

(Mason's entry.)			
Mdse Co.	Dr.....	974	
Baker	"	600	
	To Commission		33 28
	" Storage		13
	" Insurance		5 85
	" Cash		150
	" Welsh & Co.		1210 93
	" Loss and Gain....		160 94

5. Baker received the Account Sales and remittance.

(Baker's entry.)			
Cash	Dr.....	150	
Welsh & Co.	"	1210 93	
	To Shipment Co.		760 93
	" Mason		600

Account Sales of 650 bbls. Apples, sold on joint account of D. S. Baker and S. L. Mason, each one-half.

540
630
30

600
90

1664
4

33 28
13
5 85
150
1210 93
160 94

760 93
600

Sales.					
Sold to Welsh & Co. 640 bbls. (10 damaged) at					
.....\$2 60					1664
Charges.					
Freight and Drayage.....		90			
Storage.....		13			
Insurance.....		5	85		
Commission.....		33	28	142	13
Total net proceeds				1521	87
My $\frac{1}{2}$ net proceeds.....\$760 94					
Your $\frac{1}{2}$ net proceeds..... 760 93					
Remitted by sight draft on Manning and order on Welsh & Co. to cover net proceeds and close account.....\$1360 93					
E. & O. E.		S. L. MASON, Consignee.			
Clinton, June 9, 1887.					

In the following exercises, the student will give the partners' Journal entries and make out the Account Sales in each case. He will also write the correspondence required.

EXERCISE I.

1. Monroe shipped to Gilroy for sale on joint account, 1,200 bush. Wheat, invoiced at 90c., and paid shipping expenses with cash, \$30.
2. Gilroy on receipt of the Wheat paid freight, \$50, with his check, and drayage \$10, with cash.
3. Gilroy sold the whole shipment to Kerr & Co. for \$1,200, receiving in payment Brown's sight draft on Jones for \$500; McKay's acceptance due in 10 days for \$400; an order on Corbett for \$100; the balance to remain on account.
4. Gilroy charged 2% commission, \$10 storage, \$3 insurance, and rendered an Account Sales, remitting Brown's sight draft as above, and his own note at 20 days, to cover the amount due the shipper.

EXERCISE II.

1. A shipped goods, invoiced at \$1,250, to B, for sale on joint account and paid shipping expenses \$25, with his note.

2. B, on receipt of the goods, paid freight \$30, with cash and drayage \$6.50, with his check.
3. B sold the whole of the goods to C for \$1,440, and received in payment C's sight draft on D for \$600; E's acceptance for \$700 short due 10 days, and G's check for balance, \$—.
4. B rendered an Account Sales, charging 3% commission, \$3.50 for storage, and \$1.45 for insurance. He remitted a bank draft purchased with the amount required to settle in full with the shipper.

EXERCISE III.

1. Avery shipped to Black for sale on joint account 2,500 bbls. Apples, invoiced at \$1.20 per bbl. Paid cash, \$20, for loading.
2. Black, on receipt of the Apples, paid freight, \$160, with his check; he also paid drayage, \$20, with cash.
3. Black added to the joint sales 500 bbls., which he purchased from McLeod at \$1.10, giving in payment his sight draft on Murray for \$400 and his note at 10 days for the balance, \$—.
4. Black sold the whole of the Apples (less 10 bbls. which spoiled) to Mason at \$1.70. He received in payment Hilker's acceptance due in 15 days for \$800, Bruce's sight draft on McKay for \$400, and Mason's check for the balance, \$—.
5. Black charged 2c. per bbl. commission for buying and selling, \$30 for cooperage, \$10 for insurance, and \$20 for storage; and rendered an Account Sales, remitting to Avery, Bruce's sight draft as above in part payment of net proceeds.

EXERCISE IV.

1. A. Ruby shipped to Morris & Co., for sale on joint account, 2,500 bbls. Apples, at \$1 per bbl., paying shipping expenses \$175, with his check on the Merchants' Bank.
2. Morris & Co., on receipt of the Apples, paid \$15 drayage with cash.
3. Morris & Co. sold A. McGarva, from the consignment, 1,000 bbls. at \$1.25 per bbl., and received in payment their own note for \$400; McGarva's note for \$600; and a check on the Merchants' Bank for balance.
4. Ruby drew at sight on Morris & Co. for \$500.*
5. Morris & Co. sold W. H. Houston on acct., 800 bbls. at \$1.30, from the Co. Sales.
6. Morris & Co. sold H. J. Taylor 680 bbls. (the remaining 20 bbls. being useless), at \$1.40 per bbl., and received in payment his note at 30 days for \$300; an order on D. L. Brown for \$120, and cash for balance.
7. Morris & Co. charged 2½ cts. per bbl. storage, ¼% insurance (on invoice price), and 2% commission. They render an Account Sales remitting a draft on the Molsons Bank, purchased with the amount due A. Ruby.

*Ruby will credit Morris & Co., not Shipment Co. Morris & Co. will debit Ruby.

EXERCISE V.

— May 16, 1887.

- Student shipped to Murray & Cassidy to be sold on joint account 5,600 bush. Wheat, invoiced at 80c., which he purchased of Muir & Co., giving them in payment his note at 10 days for \$1,000, an order on S. K. Brown for \$500, and his check on the Bank of Montreal for balance. Student paid shipping expenses, \$40, with cash.
20. Murray & Cassidy, on receipt of the Wheat, paid freight, \$80, with check, and drayage, \$10, with cash.
 21. Murray & Cassidy added to the consignment 1,000 bush. Wheat, purchased of S. Taylor at 85c. They gave in payment a sight draft on Cameron & Campbell.
 23. Murray & Cassidy sold the whole consignment to Robert H. Carson, 6,000 bush. Wheat at \$1. They received in payment their own note for \$1,000, short due 73 days, at a discount of 6% per annum; a 90-day draft on Pallister & Co. for \$1,500, and a sight draft on Kellar & Co., for \$2,000; the balance to remain on account.
 25. Murray & Cassidy rendered an Account Sales, charging 3% commission for selling, 2% for buying, \$60 for storage, and \$10.50 for insurance. They remitted the foregoing sight draft on Kellar & Co., and a draft on the Molsans Bank for which they gave cash to settle in full with student.

CHAPTER VII.

PARTNERSHIP.

When two or more persons, by mutual consent, unite either the whole or a part of their property or services, for the purpose of performing a work, or carrying on a business, and agree to *share in the gains and losses*, a **partnership** is said to be formed.

No contract can properly be called a partnership unless there is *community of profit*.

A partnership may have for its object the prosecution of any *lawful* enterprise. The contract need not be in writing, as the acts of the parties concerned are taken as evidence of its existence. Although an oral agreement is quite legal, it is usually more satisfactory to have a written document giving full particulars.

Any person of sound mind and not under legal disability, may be a **partner**.

An **active partner** is one who has an interest in the business, and is *known to the public* as a partner.

A **silent or dormant partner** is one who has an interest in the business, but is *unknown to the public* as a partner.

A **nominal partner** is one who allows his name to be used for the benefit of the firm, *without having any pecuniary interest* in its business.

A **special partner** is one who is held liable for only a *specified amount*.

Generally speaking each member of a firm is responsible for the acts of the firm, or of any of its members, these acts being *within the scope* of the partnership.

It is, therefore, indispensable that the utmost *good faith* should be maintained between partners.

A partner cannot bind the firm by contracts clearly *out of the ordinary course* of business; but the firm is responsible for even the fraudulent acts of any of its members committed within the proper limits of the partnership.

When a new partner is admitted, he is under no obligation to pay any debts, or fulfil any contracts of the old firm (unless he agrees to assume them), as an entirely new partnership is formed.

Trading partnerships must be *registered* within the first six months of their existence. Changes of membership must also be registered.

A partnership may be **dissolved** as follows:—

- (a) By the *consent* of the partners.
- (b) By the *death* of one of the partners or by his becoming *legally incapacitated* for transacting business.
- (c) At the *expiration of the term* of the contract; or on the *completion of the work* undertaken.

(d) At the *request* of one of the partners when the time is indefinite.

(e) By the *bankruptcy* of a partner, or of the firm.

[NOTE.—There are other circumstances which might cause a dissolution, but the consideration of them would be beyond the limits of this work.]

All cases of dissolution, except those resulting from process of law, bankruptcy, or the death of a partner, should be registered. Due notice should be given in the local papers, and also to all parties who usually dealt with the firm.

In a partnership business it is necessary to keep an account in the Ledger with *each* partner.

PARTNERS' ACCOUNTS.

Debit each partner for his *liabilities assumed* by the firm at commencing, for his *withdrawals*, and for his *net loss* (if any) at the time of closing.

Credit each partner for his *investment*, and for his *net gain* (if any) at the time of closing.

When it is likely that several amounts may be withdrawn during a term of business, the best plan is to open a **private account** with each partner, debiting it for sums *taken out for private use* by him and crediting it for sums *invested*. These accounts will be closed into their respective Stock Accounts, before balancing the Ledger.

Before taking a new partner into a business the books should be closed so that the true state of affairs may be known to all parties concerned. Such a course will prevent any misconception in regard to the finances of the business, and thus save trouble when a settlement is to be made.

The newly admitted partner is credited with his investment, after which he becomes a sharer in the gains and losses as per contract.

PARTNERSHIP SETTLEMENTS.

By a partnership settlement is meant the equitable distribution of the effects of a firm at the end of a term of business, or at the time of dissolution.

When a partnership ceases, the books are usually left in the hands of one of the members of the late firm, until a proper adjustment of the proceeds is made. The books must be balanced and the losses or gains, being apportioned according to the terms of contract, must be transferred to the partners' accounts, respectively. A financial statement will be made and a copy of it given to each partner, so that he can make the proper entries in his own books.

In his own **private books**, each partner will hold the firm Dr. for the amount *placed to his credit* in the partnership books, and make the firm Cr. for all sums *received in payment* from it.

In the **partnership books** each partner's account is made Dr. for all values *paid to him* by the firm, while the accounts representing such values are made Cr.

When partners invest equal amounts and give their time and attention to the business, it is customary to divide the gains and losses equally.

When partners invest equally, but one of them manages the business, he should be allowed a fair salary for his work, the balance of the profits being shared according to investment.

If two parties, say, invest unequal amounts, the one contributing the smaller sum should pay the other interest on *one-half* the difference between the investments. This being done, the gains and losses should, in fairness, be shared equally.

EXERCISE I.

Three men, A, B and C, form a partnership, investing equal amounts. A receives \$1,000 and pays expenses, \$260; B receives \$360 and pays expenses, \$240; C receives \$1,200, and pays over to B, \$400. They have at the time of dissolution, mdse on hand, \$300, which B agrees to take. What payments must be made to effect a settlement?

EXERCISE II.*

—, April 18th, 1887.

Smith and Murray this day agree to carry on a partnership business, the gains and losses to be divided in proportion to investment.

Smith invests: Cash, \$700; mdse., \$1,300; A. Wilkin's draft for \$150 on S. A. Cooper, dated April 1, 1887, at 60 days; balance in favor of P. M. Campbell, \$30.

Murray invests: Cash, \$1,800; balance of John Kennedy's account, \$400.

May 2. Smith withdraws cash, \$50.

May 9. Murray withdraws cash, \$30.

May 31. The firm has cash on hand, \$1,600; merchandise in store, \$2,000; amount due on personal accounts, \$440; others' notes on hand, \$800; notes outstanding, \$143; the Expense Account is Dr. for \$140.

(a) Open the partners' accounts and make the entries in them.

(b) Find the loss or gain; divide it according to agreement and close the accounts.

(c) Explain the terms, *partnership*, *nominal partner*, and *silent partner*.

EXERCISE III.

—, June 6th, 1887.

A, B and C agree to do a partnership business as follows: A is to receive 2% of the sales as manager, and B 1% as clerk. A invests cash \$2,000; B, merchandise, \$1,500; and C a draft at 90 days on Macpherson & Co., for \$3,000, dated May 17, 1887, which is immediately discounted at the Merchants' Bank, at 5% per annum.

Proceeds placed to the credit of the firm, \$—

9. Deposited in the Merchants' Bank, cash, \$1,500.

* As the sums withdrawn are small, comparatively, the amount each has in the business before closing, may be regarded as his net investment.

10. Bought of D, 2,000 bush. Wheat at 90c. Gave in payment, check on the Bank.
21. Sold to E, \$1,500 bush. Wheat at \$1; 300 bbls. Flour at \$5. Received in payment his note at 30 days for \$1,500, and cash for the balance \$—.
24. Bought of D, 1,500 bush. Wheat at 84c.; 500 bush. Peas at 50c. Gave in payment E's note at a discount of 5% per annum for unexpired time. Paid the balance in cash.
27. Paid expenses with cash, \$80.
30. Sold out the entire stock of goods for cash, \$2,500.
 - (a) Open all the necessary accounts and make the proper entries in them.
 - (b) Make out a statement of Losses and Gains. Find the net gain of each.
 - (c) Close the accounts.
 - (d) What is necessary to constitute a partnership?
 - (e) Name five ways by which a partnership may be dissolved.

SET XL.—SIX-COLUMN JOURNAL.

A very convenient form of Journal Day Book is here introduced. By referring to pages 114 and 115, it will be seen that there are special columns for cash and merchandise debits and credits. The amounts placed in the *Sundries* column are posted *separately* every day, and the page of the ledger to which each is transferred, is placed opposite it in the column headed "L. F." At the end of the month the cash and merchandise columns are added, and the *totals* are carried to their respective accounts in the Ledger. The cash balance may be found every day if necessary, and the amount of it entered in red ink. The Ledger pages of the Cash and Merchandise accounts will be entered in the proper column, opposite the footings of the corresponding special columns.

In actual business it will be found advantageous to have a column for every account to which a considerable number of items belongs. For instance, if notes are handled extensively, there should be special columns for *Bills Receivable* and *Bills Payable*.

The *advantages* of the special column Journal are as follows:—

- (a) Much time is saved by posting totals instead of separate amounts.
- (b) The probability of making errors is reduced to a minimum.
- (c) The monthly footings of the special columns being shewn, comparisons can easily be made.
- (d) This book takes the place of the Day Book, Journal, Cash Book, Invoice Book and Sales Book. [It is always necessary to keep a Bill Book when many notes enter into the transactions of a business.]

SET XL.—**HARDWARE BUSINESS.**

* *Books used.*—Six Column Journal, Bill Book, and Ledger.

(TWO PARTNERS.)

— May 2nd, 1887.

(Student's name here) and L. M. Hay have this day entered into a co-partnership to carry on a Wholesale and Retail Hardware business on — Street, agreeing to share gains and losses according to investment. The business is to be conducted under the firm name of (Student's name here) & Hay.

(Student's name here) investment: Cash, \$1,000; A. B. Matheson's acceptance \$750 at 1 month, dated April 20; Wm. Mann owes on acct., \$200; David Marshall has to his credit \$14. Total, \$—.

L. M. Hay's investment: Cash, \$410; Merchandise, \$1,250; John Jamieson owes on acct., \$300. Total, \$—.

2. Bought of Thos. Campbell, mdse. as per invoice, \$600. Gave in payment an order on Wm. Mann for \$50, and cash for balance, \$—.
Paid in advance, two months' rent, \$60.

4. Deposited in the Merchants' Bank, cash, \$700. Sold M. Cameron for cash 1 doz. chest Locks at 25c. a piece; 2 doz. prs. chest H'dles at 20c. per pr., \$—.

5. Bought of Massey & Co., goods as per invoice, \$400. Gave check in payment.

Sold Jas. Lambert for cash, 2 doz. Royal Canadian Wringers at \$5; 500 gals. Machine Oil at 50c.; 4 doz. Hay Forks at 50c.; 3 doz. Spades, D. H'dle, at \$1.10; 4 doz. Steel Shovels at \$1. \$—
Deposited cash, \$481.60.

6. Sold Neil Cairns 4 gals Turpentine Varnish at \$1.50; 12 gals. Machine Oil at 60c.; 4 pkgs. White Lead at \$2; 100 lbs. Venetian Red at 5c. Received in payment a draft at 30 days on Wm. Malcolm, \$—.

7. Sold Robert Calder 1 Royal Canadian Wringer at \$5.50; 2 prs. Match Planes at \$1.50 per pr.; 1 carpenter's Mortise Gauge at \$1; 4 Scan. Padlock's at 50c., \$—.
Received in payment his order on W. Howson.

Shipped to F. McKay, St. Catharines, to be sold on our acct. and risk, goods invoiced at \$800. Paid shipping expenses on the same with check, \$50. Paid cash for stationery, \$2.50.

Sold Jas. Johnson, 2 doz. Spades, D. H'dle, at \$1.25 each; 2 doz. Shovels at \$1 each. Received in payment a check on the Bank of Montreal for \$40, and cash for balance.

Discounted A. B. Matheson's acceptance as per R. B. at the Bank, at the rate of 6%. Proceeds deposited, \$—.

Paid for stationery and postage, \$1.50.

* The pupil will understand that the invoices must either be pasted in a book for the purpose or properly filed, so that they may be referred to conveniently. A Check Book and Bank Pass Book must also be kept to shew the dealings with the Bank.

- 16. Received from John Jamieson on acct., an order on John Wilson for \$70; W. Barker's note at 2 months, dated May 1, 1887 for \$50; and his own note at 30 days for balance.
- 18. Paid cash for stationery, 50c.
- 20. F. McKay rendered an Account Sales of the goods shipped to him on the 8th inst. Net proceeds, \$900. He remitted a draft on Bank of Commerce, purchased with that amount.
- 23. Received from W. Mann, on account, his check on Bank of Hamilton \$100; W. Mill's acceptance of 30 days sight, dated May 11, 1887, for \$30.
- 25. Shipped F. B. Baker, Hamilton, to be sold on our account and risk, goods invoiced at \$600. Paid transportation charges with check, \$20.
- 27. Sold D. Marshall on account, 2 Jack Planes at \$1; 1 Try Plane at \$1.60; 3 Jointers at \$1.80; 6 Framing Chisels at \$1; 3 Hand Saws at \$1.50; 1 Rip Saw at \$2. 1 Plumb and Level at \$2; 3 Brick Trowels at \$1; 4 Plastering Trowels at \$1.25.
- 28. W. Howson paid his order received from R. Calder on the 7th inst., \$—.
- 30. Drew on F. B. Baker at 30 days for \$50.
- 31. Paid clerk's salary, \$30.

Inventory:

Mdse.—Goods unsold	\$472 40
Expense.—One month's rent paid in advance	30 00
Shipment to Baker.....	620 00

Birdie E. Wahr

July all

July 1887

November. 99"

As a new partner is to be taken into the concern, the books will be closed, and a statement shewing the condition of the business made out. This being done faithfully, there can be no dispute afterwards in regard to the standing of the partners at the time the new partnership is formed.

The pupil will see that it is absolutely necessary to close the loss and gain accounts, in order to give each member of the firm credit for his share of the net gain, or to debit him for his share of the net loss, as the case may be.

Although it is customary when admitting a partner, to close the resource and liability accounts, it is not indispensable that such should be done, for the simple reason that the closing of an account, shewing by the difference between its sides, a resource or liability, does not effect any important change, as the balance must be brought down on re-opening the account.

BALANCE SHEET.

(Student's surname) & Hay.

(Taken May 31, 1887.)

1887		Resources.		1887		Liabilities.	
		Li.	Cr.			Li.	Cr.
May	31	Cash on hand . . .	1137 67	May	31	(Student's name)	
		Mdse. (as per Inv.)	472 40			Net worth	2044 40
		Bills Receivable . .	336 20			L. M. Hay's Net	
		Bal. of deposit in				worth	2069 74
		Merchants' Bank	1460 37			Balance due F. B.	
		Personal accts. re-				Baker	50
		ceivable	107 50				
		Ship't to Baker					
		(Inv.)	620				
		Expense (Inv.) . . .	30				
			<u>4164 14</u>				<u>4164 14</u>
1887		Losses.		1887		Gains.	
May	31	Int. and Dis* . . .	2 36	May	31	Merchandise	235
		Expense	64 50			Ship't to McKay . .	50
			<u>66 86</u>				
		Net gain to credit	.				
		of (Student's	108 40				
		name)					
		Net gain to credit	109 74				
		of Hay					
			<u>285</u>				<u>285</u>

* This includes the Exchange. The student will open an Exchange Account for the month of June.

SET XI.—Continued.

June 1, 1887.—L. M. Hay and (^{Student's name here.}) have this day admitted H. P. Carey as a partner, to carry on a Wholesale and Retail Hardware business under the firm name of (^{Student's surname here.}), Hay & Co. H. P. Carey puts into the business, cash, \$2,500. They agree to share gains and losses in proportion to the capital invested.

1. Discounted Barker's acceptance, as per B. B., at 6% per annum. Proceeds received in cash, \$—.
2. Bought of Thos. Campbell, London, an invoice of goods amounting to \$365. Accepted his draft at 30 days for the same. Paid freight, \$14.50; drayage, \$2.
3. Deposited in Bank, cash, \$3,000 Sold Jas. Johnson on account, 1 Parlor Cook Stove, \$14; 1 Kitchen Stove, \$30. Bought of Beaty & Co., Toronto, goods as per invoice, \$720. Remitted a Bank draft for that amount, purchased with check.
4. Received from F. B. Baker, an Acct. Sales of the goods shipped to him on the 25th ult. Net proceeds, \$700. He remitted a draft on the Merchants' Bank (which we immediately deposited) for the sum, less $\frac{1}{2}\%$.
6. Received from J. Wilson, cash in full of account, \$—. Paid for advertising, \$5; postage and stationery, \$1.50.
7. Sold Neil Cairns for cash, 2 doz. Spades, D. H'dle, at \$1.50 each; 3 doz. Steel Shovels at \$1 each, \$—.
8. Sold W. Mann, 1 Circular Saw, \$90; 4 Rip Saws at \$2; 3 Framing Chisels at \$1. Received in full payment his check on the Molsons Bank, \$—.
9. Hay withdrew from the business, cash, \$69.74. Received from W. Malcolm, cash for his acceptance as per B. B., \$—.
11. Sold D. Marshall, on account, 3 Try Planes at \$1.60; 3 Hand Saws at \$1.50; 10 packages White lead at \$2; 10 gals. Machine Oil at 60c.; 5 gals. Turpentine Varnish at \$1.60. \$—.
13. Prepaid with cash my acceptance favor of Thos. Campbell. Rate 6%. Deposited cash, \$50.
17. Received from W. Mann, cash in full of account, \$—.
18. Bought of Bailey & Son, Toronto, an invoice of goods amounting to \$750, trade discount of 5% being allowed. Remitted a draft for the net cost, for which we issued a check. Paid freight, \$15; drayage, \$3.
20. Received from D. Marshall on account, cash, \$30. Paid for advertising, \$5. Sold Alex, Monroe on account, 1 doz. Mortise Locks, \$2; 20 lbs. Shingle Nails at 4c.; 100 Carriage Bolts at 2c.; 20 lbs. Putty, 4c. \$—.
22. Sold A. M. Mallory, on his acceptance at 60 days, 6 Hand Saws at \$1.60; 10 Steel Squares at \$1.50; 2 doz. Jet Knobs at \$5 per doz.; 2 doz. Oil Cans at \$4.20 per doz.; 15 packages White Lead at \$2. \$—.

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2044 40

2069 74

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4164 14

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th of June.

24. Received from Alex. Monroe in full of account, 2 cords Wood at \$2.80. Sold S. W. Cooper, 2 Scoop Shovels at \$1.50; 1 set Auger Bits, \$4; 1 Nickle-plated Brace, \$2.50. \$—. Received in payment an order on Thos. Murray, for which he immediately paid cash.
25. Discounted Mallory's acceptance as per B. B. Rate, 6%. Proceeds in cash, \$—.
27. (Student's name here.) withdrew from the business, cash, \$44.40. Sold H. P. Stanley for cash, 1 set Plated Knives and Forks, \$5.50; 4 Bronzed Metal Knobs at \$1; 4 Mortise Locks at 40c. \$—.
28. Loaned H. C. Corbett on his note at 10 days, \$60. Sold A. K. Simmons, 1 Cook Stove, \$10; 40 lengths Pipe at 20c.; $\frac{1}{2}$ doz. Tea Spoons at \$6 per dozen; 12 Milk Pans at 20c.; 5 Milk Pails at 40c. Received cash, \$20.
29. D. Marshall failed and made an assignment, his creditors being paid 60c. on the dollar. Received cash for our share, \$—.
30. The partnership being this day dissolved, it is agreed that the Student will carry on the business in his own name. He assumes all the effects and liabilities of the late firm, and has to pay the retiring partners their respective shares of available funds, the balance to be paid in 3 months.

Inventory.

Goods on hand..... \$1,968.85

REMARKS ON THE BALANCE SHEET.*

A Balance Sheet, being a summary of the facts contained in a dealer's books, arranged in such a manner as to show at a glance the state of his business, must exhibit the following:—

1. *The Ledger Titles.*

These should be given in full when it is convenient to do so. When there is a considerable number of Personal Accounts they may be divided into "Personal Accounts Receivable," and "Personal Accounts Payable," in order to save space.

2. *The Ledger Folios.*3. *The Dr. and Cr. footings of each account or group as explained in (1).*4. *The Inventory.*5. *The Losses and Gains.*6. *The Proprietor's (or partners') net Capital.*7. *The Resources and Liabilities.*

The student will close the Loss and Gain accounts and make out a Balance Sheet of the following form:—

* The student must not confound "Balance Sheet" and "Trial Balance." A Trial Balance is used merely to test the correctness of the Ledger.

As the partnership has been dissolved, it is necessary for the book-keeper to close the accounts that shew *losses* or *gains*, and carry each partner's share of the net gain, or net loss, as the case may be, to his account. This being done, a Balance Sheet like that on page 116, will be given to each partner, so that he can make therefrom the proper entries in his own books. Although the form referred to is not so elaborate as might be drawn up, it contains all that is required to give a satisfactory view of the finances of the concern.

The student will, according to agreement, pay each of the retiring partners, his share of the available funds, that is, the cash on hand, and the sum deposited in the Merchants' Bank.

As the student now uses the books formerly kept by the firm, he will regard the partners' accounts as ordinary personal accounts, debiting them whenever payments are made, and crediting the account or accounts representing the value parted with.

At the expiration of the three months, the accounts of the retiring partners will be debited for enough to close them, full payment being then made.

JOINT-STOCK COMPANY.

A Joint-Stock Company is a corporation legally authorized to carry on a business or perform a work, such being within the limits prescribed by law. The capital of the company is divided into shares, and the individuals composing it are, therefore, called shareholders. The profits are divided in proportion to the number of shares held. All the business of the corporation is transacted by a Board of Directors, whose qualifications and powers are defined by the Act.

In an ordinary partnership, each member is liable to the full extent of his means for the liabilities of the firm; but in a joint-stock company, each shareholder is liable only for the amount of his unpaid capital. This explains the meaning of the term: "Limited," which is added to the names of companies, as for example, "The Copp, Clark Co. (Limited)."

CHAPTER VIII.

SINGLE ENTRY.

When books are kept by Single Entry, only *personal accounts* appear in the Ledger. It is obvious, therefore, that the "book of accounts" will not furnish any information regarding cash, notes, &c., only in so far as the transactions affect accounts kept with other persons.

THE DAY BOOK.

This book contains entries of all transactions which affect **personal accounts** and no others. When a dealer gives a person value, without receiving equal value *at the time*, he should make the person *Dr.* When a dealer gets value from a person without giving equal value *at the time*, he should make the person *Cr.*

The form shown on page 124 will be found very convenient: it may also be used to test the correctness of the posting. There are two money columns, the one to the left receiving the debits, and the other the credits, arising out of our dealings with persons on account. As every amount in the *Dr.* column must be placed to the *Dr.* side of the Ledger, and every amount in the *Cr.* column must be placed to the *Cr.* side, the difference between the totals of the Day Book must be equal to the difference between the sides of the Ledger.

If these do not agree the posting has not been done correctly, and the error or errors must be discovered before further progress is made.

THE CASH BOOK.

This book is fully described on page 57. As there are many cash transactions for which there is no Day Book record (that is, which do not affect personal accounts), it is absolutely necessary to keep a Cash Book. It should be tested at the close of each day's business, and balanced *formally* at least once a week. The difference between its sides should agree with the amount of cash in hand, as found by counting.*

Sometimes it is necessary to enter a transaction in both the Cash Book and the Day Book. This is the case when cash is received or paid *on account*, as all entries affecting personal accounts must appear in the Day Book, in order that they may find their way into the Ledger.

When cash is received or paid *on a note*, an entry must be made in both the Cash Book and Bill Book.

THE BILL BOOK.

In this book are entered the particulars of all notes, drafts, &c., belonging to the business. See page 58. By means of the Bill Book the amount of *other's notes on hand*, as well as that of *our notes outstanding*, can easily be determined.

* In Set I, the cash deposited in the bank is regarded as cash on hand, and must, therefore, be taken into consideration.

When a note is received or given *on account*, an entry of it must be made in both the Day Book and the Bill Book. Why?

THE INVENTORY BOOK.

This book is used to record the quantities, prices, &c., of *goods remaining unsold* at the end of a term of business.

At least once a year every prudent business man makes an estimate of the goods on hand and enters the particulars of them in a book for the purpose, called the Inventory Book. Great care should be taken to give the unsold goods the proper value, because if this were not done, the consequence would be the defeat of the ultimate object in view, viz., to know the true state of affairs.

EXPLANATIONS.

By taking the results obtained from the *Ledger, Cash Book, Bill Book, and Inventory Book*, a full Statement of Resources and Liabilities can be made. If the resources are greater than the liabilities, the difference represents the **Net Worth**. If, on the other hand, the liabilities are greater than the resources, the difference represents the **Net Insolvency**.

No Statement of Losses and Gains can be made, but the *Net Gain or Net Loss* may be ascertained, by finding the difference between the capital at *commencing* and the capital at *closing*.

It is evident, therefore, that Double Entry is the more complete of the two systems. While it furnishes information in regard to *resources and liabilities*, it shews in addition to this, how *gains and losses accrue*.

In some kinds of business it may be desirable to keep other books than those mentioned, such as Invoice Book, Sales Book, Check Book, &c.

SET I.—GROCERY AND PROVISION BUSINESS.

—, June 1, 1887.

- (Pupil's name here.) has this day commenced the Grocery business, investing as follows: Cash in safe, \$1,150; cash in the Standard Bank, \$600; Goods in store, \$150. Chas. Wheeler owes on his note dated May 2, 1887, at 30 days, \$64; J. W. Thompson owes on acct., \$50; H. J. Clark owes on acct., \$75.
2. Bought of Jamieson & Co., on my note at 10 days, Goods as per invoice No. 1, amounting to \$200. Cash sales, \$34.50.
 3. Sold H. C. Thomas, 100 lbs. Gran. Sugar at 9c.; 20 lbs. Y. H. Tea at 60c.; 30 lbs. Currants at 6c.; 12 lbs. Starch at 8c.; 110 lbs. Oatmeal at 6c.; 30 lbs. Butter at 18c., \$—. Received in part payment, cash, \$10, the balance to remain on account, \$—. Deposited in the Standard Bank, \$1000.* Paid Cooper & Smith, per check, \$20 for repairs. Cash sales, \$32.30.

* It is not necessary to make any entry of this. The Bank Book will show the amounts deposited and the Check Book the balance to our credit at the bank. See page 135. When a check is issued, the amount will be placed in the Cr. column of the C. B.

4. J. W. Thompson paid on account \$30, with an order on H. J. Clark, which Mr. Clark immediately pays with cash. Sold A. M. Rattenbury on his note at 10 days, 40 lbs. Almonds at 25c.; 2 lbs. Cloves at 60c.; 25 lbs. Pulv. Sugar at 12c.; 10 lbs. Blk. Pepper at 30c.; 5 bars Soap at 25c.; 25 lbs. Java Coffee at 40c.; 40 lbs. Val. Raisins at 14c., \$—. Chas. Wheeler remitted a draft on the Merchants' Bank in payment of his note as per B. B., \$—. Paid cash for Coal Oil for use of store, \$3.50. Bought of C. A. Davis on acct., a Writing Desk for office, \$10. Cash sales, \$20.
6. Deposited in the Standard Bank, cash, \$100. Bought of Taylor & Son, Goods as per invoice No. 2, amounting to \$340. Gave in payment my check. Sold H. C. Thomas on acct., 30 lbs. Black Tea at 60c.; 120 lbs. Sugar at 10c.; 10 lbs. Starch at 12½c.; 4 lbs. Nutmegs at 75c.; 50 lbs. Rice at 5c.; 25 lbs. Cheese at 16c., \$—. Cash sales, \$30.
7. Paid cash for Advertising, \$10; for Fuel, \$2.50. Deposited in the Standard Bank, \$100. Withdrew from the business, cash, \$29. Cash sales, \$29.60.
8. Bought of Alex. Stewart, Goods as per invoice No. 3, amounting to \$400. Gave in payment my check for \$200, and my note at 20 days for balance, \$—. Cash sales, 21.80.
9. Sold Lachlan MacLean, 60 lbs. Cheese at 15c.; 45 lbs. Currants at 10c.; 2 doz. bars Soap at \$1.50 per doz.; 15 lbs. Japan Tea at 80c.; 12 lbs. Y. H. Tea at 75c.; 2 Hams (60 lbs.), at 15c.; 3 lbs. Cloves at 60c.; 10 lbs. Pot Barley at 5c.; 25 lbs. Butter at 16c.; 30 lbs. Gran. Sugar at 9c.; 50 lbs. Brown Sugar at 7c. Received in payment his check for \$20 and his note at 2 months for balance, \$—. Cash sales, \$12.50.
10. Paid C. A. Davis on acct., cash \$10. Received from H. C. Thomas on acct., an order on A. S. Murdoch, for \$30. Paid cash for Stationery and Postage, \$1.60. Cash sales, \$21.40.
11. Bought of James Cameron, Goods, as per invoice No. 4, amounting to \$160. Gave in payment my check for \$100, the balance to remain on acct. Sold W. H. Miller on acct., 30 lbs. Butter at 18c.; 12 lbs. Sugar at 9c., \$—. Cash sales, \$25.
13. Paid James Cameron's order favor of S. D. Hahn, in goods, \$25. W. H. Miller gave on acct. 2 cords Wood at \$1.75, \$—. Cash sales, \$25.50.
14. Deposited in the Standard Bank, \$120. Paid for drayage, cash, \$3.40. Cash sales, \$37.20.
15. Bought of James Cameron, Goods as per invoice No. 5, amounting to \$240. Settled with him in full per check, —. Cash sales, \$29.10.

Inventory.

Mdse. unsold	\$1,055 56
Office Desk	9

DAY BOOK.—SET I.

—, June 1st, 1887.

Dr. Cr.

(Pupil's name here) has this day commenced the Grocery and Provision business.

(Pupil's name) Cr.....

By the following investment :

Cash in safe,	\$1150	
“ in Standard Bank,	600	
Misc. on hand,	150	
Chas. Wheeler's note as per B. B.	64	
J. W. Thompson on a/c.,	50	
H. J. Clark on a/c.,	75	2089

*J. W. Thompson Dr.....
To Balance from old a/c..... 50

H. J. Clark Dr.....
To Balance from old a/c..... 75

H. C. Thomas Dr.....
To 100 lbs. Gran. Sugar @ 9c., \$9
“ 20 “ Y. H. Tea @ 60c., 12
“ 30 “ Currants @ 6c., 1 80
“ 12 “ Starch @ 8c., 96
“ 110 “ Oatmeal @ 6c., 6 60
“ 30 “ Butter @ 18c., 5 40
35 76

Cr. ———
By Cash, in part payment..... 10

J. W. Thompson Cr.....
By Cash on a/c..... 30

C. A. Davis Cr.....
By Writing Desk for Office..... 10

H. C. Thomas Dr.....
To 30 lbs. Blk. Tea at 60c., \$18
“ 120 “ Sugar @ 10c., 12
“ 10 “ Starch @ 12½c., 1 25
“ 4 “ Nutmegs @ 75c., 3
“ 50 “ Rice @ 5c., 2 50
“ 25 “ Cheese @ 16c., 4 00
40 75

Amounts forward..... 201 51 2139

* This name appears in the first entry. Why has it to be repeated here.

June 7, 1887.

Dr. Cr.

		Dr.	Cr.
Amounts brought forward		201 51	2139
(Pupil's name)	Dr.....		
	To Cash Withdrawn.....	29	
	9		
<i>C. A. Davis</i>	Dr.....		
	To Cash on a/c.....	10	
	"		
<i>A. S. Murdoch</i>	Dr.....		
	To H. C. Thomas' Order on him	30	
	"		
<i>H. C. Thomas</i>	Cr.....		
	By an order on A. S. Murdoch.....		30
	11		
<i>Jas. Cameron</i>	Cr.....		
	By Mdse. as per Invoice No. 4		160
	Dr.....		
	To Check, part payment	100	
	"		
<i>W. H. Miller</i>	Dr.....		
	To 30 lbs. Butter @ 18c.,	5 40	
	" 12 " Sugar @ 9c.,	1 08	
	13	6 48	
<i>Jas. Cameron</i>	Dr.....		
	To payment of his order in mdse.	25	
	"		
<i>W. H. Miller</i>	Cr.....		
	By 2 cords Wood @ 1.75		3 50
	"		
<i>Jas. Cameron</i>	Cr.....		
	By Mdse. as per Invoice No. 5		240
	Dr.....		
	To Cash. Check on a/c.....	275	
		676 99	2572 50

DT

DT

CASH BOOK—SET I.

1887.		Cash.	Dr.	Cr.	
June	1	To amount in Safe.....	1150		
"	"	" " Bank.....	600		
"	2	" Mdse. Sales this day.....	34	50	
"	3	" H. C. Thomas, on a/c.....	10		
"	"	By Cooper & Smith, for repairs (check).....			20
"	"	To Mdse. Sales this day.....	32	30	
"	4	" J. W. Thompson, on a/c.....	30		
"	"	" Chas. Wheeler's note as per B. B.	64		
"	"	By Expense. Coal Oil for store.....			3 50
"	"	To Mdse. Sales this day.....	20		
"	6	By " Bought of Taylor & Son (check).....			340
"	"	To " Sales this day.....	30		
"	"	By Balance.....			1607 30
			<u>1970</u>	<u>80</u>	<u>1970</u> <u>80</u>
June	6	To Balance brought down.....	1607	30	
"	7	By Expense. Fuel, \$2.50; Advertising, \$10... (Pupil's name.) Amount withdrawn.....			12 50
"	"	To Mdse. Sales this day.....	29	60	29
"	8	By " Bought of Alex. Stewart (check).....			200
"	"	To " Sales this day.....	21	80	
"	9	" " Sold L. MacLean.....	20		
"	"	" " Sales this day.....	12	50	
"	10	By C. A. Davis, on a/c.....			10
"	"	" Expense. Postage and Stationery.....			1 60
"	"	To Mdse. Sales this day.....	21	40	
"	11	" " ".....	25		
"	"	By Jas. Cameron on a/c (check).....			100
"	13	To Mdse. Sales this day.....	25	50	
"	"	By Balance.....			1410
			<u>1763</u>	<u>10</u>	<u>1763</u> <u>10</u>
June	13	To Balance brought down.....	1410		
"	14	By Expense. Drayage.....			3 40
"	"	To Mdse. Sales this day.....	37	20	
"	15	By Jas. Cameron on a/c (check).....			275
"	"	To Mdse. Sales this day.....	29	10	
"	"	By Balance.....			1197 90
			<u>1476</u>	<u>30</u>	<u>1476</u> <u>30</u>

INDEX TO LEDGER.*

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B	L
C	M
<i>Clark, H. J.</i> 129	<i>Murdoch, A. S.</i> 130
<i>Cameron, Jas.</i> 130	<i>Miller, W. H.</i> 130
D	N
<i>Davis, C. A.</i> 129	
E	O
F	P
G	Q
H	R
I	S, T
	<i>Thompson, J. W.</i> 129
	<i>Thomas, H. C.</i> 129
J	U, V, W

* See page 30.

LEDGER — SET I.

Dr.

(Pupil's name.)

Cr.

1887				1887			
June	7	To Cash.....	29	June	1	By Sundries.....	2089
"	15	" Balance*.....	2100	"	15	" Gain*.....	40
			<u>2129</u>				<u>2129</u>

H. J. Clark.

1887				1887			
June	1	To Balance.....	75	June	15	By Balance*.....	75
			<u>75</u>				<u>75</u>

J. W. Thompson.

1887				1887			
June	1	To (Pupil).....	50	June	3	By Cash.....	30
			<u>50</u>	"	15	" Balance*.....	20
							<u>50</u>

H. C. Thomas.

1887				1887			
June	3	To Mdse.....	35 76	June	3	By Cash.....	10
"	6	" ".....	40 75	"	10	" A.S. Murdoch	30
			<u>76 51</u>	"	15	" Balance*.....	36 51
							<u>76 51</u>

C. A. Davis.

1887				1887			
June	10	To Cash.....	10	June	4	By Expense.....	10
			<u>10</u>				<u>10</u>

Dr. *A. S. Murdoch.* *Cr.*

1887				1887			
June 10	To H. C. Thomas	30		June 15	By Balance*....	30	
		<u>30</u>				<u>30</u>	

Jas. Cameron.

1887				1887			
June 11	To Cash.....	100		June 11	By Mdse.....	160	
" 13	" ".....	25		" 15	" ".....	240	
" 15	" ".....	275					
		<u>400</u>				<u>400</u>	

W. H. Miller.

1887				1887			
June 11	To Mdse.....	6	48	June 13	By Expense.....	3	50
				June 15	" Balance*....	2	98
		<u>6</u>	<u>48</u>			<u>6</u>	<u>48</u>

Ledger Balances.

PERSONAL DEBTORS.		PERSONAL CREDITORS.	
H. J. Clark.....	75	Pupil's Balance.....	2060
J. W. Thompson.....	20		
H. C. Thomas.....	36		
A. S. Murdoch.....	30		
W. H. Miller.....	2		
	98		
<i>Total Debits.....</i>	<i>164</i>		
<i>Excess of Credits from Day Book.....</i>	<i>1895</i>		
	<i>51</i>		
<i>Proof of Posting.....</i>	<i>2060</i>	<i>Total Credits.....</i>	<i>2060</i>

* Red ink.

indexed
 indexed

Resources and Liabilities.

RESOURCES.		LIABILITIES.	
<i>Accts. Receivable</i>	164 49	<i>Bills Payable</i>	400
<i>Bills Receivable</i>	73 05	<i>Pupil's Net Capital</i>	2100
<i>Mdse. (Bal. Inv'y)</i>	1055 56		
<i>Cash</i>	1197 90		
<i>Office Desk</i>	9		
	2500 00		2500

Statement of Loss and Gain.

<i>Pupil's Net Capital</i>	2100
" " <i>Investment</i>	2060
<i>Pupil's Net Gain</i>	40

In writing up the second part of Set I., the pupil will adopt the method exemplified. He will make out the proper statements at the close. The accounts in the Ledger must be indexed.

SET I.—Continued.

- June 17, 1887,—Sold J. W. Thompson on account, 20 lbs. Black Tea at 60c.; 55 lbs. Ham at 15c.; 100 lbs. Oatmeal at 6c.; 5 lbs. Starch at 10c.; $\frac{1}{2}$ lb. Nutmegs at 70c.; 20 lbs. Cheese at 15c.; 15 lbs. Raisins at 10c. \$— Paid for advertising, \$3.70. Cash sales, \$29.60.
18. Deposited in the Standard Bank, \$120. H. J. Clark paid on account, cash, \$20. Sold Robert Cummings on his note at 10 days, 5 lbs. Tobacco at 60c.; 25 lbs. Tea at 50c.; 100 lbs. Granulated Sugar at 10c.; 50 lbs. Brown Sugar at 8c.; 3 lbs. Raisins at 10c. \$—. Cash sales, \$25.70.
20. A. S. Murdoch paid his order received on the 10th inst. with cash, \$30. W. H. Miller paid the balance of his account with wood at \$1.75 per cord. \$—. Cash sales, \$19.80.
21. Bought of Mason & Co. goods, as per Invoice No. 6, amounting to \$130. Gave in part payment my note at 2 months for \$50. Paid per check my note favor of Jamieson & Co., and interest for the time overdue at 8%. Face of note, \$200. Interest, 26c. Cash sales, \$30.25.
22. Deposited in the bank, \$50. Received cash in full payment of A.M. Rattenbury's note as per B. B. Cash sales, \$21.90.
23. Paid for a safe for office per check, \$120. Paid Mason & Co.'s order for \$50 in goods. Cash sales, \$25.70.

24. Sold A. C. Morrison on account, 3 lbs. Tea at 50c. ; 24 packages Salmon at 15c. ; 30 lbs. Granulated Sugar at 10c. \$—. Cash sales, \$22.80.
25. Received from H. C. Thomas on account, his check for \$20. Deposited in bank, \$50. Paid James C. Andrews for repairs, cash, \$3.50. Cash sales, \$41.75.
27. Sold A. H. Hardman, 40 lbs. Tea at 50c. ; 90 lbs. Brown Sugar at 7c. ; 12½ lbs. Ginger at 40c. ; 60 lbs. Ham at 14c. ; 40 lbs. Breakfast Bacon at 13c. ; 30 packages Canned Salmon at 15c. ; 25 packages Canned Mackerel at 13c. ; 100 lbs. Oatmeal at 5c. ; 12 jars Canned Fruit at 20c. ; 20 bars Soap at 10c. ; 2 boxes Matches at 25c. \$—. Received in part payment his check for \$50.
28. Received from H. J. Clark an order on S. W. Hall for \$40, which Mr. Hall immediately paid with cash. A. C. Morrison paid on acct., cash \$5. Cash sales, \$30.35.
29. Deposited in bank, \$100. J. W. Thompson gave me his note at 30 days to close his account, \$—. Cash sales, \$28.70.
30. Paid clerk's hire, \$20 ; freight, \$16.40, and drayage, \$10 per check. Cash sales, \$36.90.

Inventories June 30.

Goods unsold, valued at	\$712
Safe	120
Office Furniture	9

Result.—Net Capital, \$2,065.10 ; Net Loss, \$46.90.

EXERCISE I.

- March 1, 1887.—Invested in business, cash \$200.
2. Bought of J. McHardy for cash, goods invoiced at \$120.
 3. Sold Thos. Smith on account, 5 bbls. Flour at \$5.
 4. Paid cash for advertising, \$1.40.
 5. Sold A. Brownlee for cash, 40 bush. Wheat at 80c.
 7. Sold Thos. Smith on account, 20 bush. Barley at 45c.
 8. Bought of A. Hilker on account, 10 bbls. Flour at \$4.50.
 9. Thos Smith paid on account, cash \$10.
 10. Gave A. Hilker on account, cash \$20, and my note at 10 days for balance, \$—.
 11. Paid clerk's salary with cash, \$10.
Goods on hand valued at \$112.60.
 - (a) Transfer to the proper books as in Set I.
 - (b) Prove the correctness of the Posting.
 - (c) Make out a Statement of Resources and Liabilities.

EXERCISE II.

- April 1, 1887.—Commenced business with cash on hand, \$200 ; indse. in store, \$300 ; Wm. Jones' note drawn Feb. 1, at 60 days, for \$50. I owe John Barkwell on account, \$30.

412
20
25

2. Sold Wm. Young for cash, 10 lbs. Tea at 70c. ; 30 lbs. Gran. Sugar at 9c. Deposited in the Merchants' Bank, \$150. Paid cash for Repairs, \$4.50 ; Fuel, \$3.
4. Sold H. Corbett on his note at 10 days, 40 lbs. Raisins at 10c. ; 30 lbs. Tea at 60c. ; 20 lbs. Rice at 4c.
5. Gave John Barkwell on account, my check for \$20. Received from Wm. Jones, his check in full payment of his note due this day.
6. Sold my entire stock of goods to A. Burchill for \$290. Received in payment, cash \$100, Monroe's check for \$50, and Burchill's note at 3 mos. for the balance. \$—. Paid clerk's salary with my check, \$10.
- (a) Make the proper entries of the transactions.
- (b) Prove the correctness of Posting.
- (c) Make out a Statement of Resources and Liabilities and close the accounts.
- (d) Find the loss or gain.
- (e) Shew the imperfections of Single Entry Book-keeping, by referring to the work of this exercise.

EXERCISE III.

April 11, 1887,—Commenced business with a cash capital of \$1,000. Deposited in bank, \$600.

12. Bought of S. W. Taylor for cash, goods, as per Invoice, \$300. Paid cash for Fuel, \$5 ; for Coal Oil, \$1.30.
13. Sold S. H. Mann on account, 12 lbs. Tea at 50c. ; 13 lbs. Raisins at 11c. ; 2 lbs. Ginger at 40c. ; 2 gallons Vinegar at 40c. \$—.
14. Sold Thos. Murray, 50 lbs. Tea at 45c. Received in payment, cash, \$10, and his note at 15 days for the balance. \$—.
15. S. H. Mann paid on account, cash, \$5. Gave C. D. Spooner my note at 5 days for repairing store, \$20.
16. Lost a \$5 bill.
19. Sold S. H. Mann on account, 3 bars Soap at 10c. ; 14 gallons Maple Syrup at \$1.20 ; 40 bushels Potatoes at 40c. \$—.
22. Paid boy's wages with my check, \$5.50.
23. Paid my note in favor of C. D. Spooner with cash, \$—.
- Goods on hand valued at \$267.17.

- (a) Enter the transactions into the proper books.
- (b) Make out a statement and close.
- (c) Write the note received from Thos. Murray, and the one given to C. D. Spooner.
- (d) How does a dealer find the value of the goods on hand? How often is this usually done in actual business?
- (e) What is meant by balancing the Cash Book?
- (f) Why cannot the gain or loss on merchandise be found by Single Entry? Explain fully.

ges Sal-
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for \$50.

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20/1
25

SET II.—SINGLE ENTRY.

Books used.—Day Book, Cash Book, Bill Book, and Ledger.

RECORD OF TRANSACTIONS—SET II.

—, March 1, 1887.

- Commenced business with the following resources: Cash on hand, \$1,000; mdse. in store, \$800; N. Clarke's note of \$600 at 4 mos., dated Jan. 10, 1887. Geo. Leeds owes me on account, \$80. (The pupil must give himself credit in the Day Book for the amount he invests. An entry will be made in the Cash Book and also in the Bill Book.)
3. Sold L. S. Keith, on account, 100 yds. Flannel at 50c.; 24 Silk Neckties at 60c.; 7 yds. Tweed at \$1.20.
 5. Bought of M. Mathers on account, an invoice of goods amounting to \$130. (Why is it not necessary to give the items here?)
 7. Sold Geo. Leeds, 40 yds. Silk at \$1.10; 30 yds. Cotton at 10c. Received in part payment, cash, \$20. (Enter in the D. B. and C. B.)
 8. Paid cash for Repairs, \$5; Coal Oil, \$1. (Enter in the C. B. Why not in the D. B.?)
 10. Deposited in the Molsons Bank, cash, \$800. (If a Bank Account is kept, what entry? Shew why an account with a bank may be regarded as a personal account.)
 12. Sold R. Cameron on his note at 10 days, 14 yds. Broadcloth at \$1.75; 8 yds. Farmer's Satin at 55c.; 2 doz. Collars at \$2.50. (Enter in the B. B. Why not in the D. B. or C. B.?)
 14. Paid for Advertising, with cash, \$2.50.
 15. Received from Geo. Leeds on account, cash \$50.
 17. Bought of C. Turnbull on my note at 30 days, an Invoice of goods amounting to \$125.50.
 19. Received from L. S. Keith, his check in full of account, \$—. Deposited in the Molsons Bank, \$180.
 21. Sold D. M. Malloch 24 yds. Scotch Tweed at \$1.40; 65 yds. Sheetting at 14c.; 30 yds. Red Flannel at 35c.; 12 yds. Irish Linen at 40c. Received in part payment his note at 30 days for \$20. (Enter in the D. B. and B. B. Why?)
 24. Paid cash for Wood, \$3.60; Express charges, \$1.25.
 26. Received from Geo. Leeds an order for \$40 on S. W. Dawson, which by his request is passed to his account. (Geo. Leeds gives us value; therefore he must be credited. S. W. Dawson assumes a debt; therefore he must be debited.)
 30. Paid clerk's salary with my check on the Molsons Bank, \$25.
Goods on hand valued at \$893.80.
- Result.—Net worth at closing, \$2,491.65; Net Gain, \$11.65.

TO CHANGE FROM SINGLE TO DOUBLE ENTRY.

In order to understand clearly how to change from Single to Double Entry, and *vice versa*, the pupil must fully comprehend the real difference between the two systems, viz., that only *personal* accounts are kept in a Single Entry Ledger, while accounts with *persons* and *things* are kept in a Double Entry Ledger. By the one system we regard persons as our debtors and creditors; by the other persons and things. The pupil will then see that in order to change from Single to Double Entry it is necessary to open a new account for every *resource* and *liability*, excepting those connected with personal accounts, these being already represented. The *balances* will be entered into the new accounts, and the *net gain* transferred to the proprietor's account, after which, if the work is correct, the Ledger will be in equilibrium.

It is customary to close the Ledger, but is not really important to do so, as the balances can all be found without closing the books. Of course they will be closed, if a new set of books is to be used after the change.

The pupil will now take all the balances from the statements on pages 130 and 131, and work the second part of Set I. by Double Entry. As he has already done it by Single Entry, he will thus see clearly the difference between the two systems.

The new accounts to be opened in this particular case are *Cash*, *Mdse.*, *Bills Receivable*, *Bills Payable*, and *Expense*.

In Set I. the cash deposited in the bank is regarded as cash on hand. As all deposits are placed by the bank officials to the credit of the depositor in the Bank Pass Book, and as the counterfoil of the last check issued shows the balance deposited, it is unnecessary labor to keep a bank account in the Ledger.

Some book-keepers make use of a Cash Book having on the Cr. side a column for *deposits*, and on the Dr. side one for the amounts of checks issued. The difference between these will of course, shew the balance to the credit of the dealer at the bank, provided the checks have all been presented and honored.

TO CHANGE FROM DOUBLE TO SINGLE ENTRY.

To change a set of books from Double to Single Entry, complete the posting and close all the accounts, excepting those kept with *persons*. If the books are closed at the time of making the change, re-open only the personal accounts. The balance of cash on hand will be carried to the Cash Book, and that of others' notes on hand, as well as of our notes outstanding, will be entered into the Bill Book.

CHAPTER IX.

BANKING.

When a person wishes to open an account with a bank, he must furnish satisfactory evidence of his honesty and trustiness in regard to business transactions. This being done, he will be required to sign his name in the proper book. The object of doing so is to enable the bank officials to test any doubtful signatures that may be attached to checks or other paper presented for payment.

Deposit Slips.—These, as well as all other necessary blanks, are furnished by the bank. The person making a deposit will fill the slip as indicated by its form, and hand it along with the money or other value deposited to the Teller. If found correct it will be initialed and passed to the Ledger-keeper, who will place the amount appearing on it to the credit of the depositor.

Bank Pass Book.—When a deposit is made the amount of it is entered into this book. At the end of every month the Pass Book should be handed over to the bank to be balanced. No entry is made in it by anyone but the proper bank official, as it is the depositor's voucher for all values given to the bank.

When a person does not wish to open an account with a bank, but deposits a sum merely for safe-keeping, he may draw a check for the amount, payable to himself, and get the banker to mark it "good." The bank is responsible for the payment of an accepted check on it. If the money is to be deposited for a considerable length of time, a certificate of deposit should be taken for it.

Check Book.—This book contains forms of checks to be filled out as they are needed. The particulars should be entered on the stub before the check itself is written. Care must be taken to enter the amounts so that no changes can be made in them. The balance deposited should always appear on the stub, as this will save trouble when making out checks. When the one who issues a check wishes it to be evidence of payment made to the person in whose favor it is drawn, it should be made payable to the *order* of such person, as he will have to indorse* the check before the bank will cash it.

If a check, on being presented within a reasonable time, is dishonored by the bank, it should be returned to the drawer, as no payment is made owing to it.

If a check is not presented for payment within a reasonable time after being received, and if it is rendered valueless on account of such neglect, the holder must bear the loss.

*The indorsement should be on the back—written *crosswise*. The *left-hand* side of the face is generally regarded as the *top* of the back.

In making payments with checks, it is often well to get them certified.

If payment to a person at a distance is made by check, it must be drawn so as to cover the debt and a commission of $\frac{1}{4}\%$ (banks usually charge $\frac{1}{4}\%$ for cashing checks issued by other banks). Bank drafts are largely used for making remittances. A draft for \$200 or less, generally costs 25c. and one for a sum greater than \$200, $\frac{1}{8}\%$ of its face value. If there is not a branch of the bank which issued the draft in the place where it is to be presented for payment, an allowance should be made for the commission, which will be charged by the bank cashing it.

A note discounted at a bank and returned, on account of non-payment, to the one who discounted it, should be paid at once by him,

When a person hands notes over to a bank for collection, and does not wish them to be protested in case they are not paid at maturity, he should pin to each a slip of paper bearing the following, "No Protest. Take this off before presenting." By doing this the owner may get the notes back without paying protest charges.

PRIVATE LEDGER.

The use that is made of this book is so easily understood, that it was not considered necessary to give an example of it in the former part of this work. It is simply a part of what commonly constitutes the General Ledger, and usually contains the Stock account, the Loss and Gain account, and the Merchandise account. It is employed by business men in order to avoid the inconvenience of needlessly exposing their affairs. No more work is entailed, as the accounts kept therein, although in a separate book, are treated in exactly the same way as if they were kept in the General Ledger.

PETTY CASH BOOK.

Into this book are entered small sums of cash received or paid out. At close of each day it is balanced, and the amount representing the difference between the sides is transferred to the main Cash Book. The chief object in keeping this book is to save space in the Cash Book.

PETTY LEDGER.

When persons, who are not likely to do much business, purchase on credit, it is found convenient to open accounts with them in this book. Care must be taken not to open two accounts—one in the Petty Ledger and one in the main Ledger—with any person, as such is likely to cause confusion. To avoid this, the indexing must be properly attended to.

SUNDRY DEBTORS ACCOUNT.

This is an account kept by some in which to enter transactions with persons who are likely to purchase but little. The object is to save space in the Ledger. If such persons buy on credit oftener than once, an account

should be opened with them in the regular way, and their account in the Sundry Debtors Account should be closed into the new one. If this were always adhered to, much trouble might be avoided.

HOW TO DEAL WITH BAD DEBTS.

There are various ways of dealing with bad debts. Some carry them into what is called the "Suspended List," leaving the accounts open.* The method that seems most satisfactory is to open a Bad Debts Account and charge it with all amounts which cannot be collected. Close this account into Loss and Gain. The advantage of this method is that the sum written off each time the books are closed is shewn clearly. When any of these amounts are collected, it will be necessary to hold whatever is received Dr. and make Loss and Gain Cr. If, however, any of these amounts are received while the Bad Debts account is *open*, credit must be given to it instead of to Loss and Gain. Any amounts collected and credited to Loss and Gain may be entered with red ink in small figures opposite the sum expressing the whole amount of bad debts when the account was closed. By doing this the actual amount lost in this way for any particular year can be seen at a glance, and the confusion of mixing the bad debts of one year with those of another is completely avoided.

CROSS ENTRIES.

Cross entries are made in order to correct errors. To shew the use of such entries, it may be best to consider a few examples.

Suppose that you gave L. Mason your check for \$100 on account and that you made the entry: †

<i>L. Mason</i>	<i>Dr</i>	\$100	
	<i>To Cash</i>		\$100

This would be corrected by the cross entry:

<i>Cash</i>	<i>Dr</i>	\$100	
	<i>To Bank</i>		\$100

It is easily seen that this produces the same final result as the proper entry, viz.:

<i>L. Mason</i>	<i>Dr</i>	\$100	
	<i>To Bank</i>		\$100

Cash was incorrectly credited, therefore it must be debited.

(2) Suppose L. M. Hespeler paid on account his sight draft on J. Smith for \$50, which Smith honors by giving his check, and that you made the entry:

* In order to avoid embarrassment, if a person, whose account is not considered good, should wish to see it in the Ledger, the closing entry may be "By Balance," with a private mark attached, to indicate that the amount is transferred to the Bad Debts account, and not considered a resource.

† It is presumed here that a bank account is kept in the Ledger.

Cash *Dr.*.....\$50
 To J. Smith \$50

You would correct thus :

J. Smith *Dr.*.....\$50
 To L. M. Heapeler . . . \$50

To correct an error it is sometimes necessary to make several entries of this kind, but in all cases the following rule will prove applicable :

Debit any account or accounts that have been *wrongly credited*, or that ought to have been *debited*, and credit any account or accounts that have been *wrongly debited*, or that ought to have been *credited*.

TRANSFERRING ACCOUNTS FROM AN OLD LEDGER TO A NEW ONE.

When a Ledger becomes filled, and when, in consequence, it becomes necessary to transfer the accounts therefrom to a new one, the following course may be adopted :—

1. Mark the old one "Ledger A" and the new one "Ledger B."
2. Close the first account in Ledger A, "To" or "By Balance to Ledger B," making the entry in red ink.

Open a new account in Ledger B, having the same heading as the one just closed, and make the entry "By" or "To Balance from Ledger A," in black ink.

[The closing entry in the old Ledger will, of course, be made on the smaller side of the account, and the entry in the new Ledger on the other.]

4. Index the account as soon as opened, and indicate in each Ledger the page of the other on which it appears.
5. Treat all the accounts in a similar manner.

Before proceeding to close the accounts, the equilibrium of the old Ledger must be tested. The new Ledger will be in balance when all the transfer entries are made in it.

MANUFACTURING.

When a person manufactures all the goods which he handles, he should charge Merchandise account with the total cost of them, and credit it for the proceeds of sales. If it is desirable to keep a Material account, Labor account, &c., these will be closed into the Merchandise Account before balancing the books.

In many businesses, only a part of the goods is of home manufacture. In such a case, if the dealer wishes to know his gain or loss in the articles that he manufactures, he will open in addition to the Merchandise account* one having the heading "Manufacturing," and conduct it as already indicated.

* Here the Merchandise account represents only the goods purchased.

PLANT ACCOUNT.

The term "Plant" in mercantile phraseology represents all implements, machinery, &c., which are used in producing the article or articles manufactured. The Plant account is held Dr. for the first cost of the plant, and Loss and Gain is held Dr. for subsequent amounts written off owing to depreciation in value.

MARKING GOODS.

When goods are received, the invoice should be checked and "marked."

A slip shewing the following should be attached to each package, &c.

- (a) The initials of the name of the person or firm from whom purchased.
- (b) The date of the invoice.
- (c) The quantity.
- (d) The cost in private characters.
- (e) The selling price in plain figures or private characters.

Any combination of ten or eleven different letters as, "Republican," "Importance," &c., will be found suitable for private marking. Suppose the word "Nourishable" is selected, the first ten letters taken in order representing the numerals 1, 2, 3, 4, 5, 6, 7, 8, 9, 0, respectively. The last letter may be used as a repeater. For example, an article costing \$1.44, would be marked *n r e*, and one costing \$6.90, *s b l*. The pupil will understand this better by writing the word (or phrase) and the corresponding figures thus:

n o u r i s h a b l e
1 2 3 4 5 6 7 8 9 0 repeater.

Marks which are purely arbitrary are often employed. Special characters should be chosen to denote fractions, such as $\frac{1}{2}$, $\frac{1}{3}$, $\frac{1}{4}$, &c.

By referring to the slip marked as described above, it will be seen at once for what time any article has been in stock—a very important matter.

BOOKS AS EVIDENCE IN COURT.

When a debtor disputes the claim made by a creditor, for which there is no other evidence than the entries in the books of the latter, the following must be proved before payment can be enforced:

- (a) By *whom* the entries were made.
- (b) That the books produced are kept by *him*.
- (c) That he is a *trustworthy* accountant.
- (d) That *some* of the articles charged were delivered.

[NOTE.—Books of *original entry*, and no others, are admitted as evidence in courts of law].

BRANCH HOUSES.

When goods are bought for a branch house, it should be debited for their cost, and credit should be given to the persons from whom the goods were purchased, or to whatever represents the value paid for them. The invoices of such goods should be marked with red ink, so that they will not be charged to the Merchandise account like the others.

When a branch house gets goods from the store, it should be debited for the cost of them, and the Merchandise account credited. When it returns goods, it should be credited and Merchandise debited.

If at the end of a term of business a branch house reports a net gain, it will be debited for the amount and Loss and Gain credited; but if it reports a net loss, it will be credited and Loss and Gain debited.

A branch house should open an account with the principal house, giving it credit for all values received from it at the time of commencing, as well as for values subsequently received, and debiting it for all amounts remitted. At the close of a term of business, this account should be debited for the net Loss or credited for the net Gain, as the case may be.

As branch houses do not, generally speaking, pay for their own goods, but hand over their bills for settlement to the principal house, they must credit it for purchases instead of the parties from whom the goods were bought.

PARTIAL PAYMENTS.*

By **Partial Payments** we mean the payment of a debt by *portions* at different times.

In the case of a note, or other written obligation, the amount and date of each payment is usually written on the back of it. Such acknowledgments appearing on notes, &c., are termed *indorsements*.

Receipts are sometimes given when such payments are made.

The following method is the one adopted by business men for computing interest when a debt is paid by parts. (This method should be adhered to as it is recognized by the courts of law.)

(a) *Reckon the interest on the principal from the commencement to the time of the first payment.*

(b) *If the payment is greater than the interest accrued, deduct the surplus from the principal, and regard the remainder as the new principal, proceeding as before.*

(c) † *If the payment is less than the interest due, the interest will be reckoned on the principal as if no payment had been made, until such time*

* As this subject and the one following it are dealt with in the text-books on Arithmetic, it is deemed unnecessary to discuss them fully here. The student will work out carefully the exercises on them in the books referred to.

† If the student will look into the matter he will see that it would be very unfair to increase the principal, as the debtor would be paying more interest than if he retained the amount paid in his own possession.

as the payments taken together are equal to, or greater than, the accrued interest. The surplus will then be deducted from the principal and the remainder regarded as the new principal.

By examining carefully the foregoing, the student can deduce:

- (1) That payment must first be applied to the discharge of the interest.
- (2) That a new principal cannot exceed a previous one.
- (3) That a debtor who pays an amount less than the interest due, gets nothing for the use of his money until the sum of the payments is sufficiently large to cover the interest and give a surplus to be applied to the payment of the debt itself.

EXAMPLE.

PORT ELGIN, July 4, 1887.

\$500.

Fifteen months after date, I promise to pay W. P. Spalding, or order, Five Hundred Dollars, for value received, with interest at 6%.

WM. SWEETMAN.

On this note are the following indorsements:

Received Sept. 15, 1887, \$50.	Received Apr. 21, 1888, \$100.
Received Feb. 10, 1888, \$10.	Received July 3, 1888, \$70.

How much will pay the note on the 30th Oct., 1888.

SOLUTION.

1st Principal	\$500
Int. on \$500 from July 4, 1887, to Sept. 15, 1887	6
	506
Amount	506
1st Payment	50
	456
2nd Principal	456
Int. on \$456 from Sept. 15, 1887, to Feb. 10, 1888, \$11.00, which exceeds the payment.	
Int. on \$456 from Sept. 15, 1887, to Apr. 21, 1888	16 42
	472 42
Amount	472 42
2nd and 3rd Payments	110
	362 42
3rd Principal	362 42
Int. on \$362.42 from Apr. 21, 1888, to July 3, 1888	4 35
	366 77
Amount	366 77
4th Payment	70
	296 77
4th Principal	296 77
Int. on \$296.77 from July 3, 1888, to Oct. 30, 1888	5 81
	302 58
Amount	302 58

Therefore, \$302.58 is the sum that will discharge the debt on the 30th Oct., 1888.

AVERAGING ACCOUNTS.

To average an account is to find the time at which several debts due at different dates may be paid in one amount without loss of interest to either debtor or creditor.

The time found by averaging is termed the **Equated Time**.

There are several methods of finding the equated time in use; but they are all based upon the assumption that the interest of the sum paid *before it becomes due* is equivalent to the interest of an equal sum withheld for the same length of time *after it becomes due*.

The student who has a knowledge of the principles underlying the methods of computing the true present worth of a sum due at some future date will readily see that the foregoing assumption is not mathematically correct; in actual business, however, it is found very convenient to adopt it as a basis, the resulting error being so small as to offer no serious objection.

SIMPLE AVERAGE.

Simple Average is the process of finding the equated time when an account consists of only debits or credits.

The following method of averaging an account is the one commonly used:—

(a) *Select as the fixed date the earliest on which an amount falls due.*

[Any date may be taken to count from, but the earliest or latest is chosen for the sake of convenience.]

(b) *Find the time between the fixed date and that upon which each amount is payable, and multiply it by the number expressing such time.*

(c) *Divide the sum of the products by the total amount of the debt and the quotient will give the number of days between the fixed date and equated time.*

EXAMPLE.

ROBERT CURRY, Esq,

To JAMES SHIELDS, Dr.

1887.		To	Misc			
Jan.	17	"	"	.....	100	
"	31	"	"	.....	50	
Feb.	22	"	"	.....	150	
Mar.	18	"	"	.....	260	

Find the equated time.

OPERATION.

Take Jan. 17 as the first date.

From Jan. 17 to Jan. 31, there are 14 days.
 " " " to Feb. 22, " " 36 "
 " " " to Mar. 18, " " 60 "

$$\begin{array}{r} 100 \times 0 = \\ 50 \times 14 = 700 \\ 150 \times 36 = 5400 \\ 260 \times 60 = 15600 \\ \hline 560 \qquad) 21700 (38\frac{1}{2} * \end{array}$$

Therefore the whole amount may be paid 39 days from Jan. 17; that is, on the 25th Feb.

COMPOUND AVERAGE.

Compound average is the process of finding the time when the balance of an account consisting of debits and credits should be paid. Various methods of finding the equated time for the payment of the balance of an account are employed. The following one is simple and practical:—

(a) Find the EQUATED TIME for EACH SIDE of the account separately.

(b) Multiply the amount due on that side of the account which falls due FIRST, by the number of days between the dates of the equated time, and divide the product by the balance of the account; the quotient will give the number of days between the LATER DATE and the equated time required.

(c) If the smaller side falls due FIRST, count FORWARD from the LATER DATE; if the large side falls due FIRST, count BACKWARD.

EXAMPLE.

Dr.				Robert Fullerton.				Cr.			
1887								1887			
Jan.	3	To Mdse	100	Feb.	17	By Cash	60				
Feb.	28	" "	50	Mar.	15	" "	70				

OPERATION.

$$\begin{array}{r} 100 \times 00 \\ 50 \times 56 = 2800 \\ \hline 150 \qquad) 2800 (19 \\ 19 \text{ ds. from Jan. 3 gives Jan. 22 as the} \\ \text{equated time for the Dr. side.} \end{array}$$

$$\begin{array}{r} 60 \times 00 \\ 70 \times 26 = 1820 \\ \hline 130 \qquad) 1820 (14 \\ 14 \text{ ds. from Feb. 17 gives Mar. 3 as} \\ \text{the equated time for the Cr. side.} \end{array}$$

* In such a case, if the fraction is less than $\frac{1}{2}$ it is not counted; if greater, it is taken as unity.

$$\begin{aligned} 150 \times 40 &= 6000 \\ \text{Balance} &= 20 \\ \text{and } \frac{1}{100} &= 300 \end{aligned}$$

Therefore the equated time is found by counting 300 days *backward* from Mar. 3, as the larger side falls due first. Equated time, May 7, 1886.

CHAPTER X.

CORRESPONDENCE.*

Now-a-days in almost any position in life it is considered a very desirable accomplishment to be able to communicate thought to others in clear, forcible, and elegant language. For the person leading a commercial life, it is certainly a most important qualification to possess the ability to write a good business letter. No doubt it takes considerable time and study to acquire proficiency in letter-writing; indeed, nothing short of a good general education will enable one under all circumstances to give expression to his ideas in the most suitable terms. Although this is the case, it is not to be inferred that a person who has had but a limited training cannot become fairly good at correspondence; in fact, he may excel in certain departments of it by giving these special attention.

A **Letter** is a written communication addressed by the person signing it to some other person. It should consist of the following parts:—1, Date; 2, Address; 3, Salutation; 4, Body; 5, Subscription; 6, Superscription.

The **Date** indicates the place and time of writing. It should appear on the right-hand side, and at least one inch from the top of the page. In the case of a note of invitation it is customary to place the date at the bottom and to the left.

The **Address** is the name of the person (or firm) to whom the communication is sent together with that of his residence or place of business. In letters of friendship the address is sometimes placed at the bottom and to the left, but in business letters it is usually placed a little below the date and to the left, beginning at the margin.

The **Salutation** consists of the introductory words of courtesy which precede the body of the letter, and which are placed to the left usually beginning at the margin.

The **Body** of a letter consists of the sentences or paragraphs which express what the writer wishes to communicate. It generally begins on the line below the salutation, and some distance from the margin. There should be a paragraph for every subject introduced, the first line of which should begin from half an inch to an inch to the right of the margin.

* Forms of letters are also given in the chapters on Précis-writing and Indexing.

The **Subscription** consists of the complimentary words placed at the bottom of a letter, and the signature of the writer, all of which should be towards the right.

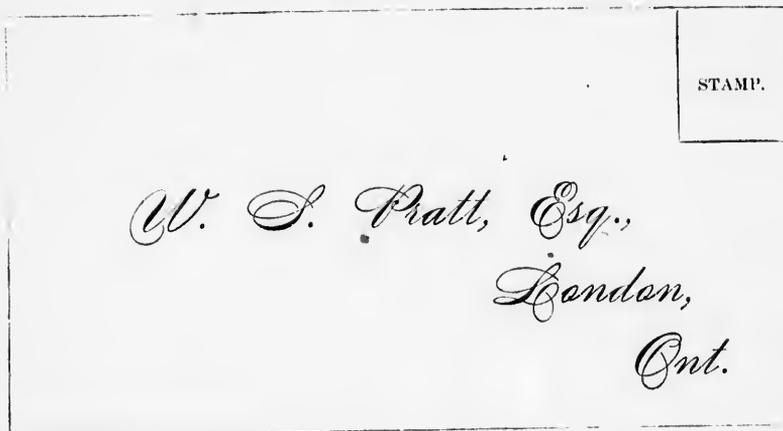
The **Superscription** is the full address of the person to whom the communication is sent, written on the envelope. See below.

Letters are so varied in their character that it is impossible to lay down rules applicable in all cases. The following, however, may prove helpful :

- (a) Write *neatly* and *plainly*.
- (b) Be careful in regard to *spelling*, *punctuation*, and the *arrangement* of the different parts.
- (c) Use as *few words* as possible (especially in a business letter) to make clear the meaning.
- (d) Avoid *slang* phrases and *ungrammatical expressions*.
- (e) *Read* the letter and, if necessary, *take a copy* of it before enclosing it in the envelope.
- (f) See that the envelope is *properly directed* and *stamped*. (See diagram below.)
- (g) Avoid *postscripts* as far as possible.
- (h) *Reply promptly* to a communication.
- (i) Never seal a letter of *introduction*.
- (j) Letters containing important information given *confidentially* should be marked "*Private*," on both the upper left hand corner of the envelope, and of the first page of the letter.
- (k) In replying to an advertisement, mention the name and the number of the paper in which it appeared.

In the exercises of this chapter the pupil will, as far as he can, avoid using the same language as that found in the forms given, so that each communication he writes may afford some practice in composition.

Diagram Shewing Superscription.



Letter of Introduction.

MESSRS. IVISON & PRATT,

CLINTON, May 11, 1887.

Toronto, Ont.

GENTLEMEN,—

Permit me to introduce to you my friend, Mr. A. S. Taylor, an enterprising and successful merchant of this town, who goes to your city tomorrow to purchase goods. I shall be happy to acknowledge as a favor to myself any assistance that you may be able to give him.

Yours respectfully,

JOHN CAMERON.

In addition to the ordinary superscription place the expression, "*Introducing A. S. Taylor, Esq., Clinton,*" near the bottom of the envelope and to the left.

Never introduce one unworthy of confidence.

Do not accept a letter of introduction from an unreliable person.

Do not introduce parties unless the acquaintance thus formed is likely to be agreeable, or advantageous to both.

Letter of Introduction Incurring Liability.

MESSRS. IVISON & PRATT,

CLINTON, May 11, 1887.

Toronto, Ont.

GENTLEMEN,—

Allow me to introduce the bearer, Mr. A. S. Taylor, a merchant of this town. You may consider me responsible for goods that he may buy from you, to the amount of five hundred dollars.

Yours respectfully,

JOHN CAMERON.

Such letters as the foregoing, involving pecuniary interests, should be given only to responsible parties. Great care should be exercised in this.

EXERCISE I.

On the 30th of June, 1887, A. S. Taylor failed. Resources, \$7,000; Liabilities, \$9,000. Ivison & Pratt's account against him is \$900. Write their letter to John Cameron.

Requesting to have an Account Opened and Ordering Goods.

MESSRS. SALLOWS & Co.,

WOODSTOCK, June 10, 1887.

Montreal, P. Q.

GENTLEMEN,—

Having opened a boot and shoe store in this town, I desire to open an account with you.

For information in regard to my standing financially, I beg leave to refer you to D. C. McMurchy of your city.

If you decide favorably, please forward immediately by express—

120 prs. Men's Buff Bals.,
100 " " Gaiters.
120 " Women's French Kid Bals.

Yours truly,
JAMES DOTY.

Reply to the Foregoing.

MONTREAL, June 14, 1887.

MR. JAMES DOTY,
Woodstock, Ont.

DEAR SIR,—

Yours of the 10th instant at hand, for which favor please accept our thanks.

Having referred to Mr. McMurchy as to your standing, &c., we take pleasure in placing your name on our list of customers.

Enclosed you will find Invoice of Goods shipped this morning, as per your order.

Very respectfully,
SALLOW & CO.

EXERCISE II.

Write a letter from Sallows & Co. to Doty, refusing to send him goods on credit, and assigning reasons.

Order for Goods.

PORT ELGIN, May 12, 1887.

MESSRS. GILROY & JOHNSON,
Hamilton, Ont.

GENTLEMEN,—

Please forward by express the following goods:

2 Half Chests Oolong Tea,
3 Bags Rio Coffee.

Draw on us at 30 days' sight, and oblige,

Yours truly,
KENNEDY & MCKAY.

In filling out an order care must be taken to write plainly and give all the distinguishing marks, &c. Inattention to this is often followed by serious inconvenience.

Reply to the foregoing.

MESSRS. KENNEDY & MCKAY,
Port Elgin, Ont.

HAMILTON, May 14, 1887.

GENTLEMEN,—

Enclosed please find Invoice and Bill of Lading of Goods shipped to you this day, as per your order of the 12th inst., which goods we hope will prove satisfactory.

At your request we send draft at 30 days' sight. Please accept the same and remit at your earliest convenience. Soliciting your further orders, we remain,

Yours truly,

GILROY & JOHNSON.

As soon as convenient after the receipt of goods, they should be examined to see whether they agree with the invoice or not. If found correct the invoice should be "marked" and the proper entries made in the books. If not, the house supplying the goods should be notified of the error at once. See page 48.

EXERCISE III.

Write a letter to your employer asking for an increase of salary, stating reasons.

Letter Acknowledging Receipt of Goods.

MESSRS. FRASER & MUNRO,
Montreal, Que.

OTTAWA, Sept. 16, 1887.

GENTLEMEN,—

Yours of the 14th inst., advising me of shipment of goods, came to hand yesterday.

The goods have arrived to-day in excellent condition, and I am well satisfied with them.

Yours respectfully,

G. M. BATES.

Letter Complaining of an Error in a Bill.

A. S. LAWRENCE,
Hamilton, Ont.

OWEN SOUND, Jan. 22, 1887.

DEAR SIR,—

In your bill of the 15th inst., I am charged with 2 Bags Rio Coffee, which I neither ordered nor received. Kindly make the necessary correction and return the bill, which I enclose herewith.

Very truly yours,

EDWARD GRAHAM.

EXERCISE IV.

Write Lawrence's reply and also Graham's acknowledgment of the correction made.

Letter Enclosing Payment for Goods.

BROCKVILLE, Aug. 8, 1887.

MESSRS. PRATT & Co.,
Oshawa, Ont,

GENTLEMEN,—

Enclosed find a draft for \$130, the amount of your bill of the 5th inst. Please receipt the bill which I send herewith, and return it to

Yours &c.,
A. ROBINSON.

Payments should be made on the very day agreed upon. If that is not possible, a communication explaining the matter must be sent promptly to the creditor. Thoroughly trained business men "never put off till to-morrow what should be done to-day."

Letter Enclosing a Remittance.

WINNIPEG, May 12, 1887.

JOHN FISHER, Esq.,
Emerson, Man.

DEAR SIR,—

Herewith I send a draft on Harrison & Wilson, of your town, for \$35.40, to close my account. Please send a receipt in full of all demands to date, and oblige,

Your obedient servant,
ALEX. ROSS.

Letter Requesting a Remittance.

ST. CATHARINES, June 1, 1887.

GEORGE C. LEEDS, Esq.,
Grimsby, Ont.

DEAR SIR,—

We desire to call your attention to the enclosed statement of account shewing a balance in our favor of \$140.50.

By remitting the amount at your earliest possible convenience, you will oblige,

Yours respectfully,
PHELPS & ORR.

EXERCISE V.

Write Leeds' reply if he finds that the statement does not agree with his own books.

Reply.

MESSRS. PHELPS & ORR,
St. Catharines, Ont.

GRIMSBY, June 3, 1887.

GENTLEMEN,—

Yours of the 1st inst. requesting a settlement of account, to hand. I am sorry that I cannot remit before the 10th inst. If you will not press the matter until that date, you will greatly oblige.

Yours truly,
GEO. C. LEEDS.

EXERCISE VI.

1. Write a letter to Wm. Taylor, Hamilton, requesting a statement of account.
2. Write Taylor's reply enclosing statement.
3. Write a letter to Wm. Taylor enclosing a draft for the amount due him.
4. Write Taylor's acknowledgment of the remittance.

Requesting Payment.

JOSEPH EMERSON, Esq.,
Southampton, Ont.

OWEN SOUND, May 20, 1887.

DEAR SIR,—

As we have several large payments to make on the first day of June, we are reluctantly compelled to ask you to settle your account (as per enclosed statement) in the meantime. By attending to the matter you will greatly oblige,

Yours respectfully,
ADAMSON & CO.

To neglect replying at once to a letter like the foregoing is almost sure to lead to unpleasantness.

Urgently Requesting Payment.

JOSEPH EMERSON, Esq.,
Southampton, Ont.

OWEN SOUND, June 2, 1887.

DEAR SIR,—

Permit us to call your attention to our letter of the 20th ult., asking you to settle your account, which is long past due.

By remitting immediately you will save costs, and oblige,

Yours, &c.,
ADAMSON & CO.

Notice of Draft.

CLINTON, MAY 24, 1887.

MESSRS. TAYLOR & Co.,
St. Catharines, Ont.

GENTLEMEN,—

We have this day drawn on you in favor of A. S. Embury at 30 days' sight, for \$120. Please honor and oblige,

Yours very truly,
MANNING & SCOTT.

Notice of a Dishonored Note.

GALT, July 11, 1887.

H. C. CAMERON, Esq.,
Paris, Ont.

DEAR SIR,—

Having presented for payment, James Callan's note for \$100, indorsed by you, he stated he could not pay it. I shall, therefore, reluctantly be obliged to look to you for payment. By attending to the matter immediately you will oblige,

Yours respectfully,
J. P. KEOWEN.

Application for a Situation as Book-keeper.

CLINTON, June 17, 1887.

J. C. RICHARDSON, Esq.,
Walkerton, Ont.

DEAR SIR,—

In reply to your advertisement in the *Globe* of to-day, for a book-keeper, I beg leave to offer you my services.

Just after taking a thorough course at the Clinton High School four years ago, in commercial work, I became assistant book-keeper for Miller & Gregory of this town, continuing in their employ ever since. Please find enclosed their testimonial as to my character, ability, &c.

If I am successful in this application, I shall enter upon my duties determined to discharge them faithfully.

Your obedient servant,
L. M. HAY.

Application for a Situation as Teacher

PAISLEY, May 12, 1887

JAS. H. SCOTT, Esq.,
 Sec. P. S. B.,
 Summerside, Ont.

DEAR SIR,—

In reply to your advertisement in the *Daily Mail* of to-day. I hereby respectfully offer myself as a candidate for the vacancy in your school.

I hold a First-Class Professional Teacher's Certificate (Grade C), and I have five years' experience, as is shewn by the enclosed testimonials, to which I beg leave to refer you.

Should I be honored with the appointment, I shall take charge with both the determination and confidence that my services will prove satisfactory to all concerned.

I have the honor to be,

Your obedient servant,

PETER CRAMWELL.

EXERCISE VII.

Write a letter to the headmaster of the school you have been attending, requesting him to give you a recommendation.

Recommending a Teacher.

MILLBANK, June 15, 1887.

TO WHOM IT MAY CONCERN,—

This certifies that Mr. C. H. Cann taught as principal of the public school here for four years, and that during that time he proved himself an earnest, painstaking, and successful teacher.

Mr. Cann is a gentleman whose character is above reproach, and he is thoroughly devoted to his profession. I have therefore much pleasure in recommending him as a first-class teacher, who will always have the moral as well as the mental interests of his pupils at heart.

J. S. SIMPSON,

Chairman P. S. B.

Millbank, Ont.

Calling a Business Meeting.

KINCARDINE, June 23, 1887.

JAMES MILLER, Esq.,

DEAR SIR,—

There will be a special meeting of the High School Board held in the Council Chamber, at 8 o'clock to-night. You are respectfully requested to attend.

Yours truly,

A. M. SHIELDS,

Sec. H. S. B.

Note of Invitation.

Miss Maggie McGregor requests the pleasure of Mr. William Young's company next Tuesday evening at eight o'clock.

28 Welland Ave., June 9.

Answer (Accepting).

Mr. William Young presents his compliments to Miss Maggie McGregor, and accepts with pleasure her kind invitation for next Tuesday evening.

204 St. Paul St., June 10.

Answer (Declining).

Mr. William Young presents his compliments to Miss Maggie McGregor, and deeply regrets that, owing to a previous engagement, he cannot accept her kind invitation for next Tuesday evening.

204 St. Paul St., June 10.

EXERCISE VIII.

Write a note of invitation to a birthday party.
Give a reply accepting the invitation, and one declining it.

EXERCISE IX.

Arnoldus Thomas is a dry goods merchant in the town of Walkerton. Write for him a circular to his customers announcing the arrival of his spring goods.

EXERCISE X.

Answer one of the following advertisements :

"WANTED.—A young girl as saleswoman and assistant book-keeper in a millinery establishment. Address, giving testimonials and full particulars as to age, education, experience, &c., Mrs. H. A. MacLean, Eskdale, Ont."

"WANTED.—In a law office, a boy about 15 years of age, who is a fair penman. Applications, stating particulars, to be addressed to Robinson & Sou, Walkerton."

EXERCISE XI.

Write a letter to a friend in Winnipeg, telling him that you have some notion of locating there, and stating the amount of capital you wish to invest, the line of business you propose to pursue, &c. Ask him for such information as may help you to decide upon what to do.

EXERCISE XII.

Write an advertisement under the heading, "Store to Rent"

EXERCISE XIII.

B. A. Young, of Manchester, telegraphs to Muir & Co., of Toronto, requesting them to send at once, by express, 80 packages Canned Salmon, and to draw on him at ten days. Write the telegram, which must not consist of more than ten words.

EXERCISE XIV.

You have sold your farm for \$5,000, receiving in payment \$2,000 cash, and a mortgage bearing interest at 6% for \$3,000. Write a telegram not exceeding ten words, to Lachlan MacLean, Gresham, informing him of all the particulars.

EXERCISE XV.

Write an advertisement under the heading, "Farm for Sale."

CHAPTER XI.

ABBREVIATIONS.

Acct., Account.	Esq., Esquire.	P., Page.
Acc't., Accountant.	Exp., Expenses.	P.C.B., Petty Cash Book.
Adv., Adventure.		Pcs., Pieces.
Agt., Agent.	Feb., February.	Pd., Paid.
Amt., Amount.	Fir., Firkin.	Per, By.
Ans., Answer.	F.o.b., Free on Board.	P.B., Pass Book.
Ap., April.	Fol., Folio.	Pkg., Package.
Aug., August.	Fw'd, Forward.	P.O., Post Office.
Av., Average.	For., Foreign.	Pol., Policy.
	Fri., Friday.	Prem., Premium.
	Ft., Freight.	Prox., Next Month.
Bal., Balance.		Pts., Pints.
B.B., Bill Book.	Gal., Gallon.	
Bbl., Barrel.	Gen. L., General Ledger.	Qr., Quarter.
Bk., Bank.	Guin., Guinea.	Qt., Quart.
B.P., Bills Payable.		
B.R., Bills Receivable.	Hdkf., Handkerchief.	R.B., Receipt Book.
Bl'k, Black.	Hhd., Hogshead.	Rec'd, Received.
Bot., Bought.	Hund., Hundred.	Rec'pt, Receipt.
Brot., Brought.		Reg., Register.
		Rep., Representation.
Cap., Capital.	I.B., Invoice Book.	Ro., Right-hand Page.
C.B., Cash Book.	i.e., That is.	R.R., Railroad.
C.D., Certificate of Deposit.	Inst., instant.	
Clk., Clerk.	Int. Interest.	
Chgd., Charged.	Inv., Invoice.	Sat., Saturday.
Co., Company.	Invty., Inventory.	S.B., Sales Book.
C.C., Account Current.		Sec., Secretary.
C.O.D., Collect on Delivery.	J., Journal.	Shipt., Shipment.
Com., Commission.	Jan., January.	Sq., Square.
Consgt., Consignment.	J.F., Journal Folio.	St., Street.
Cts., Cents.		Stg., Sterling.
Cwt., Hundredweight.	Lbs., Pounds.	Sunds., Sundries.
	L.B., Letter Book.	
D., Pence.	L.F., Ledger Folio.	T.B., Trial Balance.
D or d, Day.	L. & G., Loss and Gain.	Thurs., Thursday.
D.B., Day Book.		
Dec., December.	M., Thousand.	Ult., Last Month.
Dft., Draft.	Mar., March.	
Dis., Discount.	Mem., Memorandum.	Viz., Namely.
Div., Dividend.	Mft'g, Manufacturing.	
Do., The Same.	Mo., Month.	W.B., Way Bill.
Dols. or \$, Dollars.		Wed., Wednesday.
Doz., Dozen.	N.B., Take Notice.	Wt., Weight.
	No., Number.	
	Nov., November.	Yds., Yards.
E. & O. E., Errors and Omissions Excepted.	Oct., October.	Yr., Year.
Ea., Each.	O.B., Order Book.	@, at.
Ext'd, Extend.	O.I.B., Outward Invoice B'k.	% , Per Cent.
Exch., Exchange.	Oz., Ounce.	✓, Check Mark.

MERCANTILE TERMS DEFINED.

- ✓ **ACCEPTANCE**—The assent of the person on whom a bill is drawn to pay it when due. The accepted bill.
- ✓ **ACCOMMODATION**—A loan of money. A draft accepted or a note indorsed merely to oblige another, without valuable consideration.
- ACCOUNT CURRENT**—A statement of the transactions between two parties, shewing the condition of affairs at the *current* time.
- ACCOUNT PURCHASE**—A formal written statement rendered by an agent to his principal, shewing the cost of goods purchased, as well as all expenses and charges connected therewith.
- ACCOUNT SALES**—A written statement of goods sold on commission, shewing quantities, prices, &c., as well as all charges on the same.
- ADVENTURE**—A term representing goods sent to be sold on commission.
- AD VALOREM**—According to value.
- ADVICE**—Information regarding a business matter.
- ✓ **AGENT**—One who has power to transact business for another.
- ANNUITY**—Value payable at the expiration of certain periods of time. An annuity may be payable yearly, half-yearly, quarterly, &c.
- ASSESSMENT**—The valuation of the property of those who are to pay a tax, for the purpose of fixing the proportion which each shall pay.
- ✓ **ASSETS**—All values belonging to a person, firm, or corporation.
- ✓ **ASSIGNEE**—A person appointed by another to perform some business. One to whom an assignment is made.
- ✓ **ASSIGNMENT**—The transfer of the property of a bankrupt to another in whom it is vested for the benefit of creditors.
- ASSIGNOR**—One who transfers an interest to another.
- ATTACHMENT**—A seizure of goods by virtue of legal process.
- AUDIT**—To examine accounts and testify to their correctness.
- AVERAGING AN ACCOUNT**—Finding the time at which the balance of an account may be paid, so that neither party concerned may suffer loss.
- ✓ **BALANCE**—The difference between the sides of an account. To close an account.
- BALANCE OF TRADE**—The difference between exports and imports of one country with respect to another.
- ✓ **BALANCE SHEET**—A statement in Tabulated form, shewing fully the condition of a business.
- ✓ **BANK BILL**—A promissory note issued by a bank, payable to bearer on demand, and circulated as money.
- BANK BOOK**—A small book held by the depositor, into which deposits are entered by the bank officials, as they are made. At stated times it is handed over to the bank accountant to be balanced. This being done, it and the vouchers are returned.
- BANKRUPT**—Unable to pay debts.
- BARTER**—To exchange one commodity for another.
- BILL**—A detailed statement of goods bought or sold.
- BILL OF ENTRY**—A written statement of goods entered at a custom house.
- ✓ **BILL OF EXCHANGE**—An order issued in one country for the payment of money in another.

- BILL OF LADING**—A written statement signed by the master of a vessel acknowledging the receipt of goods on board, and agreeing, under certain conditions, to deliver them safe to the person to whom they are directed.
- BILL OF SALE**—A contract under seal, by which a person conveys his title to property.
- BLANK CREDIT**—Permission to draw on a person or firm to a specified amount.
- BOND**—A written obligation under seal to pay a sum or perform a contract.
- BONDED GOODS**—Goods left in charge of the officers of customs, for the duties on which bonds are given at the custom house.
- BONDED WAREHOUSE**—A warehouse in which goods are kept for security of the duties chargeable on them.
- BOTTOMRY BOND**—A lien on a vessel as security for money lent to the owner, the understanding being that if the vessel is lost on the voyage, the money will not be refunded.
- BROKER**—One who buys and sells property for others.
- BROKERAGE**—The percentage paid to a broker for his services.
- CAPITAL**—The effects invested in any business.
- CARGO**—The goods or wares conveyed in a ship.
- CASH DISCOUNT**—An allowance made for payment within a specified time, or for payment of ready money.
- CERTIFIED CHECK**—An order on a bank, which is marked "good" by the cashier, the bank being thus made responsible for its payment.
- CERTIFICATE OF DEPOSIT**—A receipt given by a banker to a depositor as his voucher for value deposited.
- CHARTER PARTY**—An agreement between the owner of a vessel and the person to whom she is chartered.
- CHATELS**—Movable property.
- CHATTEL NOTE**—One payable otherwise than in money.
- CHECK**—An order on a bank. (See page 52.)
- CIRCULAR LETTER**—A printed sheet issued by a house for a special purpose, such as notifying customers of the arrival of goods, etc.
- CIRCULATING MEDIUM**—Whatever passes as money; such as, bank notes, bank drafts payable on demand, etc.
- CLEARANCE**—A certificate from a custom house that a vessel has permission to sail.
- COCKET**—A custom house certificate that goods have been duly entered.
- COMMERCIAL PAPER**—Promissory notes, drafts, bills of exchange, checks, &c. All paper which can be transferred from one to another as value.
- COMMISSION**—An allowance to an agent for services rendered.
- COMPOSITION**—The act of discharging a debt by paying a part of it.
- COMPROMISE**—To settle a dispute by mutual concession.
- CONSIGNEE**—One to whom goods are sent to be sold for another. One to whom a ship's cargo is directed.
- CONSIGNMENT**—Goods received to be sold on commission.
- CONSIGNOR**—One who consigns goods to another.
- CONTRABAND TRADE**—The exporting or importing of goods illegally. Trade prohibited by law.
- CORPORATION**—A society legally authorized to transact business as an individual.

- < COUNTERMAND—A revocation of a former order. Sometimes termed “counter-order.”
- COUPON—One of the certificates of interest attached to a bond. Every time that interest falls due, one will be taken off and presented for payment.
- < CREDIT—To trust. To place to the credit side of an account. The side of an account which shews the amount due the person or thing represented.
- CREDIT NOTE—An acknowledgment of an error in regard to goods shipped to another.
- < CREDITOR—One who has given value to another without receiving payment for it.
- CURRENCY—That which passes in a country as money.
- CURRENT PRICE—The ordinary price at the time referred to.
- CUSTOM HOUSE—The place where goods are entered and the duties upon them collected.
- < DAYS OF GRACE—The time allowed for the payment of a note or bill after it becomes nominally due. In Canada there are three days of grace given, *i.e.*, a bill becomes due on the third day after the time expressed in it has expired.
- DEBENTURE—A document issued by a company or municipality as security for money borrowed.
- < DEBIT—The side of an acct. shewing indebtedness. To make an entry on the Dr. side.
- < DEBTOR—One who owes another.
- DISCOUNT—An allowance made for the payment of a debt before it becomes due.
- DISHONOR—To refuse to accept a draft or pay an acceptance, note or check.
- DIVIDEND—The share paid to a creditor of a bankrupt. The interest paid to the owners of bank stock, etc.
- DOCUMENT—A writing containing information, evidence or directions.
- < DRAFT—A written order for the payment of money addressed by one person to another.
- < DRAWEE—The person on whom the draft is drawn.
- < DRAWER—The one who draws on another.
- DUBIOUS PAPER—Paper issued by a person or firm whose financial standing is not considered good.
- DUTY—Money paid to the Government of a country on goods imported or exported.
- < EFFECTS—All values belonging to a concern.
- EMBARGO—A restraint imposed by the public authorities of a country on vessels to prevent their sailing to or from its ports.
- ENDORSE—To write one's name on the back of a bill. To become responsible for the payment of a bill. (See page 50.)
- EXCISE—A tax levied on commodities produced within a country.
- < EXCHANGE—The method of settling debts by means of bills, when the debtors and creditors live in different countries.
- < FAC SIMILE—An exact copy.
- FINANCES—The income or effects of a firm or individual.
- FIRM—The name under which an association is known, in the transacting of business.

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FIRST-RATE PAPER—Bills, notes, checks, etc., issued by a house of good financial standing.

FLAT—Dull.

FOLIO—The left and right hand pages of an account book, when both are numbered by the same figure.

FORECLOSE—When applied to a mortgage means to deprive the mortgagor of the right of redemption.

FOREIGN BILL OF EXCHANGE—A bill payable in a different country from the one in which it is made.

FREE TRADE—Commerce carried on between two countries without being restricted by customs or duties.

FREIGHT—The sum charged for the transportation of goods.

GARNISHEE—A person who holds value belonging to a second, and who has received warning or *garnishment* not to pay or deliver it, owing to a claim made by a third person (the primary creditor) against the second (the primary debtor).

GOOD WILL—The advantage or benefit which is acquired by an establishment beyond the value of its capital, in consequence of the public patronage it receives.

GUARANTEE—An undertaking to answer for the payment of a debt, or the performance of some duty in case of the failure of another liable for such.

HONOR—As applied to drafts and notes means to accept, or pay when due.

HYPOTHECATE—To give as security for the payment of money without giving actual possession.

IMPOST—A rate imposed.

INDIVIDUAL NOTE—A promissory note signed by only one person.

INSOLVENT—Having a greater amount of liabilities than of resources.

INSTALMENT—A part of a debt to be paid at a stated time.

INSURANCE—The sum paid for insuring property or life.

INTEREST—A sum paid for the use of money.

INVENTORY—A statement of goods on hand.

INVOICE—A list of goods purchased.

LEASE—A contract by which the possession of property is given for a stated time.

LEGACY—Money or property allowed by a will or testament.

LETTER OF ATTORNEY—A writing by which one person authorizes another to transact business for him.

LETTER OF CREDIT—A letter requesting the person addressed to credit another whose name is mentioned in it, with a certain amount.

LETTER OF LICENSE—An instrument by which creditors allow a debtor, who has failed, to conduct his business without interference.

LIABILITIES—Debts or claims against a person or firm.

LIEN—A legal claim. A charge upon property for the satisfaction of a debt.

LIQUIDATION—The settlement of a debt.

- MANIFEST**—An invoice or list of the cargo of a ship, with the marks, number, and description, of each article or package, to be exhibited at the Custom House.
- MATURITY**—The time at which a bill becomes due
- MERCHANDISE**—A general term denoting commodities bought or sold.
- MORTGAGE**—The conveyance of an estate to a creditor, for the security of a debt upon condition that the claim thus given becomes void on payment of the debt.
- MORTGAGEE**—A person to whom a mortgage is given.
- MORTGAGOR**—One who gives a mortgage.
- < **NEGOTIABLE**—Transferable from one to another.
- NET PROCEEDS**—That amount which remains after deducting all charges.
- NET WEIGHT**—The weight after making all allowances.
- NON-CLAIM**—The failure to make a claim within the time limited by law.
- NOTARY PUBLIC**—An officer authorized to attest contracts or writings of any kind. His duties chiefly relate to instruments used in commercial transactions such as protests of negotiable paper, &c.
- NOTE**—To record on the back of a bill a refusal of acceptance. A written promise to pay in money. (See Promissory Note.)
- OBLIGATION**—That which legally binds a person to perform a duty.
- ORDER**—A written request or demand for the payment of money or the delivery of goods.
- OPEN POLICY OF INSURANCE**—A policy upon which the amounts of the property insured are extended from time to time.
- PAR OF EXCHANGE**—The equivalence of a certain amount of the currency of one country in the currency of another.
- PARTIAL PAYMENTS**—Payment of a debt by parts at different times.
- PARTNERSHIP**—The union of two or more persons for the purpose of transacting business, the profits to be shared by each.
- < **PAYEE**—The one to whom a bill is payable.
- PER CENT. (%)**—By the hundred.
- < **PERSONAL ACCOUNT**—An account kept with a person, firm, or corporation.
- POLICY**—An instrument containing the conditions or terms on which one party agrees to indemnify another against loss.
- POSTING**—Transferring to the ledger.
- POWER OF ATTORNEY**—An instrument legally authorizing one person to transact business for another.
- PREMIUM**—The amount paid by the insured to the insurer. Value above nominal price.
- PRIVATE ACCOUNT**—An account kept with the proprietor in which to enter all amounts taken out of the business for private use.
- PROMISSORY NOTE**—A written promise to pay unconditionally a certain sum of money at a specified time.
- PROTEST**—A declaration in writing made by a notary public on behalf of the holder of a bill or note, that all parties to it will be held responsible for any losses sustained on account of its non-acceptance or non-payment.

EXAMINATION PAPERS.

THIRD AND SECOND CLASS, 1885.

1. What is meant by: Assets? Bonded Goods? Debenture? Good Will? Lien? Mortgage? Power of Attorney? Staple Goods? Usury? Voucher?
2. (a) Briefly state the essential requisites of a Promissory Note. *Page 44*
 (b) Brown gives Black his note at 4 mos. from to-day for \$150, negotiable and payable at bank. Write the note, dating it from Toronto.
3. Journalize:
 - (a) Commenced business with cash \$1,000, merchandise \$1,000, notes against sundry persons \$500.
 - (b) Bought of John Jones for cash, tallow worth \$160, and immediately sold it for \$140.
 - (c) The Dominion Bank has discounted my note against Harris for \$1,000; discount \$17.50, cash received \$982.50.
 - (d) Sold my house and lot to Green for \$2,500. Received in payment cash \$1,000, merchandise \$500; balance to remain on account.
 - (e) Consigned to Henry & Co., Montreal, goods to be sold on my account, invoiced \$645. Paid freight on same in cash \$36.50, and gave my note for insurance on do. \$19.35.
4. Classify the foregoing accounts according as they are "Resources and Liabilities," or "Losses and Gains."
5. Post all the items in No. 3.
6. State the object, and briefly describe the process, of closing the Ledger.

THIRD CLASS, 1886.

1. What are the advantages of Double Entry compared with Single Entry? How would you change Single Entry into Double Entry Books?

2. *Trial Balance.*

	<i>Dr.</i>		<i>Cr.</i>	
Stock	\$ 881	00	\$5000	00
Bills Receivable	1500	00	1000	00
Cash	5794	67	4800	00
Merchandise (Amount unsold \$1,200)	3500	00	2759	50
Bills Payable	1500	00	1750	00
John Mason	300	00	175	00
Peter Smith	4000	00	1500	00
Robert Pendergast			384	00
Charles Ryan			483	00
Expense	375	83		
	\$17851	50	\$17851	50

- (a) Make out (from the foregoing) a statement of Losses and Gains.
 (b) Make out (from the foregoing) a statement of Resources and Liabilities.
 (c) Explain the terms: Stock, Bills Receivable, Expense.
3. Journalize:
- (a) Bought a quantity of Broadcloth in company with John Smith, \$250; paid cash for my half, \$125.
 (b) Commenced business with cash, \$1,000; notes against sundry persons \$500.
 (c) Thomas Jones has made a draft on me at 30 days, which I have accepted, for \$140. *and is a part.*
4. Post the entries in No. 3.
5. What is a Bill of Exchange? What are its chief legal requisites?
6. Name and describe the books that are admitted as evidence in Courts of Justice, and state the facts that must be proved to entitle a person's books to be received in evidence.

COMMERCIAL COURSE—SECOND CLASS, 1886.

1. (a) What is meant by negotiable paper? What does it embrace?
 (b) State the nature of Bonds, Mortgages, Debentures, power of Attorney.
2. What are the original parties to a Draft called?
 (a) Brown of Toronto gives Smith a Draft on Green of Hamilton, for \$500 payable at sight. Write the Draft.
 (b) The Draft has been returned to Brown as protested for non-acceptance. Explain this expression.
3. Journalize in full:
- (a) Borrowed from Bank \$500 for 2 months; gave in payment note for the amount, with interest at 7% per annum.
 (b) White & Co., who owe us a balance of \$1975, have compromised with their creditors at 75 cents on the dollar; we have received that proportion of their indebtedness in cash.
 (c) Wm. Jones, against whom we hold a note for \$300, on which has accumulated \$17 interest, has permitted the note to go to protest, we paying the protest fees \$1.75, in cash.
 (d) We have compromised with Wm. Jones for the note and interest above mentioned, receiving, in full payment therefor, in cash, 33 $\frac{1}{3}$ % of the face of the note.
 (e) Discounted for Robertson & Co., their note for \$3000 @ 90 days; discount off at 8%.
4. Post the items (c) and (d) in No. 3, using properly ruled spaces.
5. State the object and briefly describe the process of closing the Ledger.
6. State the chief provisions of a Partnership Contract. Name at least three ways by which a partnership may be dissolved. If a salary is allowed one of the partners, by whom is it paid?
7. Johnson's account on our Ledger stands as follows:

DEBIT SIDE.

April 1, 1885, Mdse. at 3 mos., \$375 ; May 17, 1885, Mdse. at 4 mos., \$600.

CREDIT SIDE.

July 1, 1885, Cash, \$200 ; July 15, 1885, Cash \$100.

Shew by equation when the balance of this account is due,—giving full work.

8. Write the following documents :

- (a) An advertisement applying for a situation as accountant.
- (b) A circular to your customers announcing removal of business to more commodious quarters, and inviting them to visit you.
- (c) A telegram not exceeding ten words to be sent to Brown & Co., Montreal, ordering that firm to send you by express four cases of gaiter boots, and to draw on you at 10 days' sight.

SECOND CLASS, 1886.

NOTE.—The value of the Writing will be estimated from the work as a whole, and from the work on No. 4 in particular; and 40 marks additional will be allowed as a maximum in Writing.

1. State what is meant in the language of Book-keeping by the terms : Assignment, Balance of Trade, Concern, Embargo, Hypothecate, Liquidate, Letter of Credit, Protest, Tariff.

2. Of what does a business transaction consist? In a strictly cash business what accounts only are necessary?

3. Journalize :

- (a) I lost \$20.00 : paid for advertising loss \$1.00 ; paid finder for returning me the money \$1.50.
- (b) Dunne buys from me : 10 Hhds. N. O. Molasses 625 gals. @ 40c. ; 29 Hf. Ch. Ool. Tea, 1000 lbs. @ 50c. ; 17 bags Rio Coffee, 1500 lbs. at 16c. He pays \$500 in cash, gives his note for \$300, and pays the balance by an order on Thompson, which Thompson accepts.
- (c) Dunne pays his note before maturity, and I allow him a discount of \$4.00.

4. Referring to No. 3 :

- (a) Write the Advertisement, the Note and the Order.
- (b) Make out Dunne's bill of goods in proper form, and use it as a specimen of your method of folding and filing business papers.
- (c) Write as for Ledger use, the titles of the different accounts named in No. 3.
- (d) Write a letter of introduction incurring liability.

5. What are the different senses in which the expression " Discounting a Note " may be taken? Name the principal parties to a Promissory Note and state their respective obligations.

6. Give Day Book entries for the following :

(a) Merchandise Dr.	\$1000
To Bills Payable	\$600
" Cash	400

(b) Cash Dr	\$1018	
To Bills Receivable		\$1000
" Interest		18
(c) Loss and Gain Dr	\$150	
Cash, "	100	
To Bills Receivable		\$250

7. Give the principal means of detecting errors in posting. Briefly state how you would correct errors in the Day Book, Journal and Ledger, respectively.

8. In balancing his books what facts must the merchant take into consideration in order to obtain a just view of the state of his affairs?

THIRD CLASS, 1887.

NOTE.—80 per cent. of the Book-keeping and Writing to constitute a full paper.

1. "The Gazette Printing Company (Limited)." Briefly explain.
 2. I commenced business with a capital of \$800. At the end of three months my books exhibit as follows:—Cash on hand \$356.28; James Henry Dr. \$320, Cr. \$140; Peter Dodds Cr. \$28.40; Wm. Hicks Dr. \$175, Cr. \$250; goods on hand worth \$500. Make out in proper form a statement shewing my present worth and my net gain or loss.

3. What is meant by Taking Stock? Negotiable Paper? Days of Grace? Staple Goods? Tariff? Business Transaction? Blank Credit?

4. You are living in Montreal and acting as agent for W. P. Stirt of Hamilton, who sends you 1500 bbls. flour to sell on his account and risk. You dispose of the flour as follows: June 10, 1880, Sold Andrew Wiley, on his note @ 30 days, 500 bbls. at \$6.75; June 15, sold Peter Curphy, for cash, 500 bbls. @ \$6.50; June 20, Sold John T. Radigan, for cash, 500 bbls. @ \$6.45. You paid charges: May 1st, Freight and cartage \$1275; storage and insurance, \$57.30; your own commission \$246.25. Make out an Account Sales from above data, and write a letter, to accompany the same, to your employer.

5. Derive the Day Book entries from the following Ledger Account:—

<i>Dr.</i>				<i>Merchandise.</i>				<i>Cr.</i>			
1886.			\$	c.	1886.			\$	c.		
Feb.	1	To Robt. Johnson.	9	800	00	Feb.	5	By Bills Receivable	6	150	00
"	15	" Cash.....	12	350	00	"	9	" Geo. King ...	8	275	00
						"	12	" Cash	9	400	00

6. (a) Write out in full the following draft:

St. Catharines, May 12, 1887; Amount, \$500; Payee, Richard Jepson; Time, at Sight; Drawer, Yourself; Drawee, Wm. Tremlett, Toronto.

(b) You have just commenced business in the Boot and Shoe line. Write a circular letter intended for public distribution.

7. Journalize:

(a) Bought of Zealand & Co., on credit, 400 lbs. lard @ 13c., 140 lbs. Soap @ 7c., and 1000 lbs. of pork at 10c.

- (b) Sold Sharp and Swift, on their note @ 60 days, 2100 lbs. sugar @ 6c., and 540 lbs. tea @ 55c.
 - (c) Renewed Sharp & Swift's note for 3 months, charging them \$5 interest for that time.
8. Post *a* and *b* items of No. 7.

SECOND CLASS, 1887.

NOTE.—75 per cent. of the value of this paper counts 100 marks—the maximum.

1. What is a Promissory Note? Draw a Note (non-negotiable) in favor of C. D. due in three months, signed A. B., and dated February 28th, 1887. What advantage would A. B. gain by dating the Note March 1st? *4 dys*

2. "Ontario Bank Dr. to Cash \$100." Fully explain.

3. Journalize:

- (a) Lost by fire merchandise to the value of \$200.
- (b) Received for petty sales \$45.75.
- (c) Paid Clerk's salary for 3 mos. \$150.
- (d) Sold Hoffs & Co. my house worth \$2,500; received in payment their note for \$1,000, cash \$1,000, balance charged to their account.
- (e) The Standard Bank discounts Hoffs & Co.'s note in my favor; net proceeds \$980.

4. Post all the items in No. 3.

5. Smith and Jones form a partnership for one year. Smith furnishes the capital and Jones gives his time to the business; gains and losses to be divided equally. Smith invests \$10,000 and during the year withdraws \$2,000; Jones withdraws \$1,500. At the close of the year they have: Cash \$3,000, Personal Accounts \$1,500, Merchandise \$10,000, Notes \$1,750. They owe: Notes \$2,000, Personal Accounts \$3,000.

Make out a statement in proper form showing the gain and loss, and each partner's capital at closing.

6. (a) Write an advertisement under the heading "Book-Keeper Wanted."

(b) Write a letter to your employer asking more wages (giving reasons).

(c) Write a receipted grocery bill for, say eight items.

7. (a) Briefly indicate the means that book-keepers take in order to readily trace a transaction from one book to the other.

(b) State how the following accounts are balanced: Mdse., Expense, Loss and Gain, Stock.

(c) Describe your method of making out a Trial Balance.

8. Explain: Assets, Blank Credit, Legal Tender, Lien, Protest, Staple Goods, Tariff, Usury, Joint-Stock Company.

COMMERCIAL COURSE—SECOND CLASS, 1887.

NOTE.—75 per cent. of the value of this paper counts 100 marks—the maximum.

1. What is meant by "Balance of Trade?" When the balance of trade is against a city, how can it be settled?

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2. Make out a Balance Sheet in complete form from the following data :

<i>Trial Balance.</i>	<i>Dr.</i>		<i>Cr.</i>	
Cash	\$7159	00	\$ 1415	20
Bills Receivable	4500	00	1500	00
Merchandise	8150	25	12110	70
Bills Payable	2500	00	3000	00
Wm. Simple	175	00		
Real Estate	4000	00	3575	00
John Murphy	1290	00	490	00
Peter Brown			500	00
Henry Johnson	600	00	1000	00
Expense	216	65		
Stock			5000	00

3. A owes B \$100, and promises in writing to pay the debt in wheat at 80c. a bushel, to be delivered within 30 days at B's residence. Write the document. What name would you give it? Is it negotiable? Reason.

4. Journalize :

- (a) Paid, per check on Bank of Hamilton, Brown & Co.'s draft on us for \$1500.
- (b) Received cash in full for T. Bowld's note in our favor; face value, \$1700; interest on same, \$2.64.
- (c) John Hardy, our agent, has sent us an Account Sales for merchandise disposed of by him to the amount of \$1200, with cash for same, and we pay him his commission, 2½ per cent. on this amount.
- (d) Error discovered in charging Duncan & Co. with flour sold to G. Passmore, \$100.
- (e) Received from Thomson, for sale on joint account and risk, goods valued at \$840; paid freight on same \$100, storage \$60.
- (f) McNeil & Co. renew for you half the amount of a note for \$500, due to-day. You pay \$250 cash, and give them a new note for remainder, with interest, \$3.50. Give McNeil & Co.'s entry.

5. Post the items in *a*, *b* and *d*, using properly ruled spaces.

6. (a) Write a letter to Jones and Brown, Kingston, acknowledging receipt of shipment of wheat from them, and referring to the condition of the market.

(b) You have commenced business as a Real Estate Agent. Write an appropriate advertisement.

FORM II.—THIRD CLASS.

CLINTON HIGH SCHOOL, June, 1887.

1. What is meant by Day Book? What is necessary to constitute a proper Day Book entry?

2. Define Trial Balance. Explain fully its use. Distinguish between Trial Balance and Balance Sheet.

3. Explain the terms: Inventory, Blank Credit, Garnishee, Lien, Chattel Note, Debenture and Consignment.

4. What accounts must be closed at the end of a term of business? Why?

5. What are the advantages of Double Entry over Single Entry?

6. Give rules for journalizing Drafts. What is the Drawer's entry when he draws a Sight Draft payable to himself.

7. What is a partnership business? Show how the opening entries are made in such a business, and also how the gains and losses are disposed of.

8. Journalize:

(a) Sold Mason from White's Consignment No. 1, goods valued at \$1000. Received in part payment Jones' draft on Taylor for \$100, due in 60 days, at a discount of 6% per annum, and Smith's check for \$500.

(b) Hodgson returned \$15 worth of goods, for which we gave him our check on the Bank of Commerce.

(c) Lost a \$10 bill. Paid for advertising it cash 25c. The finder returned the money and we gave him 50c. reward.

(d) At the request of Baker we added to his consignment 400 bushels of wheat, which we purchased from Miller at 85c., on a commission of 2%, giving in full payment our Note due 1 year hence at a discount of 6%.

(e) Write the Note given to Miller.

9. You owe W. W. Baker, Hamilton, on account \$640, a statement of which he has sent you. Write a letter to him, enclosing a draft for \$400, and asking for an extension of time for the balance.

FORM III.—SECOND CLASS.

CLINTON HIGH SCHOOL, June, 1887.

1. Explain the following: Voucher, Lease, Mortgage, Protest, Staple Goods, Tariff, C. O. D., Fol. and Ult.

2. John Smith owes James Taylor \$149. Smith fails and makes an assignment, his resources being \$9,000, and his liabilities \$21,000. Write Taylor's receipt on receiving a check on the Bank of Montreal for his share. In what case would it not be necessary to give a receipt?

3. Journalize:

(a) Bought of H. Corbett, a House and Lot for \$700. Gave in payment goods from A. D. Burwash's Consigt. No. 1, \$100; my check on Bank of Commerce for \$200, and my note at 30 days for balance.

(b) Discounted at bank, M. L. McPherson's note for \$400, due 30 days hence, at 6%.

(c) Prepaid my note for \$500, held by J. C. Armstrong; time to run, 73 ds.; rate, 6%. Proceeds paid with H. A. Park's sight draft for \$150 and my check on the Molsons Bank.

- (d) Renewed for six months, my note in favor of John Pace for \$300, with interest at 8%.
4. L. P. Howell is a dry goods merchant in Aldgate.
- (a) Write his letter to Muir & Co., London, enclosing order for his spring goods, and asking them to draw on him at 30 days' sight.
- (b) Write Howell's circular, announcing the arrival of the goods.
- (c) Write the draft and accept it for Howell.
5. Describe the process of closing the Ledger.
6. Fill out the Balance and Loss and Gain accounts from the following :

<i>Trial Balance.</i>	<i>Dr.</i>		<i>Cr.</i>	
Proprietor	37		7584	
Cash	6182	39	3280	30
Bank	1987	36	1060	
Merchandise (unsold, \$3600)	5792		2915	
Bills Receivable	1763	40	1192	
Bills Payable	29	60	342	80
Interest and Discount	62	75	45	97
Expense (office furniture on hand, \$35)	102	36		
R. C. Monroe	300		1300	
A. B. Ross			1066	52
Loss and Gain	63	45	12	30
Real Estate (unsold, \$2500)	4826	70	2408	12

FORM III.—COMMERCIAL COURSE.

CLINTON HIGH SCHOOL, June, 1887.

1. Explain the terms: Shipment Co., Mdse. Co., Account Sales, Manifest, Protest, Power of Attorney, Coupon, Tariff and Blank Credit.
2. State the advantages of a special column journal. Rule a form that you would recommend for a retail boot and shoe business.
3. If at the time of closing your books there should be a number of open cognisment accounts, how would you proceed to close them? Explain fully.
4. Give examples illustrating your methods of making entries in the following cases :
 - (a) Discounting Notes.
 - (b) Renewing Notes.
 - (c) Shipping goods for sale on joint account.
5. What are the requisites of a Promissory Note? What is meant by Indorsing a Note? Shew three different forms of Indorsement, and state the effect of each.
6. Make out a Balance Sheet from the following :

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BOOK-KEEPING. 883.48

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Trial Balance. Dr. Cr.

Proprietor				
Merchandise	8	50	8409	42
Manufacturing	3300		981	
Cash	2508	95	340	
Bills Receivable	1800	72	804	40
Bills Payable	510		125	
A. S. Taylor			1340	
R. R. Wells	18	50	27	
Kenneth McKenzie	13	60	22	
Bank	80		43	60
Tools and Machinery	2735	05	311	50
Loss and Gain	1438			
Expense	1	13	3	48
	22	95		

INVENTORIES.

Merchandise	\$3000
Manufacturing (Material)	2500
Tools and Machinery	1300

7. (A) H. K. Bell has placed in my store for sale on joint account 400 bbls. Flour at \$5.
- (B) Bought of L. M. Peirce on my Note at 30 days 500 bbls Flour at \$6, for the joint account of H. K. Bell and myself. Paid freight in cash \$25.
- (C) Sold Wm. Symington the whole of the Flour belonging to my joint account with H. K. Bell at \$7. Received in payment my own Note for \$1100, Brown's Note at 60 days for \$1000, McKay's acceptance due in 30 days for \$2000, and a check on the Merchants' Bank for balance.
- (D) Rendered H. K. Bell an Account Sales. My Commission for buying and selling is 2%. Charges for storage, &c., \$30.
- (E) Remitted my check on Molsons Bank to settle in full with Bell.
- (a) Give my Journal entries.
- (b) Write the communication to H. K. Bell on adding the goods to the Co. sales.
- (c) Make out the Account Sales in proper form.
- (d) Give H. K. Bell's Journal entries.

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PRÉCIS-WRITING.

CHAPTER I.

INTRODUCTORY.

Even those who have only a limited acquaintance with literature can readily see that some authors are more profuse in their use of language than others. One writer is obscure on account of his verbosity, the ideas to be conveyed being partially hidden among a multiplicity of words; while another lacks clearness, owing to his extreme brevity. It follows, therefore, that although some passages might be improved, others would be impaired by contraction. The student must not suppose, then, that he is here called upon merely to correct sentences or paragraphs by abridging them. Indeed when there is composition of a high order, the probability is that the very best abstract of it will want the force and beauty of the original. The object of this chapter is to present some of the ways in which language may be *abridged*.

To abridge or summarize a piece of composition is to express its meaning in fewer words than are contained in the original. The length of the summary as compared with the passage summarized will depend on a variety of circumstances, one or two of which may be mentioned. As some make use of a superabundance of words to express their ideas while others state them briefly, it is evident that there will be considerable disparity in regard to the extent to which the compositions of different writers can be reduced. Again the degree of condensation will depend largely on the character of the required abridgment. In one case it may be desirable to convey the meaning of the original in full or nearly so; in another, nothing more than the leading points may be required. Hence it is difficult to lay down rules for abridgment that will be applicable in all cases; or, to say how much reduction ought to be made.

The following general directions may help to guide the student:

- (a) Read the passage carefully, with a view to comprehend its meaning as a whole.
- (b) Read a second time, underlining the clauses which contain the important ideas.
- (c) Write short sentences expressing the main points to be brought out in the summary.
- (d) Combine these sentences in connected and readable form, taking care to arrange them in such a manner that the general impression made by reading the summary will be the same as that made by reading the original.
- (e) Make use of as few words as possible to express the meaning clearly.

As the highest degree of brevity attainable without sacrificing completeness and perspicuity is desired we shall endeavor to shew in a general way how this may be secured. Abridgment may be effected as follows :

- (1) By using a word instead of a phrase.
- (2) By using a word or phrase instead of a clause.
- (3) By removing tautology, periphrases, &c.
- (4) By removing ornament.
- (5) By omitting what is unimportant.

[NOTE.—The student will remember that one of the chief sources of brevity is the employment of words which are comprehensive in meaning.]

PHRASES.

A phrase may often be replaced by a shorter one or by a word.

“At the present time it is impossible for me to go.”

The phrase, *at the present time*, may be replaced by the adverb *now*. The sentence can therefore be put in the form : “It is impossible for me to go now.”

It can be condensed further by reconstruction without much change of meaning : “I cannot go now.”

“The works of Shakspeare are read by everybody.”

Instead of *the works of Shakspeare*, we may substitute, *Shakspeare*, and by using the active voice, instead of the passive, we eliminate the words *are* and *by*. The sentence will then be : “Everybody reads Shakspeare.”

NOTE.—The student is expected to study carefully the examples which follow. Whenever an alteration in the shade of meaning occurs, it should be pointed out—a very important matter in learning to summarize.

EXAMPLES.

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|---|--|
| 1. He lives in this place. | 1. He lives here. |
| 2. He was in reality an excellent performer on the piano. | 3. He was really an excellent pianist. |
| 3. The man performs his duties at all times with faithfulness. | 3. The man <i>always</i> performs his duties faithfully. |
| 4. I considered the matter at that time. | 4. I considered the matter then. |
| 5. He appeared to be a person identified with the agricultural interests. | 5. He appeared to be a farmer. |
| 6. At the end of the year the teacher was made the recipient of a handsome recognition of his services. | 6. At the end of the year a handsome present was given to the teacher. |
| 7. All my efforts in the direction of studying mathematics proved ineffectual. | 7. All my efforts to study mathematics failed. |
| 8. More work could be done at that time than can be done at present. | 8. More work could be done then than can be done now. |

EXERCISES.

1. In what place and at what time shall I meet you.
2. The fruit of the gooseberry was very much thought of in those days.
3. He is a messenger sent by the king.

4. The minister's sermons were highly appreciated by the people under his charge.
5. The reports made by correspondents of the Bureau, at the beginning of November, showed that the crop had at that time a very promising appearance in every part of the Province.
6. The statement testifies to the fact that our soil is suitable for the production of cereals.
7. The barn buildings are log, but exceptionally good of that sort, being made of large, solid cedar logs.
8. He delayed from time to time, till opportunity came to an end.
9. That person availed himself of every opportunity of raising his brother in the estimation of the people of the vicinity.
10. Your application will be of no avail, as you are beyond the maximum age.

CLAUSES.

A clause frequently takes the place of a noun, adjective or adverb. Such a clause may sometimes be replaced by a word or phrase.

"He had a longing for a sight of the country in which he was born."

Instead of the adjectival clause, *in which he was born*, we may use the adjective, *native*. Also, instead of, *had a longing for a sight of*, we may say *longed to see*. The sentence then becomes: "He longed to see his native country."

"Because I was not with him at the work, he did not attend to it properly."

My absence may here be used instead of, *because I was not with him*; and the remainder of the sentence may be replaced by, *caused him to neglect it*. Then the sentence will read: "My absence from the work caused him to neglect it."

The context might be such as to permit of still further abridgment, thus: "My absence caused him to neglect the work."

EXAMPLES.

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| 1. He did not let us know what his mind is in regard to the matter. | 1. He did not let us know his mind on the matter. |
| 2. Boys who are attentive to their studies generally succeed at examinations. | 2. Studious boys generally succeed at examinations. |
| 3. We should be well satisfied where we are. | 3. We should be well satisfied here. |
| 4. That the story is worthy of being believed has never been affirmed. | 4. The credibility of the story has never been affirmed. |
| 5. Men who have wisdom and virtue are nobler than men who have wealth. | 5. Wise and virtuous men are nobler than wealthy men. |
| 6. They acted in that strange manner that they might have notoriety. | 6. They acted strangely to be notorious. |
| 7. The Pharisees did all their religious works that they might be seen of men. | 7. The Pharisees did all their religious works ostentatiously. |
| 8. Those who live in a country should endeavour by every means to have its laws carried out. | 8. The citizens of a country should try to enforce its laws. |

EXERCISES.

1. Where is the man that can do his work better than I ?
2. It was greatly in his favor that he was honest.
3. For some time I have known of the fact that he was away from home.
4. The fable of the dog in the manger, with which every one is familiar, illustrates the character of many men of the present age.
5. I could not consider favorably what you proposed.
6. I certainly do not place a low estimate on a work which has been so valuable to our race.
7. I found that through trap-doors, which lay concealed in the bridge, the passengers were dropping into the tide, which flowed underneath it.
8. Every man who thinks for himself listens with amazement to his views which are absurd in the extreme.
9. Are these the doctrines which were inculcated by Mahommed ?
10. Every concession which was tended to satisfy the demands which they justly made, was opposed by the party that held the reins of Government.

REMOVAL OF VERBOSITY, &c.

Verbosity is a superabundance of language to express what is intended.

The use of too many words generally causes weakness. The remedy for verbose composition is to reconstruct the whole, using terser language. Verbosity, when not carried to excess, is allowable in some cases on account of the effect produced. "The one who gave me birth, nursed me, and tenderly cared for me during my earlier years has been snatched from me by the hand of Death," conveys the same *idea* as: "My mother has died," but produces a different *effect*.

Tautology is a repetition of the same idea in different words.

Tautology is always considered a defect, except when the idea is emphasized by the repetition. "God is eternal, and His existence is without beginning and without end," is expressed by: "God is eternal," the latter part conveying no new idea.

Pléonasm is the use of words which add nothing to the sense.

In the sentence: "They returned back again," the words "back again" add nothing to the meaning; they may, therefore, be eliminated.

Circumlocution or periphrasis is a round-about form of expression.

The sentence: "At no period of the world's history has there appeared a more remarkable genius than the 'Bard of Avon,'" is periphrastic. It may be written thus: "There never appeared a more remarkable genius than Shakspeare."

EXAMPLES.

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| <ol style="list-style-type: none"> 1. The man said that the book-keeper who kept the books of the firm had absconded. 2. They need constant care all the time. 3. The captain told us all about what he experienced when he was on the Sandwich Islands. 4. Such general intelligence and extensive information in so young a person have frequently filled us with wonder and astonishment. | <ol style="list-style-type: none"> 1. The man said that the book-keeper of the firm had absconded. 2. They need constant care. 3. The captain told us his experience of the Sandwich Islands. 4. Such extensive general intelligence in so young a person has frequently astonished us. |
|--|---|

5. The author of the Waverley novels was not only remarkable for his talent; he was equally remarkable for his industry.

5. Sir Walter Scott was as remarkable for industry as for talent.

6. If men of eminence receive reproaches which they do not deserve, they likewise receive praises which are not due to them.

6. Eminent men are both praised and reproached unjustly.

7. The employer paid off the men who were working for him.

7. The employer paid off his workmen.

EXERCISES.

1. He performed his ablutions and immediately proceeded to partake of some refreshments.

2. A news-monger of this kind is the very pest of the neighbourhood where he may have pitched his tent.

3. It was a momentary impulse, acted upon without premeditation or forethought.

4. Ferrard calculated that when once the irrevocable step had been taken, a reconciliation with her father and a handsome dowry would be a matter of only a few weeks, and that the plebeian alliance, gilded with the auctioneer's gold, would be condoned by his family, and would even cause him to be received by them with open arms.

5. It is with the most unfeigned and heartfelt gratitude that I appear before this enlightened and intelligent audience, to thank them, as I do, for their kind and generous sympathy.

6. There are a good many hobbies for teaching language to deaf mutes upon which zealous and well-meaning enthusiasts ride, but we have found that no cast-iron rules can be formulated for the guidance of instructors.

7. This practice not only familiarizes them with correct forms of expression, but it also creates a desire for reading newspapers and other periodicals whereby their knowledge may be widened.

8. Another grievance I have to ventilate here has reference to the removal of pupils from school for a year or two, and the returning of them again in a generally demoralized condition.

9. In spite of the efforts of numerous opponents of vaccination in late years so persistently made, particularly in England, for the discouragement of the practice, no unprejudiced person having an acquaintance with the literature of the subject can reasonably doubt the efficacy and value of this precautionary measure.

10. From time almost immemorial, men in the East, professing unusual piety, have thought it meritorious to renounce the enjoyment of temporal comforts and the ties of domestic and social relationships, and to live in poverty and solitude for the purpose of turning their thoughts altogether towards spiritual matters.

REMOVAL OF ORNAMENT.

When figurative or ornate language is *appropriately* used, it is almost impossible to abridge it without either altering, to some extent, the meaning, or impairing the rhetorical effect of the original. Although this is the case, the

import of the passage as a whole can generally be expressed with sufficient clearness to serve all useful purposes. Indeed, it seldom happens that the reduction of a piece of composition of this character is required in actual practice.

"We must not expect that our prayers shall penetrate heaven, unless they are pointed with sincerity."

Instead of *shall penetrate heaven*, we may say *shall be heard by God*, and instead of *pointed with sincerity* we may say *sincere*. Now, by transforming the sentence becomes, "We must not expect God to hear insincere prayers."

"Catch then, O catch, the transient hour,
Improve each moment as it flies ;
Life's a short summer—man a flower—
He dies—alas ! how soon he dies."

There are two ideas brought out here, (1) that *man should improve his time*, (2) that *life is short*. The meaning might be expressed thus : "Improve your time, for life is short.

EXAMPLES.

- | | |
|---|--|
| 1. The former with easy hand collected, as it passed by him, whatever could add to his own stores, appropriated what he could assimilate, and levied subsidies of knowledge from all the accidents of social life and familiar intercourse. | 1. The former gained knowledge easily by experience. |
| 2. With equal pace impartial Fate knocks at the palace and the cottage gate | 2. All men are alike subject to death. |
| 3. The enormous waste of timber by bush fires is quite incredible to those who have not witnessed the devastation of wooded lands by this destructive element. | 3. The destruction of timber by bush fires is incredible to those who have not seen them. |
| 4. The trees are all shrouded in mantles of white. | 4. The trees are covered with snow. |
| 5. In six days God reared the magnificent creation, turning the rude chaos into symmetry, and pervading it with life, so that beauty and animation succeeded what was shapeless and inert. | 5. In six days God made the world, turning what was shapeless and inert into a scene of life and beauty. |

EXERCISES.

- Pride goeth forth on horseback, grand and gay,
But cometh back on foot, and begs its way.
- On the morning of the festal day the roads are thronged with sledges conveying visitors to their destinations ; the brass bells which decorate the hardy little Norwegian horses making a merry tinkling in the frosty air.
- I have been taking a survey of your locality, and am actuated by ardent wishes to have my residence in the midst of scenery so enchanting.

4. The snowdrop, foremost of the lovely train, breaks her way through the frozen soil in order to present her early compliments to her lord. Dressed in the robe of innocence, she steps forth, fearless of danger, long before the trees have ventured to unfold their leaves.

5. Now although the Rev. Robert Vane did not aspire to bring any positively undiscovered truths out of the storehouse of the Bible, or to tickle the spiritual palates of his hearers with the spicy flavour of heterodoxy, yet he had a happy knack of clothing familiar teachings in a fresh and striking garb, and of appealing to those nerves, so to speak, in the great network of the brain which had not lost their sensitiveness through repeated friction. The result was that whenever and wherever he was announced to preach, crowds flocked to hear him, to have their spiritual atmosphere cleared by a breath from his revivifying breeze of freshness.

6. The wonderful perfume of some of these odorous flowers almost intoxicated the visitor; observing which, the fairy company hastened to lead him away from their flower to their fruit gardens, where he regaled himself with the sweetest and most luscious fruits imaginable.

7. Lucius Avory's heart withered within him long before he reached the end of the letter. He let it drop from his nerveless fingers, and sinking into the nearest chair with a groan, he buried his face in his hands. All the golden fabric of fraud which he and his wife had built up with so much labour and cunning, as at the touch of an enchanter's wand had fallen in ruins around them. The avenger was on their footsteps, and soon would overtake them; before them loomed a future at whose blackness his soul shrank aghast.

8. And Ardennes waves above them her green leaves,
Dewy with nature's tear-drops, as they pass,
Grieving, if aught inanimate e'er grieves,
Over the unreturning brave,—alas!
Ere evening to be trodden like the grass
Which now beneath them, but above shall grow
In its next verdure, when this fiery mass
Of living valor, rolling on the foe,
And burning with high hope, shall moulder cold and low.

8. Yes; I am old now, and chilly sometimes at night when the fire gets low, wearing a greatcoat even on the summer days, and shivering often when the zephyrs fan my face. But I am kept young by my love for nature; I woo her as amorously as ever maid was wooed by swain, and she is not afraid to press her rosy lips to mine, yellow and withered as they are, and to twine her lovely arms round my neck. I love her for her hopefulness, for her inexhaustible store of youth. Everywhere with love she rebukes poor mortals for sitting down sad with folded hands, and with a glad voice bids them be up and doing. She is irrepressible. You may crush her down with stony hand and plaster over every vestige of her beauty, and then say to yourself in pride of heart, 'I have made a city, a place for commerce and traffic, and pleasure and sorrow;' and yet, turn your back for an instant, lo! a little blade of grass comes up between the stones of the causeway and laughs in your very face.

OMISSION OF WHAT IS UNIMPORTANT.

When attempting to eliminate the parts of a passage expressing the less important ideas, the student will require to exercise judgment in determining what

these are. This presupposes a clear conception of the author's meaning, as well as a distinct view, mentally, of what constitutes the framework, or main basis of the composition.

This species of abridgment is largely employed in condensing correspondence. Generally speaking, business letters, especially, are written in such a style as not to admit of much reduction otherwise. Remembering this, and also the fact that but little assistance can be rendered in connection with this part of the subject, the student will doubtless realise at once the importance of giving it the closest attention.

"Reason, which is a priceless gift, guides men in the performance of every duty which is required of them."

The leading idea expressed here is that *men are guided by reason*. Therefore the sentence may be contracted thus :

"Reason guides men."

As the summary should contain only the important ideas, it must be the first concern of the student to comprehend the exact meaning of the passage. Having done this, he will determine what is really essential, and endeavor to express it clearly and briefly.

EXAMPLES.

Those important faculties of sight and hearing, which are of so much use, and which procure us so many enjoyments, *depend upon muscles so extremely small that they must be magnified to be visible*. In the tongue the muscles are very numerous, and so implicated with one another that the nicest dissectors cannot trace them ; yet they are so arranged that they never interfere with each other, nor interrupt the various offices of speaking and swallowing. In the other parts of the body the same admirable economy is preserved. *The muscles are everywhere diffused ; they lie close to each other, in layers, as it were, over one another, after crossing, sometimes passing through, and even imbedded in one another, yet each at perfect liberty to perform its peculiar office without interrupting the power of its neighbor.*

If the student will examine the foregoing paragraph carefully he will see that the writer wishes to impress the following facts :

1. That muscles are minute and numerous.
2. That they are implicated with one another.
3. That they are found in all parts of the body.
4. That one muscle does not hinder another from performing its proper function.

The summary should give prominence to these ideas, and to no others. For that reason nothing need be said about the *importance* of the faculties referred to, or of the difficulty of dissecting the muscles of the *tongue* in particular.

Abridgment.

The faculties of sight, hearing, and speech depend upon muscles microscopically small. Although muscles are thickly diffused throughout the body, being in some parts even imbedded into one another, each performs its function freely.

EXERCISES.

1. All boys and girls like apples and pears, and a well-made apple-dumpling is one of the things that comes on the poor man's table. But town children, looking with longing eyes at the piles of rosy apples on the stall, and the thrifty wife who goes to market to get the best two-penny worth she can for her dumplings, know little of the places where the apples grow, or of the pleasures of gathering. They have to do with apples only on the stall, and in the market; they do not know them in the orchard and on the tree.

2. In vain, after these things, may we indulge the fond hope of peace and reconciliation. There is no longer any room for hope. If we wish to be free; if we mean to preserve inviolate those inestimable privileges for which we have been so long contending, if we mean not basely to abandon the noble struggle in which we have been so long engaged, and which we have pledged ourselves never to abandon until the glorious object of our contest shall be obtained, we must fight; I repeat it, sir, we must fight! An appeal to arms and to the God of Hosts is all that is left us!

3. On the knowledge of the spherical figure of the earth, the art of navigation in a great measure depends, and all the voyages of discovery, which have been made in later years, were undertaken in consequence of the knowledge of this fact. Had mankind remained unacquainted with this discovery, the circumnavigation of the globe would never have been attempted—vast portions of the world would have remained unknown and unexplored—no regular intercourse would have been maintained between the various tribes of the human race—and, consequently, the blessings of Divine Revelation would never have been communicated to the greater part of the Gentile world.

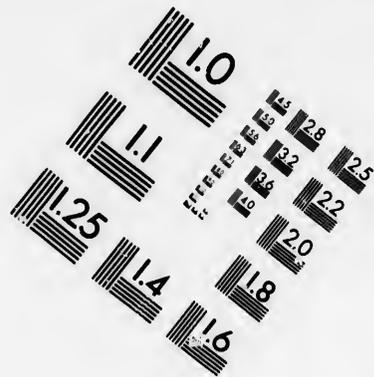
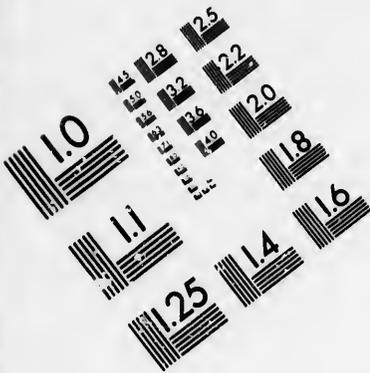
4. A man of polite imagination is let into a great many pleasures, that the vulgar are not capable of receiving. He can converse with a picture, and find an agreeable companion in a statue. He meets with secret refreshment in a description, and often a greater satisfaction in the prospect of fields and meadows, than another does in the same possession. It gives him, indeed, a kind of property in everything he sees, and makes the most uncultivated parts of nature administer to his pleasures; so that he looks upon the world, as it were, in another light, and discovers in it a multitude of charms, that conceal themselves from the generality of mankind.

5. To satisfy the examiner, the entirely uncultured youth has in the first place to set himself resolutely to learn to read. Then he must be able to write to the extent of transcribing a few lines from a book. With the mysteries of the four elementary rules of arithmetic, he must display a tolerably intimate acquaintance. To men who can already read and write, the latter does not prove an insuperable obstacle. Having furnished a moderately good "paper" on these not very exacting subjects, he in a few days receives his fourth-class certificate, and leaves the school in triumph.

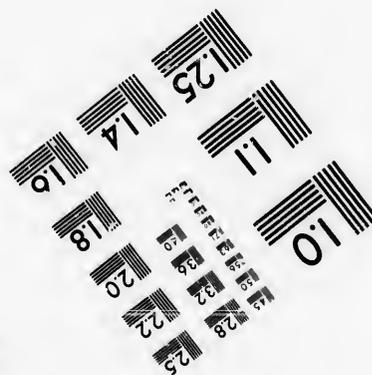
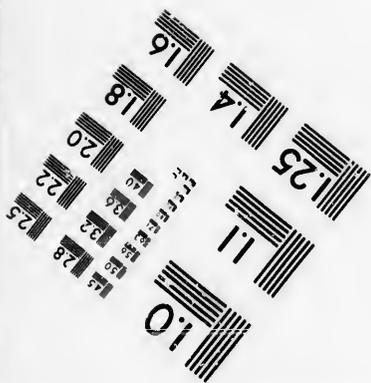
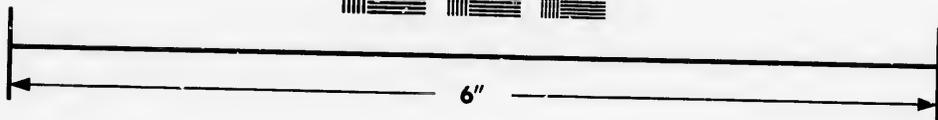
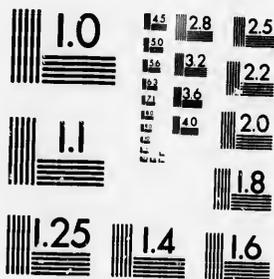
6. In a country where there is no law, there is no security for life or property; no abundance of the necessaries or the luxuries of life; no certain subsistence for the inhabitants; and the only equality that can exist in such a condition of society is an equality of misery, where all classes are exposed to the risks and dangers incident to a state of anarchy.

7. Burehill, the South African traveller, was one day travelling with a caravan along the bank of a river which was densely fringed with tall grasses and mat-rushes, when his dogs began barking loudly at some concealed object. In a





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minute or two, roused by the tumult, a lion and lioness broke out into the opening. The latter immediately took to flight among the reeds, but the lion, an enormous animal, with a full black mane, advanced a step or two, and then stood still, gazing calmly, as if to say, "Who are you that have dared to intrude on my royal privacy?" Some of the party were unarmed, and to them the lion's glowing eye was a thing of fear; others, who had weapons, put their fingers on the triggers ready to fire; and Burchill himself held his pistols in the same manner. At this moment the dogs rushed forward and barked around him. Two of them ventured too near the destroyer, who slightly lifted his paw, and, lo! they were dead. So quickly was it done, that Burchill had only time to mark the result. The men immediately fired, a ball entered the lion's side; but though the blood began to flow, he still preserved his attitude of half scornful, half curious immobility. They then expected that he would certainly spring, and Burchill raised his pistols, but to their surprise, and not a little to their relief, he wheeled himself round, and proudly marched away.

EXERCISES—REVIEW.

1. Public attention has recently been drawn to the possibilities which are now making themselves manifest of extinguishing fire by the application of chemicals whose properties are antagonistic to combustion.

2. A parent may control the actions of his children so long as they remain under his roof, and may insist upon his regulations being observed and his commands obeyed.

3. In the biographies of the saints of the early Celtic Church it is frequently recorded that towards the close of their lives they left their monasteries and sought the seclusion of some lonely island or mountain solitude, in order to pass the evening of their days in undisturbed devotion and freedom from worldly cares.

4. What we got from our worthy director from Grimsby is quite in keeping with some thoughts that have been travelling through my head, and to which I gave some expression in one of my articles in the *Canadian Horticulturist*.

5. According to some of the novels of the present day, it is only the lovely nymphs of seventeen or eighteen, and the fascinating swains of three or four and twenty, who have any business to think of matrimony. The poor plain ones, or those who have passed the meridian of life, are looked upon as completely shelved; the hymeneal torch is not to be lit for them, and the little god of love passes them over with contempt.

6. The migration of birds is a subject that has excited the attention of naturalists of all nations from very early times, and many theories have been advanced to account for the mysterious periodical movements that take place among the feathered tribes, although it can hardly be said there is one which fully explains these movements.

7. The earth, covered by its first mantle of snow, reminds one that the collecting season is virtually ended, and the lengthened evenings allured one to the study fireside to go carefully over note-books and collections and to read the recorded labours of fellow-Entomologists.

8. I was so unfortunate during our sojourn in those remote regions as to dislocate my ankle; and in the absence of regular medical aid, Digby showed himself a skilful amateur surgeon, and afterwards relinquished many hours of sport with his friends, in order to sit by my sofa and help me to while away the tedium of my idle days.

9. As it is not a vain and false, but an exalted and religious imagination, which leads us to raise our thoughts from the orb which, amidst this universe of worlds, the Creator has given us to inhabit, and to send them with something of the feeling which nature prompts, and teaches to be proper among children of the same Eternal Parent, to the contemplation of the myriads of fellow-beings with which his goodness has peopled the infinite of space, so neither is it false or vain to consider ourselves as interested or connected with our whole race through all time; allied to our ancestors; allied to our posterity; closely compacted on all sides with others; ourselves being but links in the great chain of being, which begins with the origin of our race, runs onward through its successive generations, binding together the past, the present, and the future, and terminating at last with the consummation of all things earthly, at the throne of God.

10. I venture to prophesy there are those now living who will see this favored land amongst the most powerful on earth; able, sir, to take care of herself, without resorting to that policy which is always so dangerous, though sometimes unavoidable, of calling in foreign aid. Yes, sir; they will see her great in arts and in arms; her golden harvests waving over fields of immeasurable extent; her commerce penetrating the most distant seas, and her cannon silencing the vain boasts of those who now proudly affect to rule the waves. But, sir, you must have *men*; you cannot get along without them. Those heavy forests of valuable timber under which your lands are groaning must be cleared away. Those vast riches which cover the face of your soil, as well as those which lie hid in its bosom, are to be developed and gathered only by the skill and enterprise of men. Your timber, sir, must be worked up into ships to transport the productions of the soil from which it has been cleared. Then you must have commercial men and commercial capital to take off your productions, and find the best markets for them abroad. Your great want, sir, is the want of men; and these you must have and will have speedily if you are wise.

11. It is not easy to over-estimate the advantages of under-draining, or to apply to it the language of extravagance. Since first practised its march has been victorious—a succession of triumphal conquests. It has drawn the line of demarcation between the domain of the living and the dead in plant life. The battle-ground of occupancy between the principles of vegetative production and vegetative destruction, it has given to the former. It has broken the iron sway of the fitfulness of the seasons, and taken away its yoke. It has supplanted a sickly delicacy in plant life by the robust vigor of a strong growth. It has unlocked the hidden chambers of the secreted forces of the soil, driven them out from their hiding-places, and forced them to give of their hoarded wealth to the husbandman. It has given abundant “seed to the sower” and “bread to the eater,” has filled the barns of the yeomen brimful, and their pockets with yellow gold. It has practically chained the frost-king to ice-rocks of the north for two whole weeks in autumn, and broken his fetters a fortnight earlier in spring. It has smitten the grasses of the marsh (comparatively useless), which love a watery domain, with a hopeless decay, and covered the abode of the frog and the lizard with rich, ripe shocks of well-earned corn. It has turned the joyless fen, where seeds of death hovered in the air, into the happy abode of singing bird and laughing child; and what it has done it will continue to do, if only given a chance.

12. The inevitable necessity that a Levantine or Asiatic feels to ask more than double the actual value of his goods, and allows himself afterwards to be beaten down to something less than half what he originally asked, is a cause of

bewilderment to the ordinary Briton, and a continual sore rankling in the bosom of the unwary tourist who has fallen a victim. It is not only the unlicensed hawker who takes his wares on board ships as they put in to the various ports along their route, and whose prices are merely a speculation as to how great an extent his customer may be imposed upon; but in the regular shops and markets, this system of haggling is perfectly recognized; and a trader who fixed a fair price on his goods, and kept to the one price, would run considerable risk of losing his entire custom, as the satisfaction of having beaten down a tradesman, and forced him to strike off something from his original price, gives an appreciable flavor to the transaction.

CHAPTER II.

PRÉCIS-WRITING.

Précis-Writing, while affording, in common with other departments of the subject of composition, excellent facilities for mental development, possesses, on account of its utility, a very pressing claim on the attention of the student preparing to enter upon the duties of a business life. No one is properly fitted for a clerkship who is not prepared to summarize a letter, or a series of letters, when required to do so by his superior.

By a *Précis** is meant a short form of composition, giving in clear and concise language, all this is *really essential* in business correspondence, or other writing.

The object of condensing letters, &c., is that the head of a department, manager of a business, or other person in authority, may comprehend all that is important in them without reading the originals.

It often occurs that the person to whom a letter is addressed, has not at his disposal the time which would be required to read it. In order to acquaint himself with the particulars of the letter in the shortest time possible, he will, instead of reading the original, read a *précis* or summary of it, prepared by his clerk.

“The merit of a *précis* consists in its brevity, completeness, clearness, and judicious arrangement.”

EXAMPLE.

Sir James MacKintosh to Macvey Napier.

MORDOCKS, November 13, 1822.

MY DEAR SIR,—

It would be difficult for me to convey to you an adequate conception of the magnitude of my historical arrears, and of the sad extent to which inevitable engagements, ill health, and domestic afflictions have of late encroached on the time which ought to have been employed in attempting to discharge them. My circumstances in that respect are at present such that nothing could have made me think of the experiment which I mentioned in my last, but a feeling that I ought sooner to have told you my difficulties. I should be very much obliged to you by your saying to Thomson that there is nothing of which I

* Pronounced *prâ-âc*.

am at present so desirous as authentic information about Glencoe, and that I beg to know from him whether the proceedings published in the thirteenth volume of "Howell's State Trials" be an accurate and complete account of what passed in the Scotch Parliament concerning that solitary but deep blot on the Revolution.

Very truly yours,

J. MACKINTOSH.

NOTE.—The student is expected to do all he can for himself before referring to the précis given below, for it is intended merely as a guide. If, on making a comparison, he should find that his own is considerably different from the model, he must not at once conclude that his efforts have been unsuccessful. As there are various ways of expressing the same thing, he must first call to mind what the requirements of a précis are, and then proceed to discover to what extent his work complies with these. Having done this, he is in a position to exercise his judgment in regard to the matter.

The student on reading the foregoing letter will observe that the following indicate the important points:—

1. Historical arrears, and difficulty in discharging them.
2. The request made.

Therefore, the précis may take the following form:—

PRÉCIS.

Mr. Macvey Napier is informed of the magnitude of Sir James MacKintosh's historical arrears, and of his difficulty, owing to unfavorable circumstances, in discharging them. Sir James MacKintosh, anxious for authentic information, requests him to ask Thomson if the thirteenth volume of "Howell's State Trials" gives a full and accurate report of the proceedings of the Scotch Parliament concerning Glencoe.

EXERCISE I.

SAMUEL WILMOT, Esq.,

NORTH ESK, October 15, 1887.

Newcastle, Ontario.

SIR,—

Your letter of the 1st inst. came duly to hand, and contents noted. I will follow the instructions given therein. The freshet has been very high, but done no damage, or at least nothing to speak of. The water was running over the lower dam; and I had to run a net along the top in order to prevent the fish from going over. I think some have got out. I had to remain at the racks all night in order to keep them clear of leaves, otherwise there would have been a clean sweep: this being the first rise of water this season brought a large amount of leaves and other rubbish. All danger is now past for this season, and I hope we will not have such a sudden rise of water again. The fishermen will be down to-day with one hundred more fish, this will conclude this season's fishing; I think we now have a sufficient number to fill the house.

I remain, yours truly,

ISAAC SHEASGREEN.

- (a) Indicate the principal points in the letter.
- (b) Write a précis of it.

EXERCISE II.

BERWICK, September 27, 1877.

SIR,—

An absence from college on account of sickness, has prevented my answering your obliging communication requesting me to write a paper on Political Economy, for publication in the columns of that excellent periodical, the *Review*. Although I am far from being disengaged at the present time, I think I may safely promise to have the article referred to ready for the December number. I may say, however, before commencing it, that many of my views on that important subject differ widely from those expressed by some of the contributors to your paper during the last three years; but I presume that its readers, being of the more intelligent sort, will not suppose the views that I may see fit to set forth will necessarily be indorsed by you. At any rate, the more I consider the subject, the more I am convinced that many of the popular notions of the day regarding it are based on a false foundation.

Yours truly,

A. B.

C. D.,

Stoke.

- (a) Indicate the main points in this letter.
- (b) Write a précis of it.
- (c) In what do the merits of a précis consist?

EXERCISE III.

BRANDON, July 14, 1887.

DEAR SIR,—

I beg leave to acknowledge the receipt of your letter, dated July 1st inst., asking for information in regard to your claim. On account of circumstances, which nothing could have enabled me either to anticipate or prevent, I was compelled to leave home on the 30th ult. Since that time I have done no office work, and therefore I have to inform you that the papers have not been submitted for approval; but that the matter will be attended to without delay. As soon as a satisfactory arrangement is made, I shall write you.

Yours truly,

B. C. DENH JLM.

E. E. MURCH, Esq.,

Prince Albert.

- (a) Write a précis of the foregoing letter.

EXAMPLE.

UNDERWOOD, July 14, 1887.

DEAR SIR,—

The other day I had a letter from my brother, informing me that you wish to sell your farm, and giving me a somewhat detailed description of it. From what he said I am of opinion that it would make a good stock farm, and that is just what would suit me, as I purpose to devote my attention chiefly to the rearing of horses and cattle. It being my intention to purchase shortly, you will do me a favor by letting me hear from you at once. Please give particulars

in regard to price, terms of sale, &c. State also which day next week it will best suit your convenience for me to go over, as I must see the farm myself before doing anything further in regard to the matter.

Yours respectfully,

J. B. PRATT, Esq.,
Bervie, Ont.

J. J. HOWE.

BERVIE, July 16, 1887.

DEAR SIR,—

I have the honor to acknowledge the receipt of your favor, dated the 14th instant, intimating that you have some notion of purchasing the farm which I offer for sale, and asking particulars in regard to price, terms, &c. In reply I beg leave to state that my cash price is Eight Thousand Dollars; but that I am willing to accept Four Thousand Dollars cash, and a mortgage, payable in five years, bearing interest at the rate of 6% per annum, for the balance. The farm is certainly an excellent one for stock raising, having all necessary conveniences, such as stabling, pasture fields, water supply, &c. I shall be at liberty on the afternoon of Friday, the 22nd inst., and it will afford me much pleasure to assist you in examining whatever may be of interest to you.

Yours respectfully,

J. J. HOWE, Esq.,
Underwood, Ont.

J. B. PRATT.

UNDERWOOD, July 18, 1887.

DEAR SIR,—

Permit me to acknowledge the receipt of your favor of the 16th inst., giving price, &c., of the farm which you offer for sale. While thanking you for kindly offering to assist me in examining the farm, I beg leave to state that such examination would be useless, unless you can modify your terms of sale. If I should decide to buy from you, I could pay down Three Thousand Dollars, and the balance in three years. Please let me know at once if this would be satisfactory to you, and oblige,

Yours, &c.,

J. B. PRATT Esq.,
Bervie, Ont.

J. J. HOWE.

BERVIE, July 20, 1887.

DEAR SIR,—

In reply to your favor of the 18th inst., asking information in regard to a modification of terms of sale, I have much pleasure in stating that what you propose would be quite satisfactory to me, should you decide to purchase the farm. I shall, therefore, expect you on the afternoon of Friday, the 22nd inst.

Yours, &c.,

J. J. HOWE, Esq.,
Underwood, Ont.

J. B. PRATT.

On reading the correspondence given above, the following important points may be noted:—

- No. 1. Asking for particulars relating to farm.
- No. 2. Particulars given.

- No. 3. Inquiry in regard to a modification of terms.
 No. 4. Proposed terms satisfactory.

PRÉCIS.*

- No. 1. Mr. J. J. Howe, hearing that Mr. J. B. Pratt had offered his farm for sale, asked him for particulars as to price &c.
 No. 2. Mr. Pratt stated that the price was \$8,000, of which \$4,000 was to be cash, a mortgage, payable in 5 years, and bearing interest at 6%, to be taken for balance. Mr. Howe, being unable to accede to those terms, inquired if \$3,000 paid down, and the balance in three years, would be satisfactory,
 No. 4. should he decide to purchase. Mr. Pratt replied in the affirmative.

EXERCISE IV.

DOMINION LANDS OFFICE.

SIR,—

PRINCE ALBERT, N.W.T., 11th March, 1882.

As a majority of the settlers on the south branch of the River Saskatchewan, in the vicinity of the parish of St. Laurent, have taken up their lands previous to the survey with narrow frontages, similar to those river claims in other parts of this district; and in view of the difficulty likely to be experienced in this office in adjusting the boundaries of these claims in accordance with the section survey, I have, at the request of several settlers so situated, the honor to request information as to the possibility of re-surveying these sections into river lots on a similar plan to that adopted in Prince Albert settlement, none of these claims having as yet been entered in this office.

I have the honor to be, Sir, your obedient servant,

GEO. DUCK, Agent Dom. Lands.

Surveyor General Dominion Lands.

DEPARTMENT OF THE INTERIOR,

OTTAWA, 21st September, 1882.

SIR,—

I have the honor, by direction of the Minister of the Interior, to acknowledge the receipt of your letter of the 11th March last, stating that you had been requested by several of the settlers in the vicinity of St. Laurent to obtain information from the Department as to the possibility of there being a re-survey of their claims by the Government, and to inform you that it is not the intention of the Government to cause any re-survey to be made. Of course, any sub-division differing from the regular survey they may desire, they can procure for themselves when the lands come into their possession. You will please, therefore, communicate this decision to the persons interested.

I have the honor to be, Sir, your obedient servant,

A. M. BURGESS, Secretary.

GEO. DUCK, Esq., Agent Dominion Lands, Prince Albert, N.W.T.

- (a) Write a précis of the foregoing letters.
 (b) What is the use of a précis of official correspondence?

* The margin is left for the insertion of anything important that may have been omitted at the time of writing the précis.

CHAPTER III.

INDEXING.

Indexing, in a general sense, includes the various means used by accountants and others to facilitate reference to documents or entries.

This subject may conveniently be treated under the following headings :

- (1) Indexing correspondence in tabular form.
- (2) Indexing letters received.
- (3) Indexing letters sent.
- (4) Indexing bills, invoices, &c.

INDEXING CORRESPONDENCE IN TABULAR FORM.

By this kind of indexing we mean the tabular enumeration in consecutive order of a series of letters, giving their dates and the names of the correspondents, as well as a brief indication of the main subject of each letter.

The student will observe that in an ordinary Index there is just sufficient shewn to identify each letter. Sometimes a Précis is not required ; in such case, the Index should give the substance of the correspondence in a condensed form.

We would remind the student that he should become acquainted with the facts contained in a letter or series of letters before attempting either a précis or index of the same.

EXAMPLE.

Index for Exercise IV. on page 188.

No.	DATE.	FROM AND TO WHOM.	SUBJECT.
1	1882 March 11	From Mr. Geo. Duck to Mr. A. M. Burgess.	Requesting information in regard to re-surveying river claims on the south branch of the Saskatchewan.
2	Sept. 21	Mr. A. M. Burgess to Mr. Geo. Duck.	Stating that a re-survey is not to be made.

EXERCISE I.

E. H. Hall to A. R. Gibson.

MEADSVILLE, Aug. 11, 1875.

DEAR SIR,—

As I stated to you immediately after your election that there was no office which I desired either for myself or any friend, I have had no occasion to write to you in regard to such matters. There is a matter now, however, that concerns you personally, and in which I feel that I discern your interest so plainly that I take the liberty to write to you with reference to it. I do this with less hesitation, because you did me the honor, after your election, to confide to me pretty fully your views. In the present disturbed state of the public mind concerning the recent gold combination, is it not the quickest and surest way to set at rest the great excitement and uneasiness which prevail, for you to make a brief denial over your own signature of all foreknowledge of that combination in order to relieve yourself entirely from all responsibility for the acts of others? Of course, those who know you personally do not require such a disclaimer; but the great public, whose minds are liable to be warped by the determined and persistent efforts to injure you, will be, it seems to me, at once satisfied and quieted by such a statement.

Sincerely yours,

A. R. GIBSON.

E. H. HALL.

A. R. Gibson to E. H. Hall.

HILLSIDE, Aug. 29, 1875.

DEAR SIR,—

Your favor of the 11th inst. is received. I have never thought of contradicting statements or insinuations made against me by irresponsible parties, such as those alluded to in your letter; but as you have written to me on the subject in so kind a spirit, I will say that I had no more to do with the late gold excitement than yourself, or any other innocent party, except that I ordered the sale of gold to break the ring engaged, as I thought, in a most disreputable transaction. If the speculators had been successful, you would never have heard of any one connected with the administration as being connected with the transaction.

Yours truly,

E. H. HALL, ESQ.

A. R. GIBSON.

- (a) Make an index of the letters given above.
 (b) What is the object of indexing letters.

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EXAMPLE.

Index for Example on Page 186.

No.	DATE.	FROM AND TO WHOM.	SUBJECT.
	1887		
1	July 14	Mr. J. J. Howe to Mr. J. B. Pratt.	Asking for particulars in regard to farm offered for sale.
2	July 16	Mr. Pratt to Mr. Howe.	Stating that price is \$8000. Cash, \$4000; a mortgage payable of 5 years, bearing int. at 6% for balance.
3	July 18	Mr. Howe to Mr. Pratt.	Asking whether \$3000 paid down, and balance in 3 years would be satisfactory.
4	July 20	Mr. Pratt to Mr. Howe.	Informing him that it would.

INDEXING LETTERS RECEIVED.

There are various methods of arranging letters which are received, each having its own peculiar advantages and disadvantages. It is difficult to say which is the best, for the reason that the requirements of one office might be fully met by a system of indexing which would prove altogether unsuitable for another office. Although this is the case, there is no difference in regard to the ultimate object in view, viz., that any particular document may be referred to in the shortest time possible.

In deciding on the plan to be adopted, the principal things to be considered are the extent and character of the correspondence, and the cost of the necessary apparatus, such as filing cabinets, binding cases, &c.

We shall endeavor to describe a method that does comparatively well for a business requiring only a limited correspondence.

Suppose that the office is provided with a case having about forty boxes or pigeon-holes suitable for holding letters and other documents. To prepare it for use it is necessary to label twenty-six* of these boxes with the letters of the alphabet respectively, and that in order, the first being marked A, the second B, &c. Six pieces of ordinary card-board marked A, E, I, O, U, and Y, respectively, and arranged in the order in which the vowels are here given, will be placed in each box. When a letter from John Smith, for example, is answered (if an answer is required), it is placed in the box labelled S, and immediately above the card having I at its outside extremity which projects sufficiently to allow the vowel on it to be seen. A communication from James Johnson is placed in the box labelled J, and just above the card which has O on it. From these examples the student will, no doubt, observe that the letter of

* The remaining boxes will be used for letters which are to be answered, bills, invoices, receipts, &c. These, also, will be labelled.

the alphabet distinguishing a particular box, is the initial letter of the surname of every correspondent whose letters are placed in it. He will also notice that the vowel marking the card immediately below a particular letter agrees with that of the first syllable of the surname of the correspondent.

The date on which a letter is received should be stamped or written on it as soon as it comes to hand. When this is done it is placed in a box labelled "Letters," where it remains until it is answered.

The page and number of the Letter Book containing the answer to a letter, as well as the date of answering it, should be placed on it near the top.

The letters received from the same person should be arranged in the order of their dates.

When a considerable number of letters is received from a person or firm, a separate box should be used for them.

At the end of each year or half-year, as necessity may require, the letters will be taken out of the boxes, and tied up in bundles or put into closed binding cases for the purpose. They should be alphabetically arranged as before, and the packages should be labelled so as to shew the opening and closing dates of the period during which they were received.

INDEXING LETTERS SENT.

When a person writes a business letter of any importance, he should, before sending it away, take an impression of it in his Letter Book, which being paged, may have an index like that of a ledger.

Letter Books should be numbered 1, 2, 3, &c., and as they become filled, the opening and closing dates of the period for which each was used should be written on the back of it.

When a letter requires an answer, it will be found convenient to give the correspondent the page and number of the Letter Book containing the copy, so that he may refer to it in his reply.

INDEXING BILLS INVOICES, &c.

Bills, Invoices, &c., as soon as examined, (if found correct,) are placed into labelled boxes or drawers, being arranged in alphabetical order. At the end of each month they are taken out, folded neatly, and enclosed in wrappers, marked as indicated below :—

<p><i>D. H. Murray, Hamilton.</i></p> <p>—</p> <p><i>Invoices.</i></p> <p><i>13th July, 1887.</i></p> <p><i>\$37.60.</i></p>	<p><i>Invoices*</i></p> <p><i>for</i></p> <p><i>July, 1887.</i></p>	
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* The wrapper.

A. H. S. 21

N. D. McKinnon.

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&c.,
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<p>A. H. Smith, Kincardine.</p> <p>—</p> <p>Receipt. 14th May, 1887. \$125.</p>	<p>Receipts.* for May, 1887.</p>	<p>May</p>
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<p>N. D. McKimmon, Underwood.</p> <p>—</p> <p>Bill of Goods. 25th July, 1887. \$19.20.</p>	<p>Bill* for July, 1887.</p>	
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At the end of the year, the Invoices for the different months are arranged in order, after which they are tied up, and the package is labelled. Bills, receipts, &c., are treated in similar manner.

When a large business is done, it is very convenient to use properly constructed files and binding cases.

CHAPTER IV.—REVIEW.

EXERCISE I.

GOVERNMENT HOUSE,
BATTLEFORD, N.W.T., 13th Feb., 1878.

SIR,—

I have the honor to transmit herewith a petition of certain half-breeds of St. Laurent relating to several matters affecting their interests in this country.

Though the petition is addressed to the Lieutenant-Governor of the North-West Territories, yet as it refers to questions for the most part wholly under the control of the Dominion Parliament and Government, I am requested to forward it to His Excellency the Governor-General in Council.

I hope you will have the goodness, at an early day, to lay it before His Excellency in Council.

1832.50
199.00
25.00
—————
905 6 50

* The wrapper.

Should it be the intention of the Government to appoint any additional members to the Council of the North-West Territories, the prayer of the petitioners, that such should be selected from the old residents of the country, is well worthy of consideration.

It is important that the land policy of the Government towards old settlers and others living for many years in the Territories should be declared. It appears to me that they have a claim to some more speedy means of acquiring a title for settlement purposes than the homestead provisions of the Dominion Lands Act.

To prevent disputes between neighbors, it is highly desirable that the survey of lands settled upon along the principal rivers should be prosecuted with all convenient speed.

With respect to the prayer for assistance in procuring seeds and implements to commence farming operations, it is similar to the request made to me by the half-breeds of Bow River during the Blackfeet Treaty negotiations, and which I forwarded to you and commended to the favorable consideration of the Government.

I have the honor to be, Sir, your obedient servant,

DAVID LAIRD,

Lieutenant-Governor of the North-West Territories.

Hon. the Minister of the Interior, Ottawa.

DEPARTMENT OF THE INTERIOR,

OTTAWA, 18th March, 1878.

SIR,—

I have the honor to acknowledge the receipt of your despatch, No. 47, of the 13th ultimo, covering a petition addressed to you by certain half-breeds of the parish of St. Laurent, relating to several matters affecting the interest of the half-breeds in the North-West.

2. You are requested to inform the petitioners that I shall have much pleasure in submitting their petition for the consideration of His Excellency the Governor General in Council.

3. In the meantime you may intimate to the petitioners that should it be thought desirable to appoint additional members to the Council of the North-West, I shall be prepared to recommend to His Excellency's consideration their application that such members should be selected from the old residents in the Territories, and that, if possible, one of them should be of French Canadian origin.

4. The propriety of passing an Act to secure for the half-breeds some more speedy means of acquiring a title for settlement purposes than under the provisions of the present Homestead and Dominion Lands Act has for some time past engaged my attention.

5. As regards the application of the petitioners for an early survey of the settled lands along the principal rivers, I have to request you to inform the petitioners that the surveys of such lands has already been carried out to some extent, and will be prosecuted as rapidly as the funds at the disposal of the Department will permit.

6. The application of the petitioners to be aided by the Government with seed and agricultural implements in their farming operations, I confess I am not disposed to view favorably. I don't see upon what grounds the half-breeds can claim to be treated differently from the white settlers in the Territories.

7. The half-breeds who have, in some respects, the advantage over new settlers in the Territories, should be impressed with the necessity of settling down in fixed localities, and directing their energies toward pastoral or agricultural pursuits, in which case lands would no doubt be assigned to them in the same way as to white settlers. But beyond this they must not look to the Government for any special assistance in their farming operations.

8. The petitioners are in error in supposing that the Government has given seeds or farming implements to any other class of white settlers in the North-West.

9. Money has been advanced in some cases to certain settlers on the distinct understanding that it would be repaid to the Government by the parties to whom it was advanced. I may add that the result of this experiment has not been such as to induce the Government to repeat it.

I have the honor to be, Sir, your obedient servant,

DAVID MILLS,

Minister of the Interior.

His Honor the Lieut.-Governor of the North-
West Territories, Battleford, N.W.T. }

- (a) Note the important points in the foregoing.
(b) Write a précis of it.
(c) Index it.

EXERCISE II.

J. W. Kaine to James Burnaby.

SIR,—

GRESHAM, Jan. 6, 1867.

You thought proper to publish in your paper of the 27th of November a communication, in which I was gratuitously and unjustly assailed by Dr. Belligerent, who, in the very piece, declared that he was not responsible under the laws of honor, and argued *that editors of newspapers were more accountable for what they published than the writers of their articles.* In deference to the prevailing sentiment of the community against further strife, and in hope that you also would forbear additional wrong, I let this pass, and published an explanation and defence, in which I denied the facts as false inferences alleged against me. You also published in a subsequent communication, on the 1st of January, from the same irresponsible source, a reiteration of the offensive and insulting imputations previously made against me, with additional remarks more offensive than any already published, and this in the teeth of my published statement. You have thus made yourself responsible for the articles, and have left me no other alternative than to meet the responsibility you have assumed. I am under the necessity of requesting that you make a suitable amende to me for the injury you have done me.

Your obedient servant,

JAMES BURNABY, Esq.

J. W. KAINE.

James Burnaby to J. W. Kaine.

SIR,—

ESKDALE, Jan. 7, 1867.

Your note of the 6th instant was handed to me by Mr. Wade, and has received the earliest attention consistent with my engagements. It does not appear,

from the tenor of your note, what atonement it is in my power to render you. If it will consist in disclaiming any purpose on my part of wounding your feelings, or of injuring your character, you will confer a favor by stating the terms in which such a disclaimer would be agreeable, and I can scarcely apprehend the possibility of not being able to make it in accordance with your wishes.

J. W. Kaine, Esq.

Respectfully yours,

JAMES BURNABY.

J. W. Kaine to James Burnaby.

GRESHAM, Jan. 8, 1867.

SIR,—

I take pleasure in expressing my gratification at your disposition to disclaim any purpose of wounding my feelings or injuring my character by the publication of the communication alluded to in my note. You desire me to state what atonement or disclaimer would be agreeable. I can but presume that your reflection has shewn you that, in publishing the articles of Dr. Belligerent, in view of his declared non-amenability, and of my being a private citizen, and of the fact that I had not assailed him through your columns, you have inflicted, in fact, a wound upon my feelings and an injury upon my character, and that you have become unavoidably responsible for this wrong. Your candor will, therefore, no doubt, induce you to perceive the wrong, and to express regret for the consequences which have ensued from your acts.

JAMES BURNABY, Esq.

Very respectfully,

J. W. KAINE.

James Burnaby to J. W. Kaine.

ESKDALE, Jan. 8, 1867.

SIR,—

Your note of to-day has been received. In permitting the appearance, in the columns of the *Standard*, of the articles referred to, I certainly had no intention to injure or to offend any one; and I readily acknowledge my regret that any wound was thereby occasioned to your feelings, or any injury to your character.

J. W. KAINE.

Respectfully yours,

JAMES BURNABY.

J. W. Kaine to James Burnaby.

JAMES BURNABY, Esq. :

GRESHAM, Jan. 8, 1867.

SIR,—

It gives me pleasure to state that your note of to-day has been received, and is satisfactory.

Very respectfully,

J. W. KAINE.

- (a) Note the important points of the correspondence given above.
- (b) Write a précis of it.
- (c) Make an index of it.

EXERCISE III.

SWIFT CURRENT, 14th May, 1876.

GENTLEMEN,—

Permit me to ask your opinion in regard to a matter in connection with my occupancy of Lot 107, Concession 24, Township of Cromarty. This lot being unclaimed, unoccupied, and but little improved, was taken charge of by me about five years ago, at which time I made an attempt to get a patent from the Department, but failed to do so on account of a claim made by Mr. H. C. Burdett. In the meantime I have made considerable improvements, having erected a good log house and a frame barn. I have also cleared twenty-five acres, which is now in a fairly good state of cultivation. It is my desire to purchase. Do you think that I have a claim that will be acknowledged by the Department? If so, what steps will be necessary for me to take to secure a clear title. Please let me hear from you at once, for I wish to push the affair, believing as I do that any other claim than mine against the lot is forfeited for non-performance of settlement duties.

AMOS & CUMMINGS,
Barristers, &c., Saratoga.

Yours truly,
G. A. CHAMBERS.

G. A. CHAMBERS, ESQ.,
Swift Current.

SARATOGA, 23rd May, 1876.

DEAR SIR,—

We beg leave to acknowledge the receipt of your favor of the 16th inst. Not having sufficient information in regard to the claim against the lot in question, we are not in a position to give you a satisfactory reply; but we shall at once communicate with the Commissioner of Crown Lands, so as to know exactly how matters stand. As soon as we are in possession of the necessary facts we shall write you.

Yours, &c.,
AMOS & CUMMINGS.

G. A. CHAMBERS, ESQ.,
Swift Current.

SARATOGA, 29th May, 1876.

DEAR SIR,—

In regard to your letter of the 16th inst., representing that you went into occupation of Lot 107, Concession 24, Township of Cromarty, about five years ago, and that you have since made improvements on the same, we beg leave to state that we have written to the Commissioner of Crown Lands, and have received a reply, informing us that in August, 1871, you made an application through D. C. Campbell to purchase the lot, with the view of making improvements thereon, that it was unsuccessful, and that you were then notified of the claim of Mr. H. C. Burdett, the original purchaser. Considering this, and also the fact that in stating your case you made no effort to shew that you were the only occupant, or the only one having a claim based on occupation or improvements during the last five years, we can come to no other conclusion than that the Department would not consider you entitled to any consideration on account of your present unauthorized occupancy of the lot. We remain,

Yours respectfully,
AMOS & CUMMINGS.

SWIFT CURRENT, 5th June, 1876.

GENTLEMEN,—

Permit me to acknowledge your favor of the 29th ult., in which you express the opinion that the Department would not consider me entitled to any consideration on account of my occupancy of Lot No. 107, Concession 24, Cromarty. As I did not, in my former letter, give full particulars, I beg leave here to state that I have been the only occupant during the last five years and that I have made the only improvements worth mentioning on the lot. I may say, further (and I am prepared to prove all my statements), that Mr. Burdett, who appears to be the original purchaser, left this country twelve years ago, and that the only work he did or caused to be done on the lot, was the clearing of something less than one acre. Now that you have this additional information, please submit the matter again to the Commissioner, and oblige,

Yours truly,

AMOS & CUMMINGS,
Barristers, &c., Saratoga.

G. A. CHAMBERS.

SARATOGA, 15th June, 1876.

DEAR SIR,—

We have to acknowledge your favor of the 5th inst., giving further particulars in regard to the lot to which you lay claim, and asking us to submit your case to the Commissioner. We did as you requested, and received a reply informing us that you had no right to occupy the lot, and that you are not entitled to any consideration on account of doing so. We are further informed that Mr. Duncan has a claim based on a Tax title; but we are of opinion that it will not present much difficulty if you can satisfy the Department that the Tax purchaser made no effort to improve the property. Tax purchasers should be called upon to occupy within a reasonable time, otherwise the improvement of the country might be retarded in the interest of speculators to an unlimited extent. In our opinion, the best thing for you to do is to lay the whole matter before the Minister. State the case very fully, but in doing so submit nothing but that which you are prepared to substantiate. We remain,

Yours respectfully,

AMOS & CUMMINGS.

- (a) Write a précis of the foregoing letters, and index them.
(b) What is the use of a Letter Book? Explain fully.

EXERCISE IV.

HIGHGATE, January 1st, 1876.

THE HON. THE ATTORNEY GENERAL,
Hornsey.

SIR,—

I beg leave to inform you that the Municipal Council of the Township of Blank passed, on the 15th ultimo, a By-Law appropriating the amount due to the township from the Municipal Loan Fund. Please let me know what steps must be taken in order to have the By-Law carried into effect, and oblige,

Your obedient servant,

AUGUSTUS SNODGRASS.

SIR,—

HORNSEY, January 5, 1876.

I have the honor to acknowledge your favor of the 1st inst., addressed to the Attorney General. Upon a by-law being passed by your Municipal Council, apportioning their Loan moneys, a copy should be at once forwarded to the Provincial Treasurer, properly certified. This being done, it will, at as early a date as possible, be submitted to the Lieutenant Governor for approval. If there are any Separate Schools in the township, the provisions of the Act in regard to them must be observed; and in such case it might facilitate the approval of the by-law, if with the copy you would send a memorandum signed by the Separate School Trustees, stating that they are satisfied that the by-law grants to them their just share as prescribed by the Act. The Treasury Department will, when informing you that the by-law has been approved, send forms of certificates, upon which the money will be paid. Such sums as may be applicable in payment of debentures will be paid upon the debentures being forwarded to the Treasury Department.

Yours respectfully,
TRACY TUPMAN.

AUGUSTUS SNODGRASS, Esq.,
Highgate.

THE HON. THE PROVINCIAL TREASURER,
Camberwell.

HIGHGATE, January 10, 1876.

SIR,—

Herewith I enclose a certified copy of By-law passed by the Municipal Council of the Township of Blank, appropriating the amount owing to the township from the Municipal Loan Fund. There are no Separate Schools in the township. Some of the sections are building new school houses this year, and therefore want the money as soon as the by-law is approved. Please forward the necessary certificates, so that the sections needing the money immediately may avail themselves of it.

I am, your obedient servant,
AUGUSTUS SNODGRASS.

AUGUSTUS SNODGRASS, Esq.,
Highgate.

CAMBERWELL, January 14, 1876.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 10th inst., accompanied by a certified copy of By-law passed by the Municipal Council of the Township of Blank. Permit me to inform you that the by-law will be submitted for the approval of His Excellency as soon as possible. Some days, however, must elapse as a large batch of by-laws was sent for approval yesterday, and yours is the only one now on hand. On examining the by-law, I find that you appropriated the sum of \$10,369.97, the correct amount being \$10,524, arrived at as follows :—

Population allowance	\$7528 00
Railway allowance over indebtedness	2841 97
Thirteen months' interest accrued	154 03
	\$10,524 00

The difference arises from interest not having been calculated in the circular first sent; but this was corrected by one sent subsequently, which, in all probability, did not reach you.

I remain, yours respectfully,
SAMUEL PICKWICK.

Walter Ryan

HIGHGATE, January 20, 1876.

THE HON. THE PROVINCIAL TREASURER,
Camberwell.

SIR,—

I beg leave to acknowledge your favor of the 14th instant. In it you state that there is due to the Township of Blank \$154.03 of accrued interest, which was not mentioned in the circular sent by the Department. The corrected circular was delayed somehow, and reached me only a few days ago, the appropriation having been then made. Will it be necessary for the Council to pass another by-law to receive the larger amounts as per corrected circular of the 29th ult. ? An early reply will greatly oblige,

Your obedient servant,
AUGUSTUS SNODGRASS.

AUGUSTUS SNODGRASS, Esq.,
Highgate.

CAMBERWELL, Jan. 25, 1876.

SIR,—

I have the honor to inform you that the by-law of the Township of Blank, having been submitted to his Excellency the Lieutenant-Governor in Council, has been approved. Enclosed please find blank certificates. In reply to your letter of the 20th instant, I have to state that it will not be necessary to pass another by-law, as the difference in the amounts can be treated as interest. You will observe that the by-law does not state to what purpose the money is to be applied in the different school sections; and consequently it will be necessary for the certificates to specify the objects to which the various school trustees intend to apply their shares of the allowance, which objects must come within the meaning of the Act as amended. The amendment of this session will enable you to create a school fund with the money if you choose. I remain,

Yours respectfully,
SAMUEL PICKWICK.

HIGHGATE, February 8, 1876.

THE HON. THE PROVINCIAL TREASURER,
Camberwell.

SIR,—

I have the honor to acknowledge your favor of the 25th ult., by which I am informed that Certificates must specify the objects to which the trustees of School Sections intend to apply their shares of the money received from the Municipal Loan Funds. I am at a loss to know how to deal with Sections which have built School Houses, and have already paid the contractor in part. In such a case, shall I grant a Certificate for the full amount of their apportionment, provided that amount is less than the cost of the building; or, shall I grant a Certificate for the unpaid balance only, although such balance should be less than the apportionment? I remain,

Your obedient servant,
AUGUSTUS SNODGRASS.

- (a) Write a précis of the foregoing.
- (b) Index them.
- (c) Shew how to file away letters received.

EXERCISE V.

CAMP, GREAT OKANAGAN LAKE, B.C.,

12th September, 1877.

THE HON. THE MINISTER OF MARINE AND FISHERIES,

Ottawa.

SIR,—

I have the honour to acknowledge receipt of enclosures relating to the construction of a fishing weir at a point on the Fraser River, some miles below New Westminster.

I enclose copies of correspondence on this subject, to which I respectfully refer you.

At a conference which I held with the principal fishery proprietors at New Westminster, in the middle of June, no complaint of this structure, then in progress, was made to me; and I myself saw no objection to the construction of the weir, provided it did not interfere with navigation, or otherwise violate the general provisions of the Fishery Law. Similar weirs were for a time exclusively, and are even now, I believe, partially employed upon the Columbia River. But they were gradually abandoned, as inefficient, in favor of the drift-net, than which, indeed, they are far less destructive.

On the whole, I am of opinion that much causeless jealousy of this weir, built by a man of small means, who probably could not afford the purchase of nets, has been exhibited. On the other hand, if, as Mr. Cooper states, the existence of the weir is calculated to cause impediment to the navigation at some future time, its continuance would of course become illegal. Indeed, the general Fishery Law itself provides for the removal of the stakes at the end of the season.

On my return to New Westminster I shall enquire particularly into all matters connected with the subject in question and report to you afterwards. Meanwhile, I am happy to say that the enormous shoals of fish that have passed up during the last two months, will at least have removed whatever apprehensions the Fishery proprietors may have entertained.

I have the honor to be, Sir, your most obedient servant,

ALEX. C. ANDERSON.

Inspector of Fisheries, B.C.

MESSRS. FINLAYSON & LANE

and HENRY HOLBROOK, Esq.,

New Westminster, B.C.

KAMLOOPS, B.C., 7th July, 1877.

GENTLEMEN,—

I received yesterday only your telegram of 28th ult., announcing that parties (not named) were placing heavy pile traps in the river, obstructing navigation, and that you protest. Of course any such proceeding is illegal, and, on complaint before a Magistrate, under the general and comprehensive terms of the Fishery Act, would be interdicted.

Before leaving Victoria, I received an application from a Mr. Ibbotson, concerning a fish-trap; I enclose a copy of my answer, and you will see that I guard specially against any interruption of the navigation, or violation of the observances usual on the Lower Fraser with regard to the salmon fishery.

I have the honor, &c., &c.,

(Signed) ALEX. C. ANDERSON.

Inspector of Fisheries, B.C.

P.S.—With reference to the general subject, I trust that the gentlemen engaged in the fishery (as suggested by me when in New Westminster) will meet and draw out some rules or by-laws for the conduct of the fishery, as their experience may teach. These, if sent to me, I would forward officially to Ottawa for approval or confirmation. At the same time, I could recommend the appointment of a Warden or Overseer to watch that the rules were carried out.

A. C. A.

(Copy of Telegram.)

A. C. ANDERSON,
Kamloops.

Parties are placing heavy pile-traps in the river, obstructing navigation. We protest.

FINLAYSON & LANE.
H. HOLBROOK.

A. C. ANDERSON.

NEW WESTMINSTER, B.C., 10th July, 1877.

DEAR SIR,—

Colonel Lane and myself telegraphed to you about the traps being erected and placed in the river. **It catches both large and small*, and we think the erection is contrary to law; but if such is not the case, we shall have to put them up and allow no fish to pass up for the Indians. Several cargoes of stone are being brought from Nanaimo to weight it—it is the heart trap.

We would like to hear your decision in the matter. There are seventy boats fishing with nets, and we all want fair play and to start even. There is trouble for want of fishing regulations to-day, at the mouth of the rivers, which will be a case for the magistrates, as knives and pistols (so report says) have been drawn.

Yours, &c.,

(Signed) H. HOLBROOK.

(Copy)

KAMLOOPS, B.C., 20th July, 1877.

THE HON. HENRY HOLBROOK,
&c., &c., &c.,
New Westminster.

DEAR SIR,—

I have received your letter of the 10th inst., having reference to the joint telegram of yourself and Messrs. Finlayson & Lane, to which I had already replied on the 7th inst.

By the copy then sent of my note to Mr. Ibbotson (whom, though not named by you, I assume to be the offending party), you will perceive that I specially guard against any interruption of the navigation, or action in any way violating the rules generally observed in the conduct of the salmon fishery on the Lower Fraser.

*N.B.—As may be gathered from my Reports, &c., this statement, doubtless correct in itself, implies a fallacy.
A.C.A.

Under the showing made by you, I am decidedly of opinion that the trap in question violates the conditions named, and must hereafter be interdicted. Whether, however, the offenders may not have acted under an erroneous view; and whether, under the circumstances, it might be well to condone the error for the present season only, with the full understanding that the trap be removed in the autumn, I leave to you to state to me.

I will write to the Commissioner of Fisheries on the subject, and at the same time suggest to him the expediency of appointing a resident Warden at New Westminster, and also (though less urgently required) at certain other points.

I repeat to you my request that you, and others connected with the Fisheries, would meet as soon as convenient and make such suggestions with regard to the future regulations of the Fisheries as might seem expedient.

These, with my remarks, I would forward for the consideration and sanction of the Minister; and in this way much future trouble and uncertainty would be obviated.

I have the honor to be, Sir,

Your most obedient servant,

(Signed) ALEX. C. ANDERSON,
Inspector of Fisheries, B.C.

(Copy of letter referred to.)

MR. JOHN IBBOTSON,
New Westminster, B.C.

VICTORIA, B.C., 26th May, 1877.

SIR,—

With reference to your letter of the 22nd instant, I lose no time in informing you that I can see no objection to your constructing a fish-trap in the position mentioned by you, provided it does not interfere with the navigation of the river, or otherwise violate the usual observances of the salmon fishery.

I have the honor to be, Sir, your obedient servant,

(Signed) ALEX. C. ANDERSON,
Inspector of Fisheries, B.C.

DEPARTMENT OF MARINE AND FISHERIES,

BRITISH COLUMBIA AGENCY,

VICTORIA, 17th July, 1877.

HON. A. SMITH,
Deputy Minister of Marine and Fisheries.

SIR,—

I have the honor to forward the enclosed communication for the information of the Department, upon receipt of which I thought it necessary to visit New Westminster, and inspect the structure complained of, particularly as it will be seen by Messrs. Holbrook & Lane's notes, that it was represented as a probable obstruction to navigation.

Mr. A. C. Anderson, Inspector of Fisheries, had, I found, given the proprietor authority in writing to construct the fish-trap which extends about 300 feet more or less at right angles from the left bank of the river, five miles below New Westminster. It is, however, upon a sand bar, and does not in any way impede navigation at present; but the probabilities are that the number of piles driven will have a tendency to increase the bar, and shoal the water in that locality.

In conversation with the proprietors of other canneries, I ascertained that they considered it an illegal method of catching fish; but, if in the absence of any law covering such matters in the Province this system was sanctioned, they would all adopt this course if the traps in question proved a success.

I have the honor to be, Sir,
Your most obedient servant,

JAMES COOPER,
Agent Dept. Marine and Fisheries, B.C.

CAPTAIN COOPER :

NEW WESTMINSTER, 9th July, 1877.

DEAR SIR,—

Will you lend me a copy of the Canadian Fishery Laws.

Parties are building a large trap of piles and sunk with stone in the river for the purpose of catching salmon. It will probably be an obstruction to navigation, and, I think, against the laws. Please let me know what the laws are, or send me a copy, and oblige,

Yours truly,

C. C. LANE.

Holbrook and self telegraph a protest to Mr. Anderson.

CAPTAIN COOPER :

NEW WESTMINSTER, 10th July, 1877.

DEAR SIR,—

One of the Fisheries is putting up a large salmon trap. Messrs. Lane and the others object, as we think it against the law, and will be an impediment to navigation, for, if allowed to remain, we all shall have to do the same.

A number of piles are driven into the river; the trap is a large affair, built of wood, and filled with stone and sunk. I hear some vessels are about to bring the stone over from Nanaimo.

It catches the fish both large and small.

We can only appeal to you to see if it stops navigation. You ought to have full power, as Mr. Anderson is away. We telegraphed to him, but no notice has been taken.

There was trouble at the mouth of the river yesterday. I suppose it will come before the magistrates.

Yours truly,

FINLAYSON & LANE,
H. HOLBROOK.

- (a) Write a précis of the foregoing correspondence
(b) Index it.

" B. E. Mohr
125 Slater St
Ottawa
" Ont.

EXAMINATION PAPERS.

SECOND CLASS TEACHERS, 1886.

1. Give the sense of the following passage in as few words as possible :

That it is hard to brave a laugh—this is not disputed. That there is a power in sarcasm which may make the condition of the Christian a condition of persecution—this is not disputed. But when the battery of jest and contempt that is brought to bear on him makes him shrink ashamed of his profession, we cannot accept the difficulty of the encounter as an apology for his defeat. We really want terms in which to express our sense of the weakness and infatuation of men who, quite aware that they have right on their side, and thoroughly persuaded that reason gives an unreserved verdict in their favor, are nevertheless abashed and overcome by the ridicule of some thoughtless jester, whose intellect they probably hold cheap, and whose good opinion they consider valueless.

2. Write a précis of the following document :

OFFICE OF THE PROVINCIAL BOARD OF HEALTH,
TORONTO, July 17th, 1882.

DEAR DOCTOR,—

You may have observed that the Provincial Board of Health, in common with many Boards in the United States, has decided upon publishing a Weekly Report of disease prevailing in the different parts of the Province, noting, at the same time, the accompanying meteorological and other conditions.

In order to make such reports of any real value in investigating the causes of disease, it will be necessary for the Board to appoint, in various localities, correspondents whose weekly returns may enable it to deduce practical conclusions therefrom.

To this end the Board has addressed this letter to a number of medical practitioners throughout the Province, and it requests you to consider whether you will accept the position of correspondent to the Board from your district.

Leaving out of view the bearing of the proposed work upon the question of Sanitary Science, and looking at it from a purely professional standpoint, the investigations to be made as to the causes and nature of disease will be as important to medical practitioners as many others in which they are engaged and to which they gladly devote more time. The filling up of the blank forms will require only a few minutes each week ; and should you be willing to devote that time to it, be kind enough to inform the Secretary at once, so that there may be sent to you stamped forms similar to the one enclosed, and a blotter for your convenience and subsequent reference. Should you decide that you cannot do so, you will confer a favor by informing the Board of some medical practitioner in your locality who, in your opinion, would be willing to undertake the work.

The reports and remarks of correspondents will be treated as confidential, a general average of all the reports being published, and the Board exercising discretion in mentioning the names of particular localities.

Although this work, like that of the Meteorological Reporters in Ontario and of the Disease Reporters in many States of the Union, is done gratuitously, yet this Board trusts that the measure of good accruing from this scheme will be such as to encourage it to expect, in the near future, greater pecuniary facilities for making the reports, and the results to be obtained therefrom more nearly perfect.

Trusting that you may find it convenient to co-operate with the Board in this matter,

I have the honor to be, Sir,
Your obedient servant,

P. H. BRYCE,
Secretary.

3. Show how you would index the contents of the foregoing document.
4. Give specimens of your method of indexing (a) out-going letters, (b) letters received, and (c) bills or accounts, so that you could make prompt reference to any particular document.

SECOND CLASS TEACHERS, 1887.

1. Abridge the following sentences without altering the sense :

If men of eminence receive reproaches which they do not deserve, they likewise receive praises which are not due to them.

The science which describes the surface of the earth and its inhabitants is, in my opinion, a very interesting department of instruction.

It is a common maxim and, at the same time a just one, that we can exert more influence by means of example than by means of precept.

2. Give the sense of the following paragraph in as few words as possible :

There is now no opportunity of repentance for me, no chance of being restored to happiness, except through submission, and against that word my proud heart disdainfully revolts. Submission! how would it dim the lustre of my glory in the eyes of those angels whom I enticed from their state of allegiance by assurances very inconsistent with the temper of submission, boasting that I could subdue and dethrone the Omnipotent. But, alas! little do they imagine how dearly I pay for having made that vain boast. Little do they know the secret torments that fill my heart with agony, while I am seated on the throne of hell receiving their adorations. My crown and sceptre elevating me above them in rank make my height of misery so much greater than theirs.

3. Write a précis of the following correspondence :

SIRS,—

VALLEYVILLE, Nov. 2, 1887.

We are instructed by our clients, residents and ratepayers of the township of Hamboro, to inform you that the toll-gate recently erected by you at the west end of Lark street in the city of Burlington, is to them a cause of much annoyance and expense, without furnishing them any adequate return. The

road is rough and badly cared for (being in parts frequently covered with water). Moreover, the said toll-gate being situated within the limits of the said City of Burlington has been placed there contrary to law and proper authority. Our clients therefore respectfully request that the gate aforesaid be removed, or the collection of tolls discontinued.

Yours truly,

Messrs. Slow & Sure,
Burlington.

SHARPE & SWIFT.
Barristers, etc.

BURLINGTON, Nov. 5th, 1887.

SIRS,—

We beg leave to acknowledge the receipt of your favor dated the 2nd of November instant, intimating that certain residents and ratepayers of the township of Hamboro had entered a complaint against the existence of our toll-gate on Lark street in this city, and requested its removal or discontinuance. In reply we take the liberty of informing you that the road on which the said toll-gate stands was constructed by us at considerable cost, that it is kept in as good state of repair as the nature of the land in the locality will permit, and that before we erected the gate aforesaid we duly obtained the consent of the authorities of the City of Burlington. Therefore, we hereby announce our determination neither to remove the toll-gate nor to cease collecting tolls thereat.

Yours truly,

Messrs. Sharpe & Swift,
Valleyville.

SLOW & SURE,
Barristers, etc.

VALLEYVILLE, Nov. 8th, 1887.

SIRS,—

Your favor of the 5th instant, declining to comply with our clients request either to remove the toll-gate on Lark street in Burlington City or discontinue collections at same, has been received. In reply we are authorized to state that unless the said request be complied with within one month from the date of this notice our clients shall positively decline to pay further tolls at the gate aforesaid.

Yours truly,

Messrs. Slow & Sure,
Burlington.

SHARPE & SWIFT.

4. Make an index in proper form for the three foregoing letters.

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