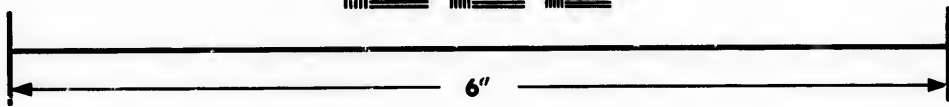
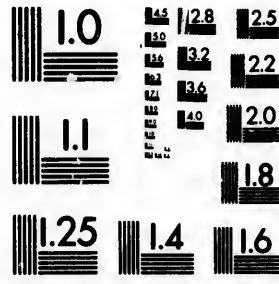


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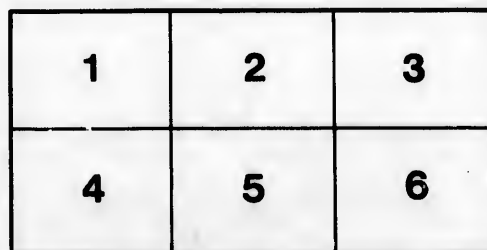
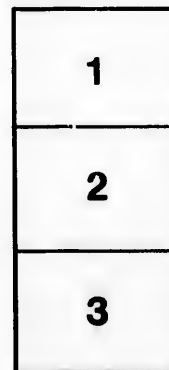
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MANUAL OF BOOK-KEEPING

BEING THE

PART OF THE STUDENT

Specially adapted to Simultaneous Teaching,

CONTAINING

A THOROUGH COURSE OF SINGLE AND
DOUBLE ENTRY,

Presented in Question and Answer Form,

TO WHICH IS ADDED

COPIOUS EXERCISES FOR HOME WORK;

ALSO

A SHORT TREATISE ON COMMERCIAL LAW.

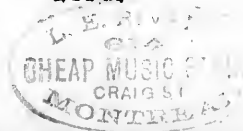
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FIRMIN H. PROULX.

1871.



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ENTERED, according to the Act of the Parliament of
Canada, in the Year one Thousand Eight Hundred and
Seventy-one, by the proprietor, in the Office of the Mi-
nister of Agriculture.

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THE METHOD TO BE USED.

The design of this book, is not so much to show further development of Book-keeping as a science, but rather to simplify the method of teaching it, so that even very young pupils may be able to comprehend and apply its principles.

It is well known that this science is a most abstract one; and that the number of its calculations and length of its monotonous process, does not heighten the interest or pique the curiosity of pupils generally. Also the amount of cautious attention which it demands seems to tax their mental faculties so much, that the slightest neglect or indifference shown this subject by teachers, produces in them a most profound disgust for it in all its bearings. Hence the necessity of encouraging those undertaking its study and of rendering their task as light and as interesting as possible.

It may not be amiss here, to expose some of the many difficulties experienced in the teaching of this important subject, as also the means adopted in this book to obviate many of these.

The methods used in most books, treating this subject, are better adapted for the use of teachers and private students, than for the simultaneous training of a class of pupils for mercantile pursuits. The best method is that which exercises the mind most, according to its capacity. Now to expect that a class of youths, sent home to commit to memory, upon a slight explanation from their text books, can be expected on returning to have clear ideas of principles, obscured therein by long explanations, difficult applications, and tiresome references to formulas, is simply preposterous; even those who may have under-

stood them the previous day are liable to have very confused notions after referring to such text books.

The *main features* of this book are, that it throws all application and references to formulas totally on the teacher for blackboard explanation, but furnishes the pupil with the matter which is to be committed to memory, and exercises for application, intended for home work. Another is the close proximity of question to answer, greatly facilitating their comparison, while it is time saving to teacher in the asking of the task. Also the shortness of the questions and answers will prove encouraging to the pupils.

Process of Teaching.—After the first or second lesson, pupils should be practised to the *forms* of recording original entries, which is the work of but a few lessons, whereupon Journalizing should be introduced.

Here the teacher should take great pains in explaining the values of Dr. and Cr.; and even he should accept of no signification other than “*What costs the concern value*” is Dr., and “*What produces the concern value*” is Cr.; accept no oral expression unless the above signification is expressed; for it but too often happens that pupils, in applying these abbreviations, have not the proper value of the terms they indicate. The teacher himself should guard, as much as possible, against orally expressing the words Dr. and Cr. if pupils are to be thoroughly drilled into their proper application.

Supposing the pupils to journalise pretty well, we now come to what demands the most cautious attention—the Ledger. This book should be more especially illustrated on large blackboards; for this purpose a commercial class should have from 80 to 100 square feet of blackboard surface. The pupils should be obliged—under the direction and supervision of the teacher—to make out a set on the blackboard something in this way:—Suppose a boy to call the transactions from memorandum

—dispensing with the writing out of the Day-Book—the teacher designates each boy alternatively to journalise orally (as by far the greater part of the transactions are simple, but when a long or a strange transaction occurs, they should make slate work of it), there being two boys at the blackboard, who, as the transaction is journalised, respectively debit and credit the Ledger. Continue thus till the entire memorandum has found its way into the Ledger. Here an important change takes place; the teacher explains the “order of closing” thereupon the pupils proceed to “close up.” This being done, and Ledger proving correct, the caller of the memorandum may now give out the questions referring to the Ledger, which the teacher should explain in application to the closed set. One pupil at the blackboard would be sufficient to begin by; but as soon as posting is sufficiently known, it is more expeditious to employ two.

An ordinary set of thirty entries can be properly got through within an hour and a half, and, after some practice, within an hour. There should also be short sets given once a week, as home work; and as soon as the teacher perceives that his pupils have understood the process of working out a set, and that it is want of cautious attention, that causes their results to prove incorrect, he should begin to abandon all further illustrations, and oblige his pupils to find out their own mistakes—not allow them to make blunders for their teacher to correct.

With the above method of teaching, a class of pupils may be brought, within a year, to have a very fair knowledge of this important subject.

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QUESTIONS
ON
SINGLE ENTRY
BOOK-KEEPING.

—000—

1 What is **Single Entry Book-Keeping** ?

Ans.—It is an art which teaches to record systematically the various transactions of business.

2 What is the particular necessity of **Book-Keeping** ?

Ans.—It is to preserve a record of such exchanges as would be otherwise trusted to memory.

Rem.—A more thorough knowledge of the science embraces other most important results.

3 What books are introduced in *this* system of **Book-Keeping** ?

Ans.—The Cash-Book, Invoice-Book, Sales-Book, Bill-Book, Day-Book, Ledger, &c.

4 Which among these are indispensable in every well conducted business ?

Ans.—The Cash-Book, Sales-Book, Day-Book, and Ledger.

5 What do you say of the others ?

Ans.—They depend upon the amount and kind of information required.

6 What is the Cash-Book ?

Ans.—It is a book wherein are entered all receipts and disbursements of cash.

7 Is this an important book ?

Ans.—Of all books used in business none is more essential than this; and no cautious business man will ever attempt to do without it. (a)

8 When should the Cash-Book be closed ?

Ans.—It is customary to close up this book at the end of each business day, bringing down the balance as a basis for the next day's transactions.

9 What is shown in the Cash-Book ?

Ans.—On the debtor side are shown all receipts of cash and on the creditor all disbursements.

10 What is shown by the difference between the sides ?

Ans.—The difference shall be the exact amount of Cash on hand.

11 What advantage is obtained by a faithful record of this book ?

Ans.—It gives a great degree of confidence in business.

Rem.—The difficulty of making pupils understand " why Cash is debited when money is received and why credited when it is paid out " may be obviated by explaining the original meaning of the word *Cash*. This word originally signified *Chest*, or a place where money was kept instead.

(a) It is true the amount of cash on hand may be easily ascertained at any time by *counting* it; but this process affords no test as to improper expenditures or omissions.

of the money itself. Now, if I place all the money I received in a certain box, I could at any time tell, from my books, how much there was in it by making the box *Dr.* for all sums placed in it and *Cr.* for all sums taken out. We treat Cash in a manner precisely similar.

12 How many forms of ruling the Cash-Book are there?

Ans.—There are two forms and both are ruled alike; but the one takes up the two facing sides (the left for cash receipts and the right for disbursements); whereas the other is confined to one side only, with debit and credit columns contiguous.

13 What does the **Invoice-Book** contain?

Ans.—It contains a minute description of all the merchandise with which we are concerned.

14 From what are entries in this book made.

15 Are our goods and the goods of others (*i. e.* goods on commission) entered in the *same way* in this book?

Ans.—They are not, the amounts of our goods are extended into the money columns, whereas the amount of other goods are not extended.

16 Can the cost of merchandise be ascertained from this book?

Ans.—Yes, since the amounts are carried forward from page to page the sum total on the last page must show this cost.

17 What is the **Sales-Book**?

Ans.—It is a book which contains a description of all the merchandise we sell or pass out of our possession.

18 When is an entry made in this book?

Ans.—As soon as the purchaser has selected his goods, and from this entry his bill is made out.

19 Of what should the entry consist ?

Ans.—Of the quantity, quality, and price of the goods sold.

20 Do you make any difference in the entries of *your* goods and the goods of *others* in the Sales-Book ?

Ans.—Yes we do, but in entering the sales of commission goods we do not extend the amounts into the money columns.

21 Can the total amount of sales be ascertained from this book ?

Ans.—It cannot, as the *retail cash sales* are not entered in the Sales-Book.

22 How is the amount of sales found ?

Ans.—By reference to the last page of the Sales-Book for the *credit sales*, and to the Cash-Book for the *retail cash sales*.

Rem.—The Sales-Book may be so kept as to post the credit sales *directly* to the personal accounts. This affords a great saving of time, and is quite as satisfactory.

23 What does the **Bill-Book** contain ?

Ans.—It contains a description of all notes, drafts, and other species of paper, against us and in our favor.

24 Name the two kinds of notes ?

Ans.—Bills Receivable and Bills Payable.

25 What is meant by Bills Receivable ?

Ans.—Notes that are in our favor, the amounts of which we are to receive.

26 What are Bills Payable ?

Ans.—Notes which are against us, the amounts of which we are to pay.

27 Describe the ruling of the Bill-Book ?

Ans.—Each page of this book should be divided into twelve spaces, and each space of a due proportion to the matter to be inscribed.

28 What is a proper caption for each column in this book ?

Ans.—For the 1st. The Number ;—2nd. When received * ;—3rd. For what received ;—4th. The drawer or Endorser ;—5th. The Drawee or Maker ;—6th. The Date ;—7th. The Term ;—8th. When Due ;—9th. and 10th. Amount ;—11th. When Disposed of ;—and 12th. How Disposed of. (See example Page 20).

Rem.—The Notes Received are labelled and put away in a secure place ; all information relating to them is obtained on reference to this book without examining the packages of Notes.

29 Describe the Day-Book ?

Ans.—It is a book which contains statements of all transactions which give rise to persons owing us, or to our owing them.

30 What is the *form* of record used in the Day-

Change Received for Issued and you shall have the proper caption for Bills Payable.

It is usual to put the last day of grace in the "When Due" column.

For convenience and distinction, each Note is numbered when received or issued, commencing No. 1, 2, 3, &c. for the received, and commencing in a like manner for the issued.

Book ?

Ans.—It is direct and simple : first expressing the name of the person to be debited or credited on the Ledger, and next the consideration and amount together with the *fact* of “ Dr. ” or “ Cr. ”

31 To where are these records transferred ?

Ans.—They are transferred under appropriate Ledger accounts, and thus exhibit the *result* of the transactions, so far as persons are concerned.

32 In what books are entered long details of goods bought or sold ?

Ans.—In the Sales and Invoice Books which are designed to show the particulars in regard to the quantity of Merchandise bought or sold, and never in the Day-Book.

32 Describe the Ledger ?

Ans.—This book is used to exhibit the relation in which the various *persons* with whom we deal on account stand to our business ; and contains, therefore, only *personal accounts*.

33 What is the *object* of the Ledger ?

Ans.—It is to show in one view all concerning a person.

Rem.—The sums which the person owes us, and which we owe him, are scattered from one end of the Day-Book to the other ; but in the Ledger all those sums are drawn on one page, and, by subtracting one side of the account from the other we obtain the balance which is due to him or us.

34 How should the Ledger captions be written ?

Ans.—In a simple but bold text.

35 If an entry has been made on the wrong side of a Ledger account, should it be erased ?

Ans.—It should not, but the same amount must be entered on the opposite side of the same account " To " or " By error, " and then the entry made as it should have been at first.

36 What is meant by **Posting the Books** ?

Ans.—It is simply collecting and transferring each person's account from the Day-Book to its appropriate page in the Ledger.

37 In what order should Day-Book entries be posted ?

Ans.—They should be posted in the order in which they occurred.

38 When there is *more* than one item in the Day-Book transaction what expression is entered in the Ledger ?

Ans.—The amount should be entered with the expression " To " or " By Sundries. "

39 When there is *but* one item in the Day-Book transaction what should be entered in the Ledger ?

Ans.—It is better to specify the item itself.

40 What is **Index** ?

Ans.—It is a formula from which we are enabled to turn directly to any account in the Ledger.

41 Describe the Formula ?

Ans.—It consists of several pages, being divided into lettered spaces, into which are entered the names of all Ledger accounts each being under its own special initial, and having its

Ledger page attached thereto.

Rem.—The beginning pages of the Ledger are usually for this purpose. Sometimes a whole page is allotted to one initial and sometimes the single page is divided so as to contain several, as in the formula page 20.

42 How many conditions are there pertaining to Dealings with Persons on Credit ?

Ans.—There are but *two* conditions, viz: that of *owing*, and that of *being owed*.

43 What are these conditions as compared with each other ?

Ans.—They are exact counterparts, and, so far as they are equal, cancel each other.

44 How may these opposits facts be best arranged ?

Ans.—Under the names to which they pertain and in a way as not only the facts themselves, but their relative results may be ascertained at a glance.

45 What is such a form called ?

Ans.—It is called an **Account**.

46 How may it be defined ?

Ans.—It is a statement of our dealings with another person or *vice versa*.

47 How many sides has an account ?

Ans.—Two : a Debtor and a Creditor.

48 What is shown by the Debtor side ?

Ans.—Upon the Debtor side is shown what is owing *to us*.

49 What by the Creditor side ?

Ans.—What is owing *by us*.

50 If

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50 If the Debtor side be the larger, what will the difference express?

Ans.—It will express an amount belonging to us.

51 What if the Creditor side be the larger?

Ans.—The difference will express an amount which we owe.

52 What will the account represent in the former case? What in the latter?

Ans.—It would represent property or resources, and in the latter a debt or a liability.

53 What is an indispensable requisit in any statement showing the business?

Ans.—Any statement showing the *condition* of business must embrace a list of its *resources* and *liabilities*.

54 What is the sure test of superiority in a system of Book-Keeping?

Ans.—Any system which will enable us the more easily to get at the resources and liabilities, must—other things being equal—be the best system.

55 What class of **Resources** is found in the Ledger?

Ans.—Balances due from persons.

56 What, in the Cash-Book?

Ans.—Balance of Cash on hand.

57 What, ascertained only from inventory?

Ans.—The merchandise on hand.

58 How are our **Liabilities** ascertained?

Ans.—From the Ledger accounts.

59 What is the rule for ascertaining the *Present Worth* of a concern?

Ans.—To ascertain the *Net Capital*, or *Present Worth*, subtract the liabilities from the resources.

60 What, to ascertain the *Gain* during business?

Ans.—Subtract the *Net Capital* at commencing from the *Net Capital* at closing.

61 How must a change in business be marked?

Ans.—It is a settled principle in accounts that whenever any change in business occurs, the existing resources and liabilities of the concern should be made apparent.

62 What do you conclude from this?

Ans.—That the proprietors' accounts should represent their net investment *at the time of the change*.

63 At what periods in business is it proper to show the resources and liabilities.

Ans.—At financial eras, such as the close of a fiscal year, or any other important event which makes it necessary to exhibit on the main books the exact condition of the business.

64 Upon what grounds has **Single Entry** been **Condemned**?

Ans.—Upon the grounds that it is wholly inadequate to the demands of business, and therefore unworthy of consideration.

65 Is the objection valid?

Ans.—It is not, as a very extensive business may be conducted with perfect safety, having no better record than that afforded by an intelligent and faithful application of the principles of **Single Entry Book-Keeping**.

| A | Page | K | Page |
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| C | | M | |
| D | | N | |
| E | | P | |
| F | | R | |
| G | | S | |
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| J | | W | |

Rem.—It is unnecessary to place all the formulas of ruling in this book. A teacher who values his time and that of his pupils will always provide them with properly ruled copies.

BILL BOOK

— Receivable —

| WHEN NO REC'D | FOR WHAT RECEIVED | DRAWER OF ENDORSER | DRAWEE OF MAKER | DATE | TERM | WHEN DUE | AMOUNT | WHEN & HOW DISPOSED OF |
|------------------|----------------------|-----------------------|--------------------|------|------|-------------|--------|---------------------------|
| | | | | | | | | |

— Payable —

The other part of this book is ruled exactly similar to the above and the same captions are required except for the word *received* which must be changed for *issued*.

Jan. 3. Invested in Business, \$2000 ; Paid Expenses to New-York, \$37 ; Bought Merchandise, \$1805 ; Paid Freight on Merchandise, \$124.—4. Bought Wood of Westfall, \$8 ; Paid Postage, 35c ; Received for Merchandise Sold this day, \$5.84.—5. Paid for Sundries, \$1.57 ; Paid for Sawing Wood, \$3 ; Paid for Cartage, \$1.75 ; Received for Sales this day, \$4.92.

Cash-Book.

| | | Dr. | Cr. |
|------|---------------------------|----------|----------|
| 1868 | | | |
| Jan. | To Stock | 2,000 00 | |
| | 3 By Expenses to New-York | | 37 00 |
| | " Mdse. of Sund. Persons | | 1,805 00 |
| | " Freight on Merchandise | | 124 00 |
| | " Balance on hand | | 34 00 |
| | | 2,000 00 | 2,000 00 |
| | 4 To Balance brought down | 34 00 | |
| | By Wood from Westfall | | 8 00 |
| | " Postage | | 35 |
| | To Mdse. Sales this day | 5 84 | |
| | By Balance on hand. | | 31 49 |
| | | 39 84 | 39 84 |
| | 5 To Balance brought down | 31 49 | |
| | By Sundries | | 1 57 |
| | " Sawing Wood | | 3 00 |
| | " Cartage | | 1 75 |
| | To Mdse. Sales this day | 4 92 | |
| | By Balance on hand | | 30 09 |
| | | 36 41 | 36 41 |

(This is to be continued by the student. See next page continuation of memorandum.)

Jan. 6. Paid Advertising in *Western Whig*, \$3 ; Paid for Advertising in Wayne Co. *Herald*, \$3.50 ; Paid for Postage, 25c ; Received for Sales of Merchandise this day, \$10.27.—7. Paid for Blank Book, \$2.75 ; Paid for Merchandise, \$5.86 ; Paid Postage, 30c. Received from Sales of Merchandise this day, \$12.18.—8. Paid for Merchandise, \$4.74 ; Paid Express Charges, \$1.25 ; Paid for Personal Expenses, \$2 ; Paid Postage, 20c. Received for Merchandise sold this day, \$11.74.—10. Paid for Personal Expenses, \$7 ; Paid for a Blank Book, 75c. Received for Merchandise Sales this day, \$15.74.—11. Paid for a gal. of Camphene, 56c ; Parallel Rule, 50c ; Merchandise, \$7.50. Received for Merchandise sold this day, \$9.63.—12. Paid for Postage, 25c ; 1 Gross Gillott's Pens, \$1.25 ; Merchandise Bought at Rochester, \$25. Received for Merchandise sold this day, \$14.55.—13. Paid for a Bottle of Red Ink, 13c ; Hand-bills, \$2. Received for Merchandise Sales this day, \$12.64.—14. Paid for Repairing Blinds, \$2.50 ; Wrapping Paper, \$3 ; Postage, 10c ; Envelopes, 12c ; Wafers, 10c. Received for Merchandise sold this day, \$10.13.—15. Paid for Express Charges, \$1.50 ; Postage 15c. Received for Merchandise sold this day, \$7.96.—17. Paid for Cartage, 25c.

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QUESTIONS
ON
DOUBLE ENTRY
BOOK-KEEPING.

—000—

1 What is **Book-Keeping** ?

Ans.—*Book-Keeping* is a faithful and systematic record of business transactions.

2 In what do business transactions *consist* ?

Ans.—All business transactions consist in an *exchange* of values.

3 What has Book-Keeping to do with exchange of values ?

Ans.—It is the science by which these exchanges are recorded and their results shown.

4 How many *methods* of Book-Keeping are there ?

Ans.—There are *two* : *Single* and *Double* Entry.

5 Which is the better method ? Why ?

Ans.—*Double Entry*, on account of its better facilities for developing results.

6 What is the characteristic feature of *Double Entry* ?

Ans.—It consists in the entering of each transaction into *two* or *more* Ledger accounts.

7 Why must each transaction be entered into *two* or *more* Ledger accounts ?

NOTES—The object of the *black type* is simply to indicate the subject. The questions to which the continuous numbers are attached are intended as initiatory ; those in *small print* should not be studied before the student is thoroughly acquainted with the initiatory part.

Ans.—Because two or more persons (or things) are affected thereby.

8 What are the three main books used in Double Entry ?

Ans.—They are the Day-Book, Journal, and Ledger.

9 Describe the **Day-Book** ?

Ans.—It is the book of original entry, and contains a consecutive history of all the transactions in the date and order of their occurrence.

10 What should be the character of the Day Book expressions ?

Ans.—They should be plain, concise, and unequivocal.

(1) Why is the Day Book alone produced in Court ?

Ans.—In as much as the records in this book are supposed to be made when the transactions and all the circumstances connected therewith are fresh in the mind.

(2) What other importance has it ?

Ans.—It is the *basis* of all the results shown by the other books.

(3) From what sources do Day-Book entries come ?

Ans.—Few transactions appear first in the Day-Book, but are from various sources, viz., Invoice Book, Sales-Book, Cash-Book, Bill-Book, &c.

11 What is the special use of the **Journal** ?

Ans.—Its special use is to decide upon the proper debits and credits, involved in each

transaction preparatory to their entry upon the Ledger ; in this consists the theory of the science.

12 Is it sometimes combined with another ?

Ans.—It is sometimes combined with the Day Book and sometimes entirely omitted.

(1) When omitted how is the labor performed ?

Ans.—Mentally.

13 How is this combination called ?

Ans.—It is termed “ Journal-Day-book. ”

(1) What advantages has the Day Book in Journal form over the Historical Day Book ?

Ans.—The chief advantages are, in dispensing with a separate Journal, and in bringing the Day-Book and Journal entries together the better to identify them.

(2) What objection can be urged against it ?

Ans.—The only objection is the difficulty of making the entry intelligible as well as symmetrical.

(3) Did the Journal come into use with the Day-Book and Ledger ?

Ans.—It did not, but was afterwards introduced to aid those who could not perform its labor mentally.

(4) Is the term “ Sundries ” used as a Ledger account ?

Ans.—No, it is never used as a Ledger account.

(5) For what purpose then is it used ?

Ans.—It is used merely as a caption for the Journal entry, indicating that the entry consists of sundry debits and sundry credits.

(6) How will its convenience be most apparent ?

Ans.—In posting to the Ledger, as it affords an expression to be entered *under* the Ledger title.

(7) How many kinds of Journal entries are there ?

Ans.—There are really four kinds of Journal entries, each requiring a different expression.

(8) Name the first ?

Ans.—Those consisting of *one* debit and *one* credit.

(9) Name the second ?

Ans.—Those consisting of *one* debit and *several* credits.

(10) What is the third ?

Ans.—Those consisting of *several* debits and *one* credit.

(11) What is the fourth ?

Ans.—Those consisting of *several* debits and *several* credits.

(12) Why is the word *creditor* (Cr) never seen in the Journal ?

Ans.—For the reason that the word *debtor* (Dr) distinguishes the *debtors* ; and there being only two kinds, one being shown, the others must of course be *creditors*.

(13) Can special books of entry be so used as to dispense with the Journal ?

Ans.—Yes, each of the auxiliary books may be so kept as to post thence to the Ledger.—(See *Economical Method*, page)

14 What is the character of the **Ledger** ?

Ans.—Its character is such that all the other books are subservient to it.

15 What are shown in the Ledger ?

Ans.—In the Ledger are shown the results of all the transactions, arranged under distinct heads called accounts.

(1) What grand division do you make of the Ledger in reference to debit and credit ?

Ans.—All the sums on the credit side of an account in the Ledger, are sums that the concern owes, and those on the debit, are sums owned to the concern. It is only the balance or difference, which is to be paid.

(2) How do you divide a Ledger for use ?

Ans.—In opening accounts on the Ledger, we give to each a certain space according to the business that we think we may have with the person or property ; and we generally leave some forty and fifty of the beginning pages of the Ledger, for private accounts, such as Cash, Merchandise, Bills Receivable, Bills Payable, Loss and Gain, Interest, Commission, &c.

16 In what do **Auxiliary Books** consist ?

Ans.—They consist principally in giving a detail of some of the Ledger accounts.

17 Upon what does the character of these books depend ?

Ans.—Upon the amount and kind of information required.

18 Mention some of the Auxiliary Books ?

Ans.—The Cash-Book, Bill-Book, Invoice-Book, Sales-Book, &c., &c.

(1) Which are the most essential ?

Ans.—The Cash-Book and Bill-Book.

19 For what purpose is the **Cash-Book** used ?

Ans.—It is used to give a detail of all cash received and all cash disbursed.

X (1) How often is the Cash-Book closed ?

Ans.—The Cash-Book is closed at the end of every business day.

(2) With what must the difference between the sides agree ?

Ans.—It must agree with the cash items on hand.

(3) What is done with this difference ?

Ans.—It is brought down as a basis for the next day's business.

(3) What is the advantage of this daily test ?

Ans.—It is the best safeguard against errors and omissions.

20 Of what importance is the **Bill Book** ?

Ans.—It is specially important in keeping the amount and condition of notes payable ; and should never be omitted in any business dealings with notes, payable or receivable.

X (1) With what *account* in the Ledger will the uncanceled notes in Bill Book Receivable agree ?

Ans.—With the difference between the sides of the *Bills Receivable account*.

(2) With what account will the uncanceled notes in Bill Book Payable agree ?

Ans.—With the difference of the *Bills Payable account*.

Rem.—It is very important to compare these duplicate accounts.

(3) What is the advantage of using **Auxiliary Books** ?

Ans.—They divide the labor (in large business houses only) and avoid unnecessary writing.

21 What does the **Invoice Book** contain ?

Ans.—It contains copies of the **Invoices** and the

Bills of Parcels of all goods purchased by the merchant.

22 What is the **Sales-Book** designed to show ?

Ans.— It is designed to show whatever regards goods sold on our own account, or for another person's account, or for ourselves and others in Co.

Rem.— A commission **Sales-Book** is generally kept separate.

(1) When should entries be made in the **Invoice Book** ?

Ans.— At the time the goods are received, the invoice, or bill of them, should be copied into this book.

(2) When are entries made in the **Sales-Book** ?

Ans.— At the time the goods are selected or ordered by the purchaser, they should be described by the quantity, quality, and price.

(3) How and when do you take entries from the **Invoice** or **Sales-Books** to the **Day-Book** ?

Ans.— Single purchases and sales may be carried to the **Day-Book** separately if they are of large amounts, or we may, with propriety, convey the purchases of a month or a week from the **Invoice Book** to the **Day-Book** in only *one* entry, and from the **Sales-Book** in the same manner.

23 How are the terms **Debit** and **Credit** used ?

Ans.— They are contradistinctive, and are used to denote the relation in which persons, property, &c., stand to the business.

24 What is a sure condition of debits and credits ?

Ans.— In every transaction, the sum of the debits and the sum of the credits must be equal.

Rem.—The common definition of the word *debtor*, is the person that owes ; but in Book-Keeping, the definition is the person, party, object, or cause which owes us. The common definition of *creditor* is the person who is owed ; but in this science it is the person, party, object or cause which we owe.

Note.—It is very necessary to understand thoroughly the exact use and import of the words *debtor* and *creditor*, because the most important part of this science consists in being able to find with facility “who or what owes us,” and “to what or whom we owe,” in all mercantile transactions.

25 What is an Account ?

Ans.—Every person, species of property, or cause producing a *debit* or *credit*, is designated by a name, which appears upon the Ledger, and is known as an account.

26 How many sides has an account ? Name them ?

Ans.—Two : *debit* and *credit*.

27 Which is the *debit* side ?

Ans.—The left hand side.

28 Which is the *credit* side ?

Ans.—The right hand side.

29 What is an account current ?

Ans.—It is a statement intended to explain to the person to whom it is rendered, how his account stands in our books and to show what balance is due him or us.

30 Into how many classes may accounts be divided ?

Ans.—Into two : Real and Representative.

31 What is a Real Account ?

Ans.—It is one that shows a resource or a liability.

32 Mention some Real accounts ?

Ans.—Cash, Bills Receivable, Bills Payable, Personal accounts, &c.

33 What is a **Representative Account** ?

Ans.—It is one that shows a loss or a gain.

34 Name some Representative accounts ?

Ans.—Merchandise, Expense, Real Estate, &c.

35 What is meant by the term **Cash** ?

Ans.—Cash is the title to designate money.

36 With what is the Cash account *debited* ?

Ans.—The Cash account is *debited* with all receipts of money.

38 With what is it *credited* ?

Ans.—It is *credited* with all disbursements.

39 What is shown by the difference between the sides ?

Ans.—The difference must, at any time, show a resource of the exact amount of cash on hand.

Rem.—By an error, it may show otherwise.

40 Why cannot the *Credit* side of cash be the greater ?

Ans.—Because more cash cannot be paid out, than has been received.

(1) How is this account closed ?

Ans.—By *Balance*, and it must not be closed otherwise.

41 What is meant by **Bills Receivable** ?

BILLS RECEIVABLE.

Ans.—They are written obligations in our possession, for which a specified amount is to be received.

42 With what is Bills Receivable account debited?

Ans.—It is debited with *other persons notes received*.

43 With what is it credited?

Ans.—It is credited with other persons notes *disposed of*, or in any manner cancelled.

44 What does the difference show?

Ans.—The difference (if any) must be on the *debit* side, and will show our resources consisting in notes.

(1) What should we do when notes become due and remain unpaid?

Ans.—We should charge their amounts to their drawers, or those who ought to pay them; for it is then that the parties owe us.

Rem.—Before the notes were due, we could demand nothing of the persons; the notes alone were responsible, but after the *parties* owe and may be sued.

(2) How this account closed?

Ans.—*By Balance*, for the difference. If the notes be all passed away, it is evident the account will balance.

45 What is meant by **Bills Payable**?

Ans.—They are written obligations by which we are liable to pay a specified amount.

46 What does the *Credit* side of Bills Payable show?

BILLS PAYABLE.

Ans.—It shows all our notes and issued.

47 What does the *debit* side show?

Ans.—It shows all our notes and acceptances redeemed.

48 What is shown by the difference?

Ans.—The difference (if any) must exhibit our unredeemed notes.

49 How is this account closed?

Ans.—It is closed *To Balance* for the difference.

Rem.—It should be borne in mind that notes, like cash, ought always to be debited and credited with the value written upon them. If they are really worth more or less than this expressed value, that difference must be shown in some other account.

(1) What is meant by the term *Mortgage Payable*?

Ans.—It is another name for Bills Payable; the accounts (*Mortgage Payable* and *Bills Payable*) may be kept separate or together.

(2) What is the difference in effect between a *Mortgage Payable* and a *Bill Payable*?

Ans.—The *Bill Payable* is a promissory note; whereas the *Mortgage Payable* is a transfer of property to secure the payment of a debit.

(3) What is the chief difficulty in explaining the *debit* and *credit* of Interest account?

Ans.—It is the want of a thorough understanding of the *term* interest.

(4) Give the proper definition of the term interest, as employed in the Interest account.

Ans.—Interest is the *use of money* rather than the *premium paid* for the use.

50 What is usually implied by the term **Mer-**
chandise ?

Ans.— It usually implies all property purchased or owned by the concern, for the purpose of traffic, and *remaining in store*.

51 What exceptions are there to this general rule ?

Ans.— The merchant to know his gains or losses on a particular kind sometimes opens a separate account under *its own special title*.

53 What does the *debit* side of Merchandise show ?

Ans.— It shows what Merchandise has cost the concern.

54 What does the *credit* side show ?

Ans.— It shows what Merchandise has produced.

55 What does the difference show ?

Ans.— When inventories have been credited, it must show a *loss* or a *gain*.

(1) In how many ways in Merchandise account closed ?

Ans.— In three ways, depending upon the following circumstances : when all the merchandise is sold, when part is sold and part remaining unsold, and lastly when none is sold.

(2) How is it closed when all the merchandise is sold ?

Ans.— It is closed *To* or *By Loss and Gain* for the loss or gain, and transfer this item to the debit or credit side of the Loss and Gain account.

(3) How is it closed when part is sold and part remaining unsold ?

Ans.— The account is first credited *By Balance* for the amount of goods unsold then debited or credited. *To* or *By Loss and Gain*.

†
(4) How is it closed when none is sold ?

Ans.—The account is credited *By Balance* for the amount of the debit side.

(5) What is meant by **Real Estate** ?

Ans.—This relates to such property as houses, lands, &c.

(6) How is the account kept ?

Ans.—It is kept similar to that of Merchandise.

(7) Wherein are accounts with **Bank Stock, Railroad Stock, &c.**, similar to Merchandise ?

Ans.—In as much as Stocks of all kinds are bought and sold at their *market* value, rather than the value written on their face.

(8) What is the distinction between a Bank account and a Bank Stock account ?

Ans.—The first is treated as a personal account ; whereas the other is treated as a Merchandise account.

(9) What is meant by **Shipment or Adventure** ?

Ans.—It is property sent away to be sold by an agent for us.

†
(10) With what is such an account debited ?

Ans.—It is debited with its entire cost.

(11) With what is it credited ?

Ans.—It is credited with its proceeds.

(12) What does the difference show ?

Ans.—It shows a loss or a gain.

(13) Wherein does such an account differ from Merchandise.

Ans.—In as much as it distinguishes between property *in* store and *out* of store—it is another name for Merchandise.

(14) What is a **Consignment** account ?

Ans.—It is an account used to show the facts connected with the sale of consignor's property.

(15) What does the *debit* side of such an account show ?

Ans.—It shows our charges, &c., against the consignment.

(16) What does the *credit* side show ?

Ans.—It shows what the consignment has produced.

(17) Should this account be debited with the value of the property consigned us ?

Ans.—It should not (it may be entered on the Day Book without carrying out the amount in the columns.)

(18) How would such an entry affect us ?

Ans.—It would render us liable (on our books) for the property consigned us.

(19) When the property represented in the consignment account is disposed of, why do you cancel the account ?

Ans.—We do so, in order to forward the proceeds, which must be the difference between the two sides of the account, thereby cancelling it.

Rem.—From the above we may conclude that a consignment account should always be closed by an entry on the Day-Book referring to the account in the Ledger for particulars.

(20) What is meant by **Merchandise Co. Accounts** ?

Ans.—They are temporary copartnerships between the consigners and the consignees, for the sale of particular consignments.

(21) In what particulars does this species of copartnership differ from general copartnership ?

Ans.—It differs only in the *duration* of copartnership, and in the *manner* of conducting its sales.

(22) Show this more explicitly ?

Ans.—In Merchandise companies, one of the partners (the consignee) is the commission merchant, and, in that capacity, receives and disposes of the property as he would of a simple consignment ; the only

difference being that he is *interested* in the gains and losses.

(23) Is the manner of conducting these Merchandise companies uniform?

Ans.—No : there are two methods.

(24) What principle is recognized in the *first method*?

Ans.—The *holder* of the property is responsible for the Merchandise.

(25) What in the *second*?

Ans.—The *owner* of the property is responsible.

(26) Give an illustration of the *first method*?

Ans.—When we receive from N—, an invoice to be sold on joint account, we *debit* "Mdse. Co. A." with the invoice and expenses, and *credit* the consignors with the cost of the invoice, thus making ourselves responsible for the property, as though it were all our own. [a]

Rem.—The property shipped is supposed to come from the consignor's own resources.

(27) Illustrate the *second method*?

Ans.—When we receive from N—, Merchandise to be sold on joint account, we *debit* "Mdse. Co. B." with *our own share* only, and *credit* the consignor. [b]

(28) By the *first method* when more than *two* parties are interested, what entry should the consignee make on

(a) What would be the consignor's entry, if recognizing the same principle?

To *debit* us with the *entire cost* of the Merchandise.

(b) What would be the consignor's entry in this case?

Ans.—If made to correspond with ours, it would be to *debit* us with our share, and Shipment in Co. to—, [place of our business] for his share.

the receipt of the property to be sold on joint account?

Ans.—The consignee should, as before, debit Mdse. Co. account with its entire cost—invoiced and expenses—and credit the consignor with their [the consignee's and consignor's] joint share and any other party or parties with his or their share. [*c, d*].

(29) By the *second method* when three or more parties are interested, what entry will the consignee make on receiving property to be sold on joint account?

Ans.—The consignee should debit "Mdse. Co." account for his own share and all the charges, and credit the consignor for his [the consignee's share.] [*e, f*].

(30) When is the *consignee* considered responsible by the first method?

Ans.—He becomes responsible for the property *when he receives the consignment.*

(c) What would be the consignor's entry upon shipping the property?

Ans.—The consignor would, in such a case, debit the consignee with their joint share, and each of the other parties with his or their share.

(d) What the other parties?

Ans.—The other parties would, if making an entry to correspond, debit the consignee and credit the consignor each for his own share.

(e) What the consignor?

Ans.—He should debit each of the parties for their respective shares, and "Shipment in Co" for his own share.

(f) What the other parties?

Ans.—Each of the other parties should debit "Shipment in Co." and credit the consignor each for his own share.

(31) When by the second ?

Ans.—As soon as he has disposed of the consignment.

Rem. The final result is the same in either case.

(32) Which method is absolutely correct ?

Ans.—So far as absolute right and responsibility are concerned, the *second* method is the correct and philosophical one—the principle recognised, being that the *owner* of the property is responsible.

(33) What advantage has the *first* method ?

Ans.—The only advantage possessed by the *first* method is, that the “Mdse. Co.” account shows its entire cost at the commencement.

(34) Are “Mdse. Co.” accounts to be classified as *Real* or as *Representative* ?

Ans.—In their current condition they are neither *Real* nor *Representative*. *

(35) How may they be made *Real* ?

Ans.—Thus, by debiting them with all the cost, and our share of the gain—[or, crediting them with our share of the loss] the difference will represent what we owe to the parties interested—the account thus becomes *Real*.

(36) How may they be made *Representative* ?

Ans.—By debiting them with all the cost and the gains of the other parties [or crediting with the loss of the other parties], the difference will represent our gain or loss, and the account thus becomes *Representative*.

(37) What do you understand by the **Storage and Advertising** account ?

Ans.—I understand an account kept of our charges against consignors, &c., for the safe-keeping of their property, and advertising the Public of the sales of the same.

* For this reason, it is better to close them by a Journal entry, when the property they represent is disposed of.

(38) What by **Commission** account?

Ans.—An account kept of the allowances made us by consignors &c., in compensation for our trouble in selling their property, usually at so much per cent.

(39) In what particular does a merchant's "Private account" differ from his "Stock account"?

Ans.—In this, that the "Private account" shows him, in one amount, what he has drawn from the business for his own private use, which amount cannot be readily had from "Stock."

56 What are **Personal Accounts**?

Ans.—Accounts representing personal indebtedness, and designated by the proper names of such persons as sustain relation of *debtor* and *creditor* to the concern.

57 What does the *debit* side of such an account show?

Ans.—It shows our account against him or them.

58. What, the *credit* side?

Ans.—It shows their account against us.

59 What is shown by the difference?

Ans.—It shows a resource or a liability.

60 Does the term **Stock** as a Ledger account relate to a special kind of property?

Ans.—It does not relate to *any* property.

61 To what then?

Ans.—It represents simply the proprietor of the business, or the stock-holder.

(1) Would there be any valid objection to using the proprietors name instead?

Ans.—There would be none.

(2) Why is this not done ?

Ans.—Because no good would result from the change, and practical accountants have been content to accept the term which custom has suggested.

62 What does the *debtor* side of *Stock* show ?

Ans.—It shows the liabilities which the concern assumes to pay for the proprietor.

63 What does the creditor side show ?

Ans.—It shows the whole amount invested.

64 What is shown by the difference ?

Ans.—It shows the net investment.

(1) Is it customary to use this account during the business ?

Ans.—It is not, except for the purpose of recording subsequent investments.

(2) Would it be philosophically correct to credit this account with the gains as *often* as they occur, and conversely ?

Ans.—It would be correct ; but is attended with many difficulties which are overcome by the usual method.

46 to 49

44 to 48

Principles.

I

65 With what should the **Proprietor** of the business be credited?

Ans.—The person or persons investing in business should be credited, under some title, for such investments, and also for his or their share of the gains.

66 With what debited?

Ans.—He or they should be debited for all liabilities assumed by the concern for him or them, for all sums withdrawn from the business by him or them, and for such losses as he or they are entitled to share.

II

67 With what should the **Cash Account** be debited?

Ans.—It should be debited for all cash receipts.

68 For what credited?

Ans.—It should be credited for all disbursements.

III

69 With what should the **Merchandise Account** be debited?

Ans.—The Merchandise Account (and all accounts similar to Mdse.) should be debited for the cost of the property.

70 With what credited ?

Ans.—It should be credited with its proceeds.

IV

71 When should **Bills Receivable Account** be debited ?

Ans.—It should be debited with other people's notes, acceptances, and other written obligations when they become ours.

72 When credited ?

Ans.—They should be credited when they are paid, or otherwise disposed of.

V

73 With what should **Bills Payable Account** be credited ?

Ans.—It should be credited with our notes, acceptances, or written promises to pay, when they are issued.

74 With what debited ?

Ans.—It should be debited with these notes when they are paid or redeemed.

VI

75 When should **Personal Accounts** be debited ?

Ans.—Personal accounts, such as names of persons, banks or other institutions, competent to sue or to be sued, should be debited under their proper titles when they become indebted to us, or we get out of their debt.

76 When credited ?

Ans.—They should be credited when we become indebted to them, or they get out of our debt.

VII

77 With what should **Expense Account** be debited ?

Ans.—All expenses of whatever name, should be debited for the outlay.

78 How should causes producing us value, be treated ?

Ans.—All causes, of whatever kind, producing us value, should be credited under some name, for the amount thus produced.

Rem.—The foregoing principles are all embraced in the following simple formula.

79 Repeat the **General Formula** for debits and credits ?

Ans.—Debit what costs the concern value, and Credit what produces the concern value.

Rem. 1.—Never permit the mere circumstance of *receiving* or *delivering* to divert the attention from the true and only practical rule — the **General Formula** for debits and credits.

2.—There are various transactions in which the object that is *received* is not our *debtor*, and that which is *delivered* is not our *creditor*.

3.—The old rule can never be applied to interest, without making a wrong entry.

General Instructions

80 Why should the student keep the **Ledger** in view, when *journalizing*?

Ans.—Because the process of journalizing is simply deciding how the accounts shall stand on the Ledger.

81 When should the **Check-Mark** (✓) be made in the **Day Book**, and where?

Ans.—It should be made opposite the **Day-Book** entry, *immediately* upon its being journalized—never *before*.

82 What is transferring to the Ledger called?

Ans.—It is called **Posting**—the process is mechanical.

(1) What is the object of Posting?

Ans.—The object of posting is to enable us to find all concerning one person or thing from the beginning of the business to the present, at one place and in one book—the Ledger.

(2) How often should books be posted?

Ans.—Daily, weekly, or monthly, according to the nature of the business.

83 Why is it necessary to observe care in posting?

Ans.—Because errors must all be found and corrected before we can proceed—errors are

more easily *avoided* than *detected*.

84 What is the first account opened in the Ledger?

Ans.—It is customary and proper always to open Stock or Partners as the first account. *

85 When an account is posted to the Ledger what expression should be made?

Ans.—The opposite Journal entry expression.

86 Is it necessary that *any* expression be made?

Ans.—It is not really necessary, as the *fact* is expressed by the *figures*.

Rem.—The expression, when properly made, is suggestive of the transaction, and hence is seldom if ever omitted by accountants.

(1) Illustrate the process of Posting?

Ans.—Suppose the Journal entry be Cash Dr. to Merchandise, \$1000. Turn to the debtor side of the Cash Account in the Ledger, enter in the columns for that purpose the date, Journal page and sum, and write, "To Merchandise;" then turn to the creditor side of Merchandise, where you enter the same particulars as before, and write, "By Cash" then enter the ledger pages of Cash and Merchandise opposite these respective titles in the Journal, which will serve as post marks.

78 Where should the Page of the Ledger to

* Some houses, desiring to keep the particular interests of the partners, or the conditions of the copartnership from the public, or from the knowledge of any parties except themselves, keep a private Stock Ledger, to which even the book-keeper has no access. In such cases the books are kept as Stock-books, with but one account to represent the capital.

which an amount is posted be entered in the Journal?

Ans.—It should be placed in the column at the left of the account and directly opposite its entry.

79 When?

Ans.—*Immediately after* the amount is entered in the Ledger, but *never before*. *

80 Why is the **Trial Balance** so called?

Ans.—Because it is a trial to ascertain if the debits and credits are *equal* or *balance*.

(1) How often is necessary to make a Trial Balance?

Ans.—Monthly or quarterly, sometimes it is left until the end of the year when it rarely balances.

81 Does the "Trial Balance" prove the Ledger to be absolutely correct?

Ans.—It does not prove the Ledger to be absolutely correct.

82 Why?

Ans.—For the reason that there are many circumstances under which the Ledger may balance, and yet be wrong.

83 Is the *test* afforded by the Trial Balance usually satisfactory?

* This instruction will, of course, apply only to cases where the post-mark is used also as a checkmark. It is customary with some accountants, in order to facilitate the labor of posting, to enter opposite the Journal entries, *before posting*, the page of the Ledger to which each entry is *to be posted*; and to indicate the *fact* of posting by an additional post-mark. In this case, of course, the *check-mark* and not the Ledger page, is subject the above restriction.

Ans.—Under ordinary circumstances, it may be considered satisfactory.

84 How do you prove that all the Journal entries have been posted?

Ans.—By observing if the total footings of the Ledger exactly agree with those of the Journal, which could rarely be the case if any of the Journal entries were omitted to be posted.

85 How do you prove that all the original entries have been journalized?

Ans.—By having the *total footings* of the Day-Book to agree exactly with that of the Journal.

86 When these precautions are taken, how many chances are there for errors which may escape the Trial Balance test?

Ans.—There are two chances for errors in the accounts, viz: from improper Journal entries, and from posting to the wrong accounts in the Ledger.

87 Can a correct Trial Balance be had which will contain simply the differences of the Ledger accounts?

Ans.—It can, and quite as satisfactory as the other.

88 Upon what principle is this affected?

Ans.—On the principle of cancellation.

89 Are these two forms of the Trial Balance ever combined in one?

Ans.—They are, and accountants have found it very convenient to combine them.

Rem.—It is never proper to leave the Trial Balance

in the counting-room with the Books ; as in case of fire, and the destruction of the Books, it would be almost as valuable to us as the Books themselves.

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Ledger

90 What is the important consideration with the business man in reference to his accounts ?

Ans.—It is to keep his resources and liabilities constantly in view.

91 What does this enable him to do ?

Ans.—He is thus enabled to estimate practically the degree of his prosperity.

92 What will a Ledger properly kept show at any time ?

Ans.—It will show all resources, having a real or fixed value, and liabilities of whatever kind.

93 What kind of **Resources** cannot be shown by the Ledger ?

Ans.—Property purchased on speculation or subject to fluctuation in price.

94 How is the real value of such property ascertained?

Ans.—It can be known only by actual appraisal.

95 What will the difference in the sides of the Merchandise account show, if debited and credited with the same value?

Ans.—It will show the value of that remaining unsold, reckoning it at cost price.

96 When the Merchandise account is debited with the cost of merchandise, and credited with the proceeds, how much will the difference between the two sides fail of showing the value of the merchandise unsold?

Ans.—The difference will fail to represent the amount on hand in the exact amount of the discrepancy between the cost and the proceeds from sales.

97 When the account is so kept, what is our only method of ascertaining the value of the merchandise unsold?

Ans.—It is to go up to the shelves and estimate it by actual inspection.

98 What is the process called?

Ans.—“Taking an Inventory” or “taking an account of stock.”

99 If the *net-cost* * of merchandise exceed the

* This phrase may not seem, at first view, properly significant; but we apprehend that it is truthful nevertheless. For, although it may not be true that the difference between the cost of merchandise and proceeds of a certain portion sold exhibits the *net-cost* of that which remains unsold, yet that difference does express what we lack, so far, in receiving as much as we have paid for merchandise;

value of the merchandise unsold, will the account show a gain or a loss?

Ans.—It will show a loss.

100 When the real condition of a concern is stated, what must it exhibit?

Ans.—It must exhibit equal resources and liabilities.

101 For what purpose is the "Stock account" opened?

Ans.—For the purpose of showing the net capital or investment.

102 Why does not the "Stock account" perpetually represent the net investment?

Ans.—Because the capital or investment fluctuates in value during the business.

103 Why is it necessary to "close up" the Ledger accounts.

Ans.—In order to restore the "Stock account" to its normal condition by the balances of resources and liabilities.

therefore, we say it has really *cost* us the difference. If this amount should express the cost over proceeds, *with the property all disposed of*, it would represent a *loss*; but as there is yet actual value in that which remains unsold, we can safely anticipate further proceeds equal to that value. When this is shown, the difference between the cost and returns will be the *gain* or *loss*.

Closing the Ledger

104 What is the chief difficulty with learners in closing the Ledger?

Ans.—It is to understand clearly the *object* to be attained by “closing the Ledger.”

105 What is the effect of “closing up” an account?

Ans.—It is to put an end to its current condition.

106 How is a *Real* account closed when the sides are equal?

Ans.—It is necessary only to add up the two sides, and draw red lines underneath the amounts of each—it is then as though it never existed.

107 How, when unequal?

Ans.—We enter upon the *smaller* side, in red ink, an amount which makes it equal to the larger side—the excess will be either a *resource* or a *liability*.

108 How is a Representative account closed when the sides are equal?

Ans.—When the proceeds are shown, it is also closed by adding up the credit and debit columns and drawing red lines underneath.

109 How is a Representative account closed when the sides are unequal?

Ans.—If unequal the excess will be entered on the *smaller* side in red ink, and will represent a *gain* or a *loss*.

110 At what stage of the business does "Stock" account ceased to represent the **Proprietor's Interest** ?

Ans.—Just as soon as the invested capital begins to fluctuate or change in value.

111 Why is this ?

Ans.—This is simply because the gains and losses are not carried to the "Stock" account *when they occur*, but are allowed to remain in the Representative accounts.

112 How can we, at any time, ascertain the proprietor's interest or what the concern is owing him ?

Ans.—By taking the gains and losses from his Representative accounts, and carrying them to the "Stock account."

113 How is this done ?

Ans.—By "closing up" the accounts and transferring their balances.

114 What is the usual method of carrying gains and losses to the "Stock" account ?

Ans.—The usual method is to open a general account called "Loss and Gain" and transfer to it all gains and losses.

115 What is the advantage of opening a **Loss and Gain Account** ?

Ans.—It is that we are thus enabled, the more easily, to get the net gain or net loss in one amount, which we carry to Stock.

116 To which side of "Stock" account are gains carried, and how do they affect that account ?

Ans.—If it be a net gain, it will go to the credit side of the account, thereby increasing the investment.

117 To which side are losses carried, and how do they affect the account?

Ans.—If a loss, to the debit side, decreasing the investment.

118 Can the gains and losses be thus disposed of, without disturbing the *Real* accounts?

Ans.—Yes, they can be disposed of without disturbing the others.

119 What is the object of opening a **Balance Account**?

Ans.—To show, in a tabular form, the resources and liabilities of the concern—this is done by closing the *Real* accounts into it.

120 How can we dispose of the amounts properly carried to the "Balance" account, if we wish merely to show an era in our business?

Ans.—By closing up the *Real* accounts and bring down the balances.

121 What is the main object in closing the *Ledger* accounts?

Ans.—It is to restore the proprietor's account to the same relative position towards the business, which it occupied at the commencement—showing the net investment.

122 What does an **Entry in Red Ink** on the *Ledger* denote?

Ans.—It denotes that the amount thus written is *to be transferred*, either to some other ac-

count, or to another position under the same account.

123 What *else* does an entry in red ink denote ?

Ans.—It also shows that the entry is *first* made in the Ledger, not having passed through the usual preliminary books of entry.

124 How are red ink entries always transferred ?

Ans.—They are always transferred to the *opposite side* from where they first appear.

125 Why, transferred to the *opposite* side ?

Ans.—For the reason that they indicate an excess on that side.

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Order of closing

126 What is the **First Step** in closing the Ledger ?

Ans.—To open an account with “Loss and Gain” (if not already opened), and another with “Balance.”

127 What results are shown by the “Loss and Gain” account ?

Ans.—The *losses* and *gains* are shown.

128 What, by the “Balance” account ?

Ans.—The *resources* and *liabilities*.

129 What is the **Second Step** ?

Ans.—It is to ascertain from the inventory if any property remains unsold; and, if so, credit each account for which such property was originally debited with the value of that unsold.

130 How is this entry made?

Ans.—It is made in *red ink*, “By Balance,” and the amount transferred directly to the debit side of the “Balance” account, making the entry in *black ink*, “To Merchandise,” or “To Real Estate,” or any other account from which the amount is transferred.

131 When the inventories are placed to their proper accounts, what will be shown by the Ledger?

Ans.—The Ledger accounts will each show, now, one of the four following results, viz: a Resource, a Liability, a Gain or a Loss.

132 What is the **Third Step**?

Ans.—Omitting Stock account (or Partners' accounts) commence with the first account in the Ledger. First ascertain which of the above results it shows, making the closing entry accordingly. If the difference represent a resource, or a liability, enter upon the smaller side, in *red ink*, “To,” or “By Balance,” as the case may be, and transfer the amount in *black ink* to the opposite side of the Balance account.

133 What, if the difference represent a gain or a loss?

Ans.—If so, enter on the smaller side, in *red ink*, “To,” or “By Loss and Gain,” and transfer

the amount, in the same manner to the " Loss and Gain " account.

134 What else is to be done to complete this step?

Ans.—Close all the accounts (except Stock or Partners') and transferred the balances as before directed.

135 When the balances have been properly transferred, what will the " Loss and Gain " account show?

Ans.—It will now show, on the debit side, all the losses, and on the credit side, all the gains,—the difference shall be the net gain or net loss.

136 What will the " Balance " account show?

Ans.—The Balance account will show on the debit side all resources, and on the credit side all liabilities (except the result of Stock or Partners' accounts).

137 What will the difference be?

Ans.—The difference will be the real interest or present investment of the proprietor.

138 What is the **Fourth Step**?

Ans.—It is to take a " Second Trial Balance, " or a Trial Balance of the Remaining open accounts: Stock or Partners', Loss and Gain, and Balance.

139 Of what use is the " Second Trial Balance "?

Ans.—To show (the balances having been properly transferred) that the debits and credits of these accounts, taken together, must be equal.

140 What is the **Fifth Step**?

Ans.—It is to close “ Loss and Gain ” account into “ Stock, ” or, if it be a partnership business, into the partners’ accounts, dividing the gain or loss according to agreement.

141 When the net gain or loss has been transferred to the “ Stock or Partners’ accounts, ” what will these accounts show ?

Ans.—Stock or Partners’ accounts will now show the original investment, increased by the gain, or decreased by the loss ; the difference being the *present* net investment.

142 Why must the difference of these accounts (or Stock) agree with the difference of the Balance account ?

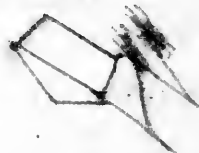
Ans.—Since the Balance accounts shows the same thing, they must, of course, agree.

143 What is the **Sixth or last Step** ?

Ans.—Close Stock account (or Partners’ accounts) into Balance account, which must equalize that account.

144 What must the Balance account show when complete ?

Ans.—It must show on one side the *total resources*, and on the other the *total liabilities*. It presents, in the most condensed form, the exact present condition of the business.



General Remarks.

145 Have we sufficient data in the **Balance Account** to enable us to open a new set of books?

Ans.—Yes, we have all the necessary information for that purpose.

146 Is there really any necessity for opening a Balance account?

Ans.—There is usually no actual necessity for opening a Balance account.

147 Why is it sometimes opened?

Ans.—To exhibit, *under one title*, the resources and liabilities.

148 In actual business is this account often exhibited on the Ledger?

Ans.—This account is seldom exhibited on the Ledger in actual business.

149 How are its contents otherwise shown?

Ans.—They are otherwise shown on a separate Balance Sheet.

150 Why does not the transferring of balances from one account to another destroy the **Equilibrium of the Ledger**?

Ans.—For the reason that, before closing any of the accounts in the Ledger, we ascertain by the Trial Balance that our debits and credits are equal, and we take care, in every step, to keep them so, by debiting one account and crediting some other account with the same amount, and *vice versa*.

151 What is the transferring of balances equal to ?

Ans.—In “closing up” the Ledger, we call this process “transferring;” but it is exactly equivalent to posting.

152 What is usually the first entry of this kind ?

Ans.—The first entry is to *credit* Merchandise and *debit* Balance with the property unsold.

153 How does the above transferring affect the account on which it is made ?

Ans.—So far as this affects our Merchandise account, it is equivalent to selling the merchandise, and receiving therefore an absolute resource, which we call “Balance,” but which *is* Merchandise, reckoned at its true value.

154 How can we now treat our Merchandise account ?

Ans.—We can treat it as if the property were all disposed of; this we do, in fact, by representing the difference between the sides as a *gain*.

155 What is done with this gain ?

Ans.—We now *debit* Merchandise account with this gain, and *credit* Loss and Gain, preserving as before; our fundamental rule of “equal debits and credits.”

Rem.—We pursue this policy with all the accounts, transferring always to the opposite side from that on which the closing entry is made and thus maintain a perpetual equilibrium.

156 Where might the **Balances** carried to the Loss and Gain account properly be transferred ?

Ans.—They might with equal propriety be transferred directly to the Stock account.

157 Why is it not done ?

Ans.—Because we wish to exhibit, in one amount the net gain or loss during the business.

158 Upon what principle are accounts balanced ?

Ans.—It should be remembered, that the balancing or closing of an account is simply upon the principle of cancellation.

159 How is an account made to “ balance ? ”

Ans.—An account is made to “ balance ” by taking away the *excess*.

160 Upon which side does this excess afterwards appear ?

Ans.—It appears elsewhere, and *on the same side* of the Ledger.

Rem.—These balances of gains, losses, resources and liabilities, are thus transferred to two accounts, “ Loss and Gain ” and “ Balance ” thus exhibiting in the former, all the gains and losses, and, in the latter, all resources and liabilities.

191 When all the balances except Stock are transferred to “ Loss and Gain ” and “ Balance accounts, why must these with Stock Account, contain equal debits and credits ?

Ans.—Since in the Trial Balance an equilibrium is shown, and in every subsequent entry the same is preserved, it naturally follows that these two accounts must be equal.

162 What is shown by the Stock account before the Loss and Gain account is closed into it ?

Ans.—It shows the capital at *commencing*.

163 What is shown by the Balance account?

Ans.—It shows the capital at *closing*.

164 With what should the discrepancy in these two accounts agree?

Ans.—The discrepancy between the two accounts, must exactly agree with the gain or loss in business.

165 Why must this discrepancy tally exactly with the difference between the sides of the Loss and Gain account?

Ans.—Since the difference between the Loss and Gain account shows the net gain or the net loss, and the difference between the capital at commencing and the capital at closing shows the *same*, therefore the difference between the sides of Loss and Gain account is equal to the difference between Stock and Balance account.

166 What will the Stock account show when this discrepancy is transferred from the Loss and Gain account?

Ans.—The Stock account will show first the capital at commencing, and next the gain or loss during business, which together must equal the capital at closing.

167 Why will the Stock account now agree with the Balance account?

Ans.—For the reason that the Balance account, showing all the resources and all the liabilities at closing, must represent the same difference as Stock, and either being transferred to the other account, must equalize the sides.

Rem.—It will be apparent that throughout the discussion

this far, a marked distinction has been drawn between the *proprietor* and the *business*. It is necessary that this distinction be clearly apprehended before proceeding farther. The fact is strikingly apparent in the first entry on the books, which is to credit Stock with the investment. Now if we inquire *who* credits Stock, we shall be forced to the conclusion that there is a party represented here entirely distinct from Stock, or the proprietor; as it would be nonsense to express the fact that a man owes *himself*.

168 What **Particular Interest** is always represented by a set of books?

Ans.—The books represent the *concern* and not the proprietor.

179 What relation does “Stock” account bear to the business?

Ans.—The account opened with Stock is precisely the same as that opened with any other person, except that the *final settlement* with stock will not take place until the business ceases, or he withdraws from it.

170 If the credit side of Stock account exceeds the debit, how does it affect the business?

Ans.—In as much as this difference, being a liability to the concern, must be paid over to the proprietor; hence the business is closed.

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ECONOMICAL METHOD
OF
BOOK - KEEPING *

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1 What is the peculiar **Feature** of this method ?

Ans.—It consists in the manner and form of original entries, which are made in separate books—elsewhere used as auxiliaries,—from which they are either journalized, or posted directly to the Ledger at stated periods.

2 Has this method any **Advantages** over that of consecutive entries in the Day-Book ?

Ans.—Yes, it has many advantages over consecutive entries in the Day-Book, and, in one form or other, is adopted generally in all large establishments.

3 In what do such advantage consist ?

Ans.—In as much as the labors of the Book-keeper are thus divided up, and the separate departments of the business receive such special record as to present all the facts in their clearest light.

4 Illustrate the above ?

* The student should not undertake the study of this method until he thoroughly possesses the usual method of Double entry; otherwise he shall be much baffled in the understand of this.

Ans.—Thus, if any particular information is desired respecting purchases, all the facts can be shown at once from the Invoice-Book; and, in the same manner the fact and condition of the sales can be shown from the Sales-Book, the receipts and disbursements of cash from the Cash-Book, &c.

5 What **Difficulty** lies in the way of using the various books of original entries as principal books from which to post or journalize?

Ans.—The only difficulty is in the danger of making the entries in the different books conflict with each other upon the Ledger.

6 What should the **Cash-Book** show?

Ans.—The Cash-Book (if used) should be competent to show all receipts and disbursements of cash.

7 How is it made to show all receipts and disbursements of the cash?

Ans.—By placing the receipts on one side, and disbursements on the other—the difference being, at any time, the amount on hand.

8 When cash is debited on the Cash-Book, what is credited?

Ans.—The object or cause *for which* it is received may also be stated.

9 Is every entry, made on either side of the Cash-Book, really a *double* entry?

Ans.—Yes, a double entry is effected, although but one amount is shown.

Rem.—The same principle will hold in entering the disbursements of cash; as, when cash is paid, the object or cause for which it is paid is properly expressed.

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10 What would be a proper caption for the *debit* side of Cash-Book ?

Ans.—The appropriate caption would be “ Cash Dr. To Sundries. ”

Rem.—The debit of cash being the total amount received at any specified time, and the credit of sundries being the separate amounts produced by the different causes represented.

11 What, for the credit side of the Cash-Book ?

Ans.—“ Sundries Dr. To Cash. ”

Rem.—Cash being credited for the total disbursements, and the sundry causes for which cash was paid debited for their separate amounts.

12 What credits are shown on the *debit* side of the Cash-Book ?

Ans.—The debit side contains the *credits* of all accounts producing cash

13 What debits are shown on the credit side ?

Ans.—The *credit* side show the *debits* of all accounts costing cash.

14 Does the same principle hold with reference to the **Sales-Book** and **Invoice-Book** ?

Ans.—It does, the Invoice-Book, will exhibit the separate credits producing merchandise ; and the Sales-Books exhibits also the separate debits produced by the sales.

15 What analogy exists between the Invoice-Book and Cash-Book ?

Ans.—The Invoice-Book, which shows, in total, the entire cost of merchandise, sustains the same relation to merchandise that the debit

side of the Cash-Book does to cash.

16 What analogy, between the Sales-Book and Cash-Book?

Ans.—The Sales-Book, which shows, in total, the proceeds of merchandise, sustains the same relation to merchandise that the credit side of the Cash-Book does to cash.

17 Will you now state the difficulty likely to occur in transactions required to be entered in two of these books?

Ans.—In every case involving any two of these books, the tendency will be to debit and credit the same accounts *twice*—effecting thus a *double* entry not contemplated by the projectors of the science and of course not warranted by the facts in the case.

Rem.—Thus, all cash receipts being entered, at specified periods, in total, from the debit side of the Cash-Book, and all cash disbursements from the credit side, it would be erroneous to enter cash from any other book; and the same theory will apply with equal force to the Invoice and Sales-Book.

18 What are the peculiar **Rights of Each Book**?

Ans.—Permitting all cash entries to be taken to the Ledger from the Cash-Book, and all purchases and sales of merchandise from the Invoice and Sales-Book respectively.

19 If the peculiar rights of each book are respected what shall it prevent?

Ans.—It shall prevent the entering of cash in the Invoice or Sales-Book, and also of merchandise in the Cash-Book.

20 Give an illustration?

Ans.—Suppose an entry to be, “Cash Dr. To Merchandise.” All cash receipts must appear on the debit side of the Cash-Book, and the entry on that book would be “To Merchandise,” extending the amount into the debit column.

Rem.—When the Cash-Book is posted, this amount will be included in the total cash debit, and must comprise one of the opposite, or credit entries. So cash would be debited and merchandise credited both from the Cash-Book.

21 Illustrate the corresponding part of the entry ?

Ans.—Again, all sales of merchandise must be entered in the Sales-Book, and when entered the corresponding debit—in this case, cash—must also be expressed. When the Sales-Book is posted, the total for which merchandise is credited will include this amount (already entered and posted from the Cash-Book), to correspond with which, and to secure the necessary condition of equal debits and credits, cash must again be debited.

Rem.—According to this standard, therefore, in every case where merchandise is either bought or sold for cash, and the fact expressed through these special books, this error of duplicating debits and credits would occur.

22 How many methods are there of avoiding this difficulty ?

Ans.—Two methods have been successfully used in order to avoid this difficulty—the only difficulty which stands in the way of classified original entries.

23 What is the first method ?

Ans.—The first places the books upon an equality, using “neutralizing” accounts for the conflicting entries.

24 What is the second?

Ans.—The second acknowledges the supremacy of some one or more books, to which, in all matters of conflict, the others must yield.

25 Illustrate this by the case before instanced. “Cash-Dr. To Merchandise”?

Ans.—If the Cash-Book and Sales-Book were upon an equality, the one claiming to furnish all cash entries for the Ledger and the other all merchandise sales, it would be improper to write Cash as a Ledger title in the Sales-Book or Merchandise in the Cash-Book, for the reasons adduced.

26 What then could be done?

Ans.—A neutralizing account might be opened to take the place of cash in the Sales-Book and merchandise in the Cash-Book, thus receiving a debit and credit of the same amount, which would of course cancel it.

27 Illustrate this?

Ans.—Suppose the merchandise to be sold to A, for cash: in the Sales-Book the entry would be “A” Dr., and in the Cash-Book, “A” Cr. The result would be the same as if A had purchased on account, and subsequently paid the amount in cash, thus closing his account.

28 What would the entry be supposing we acknowledge the supremacy of the Cash-Book in all cases where the two are concerned?

Ans.—When Merchandise is sold for cash, the

entry in the Cash-Book would be "Cash Dr. To Merchandise," both of which—the debit of cash and the credit of merchandise—will go to the Ledger from the Cash-Book. The same entry can be made in the Sales-Book, *but not posted.*

29 How is the **Inventory-Book** used?

Ans.—This book is used to enumerate the different articles of unsold merchandise, at such times as may be deemed desirable.

30 Is this a special book?

Ans.—It is not, but purely an auxiliary, the amount of merchandise on hand being included in the opening journal entry.

Rem.—Inventories are frequently copied into one of the Invoice-Books; but a separate book is preferable.

31 What does the **Domestic Invoice-Book** contain?

Ans.—It contains copies of all invoices of merchandise purchased from importers, and others in this country, with the conditions of all such purchases.

Rem.—Each lot and package is distinguished by some peculiar mark, which is transferred to the invoice, thus serving an important purpose in checking the articles, adjusting disputes, &c.

32 What entries are passed to the Ledger from this book?

Ans.—The purchases on time, for which notes are given, are passed to the Ledger from this book; those for cash, from the Cash-Book.

33 What does the **Foreign Invoice-Book** contain ?

Ans.—It contains copies of Foreign Invoices with Import Duties added.

34 What does the **Sales-Book** contain ?

Ans.—This book contains all the regular sales, either for cash or on time ; the cash sales being extended in the inner column, are, of course, not included in the amount for which merchandise is credited from the Sales-Book.

Rem.—These sales, together with the petty sales not entered in the Sales-Book, are posted from the Cash-Book

35 With what will the total credit of Merchandise account for the month agree ?

Ans.—It will agree in amount with the monthly recapitulation in the Sales-Book.

36 Are all the debits and credits appearing on the **Cash-Book** posted ?

Ans.—Yes, all cash entries, debit and credit, are taken to the Ledger, either through the Journal or directly, from the Cash-Book, together with all accounts producing or costing cash.

37 How are these amounts posted ?

Ans.—In posting from the Cash-Book, the total of the *debit* side is carried to the Cash account in the Ledger, and the items comprising that amount to the *credit* side of the various accounts mentioned.

38 What do the Check-marks opposite the amounts denote ?

Ans.—The check-marks in the column following dates, are made to indicate that the amounts

opposite in the "Sundries" column have been journalized.

39 What would be written instead of the Check-marks were the amounts posted *directly* to the Ledger?

Ans.—Were those amounts posted directly to the Ledger, the Ledger-page would be written instead of the Check-marks.

40 Can the **Bill-Book** be used to advantage as a principal book?

Ans.—The Bill-Book can never, with advantage, be made a principal book, from which to post.

Rem.—For the Formulas of the different books used in this method let the teacher refer to "Bryant & Stratton's Text-Book" whence the above has been largely drawn.

Changing Double Entry to Single Entry.

1 What does **The Term Single Entry** denote?

Ans.—The term "*Single Entry*," as distinct from "*Double Entry*," has particular reference to the fact, that for every separate Day-Book entry, but one posting is made to the Ledger.

2 What is usually understood to be the **Difference** between Single and Double Entry?

Ans.—It consists mainly in the fact that while the Single Entry Ledger contains only accounts with *persons*, Double Entry deals also, and in like manner, with *property* and *causes*.

Rem.—Single Entry comprises a record of the resources and liabilities; whereas Double Entry comprises a *perfect* and *continual* record of resources and liabilities.

3 What is the **Rule** for Changing Single to Double Entry?

Ans.—*Open such additional accounts in the Ledger as are necessary to exhibit the entire resources of the concern.*

4 If an account has been kept with Stock, what must be done with the gain or loss?

Ans.—It will be necessary first to carry the gain or loss of the business to this account, as a perfect record of resources and liabilities cannot be otherwise had.

5 Is Double Entry more laborious than Single Entry?

Ans.—It is not anything more intricate or laborious, and it will be seen that Double Entry is but a continuation of Single Entry; carrying out its principles to their full symmetry and perfection.

6 What are the Principal Advantages of Double Entry over Single Entry?

Ans.—The chief advantages consist, first, in the security afforded by the Trial Balance test and next, in designating the particular channels through which gains and losses come.

7 In changing Single to Double Entry, is it necessary to disturb the accounts already shown on the Single Entry Ledger?

Ans.—No, it is not, nor it is necessary to keep any such accounts differently afterwards.

8 What are the most essential books in Single Entry?

Ans.—They comprise a Cash-Book, Day-Book, and Ledger.

9 For what purpose, and how is the Single Entry Cash-Book used?

Ans.—The Cash-Book is for the same purpose as the Double Entry Cash-Book, and kept somewhat upon the same principle.

10 What difference exists between the Single Entry and Double Entry Cash-Book?

Ans.—The only difference is in the *form* of recording the entries.

11 Is it customary to journalize or post from the Single Entry Cash-Book?

Ans.—No, we neither journalized nor post from the Single Entry Cash-Book, hence it is not necessary to specify Ledger titles, as in Double Entry.

12 What is the object of the Single Entry Cash-Book?

Ans.—The object is simply to complete the record of transactions omitted in the Day-Book, and to keep the necessary check upon receipts and disbursements of cash.

13 What **Other Books** than the Day-Book, Cash-Book, and Ledger are used in Single Entry?

Ans.—It is customary to keep a Bill-Book for recording Bills Receivable and Bills Payable; also an Invoice-Book and a Sales-Book, for the purpose of recording purchases and sales of merchandise.

14 When all these auxiliaries are kept in Single Entry, in what will it differ from Double-Entry?

Ans.—It will differ inasmuch as the Double Entry Ledger will show the entire result, while in Single Entry the result will be divided among the various auxiliaries.

15 Can the **Gains** and **Losses** in business be ascertained by Single Entry?

Ans.—Yes, the *fact* of gains and losses, can be as well ascertained by Single Entry, provided we have the the means of knowing that the work is correct.

Process of Changing.

16 What is the **First Requisition** in opening a Set of Double Entry Books?

Ans.—The first requisition, is a statement of resources and liabilities.

17 Where else is this statement necessary?

Ans.—It is also necessary in Single Entry as often as it is desirable to know the progress or condition of the business; either with a view to apportioning gains and losses or for any purpose whatever.

18 What have we in the **Single Entry Ledger**?

Ans.—We have a systematic record of such of the resources and liabilities as consist of personal accounts,—the remainder must be ascertained from some other source.

19 How are we enabled to know the **Original Capital**?

Ans.—We are enabled to know it from the partners' accounts inasmuch as the partners are credited, each for his net investment.

20 If there be now, either more or less net resources than this original investment what will the result show?

Ans.—It will show a gain or a loss as the case may be.

21 If the result be a gain, what should be done?

Ans.—If a gain the partners should be credited in their proportionate shares; and if a loss they should be debited.

22 What effect will this have on the resources and liabilities?

Ans.—This will again equalize the resources and liabilities, and give a sufficient data for a Double Entry Ledger.

23 After crediting or debiting the partners each for his gain or loss, how is the **Process completed** ?

Ans.—By opening accounts in the extended Ledger with the additional resources : Bills Receivable, Cash, Merchandise, Store and Fixtures, &c.—these four new accounts constitute the “change,” and will serve to show the exact difference in the two systems so far as the Ledger is concerned.

Rem.—To one who fully appreciates the advantages of Double Entry, no argument nor illustration will be necessary to enforce its entire superiority over any other system, notwithstanding the crude notions sometimes expressed by those whose very position should render ignorance on so vital a point, inexcusable; but it should, nevertheless, be the aim of every intelligent accountant to place himself beyond the pale of prejudice, and let him not insist, because he esteems his own way best, that there can be no merit in any other.

It is but natural that men who have for a lifetime been familiar with a certain routine of transactions, expressed through a certain medium, should become unalterably attached to both, and should look with jealousy upon any thing savoring of innovation. It is the duty of the accountant, who acts simply as such, to humour prejudices of this kind, rather than abuse them, and thus show his own superiority, by making even inadequate forms convey more substantial and extended information than their friends and advocates have claimed for them.

Practical Hints.

1 What *three* qualifications are necessary to good accountantships?

Ans.—The three essential qualities are, 1. *Accuracy*; 2. *Neatness*; 3. *Despatch*.

2 How are these to be acquired?

Ans.—These are to be acquired only through *practice*.

3 In what does *Neatness* in Book-Keeping consist?

Ans.—It consists in *good writing* and tasteful arrangement. It is the *first* which attracts attention, and is of the utmost importance in establishing a reputation for practical accountantship,

Rem.—It is a mistaken idea conceived by ambitious youth, that the ability to form a few wondrous curves in the execution of capital letters, &c., constitutes the chief qualification of a business writer. Practical men are not apt to appreciate qualifications of this kind, but insist, rather, on the utmost modesty of display and simplicity of arrangement.

4 What should be the **Characteristics** of a **Business Writing**?

Ans.—Uniformity, legibility and adaptation to space and purpose.

5 What is an essential element in business writing?

Ans.—Rapidity of execution is an essential element.

6 What is said of Errors and Omissions ?

Ans.—Great care should be exercised to avoid errors which will necessitate erasures.

7 What is said of Interlineations and Erasures ?

Ans.—Nothing so destroys the beauty of a page as erasures and interlineations. Even occasional *blotting* is preferable to occasional scratching.

8 How are errors sometimes corrected ?

Ans.—Where it is possible, errors should be corrected by counter entries, thus affording an explanation, without destroying the harmony of the page.

9 What precautions should be observed in the Use of Red Ink ?

Ans.—In the use of red ink great care should be taken to keep it pure : and to that end, it is never allowable to use a pen that has been dipped in black.

Rem.—Even steel pens are thought to destroy the brilliancy of red ink, and quills are preferred on that account. A steel pen, however, is the best for ruling, and needs only to be kept perfectly clean.

10 What have you to say of Ruling ?

Ans.—For ruling with a common pen, no ruler is so convenient as the *round*, but to use it skilfully requires much practice, and a steady hand.

Rem.—Let the student practice until he becomes proficient in ruling.

11 What kind of Mathematical Proficiency is most available to the Book-Keeper ?

Ans.—The most available is facility and accuracy in addition—the ability to add long columns of figures with speed and certainty is one of the very best claims a young man can present for a position of trust. A clerk who “*never makes a mistake*” is sure of promotion.

12 How is facility in addition to be acquired?

Ans.—The only way it can be acquired is by *practice*—faithful and continued *practice*.

13 What is the process of adding two or three columns at once?

Ans.—The process, is much more simple than is generally supposed; requiring little if any more skill than the common method. The only point of difficulty is the necessity of adding units to units and tens to tens, &c.

Rem.—Let the student practice on *two* columns, until he becomes thoroughly familiar with the process, and then take *three* and *four*, the necessity of keeping his mind constantly on the alert for fear of adding tens to units, and units to hundreds, will serve to quicken his powers of concentration, and develop the practical resources of his mind.

Example : Suppose the following numbers to be added

46
78
93

Process : $93 \times 8 = 101$; $101 \times 70 = 171$; $171 \times 6 = 177$; $177 \times 40 = 217$.

14 What is the *best* method of avoiding the difficulties in getting a **Trial Balance**?

Ans.—Undoubtedly the best method is *not to make difficulties*.

Rem.—But as this advice is much more easily given than followed, and as, in despite of the best efforts, Trial Balances do frequently fail to equilibrate, a few hints as to the most approved methods of discovering the errors may be kindly received.

15 Is the Trial Balance a *sure test* of the correctness of the Ledger?

Ans.—In the first place let it be remembered that while the Trial Balance is not a *sure test* of the correctness of the Ledger, no Double Entry Ledger *can be correct* that does not balance.

16 What is a Trial Balance?

Ans.—The Trial Balance is simply the summing up of the debit and credit sides of the Ledger to ascertain if they are equal.

17 If the Trial Balance prove that the sides of the Ledger do not *equal* where must the cause exist?

Ans.—The cause must exist either in entries being omitted, posted to the wrong side, or in wrong accounts.

18 Which is the **First Process** to discover an error in Trial Balance?

Ans.—It is to make sure that an error exists.

Rem.—It is often the case that an overweening anxiety to have the sides of the Trial Balance equal actually produces *suppositious* error, by dissipating the mind while engaged in ascertaining the result, and thus persistently though erroneously realizing its own fears, by errors in addition.

19 If an error *seems* to exist, what should be done before attempting to find it?

Ans.—One should go carefully over the work of addition, proving the error in every way.

20 What is the Second Process ?

Ans.—Should the above process fail another resort is to *check* the postings.

21 How is this done ?

Ans.—Thus, first ascertain that the Journal entries balance and then go carefully over the work, checking in pencil mark, all entries that have been properly posted both on the Journal and Ledger.

22 Which is the most reliable Process of Checking ?

Ans.—The most reliable process, is to have one person take the Journal and call off the Ledger titles and amounts, slowly and distinctly—the debits first, and credits next—while another examines the Ledger entries to see if they correspond.

Rem.—Many practical accountants adopt the plan of thus checking before attempting to take a Trial Balance, for the purpose, not only of facilitating the labor, but of being assured that the Ledger is absolutely correct.

23 What is the Third Process ?

Ans.—If the error still exists, ascertain its *exact amount*, and look carefully for the same amount in the Journal, which may have been omitted in posting.

24 If no such amount should appear, or should not prove to have been omitted, what are we to ascertain next ?

Ans.—Next ascertain if any Journal entries exist

of *half* the amount, which being posted to the *wrong side* would produce the difference.

25 What if this test should prove unsuccessful ?

Ans.—Ascertain if the difference be divisible by 9, without a remainder and if so, look carefully for a transposition of some amount posted, three cases of which may be easily detected by rules founded on the peculiar property of the number 9. *

26 Which is the **First Case of Transposition** ?

Ans.—When two figures are made to exchange places with each other, the orders in notation remaining the same : e, g, 372 made to read 327, or 732, or 273.

27 What is the **Second Case** ?

Ans.—When two or more figures are made to change their places in notation, their arrangement in respect to each other remaining the same : e, g., \$4275 made to read \$42750, or £42.75, or \$427.50.

28 Which is the **Third Case** ?

Ans.—When *two* significant figures are made to change position both with respect to themselves and also to the orders of notation : e. g., \$14 made to read \$0.41.

29 How are we to detect the **Error of the First and Second Cases of Transposition** ?

* It is a curious fact that the difference between any given amount composed of two or more figures, and the same figures transposed, is divisible by 9. For example, the difference between 75 and 57 is 18; between 120 and 210, 90; between 195 and 159, 36; &c., all of which differences 18, 90 and 36 are divisible by nine without a remainder.

Ans.—By dividing the amount of the error in the Trial Balance successively by 9, 99, 999, 9999, &c., as far as possible without a remainder, rejecting all ciphers at the right of the last significant figure in the error.

30 What have you to say of the quotients that contain but *one* digit figure resulting from the above operation?

Ans.—They will express the difference between the two digit figures transposed, which will be adjacent to each other if the divisor contained but one 9, separated by one other figure if it contained two 9s, by two other figures if it contained three 9s, and so on.

31 What have you to say of those quotients which contain *two or more* figures?

Ans.—They will express the *number* itself, which is transposed in notation simply, the arrangement of the significant figures remaining the same. In either case the *order* of the last *significant* figure in the error will be the lowest order of the figures transposed. The orders of the other figures can be easily determined by referring to the error and applying the principles of notation.

32 How is the **Error of the Third Case** detected?

Ans.—Divide the error in the balance by as many 9s as is possible so as to give only a single figure in the quotient, and then the remainder in the same way, rejecting all ciphers at the right of the last significant figure in both dividends after which there should be no remainder.

33 What have you to say of the quotients resulting from this operation ?

Ans.—The first quotient will be the figure filling both the highest and lowest order in the transposition ; the second quotient will be the other figure.

Rem.—If the error of the Trial Balance by not divisible by 9, it cannot be the result of transposition alone. But whenever the error becomes so reduced as to be divisible by 9 without a remainder, a transposition being then possible, the above tests should be given.

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Technical Names of Bills.

1 What is a **Bill** ?

Ans.—It is a general name given to a statement in writing.

2 What is a **Bill of Sale** ?

Ans.—A writing given by the seller of personal property to the buyer, equivalent to a deed.

3 What is a **Bill of Lading** ?

Ans.—A list of goods shipped, having the signature of the master of the vessel, or the proper officer of the transportation company.

4 What is a **Bill of Entry** ?

Ans.—A written account of goods entered at the Custom House.

5 What is a **Bill of Right** ?

Ans.—A form of entry at the Custom House by which the importer may examine his goods.

6 What is a **Bill of Goods** ?

Ans.—An account given by the seller to the buyer, of articles and prices.

7 What does it contain ?

Ans.—It contains the time and place of the transaction and the names of the parties.

8 Against and in favor of whom is it drawn ?

Ans.—The bill is drawn *against* the purchaser and in *favor* of the merchant or seller.

9 How is a bill receipted ?

Ans.—A bill is receipted by writing the words

Received payment at the bottom and affixing the seller's name.

Rem. 1—A bill may be received by a clerk, agent, or any authorised person.

Rem. 2—When sales are made at different times, the dates of the several transactions may be written at the left.

10 If the party against whom the bill is drawn is not able to pay it when presented, how may he acknowledge the claim?

Ans.—He may acknowledge it by giving a *due-bill*. Thereby preventing all subsequent dispute as to the correctness of the claim.

Rem.—A bill may be received by means of a *due-bill*. (See formulas.)

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Exchange.

11 Define Exchange?

Ans.—It is a term used to denote that commercial usage by which individuals are enabled to cancel debts at a distance without the transmission of money.

12 How is this effected?

Ans.—Through a species of commercial paper known as "Bills of Exchange."

13 How many classes of Exchange are there?

Ans.—Two classes: *domestic* and *foreign*.

14 Define Domestic Exchange?

Ans.—It consists of drafts, notes, checks, certifi-

cases of deposits, etc., the parties to which reside in the same country.

15 What are Foreign Bills of Exchange ?

Ans.—They are bills which are drawn in one country, but are payable in another. *

Rem.—They are generally termed *Drafts*.

16 How are they drawn ?

Ans.—They are usually drawn in *sets* of three or more, one of which being honored, the others become void.

17 What is the manner of sending them ?

Ans.—The separate bills are sent by different routes, or at different times, to provide against miscarriage, and the first that comes to hand, if either, is honored.

18 How are Foreign Bills of Exchange made payable ?

Ans.—They are made payable in the currency of the country upon which they are drawn, instead of that wherein they originate.

19 What is a Bill of Exchange ?

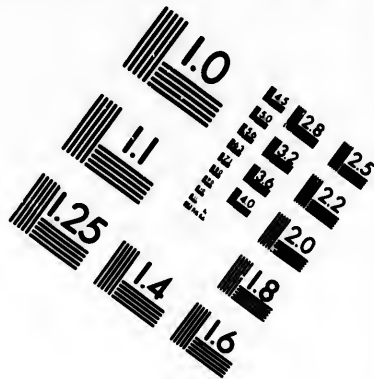
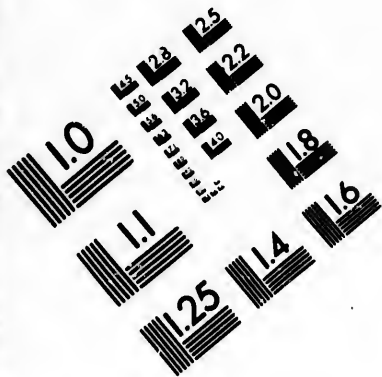
Ans.—It is an order or draft, made by one person upon a second, to pay a certain sum of money to a third, or to his order, or to the bearer. (See formulas)

20 How many parties are concerned in a Bill of Exchange ?

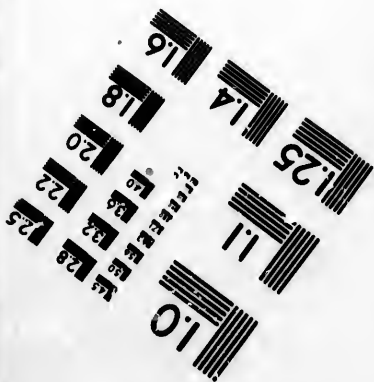
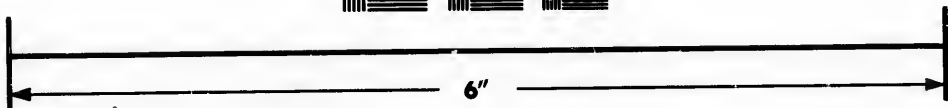
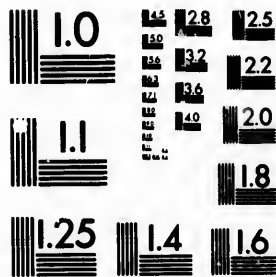
Ans.—There are always three parties to a transaction and usually four : Drawer, Drawee,

* The United States being separate sovereignties, are foreign to each other, and bills drawn in one payable in another are *foreign bills*, though apparently *inland*.





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Payee, and Buyer or Remitter.

21 Who is the **Drawer** ?

Ans.—The person making the order is so called.

22 Who is the **Drawee** ?

Ans.—The person to whom the order is addressed.

23 Who is the **Payee** ?

Ans.—The one to whom the amount is made payable.

24 Who is the **Buyer or Remitter** ?

Ans.—It is the person who purchases the bill.

Rem.—He may be himself the *payee*, or the bill may be drawn in favor of any other person.

25 When does a person become **Acceptor** ?

Ans.—If the drawee accepts, he then becomes acceptor by writing his name across the face of the Bill, under the word "Accepted."

26 What is the instrument then called ?

Ans.—It is called an **Acceptance**.

27 If the Payee writes his name upon the back of the instrument, what does he become ?

Ans.—He then becomes an **Indorser**.

28 How is the person called to whom it is afterwards transferred by indorsement ?

Ans.—He is called an **Indorsee**.

29 What is the **Face of a Bill of Exchange** ?

Ans.—It is the sum ordered to be paid ; it is usually expressed in the currency of the place on which the draft is made.

30 What is the Par of Exchange ?

Ans.—It is the estimated value of the coins of different countries as compared with those of another.

Rem.—It is divided into trinsic and commercial.

31 What is Intrinsic Par of Exchange ?

Ans.—It is the comparative value of the coins of different countries as determined by their weight and purity.

Rem.—Two sum sof different countries are *intrins ; cally at par* when they contain an equal quantity of the same kind of pure metal.

32 What is the Commercial Par of Exchange ?

Ans.—It is the comparative value of the coins of different countries as determined by their market value.

Rem.—Two sums of different countries are *commercially at par*, when they can purchase an equal quantity of the same kind of pure metal.

33 What is the Course of Exchange ?

Ans.—It is the current price paid in one place for bills of exchange on another place.

Rem.—This price varies, according to the relative conditions of trade and commercial Credit at the two places between which exchange is made. Thus, if Boston is largely indebted to Paris, bills of exchange on Paris will bear a high price in Boston.

34 What is Direct Exchange ?

Ans.—It is that exchange which is confined to two places between which the money is to be remitted.

Rem.—One person is said to *draw on* another person, when he is the *maker* of a draft addressed to that person,

35 What is a Sight Draft ?

Ans.—A Sight Draft or Bill is one requiring payment to be made “at sight” e. i., at the time of its presentation to the person ordered to pay.

36 What are Time Bills ?

Ans.—Those requiring payment at a certain specified time after sight or after date.

37 When are others payable ?

Ans.—All other Bills are payable on demand.

38 When Time Bills are drawn “Acceptance received,” what should be done with them ?

Ans.—They may be held till maturity before being presented to the Drawee; otherwise they should be presented immediately for acceptance.

96 to 101 —ooo—

Promissory Notes.

39 What is a Promissory Note ?

Ans.—It is a written agreement by one party to pay to another a *specified* sum at a *specified* time.

40 Who is the Maker ?

Ans.—The one making the agreement or signing the note, is called the *Maker*.

41 Who is the Payee ?

Ans.—The person to whom the amount is made payable.

42 Who is called the **Holder** ?

Ans.—The owner of the note is so called.

43 Who is the **Principal** ?

Ans.—It is the one directly responsible for the payment of a Bill or Note at maturity.

44 What is a **Joint and Several Note** ?

Ans.—It is a note signed by two or more distinct parties, in which case each one becomes liable as *maker* or *principal*.

45 Mention some of the **Features of a Valid Promissory Note** ?

Ans.—A full consideration is implied from the nature of the instrument, but a want of consideration would be a valid defense on the part of the maker as against the payee.

46 Would a want of full consideration be a valid defense on the part of the maker as against any other holder into whose possession it may have come without a knowledge of such want of consideration ?

Ans.—It would be no defense and this third party would be called an *innocent holder*.

47 With what may a Promissory Note be written ?

Ans.—It may be written with ink, or pencil, or it may all be printed except the signature, which must always be in the hand writing of the maker or his authorized agent.

48 Mention some *other* features of a valid Promissory Note ?

Ans.—It should be an unqualified promise to pay

in money, definite in amount, and independent of all contingencies.

49 Where and how should the amount be expressed?

Ans.—The amount should be expressed in the body of the note, in words, and should be relied on for accuracy rather than the figures in the margin.

50 If the time is not definitely stated, when is it payable?

Ans.—It is payable on demand.

51 If the place of payment is not specified where is it payable?

Ans.—It is payable at the place of business or the residence of the maker.

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Negotiable Paper.

52 What are Negotiable Paper?

Ans.—Bank notes, checks, certificates of deposit, bills of exchange, and promissory notes, when properly drawn are negotiable, except when made payable by the terms of contract to one person only.

53 What if the amount is payable to "bearer" or is subject to the "order" of the payee?

Ans.—They are negotiable.

54 When neither the word "bearer" nor "order" appears in the instrument but simply the name of the payee, is it negotiable?

Ans.—It is not negotiable, and the Payee cannot give the full title to a third party.

55 Why can he not give the full title to a third party?

Ans.—For the reason that the account, as between the Maker and Payee, would still be subject to a *garnishee process* from other creditors of the Payee.

56 In how many ways may the **Transfer of Negotiable Paper** be made? Name them?

Ans.—Two : viz., *by delivery* or *by indorsement*.

57 When is the transfer made *by delivery*?

Ans.—When payable to “bearer,” or to the Payee “or bearer,” as are Bank Notes and most Checks.

58 When, by indorsement?

Ans.—When payable “to the order of” the Payee, or to the Payee “or order.”

59 How many kinds of indorsements are there?

Ans.—There are two : *blank* and *full* or *special* indorsements.

60 What is an **Indorsement in Blank**?

Ans.—It consists in the Payee simply writing his name across the back of the paper; this is afterward negotiable by delivery.

61 What is a **Special or Full Indorsement**?

Ans.—It consists in making the bill payable to the order of another person, called an Indorsee, to which is added the indorsement in blank.

Rem.—This is now negotiable only by the indorsement of the Indorsee.—Example : Thus an Indorsement in full

by A. B. is usually in this form : " *Pay C. D. or Order,*" and signed " *A. B.*" Its effect is to make the bill payable to C. D., or his order only.

62 When the Indorsement is in blank, can any legal Holder make it an indorsement in full?

Ans.—Yes, any legal Holder is allowed to write that above it, which will make it an indorsement in full.

Rem.—He may also convert a *special* into a *blank* indorsement by striking out the words that made it an indorsement in *full*.

63 What is a **Qualified Indorsement**?

Ans.—It is one that affects the liability of the indorser, but not the negotiability of the paper, as when made "*without recourse.*"

64 What kind of **Consideration** is necessary to support a Promissory Note?

Ans.—A valuable consideration is necessary, not one founded on mere love or affection.

Rem. (1).—A note drawn as a gift to a relative or to a friend cannot be enforced as between the original parties : a consideration which the law esteems *valuable* must exist, in order to furnish a just foundation for an action.

Rem. (2).—Illegal consideration also will render a note void ; as when given for the purpose of crime.

65 Do any cases exist in which a note is void in the hands of *innocent indorser* for a *valuable consideration*?

Ans.—Yes, there are two cases ; and these are, when the consideration in the note is money won at a play, or where the money is given for a usurious debt.

66 Mention the two forms of written obligation, known as "Negotiable Paper?"

Ans.—**A Note and a Draft or Acceptance.**

67 What is the legal value of each and in what do they differ?

Ans.—They are precisely similar in their legal value, and differ only in *form* from the different circumstances of their origin.

68 With whom does a Note originate?

Ans.—With the *Payer* and is a voluntary promise pay.

69 With whom does a Draft originate?

Ans.—With *the person on whose account the payment is to be made*, and is usually in the form of a request.

70 What is necessary to make the one equivalent to the other?

Ans.—It is necessary that the person of whom the request is made, should respond, which he does by writing across the face "Accepted," and signing his name.

Rem.—This is now as virtually a "Promise to pay" as the other, and there is no commercial difference between the two.

71 Does there exist any **Ressemblance between a Bill of Exchange and a Promissory Note** in its *original* form?

Ans.—No, a Promissory Note in its *original* form of a promise from one person to pay a sum of money to another, bears no particular resemblance to a Bill of Exchange.

72 When does a resemblance exist?

Ans.—When the note is indorsed there is a very great resemblance, for then it is an order by the Indorser to the Maker of the note to pay the money to the Indorsee.

73 To what party in a Bill does the *Indorser* of a Note correspond ?

Ans.—To the *Drawer* of the Bill.

74 To what party in a Bill does the *Maker* in Note correspond ?

Ans.—To the *Drawee* or *Acceptor*.

75 To what party in a Bill does the Indorsee in a Note correspond ?

Ans.—To the Payee.

76 Are the rights and obligations of these corresponding parties the same ?

Ans.—They are nearly or quite the same.

77 In what do Checks differ from Bills of Exchange ?

Ans.—In the following respects :—

- 1st. They are always drawn on a bank, or on bankers, and are payable immediately on presentment, without any days of grace.
- 2d. They require no acceptance as distinct from payment.
- 3d. They are always supposed to be drawn upon a previous deposit of funds.

Rem.—In order to make the drawer liable, in case the check is dishonoured, the holder must present it for payment within a reasonable time, and if dishonored, must give the drawer notice thereof within a reasonable time also.

78 What is a Check on a Bank ?

Ans.—It is a written order addressed to a bank, or to persons carrying on business of bankers,

by a person having money in their hands, requesting them to pay to another person, or to his order, a certain sum of money mentioned in the check.

—000—

Liability connected with Negotiable Paper.

78 What do you understand by an **Innocent Holder** ?

Ans.—It is a person who, in good faith, for a valuable consideration, receives Bank Notes, Checks, and other paper *negotiable by delivery* ?

Rem.—Should the party from whom they were received have obtained them fraudulently, he (the innocent holder) may *legally* retain them.

79 Are Bank Notes a good tender ?

Ans.—They are, if not objected to at the time of payment, unless it should appear afterwards that they were, at the time of payment, worthless, or of less value than represented, as when counterfeit, altered, spurious, broken or uncurrent.

80 What should be done when these Notes are found to be counterfeit or altered, &c. ?

Ans.—They should be returned *immediately*, as any unreasonable delay to return them, after the discovery is made, whereby the Payer loses the opportunity or means of indemnity would throw the loss upon the Payee or Holder on account of the neglect.

81 What is the Duty of a Person receiving a Check on the Bank ?

Ans.—It is his duty to present it for payment at the Bank, during *the same or the next day, at furthest* ; otherwise he holds it at his own risk, the loss being his if the Bank fails in the meantime, provided that the funds were there to meet the Check before the failure.

82 If he lives at a distance from the Bank what must he do ?

Ans.—He must send it for collection by mail, during the same or next day.

83 What, if the Check passes through the hands of several persons ?

Ans.—If so, each one is allowed one day, and his liability, so far as above described, ceases with the succeeding day.

84 How may this mission be fulfilled ?

Ans.—Bank Drafts or “ Bankers’ Exchange, ” from their services in making remittance to distant points, may be used to fulfil this mission, but should not be allowed to tie still or circulate as money beyond the reasonable expectation of the Drawer.

85 What follows when the Holder of a Check gets it certified as good by a Bank on which it is drawn ?

Ans.—The Drawer is released though the Bank fail to pay.

Rem.—As between the maker and payee of a note the maker is allowed any defense that would be allowed in any other debt between the two. But as between the maker

and indorsee, or other holder no defense can be set up, except it be shown that the holder had knowledge, at the time of the note's coming into his possession, of a just ground of defense between the maker and payee. If however the note came into the possession of the holder, after it become due, the claim of the holder would be subject to all the equities in favor of the maker that existed at maturity, or that had arisen after maturity.

86 Who is Principal on a Promissory Note ?

Ans.—The Maker is Principal and is directly responsible to any *bona fide* Holder.

87 When and how are Indorsers Responsible ?

Ans.—When the Drawee fails to make payment, and in the order of their indorsements are separately responsible for the payment of the Bill.

Rem.—The liability of those who indorse as guarantors is not so easily discharged by a failure to give prompt notice of non-payment.

88 When does a Bill of Exchange involved a direct liability ?

Ans.—Only when presented for acceptance.

89 If acceptance be refused by the Drawee, what follows ?

Ans.—The Drawer immediately becomes Principal, and is bound to redeem the Draft from the Holder without delay, though it be a Time Draft, and the time not yet expired.

90 What follows if the Bill be accepted ?

Ans.—The Acceptor becomes Principal, the same as the Maker of a Promissory Note, in which case the Drawer sustains practically the position of first Indorser, in case of non-payment on the part of the Acceptor.

91 To what is the liability of Indorsers on Bills equal?

Ans.—The liability of indorsers on Bills is the same as of those on Promissory Notes.

92 How is the **Liability Avoided** in both cases?

Ans.—By the Indorsers writing over their Indorsements "without recourse," or other words of equivalent signification, except so far as to warrant that the Bill or Note is genuine.

93 When again are indorsers released from liability?

Ans.—If not duly notified of non-acceptance or non-payment, the paper having been duly presented.

94 How does a discharge to the acceptor affect the other parties concerned in a Bill?

Ans.—It is also a discharge to all other parties concerned therein.

95 How does a discharge to an Indorser affect other parties concerned?

Ans.—It is no discharge to prior Indorsers, but it is to all *subsequent* Indorsers.

96 What is an **Accommodation Paper**?

Ans.—It is a Note made or a Bill of Exchange accepted by a man who lends his name and credit for the accommodation of another party.

97 To what extent does he become liable.

Ans.—He thereby becomes liable to any bona fide Holder, to the same extent as if he had received a full consideration, except to the person for whose accommodation the credit was given.

98 Has he any claim for his indemnity?

Ans.—Yes, he has a valid claim on the party accommodated.

—000—

Presentment. *

99 What have you to remark on delay in presenting paper for payment or acceptance?

Ans.—There should be no unnecessary delay in presenting for payment any paper payable on presentation, and for acceptance all time drafts (unless drawn, “acceptance waived”), especially if the time of maturity is to be determined by the time of sight or presentment.

100 When the time is definitely fixed by the date of the instrument or of the acceptance, when must it be presented?

Ans.—It must be presented for payment on the *exact day of maturity*, as regulated by the law of the place where it is made payable.

101 What would be the consequence if one failed to present on the exact day of maturity?

Ans.—A protest would be of no avail on any other day.

102 By whom must the Paper be presented and to whom?

* As a work of this kind cannot be expected to give the details of all the particulars necessary to be observed by the holder of a bill or note, in making a proper demand for payment, and, in the case of non-payment, in properly notifying the indorsers so that they may not be released from liability—business men, unless thoroughly posted, should intrust their collections with some responsible banker.

Ans.—The Paper itself must be presented by the Holder personally to the Acceptor or Maker, or their authorized agent, at the place where it is made payable, during seasonable business hours.

103 If no such person or agent is found with funds to meet it, how may it be treated?

Ans.—It may be treated as dishonored.

104 What should be done with the Paper in case of non-payment or non-acceptance?

Ans.—It should be protested, and the Drawer and Indorsers notified.

105 What is a **Protest**?

Ans.—It is a formal declaration on behalf of the Holder, drawn up by a Notary Public, against any loss to be sustained by the non-acceptance or non-payment of a Bill.

Rem. 1.—The failure to protest a note on the third day of grace releases the indorsers from all obligation to pay it.

Rem. 2.—Upon non-acceptance of a Bill, if due notice thereof has been given to the antecedent parties, the Holder can insist upon immediate payment of the Bill from them.

106 What is a Notary or a Notary Public?

Ans.—It is an officer authorized by law to attest documents or writings of any kind to make them authentic.

107 Besides the drawing out of a declaration, what else has the Notary to do?

Ans.—He should moreover *personally* make due presentment or demand, and should *on the same day*, or, at furthest, *the next day* send

written notices of protest to the parties to be notified.

108 What if the residences of all the indorsers be not known ?

Ans.—He may send all the notices under one cover to the last Indorser, who is allowed but one day to forward the notices to antecedent Indorsers ; so also for each of the others.

109 When the parties reside in the same town how are notices served ?

Ans.—They must be delivered in person or by a messenger.

Rem.—Notices to all others must be sent by mail.

110 What if an Indorser writes over his name "waiving demand and notice." ?

Ans.—A protest is not necessary to retain his liability.

111 What Liability exists connected with Presentment or Acceptance ?

Ans.—If a Bill be drawn payable at sight, or at a certain period after sight or after demand it is absolutely necessary that the Holder present it for acceptance.

112 Why is presentment thus necessary ?

Ans.—For the reason that until such presentment there is no right of action against any party, and moreover, unless it be made within a reasonable time, the Holder generally loses his remedy against antecedent parties.

113 Is Interest recoverable on a Promissory Note in which there is no special agreement to pay Interest ?

Ans—Yes, it is recoverable from the time when the principal becomes due or ought to have been paid.

Rem. 1.—A note, payable on demand, carries no interest till a demand is made, unless there is an agreement to pay Interest.

Rem. 2.—A Note not on demand, in which no time of payment is mentioned, draws Interest from date.

114 When can we certify to a special agreement to pay Interest ?

Ans.—When the words “with use” or “with interest,” are contained in the note.

115 When is a **Note Outlawed** ?

Ans.—It is said to be outlawed *six* years from the time it becomes due.

Rem.—The Statute requires that all actions, founded upon any instrument or contract not under seal, must be commenced within six years next after the cause of action occurred, and not after.

116 What are **Deeds** ?

Ans.—All instruments under seal are deeds ; but the term “deed” is generally understood as applying to land conveyances.

Rem.—The consideration of a deed may either be good or valuable.

117 Upon what is a *good consideration* founded ?

Ans.—It is founded upon natural love and affection between near relations by blood.

118 Upon what is a *valuable consideration* founded ?

Ans.—It is founded on something deemed valuable, as money, good service, or marriage.

Rem.—Every deed or contract is void when made for any fraudulent purpose, or in violation of law.

119 What is a **Bond**?

Ans.—It is an acknowledgement, under seal, of a debt, duty, or obligation.

Rem.—It immaterial what mode of expression is used, provided the language be sufficient to establish an acknowledgement of a debt.

120 Does a bond imply a consideration?

Ans.—Yes, every bond in itself imports a consideration.

121 Is the failure of the consideration a good defense to an action brought on a bond?

Ans.—It is not a good defense.

Rem.—Wax or some other tenacious substance, is necessary in order to make a legal seal, except it be the seal of a court or public officer.

122 What is a **Chattel Note**?

Ans.—Any note that is payable otherwise than in money is so called.

Rem.—A promissory note is payable in money only.

123 Are **Chattel Notes** negotiable?

Ans.—They are not negotiable and cannot be sued except in the name of the Payee.

Rem.—No days of grace are allowed on this kind of notes.

124 What is the duty of the **Maker** of a chattel note payable in specific articles at a specified place?

Ans.—It is his duty to *tender* the articles at that place, and at the time the note becomes due.

125 What if the Maker neglect to make the above tender ?

Ans.—He will be liable to pay the amount in money to the Payee.

Rem.— But if, on the other hand, the maker tender the articles mentioned in the note at the proper time and place, according to the contract, and the creditor neglects or refuses to receive them, the debt is thereby discharge ; but the right of property in the articles tendered passes to the creditor. The debtor may abandon the goods tendered ; but if he elects to retain possession of them, he will be considered as bailee of the creditor at his (the creditor's) risk and expense. The relation of debtor and creditor would in such case be change to that of bailor and bailee.

CHATTEL MORTGAGES.

Every mortgage, or conveyance intended to operate as a mortgage, of goods and chattels, which shall not be accompanied by an immediate deliverey and continued change of possession of the things mortgaged, is *absolutely void*, as against the creditors of the mortgagor, subsequent purchasers, and mortgagees in good faith unless the morgago, or a true copy thereof, be filed in the office of the clerk of the town where the mortgagor resides at the time of the execution thereof.

Within thirty days next preceding the expiration of a year from the filing a chattel mortgage as aforesaid, a true copy of such mortgage, with a statement exhibiting the interest of the mortgagee in the property mortgaged, should again be filed with such clerk.

After default in the payment of a chattel mortgage, the mortgagee's title to the property mortgaged becomes absolute at law, and he is entitled to the immediate possession thereof.

POWER OF ATTORNEY.

A letter or Power of Attorney, is a written delegation of authority, by which one person enables another to do an act for him.

When a power is special, and the authority limited, the attorney cannot bind his principal by any act in which he exceeds that authority; but the authority of the attorney will be so construed as to include all necessary means of executing it with effect.

When the power is in writing, and subject to the inspection of the party, no good reason exist for binding the principal beyond the scope of it; though in general he who employs an agent or attorney shall lose by his fraudulent or illegal acts, in preference to an innocent third person.

—000—

Testimony of Account Books.

126 What is the most established law of testimony?

Ans.—That a person shall not be permitted to testify for himself, or, in other words, manufacture his own testimony.

127 Is there an exception to this salutary law?

Ans.—Yes, from the necessity of some cases an exception does exist.

128 What is this exception?

Ans.—The law allows a person to furnish testimony for himself by admitting his Account Books, under certain restrictions, as evidence in his favour.

129 To what is this testimony liable?

Ans.—It is liable to the strictest scrutiny, and is

considered by courts as the most suspicious kind.

130 What facts would a person be obliged to prove in order to intitle his books to be received in evidence for himself?

Ans.—He must prove the following facts : —1st. That he had no clerk, 2nd. That the books produced are *his* Account Books. 3rd. That some of the articles charged have been delivered. 4 h. That he keeps fair and honest accounts, and this he must show by those who have dealt and settled with him.

131 Are Account Books received as evidence of money lent, or money received or expended for the use of another?

Ans.—No, they are never received as evidence in the above cases; nor are they evidence of a single charge.

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Forms of Bills, Notes, Drafts,
Checks, &c., &c.

Bills.

1

Montreal, July 1st., 1870

Mr. THOMAS HANRATTY,

BOUGHT OF WILLIAM JOHNSON.

| | |
|----------------------------------|--------|
| 10 lbs. Butter.....@ 15c. | \$1.50 |
| 50 lbs. Sugar@ 10c. | 5.00 |
| 24 lbs. Pearl Starch.....@ 12½c. | 3.00 |
| 20 lbs. Dried Apples.....@ 11c. | 2.20 |
| 15 lbs. Rice.....@ 5c. | 0.75 |
| 12 lbs. Tea.....@ 60c. | 7.20 |

\$19.65

Received Payment,

WILLIAM JOHNSON.

2

Montreal, July 2nd., 1870.

Mr. FRANCIS HART,

1869.

BOUGHT OF JAMES SMITH.

| | |
|---|---------|
| June 15. 9 yds. Silk.....@ \$1.00..... | \$ 9.00 |
| “ “ 12 yds. Muslin@ 20..... | 2.40 |
| Sept. 12. 5 yds. Broadcloth.@ 5.00..... | 25.00 |
| “ “ 2 Cravats.....@ 1.25..... | 2.50 |
| Nov. 5. 5 prs. Boots@ 5.00..... | 25.00 |

\$63.90

Received Payment,

JAMES SMITH.
per DAWSON.

3

Toronto, Jan. 21st., 1870.

Mr. H. J. GIBNEY,
1869.

To RICE LEWIS, DR.

| | | | |
|----------|-----------------------|--------------|---------|
| Feb. 3. | To 5 doz. Rakes.....@ | \$ 1.50..... | \$ 4.50 |
| " 7. | " 2 doz. Hoes.....@ | 6.00..... | 12.00 |
| Apr. 10. | " 4 doz. Scythes....@ | 10.00..... | 40.00 |
| " 5. | " 1 Mill.....@ | | 25.00 |

\$81.50Received Payment by due-bill,
Jan. 10, 1870.

RICE LEWIS.

4

New-York, Feb. 4th., 1870.

FITZGERALD & Co.,

To A. T. STEWART, DR.

1869.

| | | | |
|-----------|--------------------------|----------------|---------|
| Sept. 12. | To 10 yds. Cambric | @ 10c..... | \$ 1.00 |
| " " | " 50 yds. Sheeting..... | @ 12½c.... | 6.25 |
| Oct. 18. | " 12 yds. Cassimere.... | @ \$1.50 | 18.00 |
| " 20. | " 30 yds. Print. | @ 11c..... | 3.30 |
| Dec. 15. | " 20 yds. Velvet..... | @ 3.00..... | 60.00 |

\$88.55

— Cr. —

| | | | |
|----------|------------------------|-------------|---------|
| Sept. 1. | By 40 bu. Coal..... | @ 12½c.... | \$ 5.00 |
| Nov. 20. | " Cash..... | @ | 40.00 |
| " 22. | " 5 Cords of Wood..... | @ 4.00..... | 20.00 |

\$65.00Balance due.....\$23.55

Received Payment,

A. T. STEWART,
per DOYLE.

Form of a Set of Exchange.

—
1

EXCHANGE for £1,000.

New-York, June 1, 1870.

Ten days after sight of this my *first* Bill of Exchange, (second and third of the same date and tenor unpaid) pay to Mr. T. THOMPSON or order, One Thousand Pounds Sterling, value received, with or without further advice.

A. T. STEWART.

To RICHARD EVANS & SON, {
Liverpool, England. }

2

EXCHANGE for £1,000.

New-York, June 1, 1870.

Ten days after sight of this my *second* Bill of Exchange, (first and third of the same date and tenor unpaid) pay to Mr. T. THOMPSON or order, One Thousand Pounds Sterling, value received, with or without further advice.

A. T. STEWART.

To RICHARD EVANS & SON, {
Liverpool, England. }

3

EXCHANGE for £1,000.

New-York, June, 1 1870.

Ten days after sight of this my *third* Bill of Exchange, (first and second of the same date and tenor unpaid) pay to Mr. T. THOMPSON or order, One Thousand Pounds Sterling, value received, with or without further advice.

A. T. STEWART.

To RICHARD EVANS & SON, }
Liverpool, England, }

—000—

Notes.

1

Individual Note.

\$500.

Montreal, June 10, 1870.

Ten days after date, I promise to pay W. B. Forbs or order, Five Hundred Dollars, value received.

CHARLES FITZPATRICK.

2

Joint Note.

\$2,000

Quebec, March 16, 1870.

Fifty days after date, we promise to pay James Smith or order, at *Union Bank of Lower-Canada*, Two Thousand Dollars, value received.

WILLIAM MOORE.

THOMAS CLARK.

3

Joint and Several Note, (with interest).

\$10,000

Toronto, Feb. 5, 1870.

Three months after date, we or either of us promise to pay William Ford or order, Ten Thousand Dollars, value received, with interest from date.

JOSEPH HINDS.

ARTHUR SPENCER.

4

Principal and Surety Note.

\$900.

Kingston, March 3, 1870.

Ten days after date, I promise to pay James Richards or order, Nine Hundred Dollars, value received.

JAMES O'CONNOR, *Principal.*
WILLIAM DUNN, *Surety.*

5.

Chattel Note.

\$200

Hamilton, July 2, 1870.

Six months after date, for value received, I promise to pay to William Power or Order, Two Hundred Dollars, in Wheat, at the then market rate, the same to be delivered as per his order, within the limits of the city of Hamilton.

JOSEPH FULTON.

6.

Non-Negotiable Note.

\$800.

Ottawa, June 14, 1870.

Three months after date, I promise to pay James Annett, Eight Hundred Dollars at his office.

DAVID MOORE.

—ooo—

Drafts.

1

Time reckoned from sight.

\$725.

Toronto, May 10, 1870.

At twenty day's sight, pay to the order of William Clarke, Seven Hundred and Twenty Five Dollars, value received and charge it to the account of

MICHAEL HARRINGTON.

To DAWSON BROTHERS, }
Montreal.

2

Reckoned from Date.

\$300.

London, Ont. July 2, 1870.

Ten days after sight, pay to the order of Bernard Wallace, Three Hundred Dollars, value received, and charge to my account.

EDWARD McCARTHY.

To PETER HANRATTY, {
Ottawa. }

—000—

Due Bills.

1

For Cash, Drawing, Interest.

\$155.

Kingston, Feb. 12, 1870.

Due John R. Spencer One Hundred and Fifty Five Dollars with interest from date.

WILLIAM T. ROBERTSON.

2

For Merchandise without Interest.

\$237.50

New York, Mar. 5, 1870.

Due John R. McDonald Two Hundred and Thirty Seven Dollars Fifty Cents, payable in Rye, at market price on the first day of October next.

HENRY McKERNAN.

Orders.

—
1

To apply on Account.

Montreal, April 10, 1870.

Mr. James Williamson will please pay to the bearer, Seventy Five Dollars, in Merchandise on my account.

ROBERT FAIRBANKS.

2

In full of account.

Ottawa, Nov. 12, 1869.

John J. Donoghue Esq.

Please pay to Michael O'Donnell or bearer, Three Hundred Dollars, from your store, and this shall be your receipt in full of my account.

JOSEPH B. MOORE.

—ooo—

Receipts.

—
1

On Account.

\$200.—Received, January, 14, 1870. Two Hundred Dollars, on account of Peter Cooper.

THOMAS HANRATTY.

2

In full of all demands.

\$630. *Kingston, Mar. 17, 1870.*

Received of George B. McArdle, Six Hundred and Thirty Dollars, in full of all demands.

THOMAS BAKER.

3-

To apply on Contract.

\$4,000. *Hamilton, Mar. 2, 1870.*

Received of William R. Doyle, Four Thousand Dollars, the same to apply on contract for building house, dated February 14, 1870.

JAMES McDONALD.

4

To apply as an Endorsement.

\$100. *May 21, 1870.*

Received on the within note, One Hundred Dollars.

GEORGE BROWN.

5

Receipt for Property.

Montreal, May 1, 1870.

Received of Peter Jones, the following enumerated articles to be held in trust for him, and returned on his demand : one Gold Watch (Hunting

case), two promissory notes, each dated March 10, 1870, and signed by Joseph Cummings—one for Five Hundred Dollars, due in three months from date, and one for Eight Hundred Dollars, due in four months from date.

JAMES HOPE.

—000—

Checks.

1.

Payable bearer.

\$700. Montreal Bank. *Hamilton, Mar 10, 1870.*

Pay to Thomas McNamara or Bearer, Seven Hundred Dollars

(No. 1527.)

W. J. ROSS.

2.

Payable to Order.

\$1,000. Merchant's Bank. *Toronto, July, 1, 1870.*

Pay to Charles R. Stewart or Order, One Thousand Dollars.

FRANCIS HANNAN.

—000—

Certificate of Deposite.

Bank of Upper-Canada.

\$900.

London, Ont May 9, 1870.

W. M. Robinson has deposited in this Bank, Nine Hundred Dollars, payable to Henry T. Kennedy or Order, on return of this certificate.

(No. 1708.)

JAMES THOMPSON.

March
—one
months
dollars,
OPE.

1870.
Seven
DOLLARS.

1870.
Thou-
SAND.

1870.
Bank,
Ken-
SON.

EXERCISES
IN
JOURNALIZING.

Exercises in Journalizing.

What will be your Journal Entry?

1. Sold D. W. Clark, on account Merchandise \$200.

Ans.—D. W. Clark, Dr., To Mdse., \$200.

2. Bot. of D. W. Clark, on account Mdse. \$200.

Ans.—Mdse., Dr., To W. D. Clark, \$200.

3. D. W. Clark, Paid cash, on account, \$200.

Ans.—Cash, Dr., To D. W. Clark, \$200.

4. Paid D. W. Clark, cash on account, \$200.

Ans.—D. W. Clark, Dr., To cash, \$200.

5. Sold W. W. Hart, on his note, 30 days, Mdse, \$175.

Ans.—Bills Receivable, Dr., To Mdse., \$175.

6. Bot. of W. W. Hart, on my note, 60 days, Mdse., \$250.

Ans.—Mdse., Dr., To Bills Payable, \$250.

7. W. W. Hart Paid his note, in cash, \$175.

Ans.—Cash, Dr., To Bills Receivable, \$175.

8. Paid my note to W. W. Hart, in cash, \$250.

Ans.—Bills Payable, Dr., To cash, \$250.

9. Sold J. H. Holmes, Mdse., \$450. Received in payment his note for \$250, and cash for the balance, \$200.

Ans.—Sundries Dr. To Mdse..... \$450
 Bills Receivable..... \$250
 Cash..... 200

10. Bot. of J. H. Holmes, Mdse., \$500. Gave in Payment my note for \$250, and cash for the balance, \$250.

Ans.—Mdse., Dr, To Sundries.....\$500
 " Bills Payable. \$250
 " Cash 250

11 Exchanged the above notes with Holmes, \$250.

Ans.—Bills Payable, Dr., To Bills Receivable, \$250.

12. Bot. of J. Dunning his house and lot on Spring Street, \$2000 Gave in payment, cash, \$1000, Mdse., \$500, and my note for the balance, \$500.

Ans.—Real Estate, Dr., To Sundries \$2000
 " Cash..... \$1000
 " Bills Payable. 500
 " Mdse..... 500

13. Sold my house and lot on Spring Street for \$2500. Received in payment S. S. Clark's note, 3 months, \$1000, Cash \$1000 and Mdse. for the balance, \$500.

Ans.—Sundries Dr., To Real Estate.....\$2500
 Bills Receivable.....\$1000
 Cash 1000
 Mdse 500

14. The Commercial Bank has discounted S. S. Clark's note for \$1000. Discount, \$17.50; Cash received, \$982.50.

Ans.—Sundries Dr., To Bills Receivable..\$1000
 Cash.....\$982.50
 Interest..... 17.50

15. Holmes & Co., New-York, consigned an in-

voice of goods to me, to be sold on their account, \$575. Paid freight and charges, in cash, \$34

Ans.—Holmes & Co.'s consignment, Dr., To Cash, \$34.

16. Consigned goods to Holmes & Co., New York, to be sold on my account, invoiced \$645. Paid freight and cartage on same, in cash, \$36.50, and gave my note for insurance on do., \$19.35

Ans.—Cons. to N.Y, Dr., To Sund. \$700 85
Mdse. \$645.00
Cash 36.50
Bills Payable .. 19.35

17. Sold Holmes & Co.'s goods for \$650. Received in payment P. Almy's note for \$300, and Cash for balance, \$350.

Ans.—Sund. Dr., To Holmes Consig't. \$650.
Cash \$350.
Bills Receivable 300.

18. Received an account sales of goods consigned to Holmes & Co., New-York. Net proceeds amount to \$716.

Ans.—Holmes & Co., Dr., To Consignment to New-York, \$716.

19. P. Almy paid his Note, with interest. Note, \$300; interest, \$5.25=\$305.25.

Ans.—Cash, Dr., To Sundries.... 305.25
" Bills Receivable \$300 00
" Interest..... 5 25

20. Holmes & Co., New-York, have remitted me a Bill of Exchange on James Anderson, for \$716.

Ans.—Bills Receivable, Dr., To Holmes & Co.,
\$716.

21. Bot. of J. Jones & Co., for Cash, a Draft on New-York for \$583.50, at a premium of .05 per cent., \$2.92, which I remitted to Holmes & Co., New-York.

Ans.—Sundries Dr., To Cash.....\$586.42
Holmes & Co.....\$583.50
Interest..... 2.92

22. Dean Tisdale's made a Draft on me at 30 days' sight, which I accepted, for \$125.

Ans.—Dean Tisdale, Dr., To Bills Payable, \$125.

23. Paid D. Tisdale's Draft on me as follows :
in Merchandise, \$75, and gave him an Order on W. Hart for \$50.

Ans.—Bills Payable Dr., To Sundries.\$125
" Mdse..... \$75
" W. Hart..... 50

24. John Doe failed, and I sold the Note I held against him, of \$250, for \$100. Received in payment Cash.

Ans.—Sund. Dr. To Bills Receivable\$250
Cash\$100
Loss and Gain..... 150

25. Bot. a quantity of Broadcloth, in company with B. Hartford, \$250. Paid Cash for my half, \$125.

Ans.—Mdse. Co. A., Dr., To Cash, \$125.

26. Bot of W. W. Ely, for Cash, 2000 bbls. of Flour for \$650, which I immediately sold for \$750.

Ans.—Cash, D., To Loss and Gain, \$100.

27. Bot. of F. Cate, for Cash, 2000 lbs. of Tallow, for \$160, which I immediately sold for \$140.

Ans.—Loss and Gain, Dr., To Cash, \$20.

28. Commenced Business with Cash, \$2000.

Ans.—Cash, Dr., To Stock, \$2000.

29. Commenced Business with Cash, \$1000 ; Mdse., \$1000, and Notes against sundry persons, \$500.

Ans.—Sundries Dr., To Stock..... \$2500
 Cash \$1000
 Mdse..... 1000
 Bills Receivable..... 500

30. Commenced Business with Cash, \$500, Mdse. \$500, Notes against sundry persons, \$500, Real Estate, valued at \$1000 ; and owe D. Hood, on account, \$250, sundry persons on Notes, \$500.

Ans.—Sundries Dr., To Sundries
 Cash..... \$ 500
 Mdse..... 500
 Bills Receivable..... 500
 Real Estate 1000
 “ D. Hood \$ 250
 “ Bills Payable 500
 “ Stock. 1750

31. Commenced Business with cash, \$800 Mdse, which I bought as follows—of Stewart & Co., on account, \$1700 ; of Bowen & M'Namee, on my Note at 60 days, \$1500.

Ans.—Sundries Dr., To Sundries

| | | |
|--------------------|--------|--------|
| Cash | \$ 800 | |
| Mdse..... | 3200 | |
| Stewart & Co..... | | \$1700 |
| Bills Payable..... | | 500 |
| Stock | | 800 |

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700
500
800

EXAMPLES FOR PRACTICE
IN
SINGLE ENTRY.

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Examples for Practice

In Single Entry.

To enforce the theory of the above rules the following exercises will be found of great advantage.

The student should be required not only to produce correct results but also in each case to fill up a statement the outlines of which are given on Page 21.

1

Commenced business with a capital of \$10,000. At the end of six months the following facts are gathered from the Account Books : Amount of Cash received, \$19,000 ; Amount paid out, \$13,000.

A-B's account stands, Dr. \$780 ; Cr. 680 ; C-D's, Dr. \$85 ; Cr. \$60 ; E-F's Dr, \$530 ;

Merchandise on hand, as per inventory, \$5,800 ; amount owing to G-H., \$200.—*Required, the net capital at closing, and the net gain during business.*

2

Commenced business with a capital of \$9,000. At the end of one year the following facts are gathered from the Account Books :—

Resources : Amount of Cash received \$15,625 ; amount paid out \$9,875 ; A-B's account stands Dr. \$900 ; Cr. \$550 ; C-D's, Dr. \$1,000 ; Cr. \$200 ; E-F's, Dr. \$975 ; Cr. \$424.50 ; G-H's,

Dr. \$175; Merchandise on hand *per inventory* \$6350; amount from Bill-Book Receivable \$500.

Liabilities : J-K's account Dr. \$600; Cr. \$800; L-M's, Dr \$500; Cr. \$1200; N-O's, \$251.50; Cr. \$651.50 From Bill-Book \$100.—

Required the net capital at closing, and the net gain during the business.

3

A. and B. commence business with the following **Resources** : Cash \$800; Notes, \$5000; Merchandise, \$5000; Real Estate \$1650; Balance due on personal accounts \$3764. At the end of 12 months their **Resources** and **Liabilities** are as follows : Amount of Cash received \$25000; Amount paid out, \$21500; Notes in our favor, \$2000; Merchandise per inventory \$15000; Real Estate, \$20000; A-B's, account stands, Dr. \$2000; Cr. \$800; C-D's, Dr. \$1500; Cr. \$2000; E F's, Dr. \$1630; G-H's, Dr. \$4300; Cr. \$5600; I J's, Dr. \$1200; Cr. \$750; K-L's, Dr. \$800; Cr. \$2500; M-N's, Dr. \$2000; Cr. \$1500; O P's, Dr. \$100; Cr. \$700; Q-R's, Cr. \$900. *Required the capital at commencing; at closing; and the net gain.*

4

James——, and Francis——, entered into copartnership on equal terms, the former investing \$20000 and the latter \$15000; but James——, withdrew during the business \$5000. At the end

of six months, the following is the condition of the business: Cash on hand \$10500 Due them on Personal account \$7970.25; Due them on Notes \$3240; Merchandise on hand \$1600; Real Estate, \$4000; Stocks, \$7000; They owe to persons on account \$1800; Notes outstanding, \$15000. *Has the business been adverse or prosperous? How much? What is each partners net capital at closing?*

5

Three persons, enter into copartnership and invest as follows: Thomas Hanratty puts into the concern \$7000; W. B. Anderson, \$6000; and R. M. McCormac, \$4000. The following results are shown at the end of the year: Cash received \$90500; Paid out, \$79600; Notes received, \$3000; Notes disposed of \$25000; Merchandise, per inventory, \$9600; Store and Fixtures valued at \$10000; Thomas Hanratty has withdrawn \$200. W. B. Anderson, \$900; and R. M. McCormac, \$600. Notes issued, \$25500; Notes redeemed, \$1500. Personal accounts as follows: A-B's, Dr. \$3000; Cr. \$2500; C D's, Dr. 1200; Cr. \$4000; J-K's, Dr. \$2000; Cr. \$6420; L M's, Dr. \$18420; N O's, Cr. \$6900. Required the gain or loss during business, and each partner's net capital at closing.

First Series.

Memorandum.

1

Jan. 1. Sold J. N. Jones 3 lbs. Black Tea, 62½ c. ; 10 Bbls. Potatoes at \$3 ; Received Cash on account \$15—Sold William Harrington on account, 8 Bbls. Flour at \$9—**2.** Paid Thomas Cooper, Cash on account \$60—**3.** Bought of Francis Drake on account, 30 Hams at \$1.50 each 15 c. ; 40 Bbls. of Flour at \$8. - **4.** Sold W. H. Draper on account, 5 Bbls. of Apples at \$1 ; 8 lbs. Green Tea at 62½ c.—**5.** Sold James R. Thompson 5 Bbls of Flour at \$9 ; Received Cash on account \$25—**6.** Sold Thomas Hanratty on account 25 Bbls. Apples at 90 c.—**7** Bought of Robert Hendry 50 Bbls. Apples at 80 c.

2

June 1st.—Thomas E. Dorsey and George C. Dean, commenced business with the following resources and liabilities ; the results to be divided equally. Thomas E. Dorsey invests *Cash* \$5000 ; A *Note* for \$1500 in favor of T. E. Dorsey signed by W. King, and indorsed by F. B. Bush, dated May 1 at 90 days ; *Personal Accounts* as follows : William Chambers \$625 ; Francis Moore \$400 and John Newman \$475.—George C. Dean invests *Cash* \$2500, Real Estate \$2500 ; *Personal Accounts* : John O'Leary \$200. William Doyle \$300. Merchandise \$2500.—**2.** Sold William J. Wood on account 20 Pairs Gaiter Boots at \$3 ; 75 yds. Calico at 12½ c. ; 25 yds. Scotch Plaid at 15 c.—Received Cash F. Moore in full of account \$400.—**3.** Sold J. W. Burham on account 3 doz. Elastic Hoop Skirts, 36, at \$2.50 ; 1 Doz. " Em-press do., 12, at \$2 ; 3 pieces Check Marseilles,

30 yds. at 50 c.—Sold L. S. Fulton for Cash 4 cases Men's Thick Boots, 48 Prs. at \$1.25; 2 do. Double soled Boots, 24 Prs. at \$1.50.—4. Received Cash from Wm. Doyle in full of account \$300.—Received Cash for Petty Soles this day \$30.—5. Sold Daniel Chapman on account 10 yds. Alpaca at 75 c.; 25 yds. Calico at 7 c.; 30 yds. Cambrie, at 10 c.; and 12 yds. Drilling at 12 c.—Paid Cash for petty expenses \$10.—6 Sold John R. Penn, on account, 6 cases Men's Congress Gaiters, 96 Prs., at \$1.75; 2 cases Gent's Paris Gaiters, 48 Prs., at \$2.—Paid Cash for Stationery and Printing \$50.—Received Cash for petty sales this day \$64.—8. Sold J. J. Barnum for Cash, 25 yds. Cassimere at \$1.50; 20 yds. Lawn at 25 c.; and 60 yds. Linen Gingham at 40 c.—Bought of J. B. O'Connell An Invoice of Merchandise amounting to \$8000; Paid Cash \$4500; Note at 3 months, \$3500.—11. Received of William Chambers Cash in full of account \$625.—Received for petty sales this day \$33.—12. Sold Thomas McNamara on account 4 cases. Gaiters 100 Prs., at \$2.00; 2 Cases Ladies "Operas" Gaiters, 48, at \$1.50.—13. Received Cash in full account of John O'Leary \$200.—Sold John M. Holley on account 17 pieces, Lancaster Prints 520 yds. at 9c.; 12 Pieces Paramata 600 yds. at 75 c.—Received Cash per Petty Sales this day \$70.—15. Paid Cash for Repairing Store \$30.—Sold Patrick Kelly for cash 20 Pieces French Merino \$560 yds. at 55c.; 7 Pieces Sheeting 260 yds. at 12½c.—16. Received cash on account of W. J. Wood \$73.12½.—Received for Petty Sales this day \$50.—17. Sold Thomas O'Donnell on his Note at 60 days 3 Cases Congress Gaiters. 150

Pairs at \$1.50 ; and 2 Cases Jenny Lind Gaiters 75
 Pairs at \$2.—18. Received cash on account of
 John Newman \$200. Received cash for Petty
 Sales this day \$30.—20. Paid clerk hire in cash \$60.
 Merchandise remaining unsold as per inventory
 \$8688.13½

Balance Account

| | Resources | Liabilities |
|--|-------------|-------------|
| Merchandise per inv. | 8688 13½ | |
| Real Estate | 2500 | |
| Cash | 5426 87½ | |
| Bills Receivable..... | 1875 00 | |
| Bills Payable | | 3500 00 |
| John Newman..... | 275 | |
| J. W. Burnham | 129 | |
| D. Chapman | 13 69 | |
| J. R. Penn | 264 | |
| T. McNamara..... | 272 | |
| J. M. Holley..... | 496 80 | |
| T. E. Dorsey (<i>present worth</i>). | | 8320 25 |
| G. C. Deau " ... | | 8320 25 |
| | \$ 20140 50 | 20140 50 |

May 1. Commenced Business with Cash on hand \$2500.—Bought of John R. Smith on account 200 Bbls. Apples at \$1 00; 30 Bush. Plums at 80 c; 40 Bush. Cherries at 75 c.—Paid Cartage, &c. \$20.—**2** Received Cash for Petty Sales, \$12—**3.** Sold William Harrison on account, 10 Bbls. Apples at \$1.30; 10 Bush. Plums at \$1 00.—Paid for Set of books \$3.00.—Received Cash for Petty Sales \$25.—**4.** Sold James McDonnell on account, 12 Bbls. Apples at \$1.25; 5 Bush. Cherries at 80 c.—Paid John R. Smith Cash on account \$150.—Received Cash for Petty Sales, \$31.—**5.** Bought of Patrick Hughes on account 100 Bush. Green gages at 90 c.; and 200 Baskets of Peaches at 75 c.—Received for Petty Sales \$40.—**6.** Sold Thomas J O'Sullivan on account 10 Baskets of Peaches at 90 c.; and 10 Bbls. Apples at \$1.20.—Received of Will. Harrison Cash on account \$20—**8.** Paid Cash for Stationery \$8.—Received Cash for Petty Sales this day \$50—**9.** Sold Francis Hanratty, on account, 50 Baskets of Peaches at 85 c; 15 Bush. Greengages at \$1—Received of Thomas O'Sullivan Cash in full of account—Received for Petty Sales this day \$30.—**10.** Sold C. J. Judd on account 30 Baskets Peaches at 87½c.—Received Cash on account of Francis Hanratty \$57.50.—Received Cash on account of James McDonnell \$19.—**11.** Paid J. R. Smith Cash on account \$104—Sold Peter J. Murphy on account 10 Baskets of Peaches at 87½ c.—Paid Patrick Hughes Cash on account \$240.00—**12.** Bought of James Patterson on account 30 Bbls. Crab Apples at \$1.—Sold J. R. Ford for Cash 15 Bbls. Crab Apples at \$1.50; and 20 Baskets Peaches at \$1.00.—Paid Store expenses \$5.—Received Cash for

Petty Sales this day \$25.

Merchandise unsold, amounts, per Inventory, to \$300.

Balance Account

| | Resources | | Liabilities | |
|-------------------------------------|-----------|----|-------------|------|
| Merchandise..... | 300 | | | |
| Cash..... | 2343 | | | |
| Wm. Harrison..... | 3 | | | |
| C. J. Judd..... | 26 | 25 | | |
| James Patterson..... | | | | 30 |
| P. J. Murphy..... | 8 | 75 | | |
| Stock (<i>present worth</i>)..... | | | | 2651 |
| | \$ 2681 | 00 | 2681 | 00 |

4

1st. I have this day commenced business with the following resources and liabilities. —

Resources : Cash, \$8402.38 ; Merchandise, \$975.34 ; Bills Receivable, \$576.43 ; James M. Davis' account \$32.64 ; Francis W. Campbell, do., \$742.57 ; Bank of Montreal do., \$2000.00 ; B. L. Hanlon do., \$195.25 ; William J. McGee do., \$318 50 ; Consignment to Albany do. \$602.00.

Liabilities : William R. Wilson's account,

\$287.50; Bills Payable, \$1091.30; T. H. Harris' account, \$576 14; M. R. Johnson do., \$100.25; William Fulton do., \$733.63; Stock \$11059.29.

5th. Received per steamer *Emerald*, an invoice of goods shipped by Stewart & Co., pursuant to my order, amounting per S. B. to \$956. Paid freight and charges in cash, \$46.75 — **6th.** Sold B. L. Hanlon merchandise, amounting per S. B. to \$56 — Sold Henry Samps, for cash, merchandise, amounting per S. B. to \$97.63. — **9th.** Bought of Daniel Jones, for Cash merchandise amounting per S. B. to \$43.96. **12th.** Sold James Davis, on account, merchandise, as per S. B. \$73.19 — Received from F. S. Bogue, Albany, an account sales of flour consigned him, June 25th; net proceeds, \$698, for which he has remitted me a check on the Bank of Montreal. — **14th.** Sold David Coleman, for cash, merchandise, as per S. B. \$139 64. — Sold William J. McGee, on account, merchandise, \$158.50. — Deposited in the Bank of Montreal, \$700. — **16th.** Accepted Stewart & Co.'s draft on me, at 30 days' sight, for \$956. — **19th.** Received from B. L. Hanlon cash, to balance account. — Bot, of J. & H. Mirick, for cash, 100 bbls. of flour, at \$5 50, which I immediately sold for \$6 per bbl. — **20th.** Received per steamer *Swan*, from N. Y., an invoice of broadcloth, amounting, per invoice, to \$316, consigned to me by Cromwell, Haight & Co, to be sold on their account and risk; paid freight and charges in cash, \$10. — **21st.** Sold Francis W. Campbell on account, merchandise, as per S. B. \$46. — Deposited cash in the Montreal Bank, 1000. — **24th.** Sold Thomas Collins on account 32 yds. Cromwell, Haight,

& Co.'s broadcloth, at \$4 50. Received, in payment, his note at 60 days for one-half, and cash for the balance.—**28th.** Bought of John H. Holmes his house and lot on Bond Street, for \$2000—Gave in payment Cash \$1,000, and my note for the Balance.—Sold Lewis & Herrick for Cash the remainder of Cromwell, Haight, & Co.'s broadcloth, for \$300 —Francis W. Campbell has paid me cash to balance his account.—**30th.** Made up an account sales of Cromwell, Haight, & Co.'s consignment; my commission on sale at 5 per cent on \$444; our charges for St. rag and Advertising \$25.00; proceeds due Cromwell & Haight \$101.80 which we have remitted them in Cash.—James M. Davis has paid me cash to balance his account —Sold William W. Hart, on his note at 90 days, merchandise, amounting to \$216.—Paid Isaac C. Dixon his salary for one month, \$50—Store expenses, per Expense-book, amount to \$47 —Cash sales of merchandise this month, \$163.

Merchandise unsold, per inventory taken this day, amounts to \$893.20.

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Balance Account *

| | Resources | Liabilities |
|-------------------------------------|-------------|-------------|
| Merchandise per inv.....\$ | 893 20 | |
| Real Estate " " | 2000 | |
| Cash | 7778 79 | |
| Bills Receivable..... | 864 43 | |
| Bills Payable..... | | 3047 30 |
| W. R. Wilson | | 287 50 |
| T. H. Harris..... | | 576 14 |
| Bank of Montreal | 3700 | |
| W. R. Johnson..... | | 100 25 |
| W. R. McGee | 477 | |
| W. Fulton..... | | 733 63 |
| Stock (<i>present worth</i>)..... | | 10968 60 |
| | \$ 15703 42 | 15703 42 |

* See errata pages 143, 144, DOUBLE ENTRY.

Second Series

1

Jan. 1st. Commenced business with a Cash Capital of \$10.000—**2.** Bought of William Dunn for Cash 150 Bbls. Flour at \$8.00.—**Sold** R. B. Spencer for Cash 10 Bbls. Flour at 9.50.—**4** Bought of Francis Coleman on our note at 30 days, 50 bu. wheat at 50c.—**Sold** William King on account 5 Bbls. Flour at \$9.50.—**6.** Bought of James Scott for Cash 10 pieces Calico at \$5; 2 peices Casimere at \$8.—**8.** Paid Cash for Set of Books for use of Store, \$20.—**9.** Sold Samuel Jones on his note at 30 days. 14 Bbls. Flour at \$9.25.—**10** Sold William Casey on account 30 Bu. Wheat at 60 c.; 20 Bbls. Flour at \$9.30.—**11.** Sold F. J.

McKeenan for Cash 21 Bbls. Flour at \$9.25; 5 pieces Calico at \$6.—13. Bought of Andrew Gorman 16 Cases Shoes, 200 Pairs at \$2.00. Paid him Cash \$200, and balance on account.—17. Sold Thomas Jamison on account, 20 pairs shoes at \$2.50.—19. Sold James Swift on account 40 Bbls. of Flour at \$9.50.—27. Bought of John Cary on account 50 Pieces Merrimac Prints at \$5.—30. Sold Michael Sullivan for Cash, 30 Pairs Shoes at \$2.50.—Received Cash on account of William Casey \$100.—31. Paid Store rent in Cash \$80.

Merchandise on hand, \$921.00.

Balance Account.

| | Resources. | Liabilities. |
|-------------------------------------|-------------|--------------|
| Merchandise per inv. | 921 | |
| Cash..... | 8928 25 | |
| J. Swift..... | 380 | |
| Bills Payable..... | | 25 |
| A. Gorman .. | | 200 |
| W. King..... | 47 50 | |
| Bills Rec'd | 129 50 | |
| John Carey | | 250 |
| Wm. Casey | 104 | |
| Thos. Jamison..... | 50 | |
| Stock (<i>present worth</i>)..... | | 10085 25 |
| | \$ 10560 25 | 10560 25 |

2

Feb 1. Commenced business with the Re-

sources and Liabilities shown in Balance account of last Set.—Sold John Brown on account 20 Bu. Wheat at 60 c.—2. Bought of Michael Harrington for Cash 200 Bbls. Flour at \$8.50.—3. Received of William King Cash on account \$47.50.—4. Sold Thomas O'Donohue for Cash 5 Pieces Calico at \$5; 2 Pieces Cassimere at \$8.—5. Paid our note in favor of F. Coleman (given him Jan. 4th.) in Cash \$25.—6. Sold Frank Harper on his note at 30 days 20 Bbls. Flour at \$9.50.—Sold Moore & Fitzpatrick on account 100 Pairs Shoes at \$2.50; 9 Bbls. Flour at \$9.50.—9. Accepted John Carey's draft on us at 10 days sight favor of James Rooney, \$250.—Received of James Swift Cash on account \$380.—11. Paid Cash for sundry expenses \$10.—14. Paid Andrew Gorman Cash on account \$200.—16. Sold Bernard Buchanan, on his note at 30 days, 30 Bbls. Flour at \$9.50.—18. Received from the executors of my deceased father's estate Cash \$3000.—20. Paid our acceptance in Cash, favor of John Carey \$250.—22. Sold Henry Johnson 20 Bbls. Flour at \$9.50; 25 Pairs shoes at \$2.50. Received in Payment his note at 30 days.—25. Sold our sight draft on John Brown to balance his account, for which we received Cash—27. Paid Store rent in Cash \$100.—28 Paid. Store rent in cash \$100.—29. Sold our sight draft on Jemison to balance his account, for which received Cash.—Sold Francis McGuire for Cash 100 Bbls. Flour at \$9.50.

Merchandise per inventory \$818.50.

Dr.

Balance

Cr.

| Oct. 31 | To | Mdse. per inv. | \$ | 818 50 | Oct. 31 | By | Stock | \$ | 13238 75 |
|---------|----|----------------|----------------|----------|---------|----|-------|----|----------|
| " | " | " | Cash..... | 11123 75 | | | | | |
| " | " | " | Bills Rec'd... | 857 00 | | | | | |
| " | " | " | Wm. Casey... | 104 00 | | | | | |
| " | " | " | Moore & Fitzp. | 335 50 | | | | | |
| | | | | 13238 75 | | | | | 13238 75 |

3

March 1.—Commenced business with the Resources and Liabilities as shown in Balance account of last set, —2. Bought of George Deshler on account 15 Bags of Coffee 3000 lbs. at 9c. ; 10 Bags of Rice 2000 lbs. at 5c. —3. Sold James Bonner for Cash 15 Bbls. Flour at \$10 ; 3 Bags of Coffee 600 lbs. at 10c.—4. Received from John Martin, New-York, to be sold on his account and risk 15 Hhds. of Sugar, 15000 lbs. invoiced at 8c. Paid freight on same in Cash \$50.—5. Sold Thomas Kelly on his note at 7 days 25 Pairs of shoes at \$2.50.—7. Shipped B. T. Stephenson, Boston, to be sold on our account and risk 10 Bags of Coffee, 1000 lbs. at 10c., 5 Bags of Rice 500 lbs. at 6c. ; Paid Cash for Insurance on same \$15.—10. Bought of Michael Flood on our note at 80 days 300 Bbls. Flour at \$9 ; and 2000 Bu. Wheat at 60 c.—11. Sold Frank Cunard for Cash 10 Hhds. of Sugar (Martin's Consignment) 10,000 lbs. at 11c.—12. Received Cash in full for Thomas Kelly's note of the 5th. due this day.—14. Sold Francis Harrington on his note at 10 days 2 Bags of Coffee 200 lbs. at 10c. ; 4 Bags of Rice, 400 lbs. at 6c.—15. Sold John Bosworth for Cash 5 Hhds. of Sugar (Martin's Consignment) 5000 lbs. at 11c.—20. Received advice from B. T. Stephenson, Boston, of the Sales of our Coffee and Rice shipped him on the 7th. inst. Our net proceeds of the same amount to \$100, which he has remitted us in Cash.—21. Closed Martin's Consignment and rendered him an Account Sales of the same. Our charges for Storage and Advertising \$20 ; Commission at 2 per cent on \$1650, \$33.00. J. Martin's net proceeds \$1547.00, which we remitted him in Cash.—24. Received Cash in full for F. Harrington's note of the 14th. inst. due this day.—27. Paid Clerk hire and rent in Cash \$150.—30. Paid our note of the 10 inst. at 80 days favor of Michael Flood in Cash \$3900 less discount for 60 days \$38.61.

Inventory of Merchandise unsold \$4865.

March 1 - Balance forward

| | | | | | |
|----------------------------|-------------|-------------------------|-------------|------------|--|
| Dr. | | Balance | | Cr. | |
| March 31 To Mdse. per inv. | 4865 | March 31 By Geo. Desher | 370 00 | | |
| " " " Cash..... | 7566 86 | " " " Stock..... | 13358 36 | | |
| " " " Bills Rec'd .. | 857 | | | | |
| " " " J. Casey | 104 | | | | |
| " " " Moore & Fitz. | 335 50 | | | | |
| | \$ 13728 36 | | \$ 13728 36 | | |

| | | | |
|----------------------------|-------------|-------------------------|-------------|
| March 31 To Mdse. per inv. | 4865 | March 31 By Geo. Desher | 370 00 |
| " " " Cash..... | 7566 86 | " " " Stock..... | 13358 36 |
| " " " Bills Rec'd .. | 857 | | |
| " " " J. Casey | 104 | | |
| " " " Moore & Fitz. | 335 50 | | |
| | \$ 13728 36 | | \$ 13728 36 |

Inventory of Merchandise on hand \$4500

W.M.

4

April 1. Commenced business with the following **Resources** : Cash on hand \$2500 ; Merchandise per Inventory \$5214.36. Notes on hand \$2300 ; William Blacker's account \$850. **Liabilities** : Smith & Sons' account \$475.50 ; King & McMahon's account \$287.50.—

4. Bought of Robert Johnson on my note at 90 days, Merchandise per Invoice-Book, amounting to \$541.30.— **3.** Sold P. J. Buckley on account Merchandise as per S. B. amounting to \$239.18.— **6.** Bought of Thomas Hanratty on my note at 90 days, Merchandise as per I.-B. amounting to \$634.96.— **8.** Bought of James McWilliams on account, an Invoice of Merchandise amounting to \$213.14.— **9.** Sold Michael Driscoll for cash Merchandise as per S. B. amounting to \$221.88.— Sold P. J. Buckley on account Merchandise as per S. B. amounting to \$154.46.— **10.** Deposited Cash in Montreal Bank \$2000.— **11.** Sold Charles Mooney on account Merchandise as per S. B. \$602.82.— Sold Thomas McNamara for Cash 2 pieces Calico 91 yds. at 94c.— **13.** Sold Henry Brophy on account Merchandise as per S. B. \$167.50— **14.** Sold Chs. Anthon on account Merchandise as per S. B. \$24.75.— **15.** Bought of J. J. Jones 200 Bbls. Superfine Flour at \$10. Gave in payment a Check on Montreal Bank for \$1000 and my note at 30 days for balance.— **16.** Sold J. F. O'Leary on his note at 90 days, Merchandise per S. B. \$201.43.— **17.** Received per Steamer Champion from Toronto, an Invoice of Cotton consigned to me by James McWilliams to be sold on his account and risk, amount-

ing per Invoice to \$170.80. Paid Cash for Freight Cartage, &c. \$18.75.—19. Shipped per Steamer Magnet and consigned to Frank Smith, Toronto, to be sold on my account and risk 200 Bbls. of Superfine Flour at \$10. Paid Cash for Freight and Cartage \$205.25.—20. Sold M. Driscoll for Cash Merchandise per S. B. \$164.50.—21. Sold Charles Mooney on account 1 Bale Cotton 450 yds. at 15c.; 10 pieces Cassimere 600 yds. at 62½c.—22. Received for Petty Cash Sales this month \$896.58.—23. Accepted Smith & Co's Draft on me in favor of Francis Doyle at 10 days sight for \$475.50.—25. Deposited Cash in Bank of Montreal. \$500.—26. Paid Cash for Store Expenses \$124.—27. Bought of Charles Cunningham on account an invoice of Merchandise amounting to \$496.—28. Sold Henry Brophy on account Merchandise as per S. B. \$352.75.—Sold John O'Leary on account Merchandise as per S. B. \$227.—Sold P. J. Buckley on account, 1 piece Broad cloth 25 yds. at \$4; 2 pieces Cassimere 56 yds. at \$2.—29. Sold Charles Mooney on account 4 Bales J. McWilliam's Cotton 1200 yds. at 3½c.—Received from Thomas Grant to be sold on joint account each one half 5000 lbs Wool at 25c.; my commission 5 per cent on sales; paid Cartage &c. \$20—Sold Henry Brophy on account the balance of McWilliam's Cotton at \$175.—30. Made out an account sales of J. McWilliam's consignment: Our charge for Storage and Advertising \$15.75; our commission at 5 percent on \$217; net proceeds \$171.65.—Sold Thomas Patterson for Cash the 5000 lbs. Wool (Mdse. Co. A.) at 37½c.—Closed Sales in company with Thomas Grant and rendered him an account of the same: our

charges on Storage and Advertising \$25 ; our commission at 5 per cent on \$1875 \$93.75 ; T. Grant's half Invoice \$625 ; his half net gain \$243.12½ ; our half net gain \$243.12½.

Balance of Merchandise unsold as per inventory \$3730.87.

Balance Account.

| | Resources. | Liabilities. |
|-------------------------------------|-------------|--------------|
| Merchandise per inv..... | 3730 87 | |
| McMahon & King..... | | 297 50 |
| Cash | 2875 50 | |
| Bills Receivable | 2501 43 | |
| Bills Payable | | 2651 76 |
| Wm. Blacker | 850 | |
| P. J. Buckley..... | 605 64 | |
| J. McWilliams..... | | 384 79 |
| C. Cunningham | | 496 00 |
| T. Grant..... | | 1493 12½ |
| Montreal Bank..... | 1500 | |
| C. Mooney | 1087 32 | |
| H. Brophy | 695 25 | |
| C. Anthon..... | 24 75 | |
| Shipment to Toronto | 2205 25 | |
| J. O'Leary | 227 | |
| Stock (<i>present worth</i>)..... | | 10989 83½ |
| | \$ 16303 01 | 16303 01 |

5

May 2. Commenced business with the resources and liabilities as shown in balance account of last set: Paid in Cash Smith & Son's draft on me at 10 days sight accepted April 23rd. \$475.50.—**3.** Sold Francis McPherson on his note at 4 months. Merchandise as per S. B.

amounting to \$427.—4. Received of Charles Mooney Cash on account \$500—5. Sold Michael Driscoll for Cash Merchandise per S. B. amounting to \$250.—8. Bought of P. J. Lynch & Co. 100 Barrels Flour at \$9.50 ; gave in Payment a Draft on William Blacker for \$850 ; and Cash for the balance \$100.—9. Sold Francis Rourke for Cash Merchandise amounting to \$22.65.—10. Received from P. J. Buckley Cash on account \$100.—Sold W. J. Stratton on account 5 Bbls. of Flour at \$11.—11. Paid Charles Cunningham's draft on me at sight \$496.—13. Received from Frank Smith Toronto an account Sales of the Flour consigned him on April 19th. Net Proceeds \$2775.00. For which he has remitted a check on the Bank of Montreal.—Sold Daniel Fitzgerald for Cash Merchandise as per S. B. \$103.50.—14. Sold John O'Leary on account 1 Piece Carpeting 87 yds. at \$1 ; 6 yds. Oil Cloth at 75c.—15. Sold George McKeown for Cash 95 Bbls. Flour at \$10.14.—16. Sold Charles Mooney on account 1 Piece Carpeting 96 yds. at \$1 ; 1 Piece do. 79 yds at 75c.—Paid in Cash my note issued April 4th. favor of R. Johnson at 3 months, face of note \$541.30. Discount off \$6.95.—17. Paid C. Anthon Cash on account \$25.—Bought of J. J. Jones for Cash 125 Bbls. Flour at \$10, which I have sold to Dawson & Major, N.-Y. at \$11. Received in Payment Merchandise per Invoice-Book amounting to \$1000 ; and their Draft on George Smith at 10 days, \$375.—19. Sold John A. Barton on his note at 4 months. Merchandise per S. B. \$480.—20. Bought of P. J. Buckley a House and Lot on St. Lawrence Street for \$1600 ; gave in payment, Cash \$200 ; F. McPherson's

Note Received on 2nd inst. \$427, Check on Bank of Montreal \$500, and Balance on account.—Received from W. H. Stratton Cash to balance account \$55.—24. Henry Brophy has accepted my Draft on him at 10 days sight \$695.25.—Bank of Montreal has Discounted the Note received from John A. Barton on the 19th inst. at 4 months Face of Note \$480. Discount off, \$9.44.—25. Sold H. Langton, the House and Lot on St. Lawrence Street for \$2000 ; Received in Payment Cash, \$1000 and an Invoice of Merchandise amounting to \$1000.—Bought at Auction for Cash a quantity of Merchandise for \$250 and immediately sold it for \$300.—26. Shipped per Passport and consigned to Hughes & Co., Hamilton 50 Bbls. of S. F. Flour, Bought of Bernard Mason on my note for 30 days at \$11 ; Paid Freight and Cartage in Cash \$52.—27. Henry Brophy has paid my draft on him \$695.25.—28. Bought of James McWilliams on account an Invoice of Merchandise \$173.50.—29. Cash Sales this month \$3260.62.—Paid Store Expenses in Cash \$426.25.—Deposited Cash in Bank of Montreal \$1000.—Paid Clerk hire \$50.

Balance of Merchandise unsold as per Inventory \$2850.00.

Balance Account.

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| | Resources. | Liabilities. |
|---------------------------|-------------|--------------|
| Merchandise per inv. | 2850 00 | |
| Cash | 8512 28 | |
| Bills Rec'd | 2876 43 | |
| Bills Payable | | 2154 96 |
| P. J. Buckley..... | 32 64 | |
| McMahon & King | | 287 50 |
| J. McWilliams | | 558 29 |
| Montreal Bank..... | 2000 00 | |
| C. Mooney | 742 57 | |
| James Grant | | 1493 12½ |
| C. Anthon..... | 49 75 | |
| J. O'Leary | 318 50 | |
| Shipment to Hamilton..... | 602 | |
| Stock | | 13460 29½ |
| | \$ 17984 17 | 17984 17 |

ERRATA.

- Page 11, A. to Q. 14, *From the bill or invoice received.*
- " 29, 5 line instead of *owned* read *owed*.
- " 29, 12 " " " *and* " *or*.
- " 25, 23 " " " *debit* " *debi*.
- " 45, 10 " " " *they* " *it*.
- " 62, 12 " " " *therefor* " *therefor*.
- " 98, 31 " " " *omit a*
- " 138, 9 " " " *each 15c*.
- " 105, 22 " *instead of most* " *must*.
- " 109, 10 " " " *bond* " *bond*.
- " 140, 4 " " " \$60 " \$61.25.
- " 140, 6 " " " \$8688.13½ " \$8888.13½.
- " 140, 7 " " " " " " " " " "
- " 143, 9 " *insert words on account* after Hanlon.
- " 143, last line *omit words on account*.
- " 144, 14 line instead of \$101 read \$386.

| Debit | Liabilities |
|-------|-------------|
| 00 | |
| 28 | |
| 43 | |
| | 2154 96 |
| 64 | |
| | 287 50 |
| | 558 29 |
| 00 | |
| 57 | |
| | 1493 12½ |
| 75 | |
| 50 | |
| | 13460 29½ |
| 17 | 17984 17 |

voice received.
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 \$61.25.
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