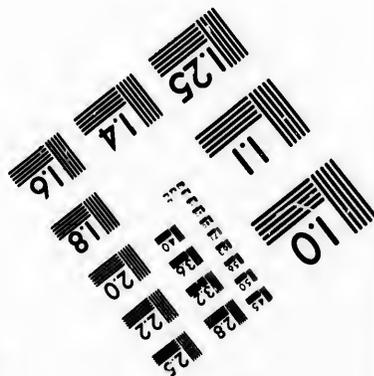
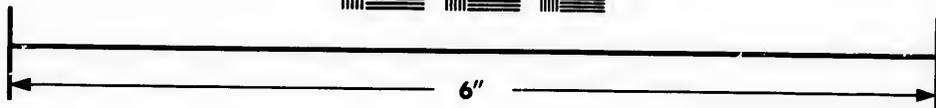
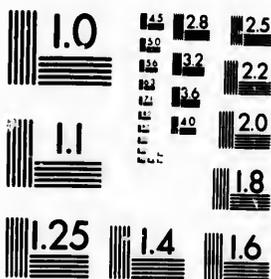


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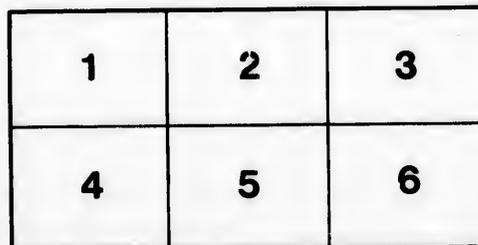
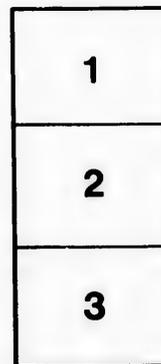
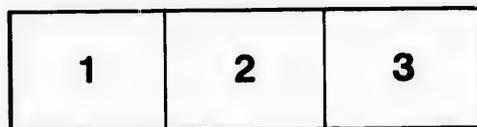
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MANUAL OF
STANDARD BOOK-KEEPING,

A PROGRESSIVE AND PRACTICAL TREATISE

ON THE

SCIENCE OF ACCOUNTS.

FOR THE

SCHOOL, BUSINESS COLLEGE AND SELF-INSTRUCTION,

BY

J. D. DAVIS.

FIRST COURSE.

Second Edition.

Montreal:

PRINTED BY JOHN LOVELL & SON, 23 AND 25 ST. NICHOLAS ST.

1888.

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Entered according to Act of Parliament of Canada, in the year one thousand eight hundred and eighty seven, by JAMES D. DAVIS, in the Office of the Minister of Agriculture.

CHAPTER I.
ACCOUNTS.

WHAT THEY SHOW, AND HOW THEY SHOW IT.

Book-keeping is a systematic record of business transactions. The results are generally shown upon the Ledger by the means of accounts. A Ledger account (a/c) is a collection of transactions with a particular person or thing under an appropriate title so arranged as to show a desired result.

Each account has two sides. The left hand side is called the "debit" or "debtor" (*Dr.*), and the right hand side the "credit" or "creditor" (*Cr.*). The difference between the sides of each account shows one of the facts required in finding the condition of the business.

The following exercises are designed to teach what fact each account is kept to show and how it is made to show it.

1. CASH.

This account is required to show the amount of money on hand. All cash received is placed on the *Dr.* side, and all cash disbursed on the *Cr.* The difference is the cash on hand and must correspond with the

amount in the Cash Box. The *Cr.* side can never be the larger.

The following transactions are adjusted as shown in the accompanying model :

Jan. 1. Received cash \$2,000. 2. Paid cash \$300. 3. Received cash for Merchandise sold this day \$500. 4. Received cash for rent of house \$250. 5. Paid cash for store rent, \$75. 6. Received cash from John Jones in full of account \$800, and from H. Buie on account, \$125. What is the amount of cash on hand ?

Du.		CASH		Cr.	
Received.			Paid out.		
Jan.	1	2000	Jan.	2	300
	3	500		5	75
	4	250			
	6	800			
	"	125			
		3675			3675

(All ruling must be done in red ink.)

Copy the following letter, and sign your own name in the place of "A Student." Then take it and your work to the teacher and get them signed.

BUSINESS COLLEGE,
MONTREAL, Jan. 6, 1888.

MESSRS. DAVIS & BUIE,
Montreal.

GENTLEMEN,—I beg to inform you that I have finished the "Model" for the Cash account, and find the following results :—

Total cash received, as per *Dr.* side..... \$3,675 00
 " " disbursed " *Cr.* " 375 00

Cash on hand " difference..... \$3,300 00

Hoping that you will find the work correct and sufficiently neat to merit your approval, I remain,

Yours truly,
STUDENT.

EXERCISE. Adjust the following transactions in a cash account similar to the model.

Jan. 1. The proprietor invests cash \$8247.50. 2. Received cash for merchandise \$187.42. 3. Sold Merchandise for cash, \$587.67. 4. Paid cash for Merchandise, \$493.85. 5. Bought Merchandise for cash \$283.51. 6. Paid cash for our note favor John Jones, \$1417.16. 7. Paid cash for rent of store, \$171.90. 8. Remitted cash to B. Brown on account, \$1234.56. 9. Lent H. Clark, cash, \$78.90. 10. Borrowed cash, \$1513.28. 11. Found \$136.75. 12. Received cash for J. Tasker's note, \$242.25 and for interest due on same \$12.13. 13. Received cash from John Dunn on account, \$187.63. 14. Paid Bookkeeper on account, \$57.50, also clerk, \$25. 15. H. Clark returns the money lent him on 9th instant. What is the amount of cash on hand? Write a letter similar to the model, and get your work signed by the teacher.

2. PERSONAL ACCOUNTS.

A personal account is an account with a person, company, bank, or other institution competent to sue or to be sued.

It is kept to show whether he owes us, or we owe him, and how much. It is Dr. when he owes us, also when we get out of his debt, and Cr. when we owe him, also when he gets out of our debt.

When the Dr. side is the larger he owes us, and when the Cr. side is the larger we owe him. When the sides are equal the account has been settled. When we have a transaction with a person and immediate payment is made, there is no necessity to open an account with him, as there is no indebtedness existing between the parties.

MODELS.

(Open a separate account with each person, company, &c.)

Feb. 1. J. D. Davis owes us on account \$122. 2. We owe H. Buie, on account \$232. 3. Sold J. Tasker Merchandise on account \$682. 4. Bot. Merchandise of W. J. Davis, on account \$2134. 5. Sold J. D. Davis bill of goods on account \$1238. 6. Bot. of H. Buie on account 100 brls. of Flour, at \$6.12. 7. Paid W. J. Davis in full of account \$— Received of J. D. Davis cash on account ~~\$344~~ 9. Gave H. Buie, cash \$344 and our note for the balance of account. 10. Sold J. D. Davis, bill of goods per Sales Book, \$318. 11. Bot. of H. Buie, bill of goods per invoice, \$600.

Dr. J. D. DAVIS. Cr.

He owes us. We get out of his debt.			We owe him. He gets out of our debt.		
Feb.	1	122	Feb.	8	344
	5	1238			1331
	10	318			
		1678			1678

Dr. H. BUIE. Cr.

He owes us. We get out of his debt.			We owe him. He gets out of our debt.		
Feb.	9	344	Feb.	2	232
		500		6	612
		1444		11	600
					1444

Dr. J. TASKER. Cr.

He owes us. We get out of his debt.			We owe him. He gets out of our debt.		
Feb.	3	682	Feb.		82

Dr.		W. J. DAVIS.		Cr.		
He owes us. We get out of his debt.				We owe him. He gets out of our debt.		
Feb.	7	2134		Feb.	4	2134

EXERCISE. Feb. 1. W. H. Dunn owes us on account \$534.14, and we owe J. Jones on account \$275.25. 2. Bot. of Bryant & Co. on account bill of goods, \$976.75. 3. Sold W. H. Dunn on account bill of good-per Sales Book, \$312.66. 4. Received of W. H. Dunn, cash on account, \$263 20. 5. Deposited cash in College Bank, \$2,500. 5. There is one month's salary due this day to M. Moran, bookkeeper, \$100. 6. Drew from College Bank per check cash, \$800. 7. Paid J. Jones, cash on account, \$100. 8. Received of W. H. Dunn, cash on account, \$150. 9. Bot. of Bryant & Co. on account 200 brls. Flour at \$6.15. 10. Sent to Steamer Montreal, per contract, merchandise per bill rendered, \$187.25. 10. One month's salary due H. King, clerk, this day, \$35. 11. Gave J. Jones on account our note for \$100. 11. Paid H. King, cash on account, \$26. 12. Paid M. Moran cash on account, \$30. 12. Gave Bryant & Co. our note for bill of the 2nd inst. 13. Gave J. Jones our check on College Bank for balance of his account. 14. Bot. of S. Smith, bill of goods per invoice, \$129.38 and paid him cash in full. 15. Gave M. Moran, merchandise on account, \$25.

Rule the accounts, write a letter giving standing of each account, and get your work signed by the teacher.

3. BILLS RECEIVABLE. (Bills Rec.)

Bills Receivable consist of other people's notes, acceptances, &c., for which we are to receive payment.

The account is kept to show the amount of other people's unpaid notes, &c., we have on hand. It is Dr. when the notes are received, and Cr. when they are disposed of in any manner. The difference between the sides is the amount of notes, &c., on hand. When the sides are equal all the notes, &c., have been disposed of. The Cr. side can never be the larger.

MODEL. March 1. We have on hand S. Smith's note \$1250. 2. Received of R. Brown his note for \$400. 3. Received cash for S. Smith's note. 4. Sold W. Lesperance bill of goods \$750, and received in payment his note at 90 days. 5. Bot. merchandise and gave in payment R. Brown's note.

Dr.		BILLS REC.		Cr.		
Other people's notes, &c., received.				Other people's notes, &c., disposed of.		
Mar.	1	1250		Mar.	3	1250
	2	400			5	400
	4	750		Drfl.		150
		<u>2400</u>				<u>2400</u>

EXERCISE. March 1. Commenced business having on hand the following notes: E. G. Folsom's for \$1375.25; J. D. Wilson's for \$938.45; R. C. Spencer's for \$395.18. 2. Sold J. Jones on his note bill of goods, \$126.38. 3. Received cash for J. D. Wilson's note. 4. Received of J. Thomson on account his note for \$433.33. 5. Bot. merchandise and gave in payment E. G. Folsom's note. 6. Got J. Thomson's note discounted. 7. Gave R. C. Spencer's note in part payment of house and lot. 8. Discounted for H. Buie his note for \$547.75. 9. Received J. Tasker's acceptance in full of account, \$654.17. 10. Gave W. J. Davis, on account, J. Jones's note of 2nd instant. 11. Received from E. Laurendeau in full for

interest on mortgage, his note for \$114.50. What is the amount of the notes on hand?

Write letter and get your work passed by the teacher.

X 4. **BILLS PAYABLE.** (Bills Pay.)

Bills Payable consist of our notes, acceptances, &c., which are to be paid by us.

The account is kept to show our out standing notes, &c., that is the notes, &c., unpaid. It is Cr. when our notes or acceptances are given, and Dr. when they are redeemed in any manner. The difference shows the notes, &c., outstanding. When the sides are equal all our notes, &c., have been paid. The Dr. side can never be the larger.

MODEL. April 1. We owe on our note \$2500. 2. Bot. merchandise and gave our note for \$500. 3. Gave J. Tasker our note in full of account, \$300. 4. Paid cash for our note of 2nd inst. 5. Accepted W. H. Dunn's draft on us for balance of account, \$600. 6. Gave check on College Bank for our note favor of J. Tasker.

Dr.		BILLS PAY.		Cr.	
Our notes, &c., redeemed.		Our notes, &c., given.			
April,	4	500	April,	1	2500
	6	300		2	500
Did.		3100		3	300
				5	600
		3900			3900

EXERCISE. April 1. Commenced business having the following notes outstanding: one in favor of J. Jones for \$1200; one in favor of J. Tasker for \$1500, and an accepted draft (acceptance) favor of H. D. Stratton for \$1800. 2. Bot. merchandise on my note for \$2000. 3. Paid cash for my note favor J. Jones. 4. Gave S. Smith a note at 60 days in full of account, \$2100. 5.

Sold H. C. Clarke, bill of goods and received in payment my note favor J. Tasker. 6. Bot. house and lot, and gave in part payment our note for \$1300. 7. W. J. Davis owes us on account, and returns us in part payment our note of 2nd instant. 8. Accepted H. Buie's draft on us for \$1700. 9. Paid freight on merchandise by note at 30 days, \$210. 10. Lent S. S. Packard our note for \$290. 11. Received from E. Champagne in full of account, our acceptance favor of H. D. Stratton for \$—, and our note favor S. Smith, for \$—. 12. Paid cash for our acceptance favor H. Buie. 13. Paid freight on merchandise by note at 30 days for \$157.54.

What is the amount of our outstanding notes? Write letter and get your work passed.

5. **MERCHANDISE.** (Mlsc.)

This title is used to designate goods of all kinds bought by us for trade.

The account is required to show the gain or loss resulting from buying and selling goods. It is Dr. for the cost, and Cr. with the proceeds. When the Dr. is the larger, the difference is a loss, and when the Cr. is the larger it is a gain.

FIRST MODEL. May 1. We have on hand goods valued at \$2500. 2. Bot. goods for cash, \$600. 3. Sold goods for cash, \$1800. 4. Bot. on our note 50 barrels Flour at \$6, \$300. 5. Sold J. Jones on his note goods per Sales Book, \$2300.

Dr.		MERCHANDISE		Cr.	
Cost (bought).		Proceeds (sold).			
May,	1	2500	May,	3	1800
	2	600		5	2300
	4	300			
		700			
		4100			4100

UNSOLD GOODS. When the goods are not all sold the difference between the sides will not show the gain or loss. The value of the unsold goods (called Inventory) must be placed upon the Cr. in red ink, and then the difference will show the gain or loss.

SECOND MODEL. May 6. Bot. 100 brls Flour at \$6. 7. Sold 75 brls. Flour at \$7. Inventory, 25 brls. Flour at \$6 unsold.

Dr.		MERCHANTISE.		Cr.	
May.	6	600	May.	7	525
Dr.		75	Inv't		150
		675			675

NOTE.—The Inventory is found by going to the warehouse or shelves where the goods are kept, and ascertaining the quantity, &c., by inspection. This process is generally called "taking stock." It is usually entered at the cost price. It is, however, strictly correct to value the goods at what they would cost us at the time of taking the inventory. If the goods are damaged, an estimated value must be placed upon them.

EXERCISE. June 1. We have on hand goods valued at \$2358.29. 2. Bot. Mdsc. for cash, \$3125.60. 3. Sold P. Kearney for cash Mdsc., \$1235.25. 4. Bot. on our note bill of goods, \$2575.40, and paid cash for freight on same, \$257.54. 5. Sold J. Duff on his note, at 30 days, bill of goods, \$2452.48. 6. Gave D. Kelly in full of account Mdsc., \$1347.35. 7. Received from Geo. Wade for interest on his note to date 100 bu. Wheat at \$1.10. 8. Sold for cash, 100 bu. Wheat at \$1.12. 9. Gave T. Senecal for interest on our note to date, Mdsc., \$973.11. 10. Shipped T. G. Davis, London, Ont., bill of goods amounting to \$513.25, to be sold for us. 11. Value of unsold Mdsc. per Inventory, \$3875.75.

What is the net gain or loss? Write letter and get your work passed.

6. SHIPMENT. (Shipt.)

If we send goods to an agent or commission merchant to be sold for us, and desire to know the gain or loss on that particular lot of goods, it will be necessary to open a new account with the goods thus shipped, which may be called "Shipt. to" (put the name of the person to whom they are sent, or the place where he lives, in the blank space).

When it is desired to show the gain or loss on each Shipment separate accounts should be opened with each, thus Shipt. to Quebec No. 1. Shipt. to Quebec No. 2.

The account is kept similar to the Mdsc. account. It is Dr. for the cost, and Cr. with the net proceeds. The difference is the gain or loss, but when the goods are not all sold, the unsold must be entered on the Cr. before taking the difference.

Mdsc. account represents goods bought by us and remaining in our possession to be sold by us. Shipment account represents goods bought by us, but sent to another person to be sold by him for us.

MODEL. July 1. Shipped Kilgour & Co., Toronto, to be sold on our account and risk, bill of goods, costing \$975. July 30. Received from Kilgour & Co. an account sales of the goods shipped them on 1st. Our net proceeds are \$1200.

Dr.		SHIPT. TO TORONTO.		Cr.	
		Cost.	Net Proceeds.		
July	1	975	July	30	1200
Dr.		225			
		1200			1200

EXERCISE. Aug. 1. Shipped to T. G. Davis, London, Ont., invoice of Mdsc., amounting to \$1455.62, to be sold on our account and risk. 2. Shipped J. D. Irvin, Toronto, bill of goods, amounting per invoice

to \$769.32, to be sold for us. Paid freight on same in cash, \$76.93. 3. Received from T. G. Davis an account sales of Mdse. shipped him on 1st inst.; our net proceeds are \$1975.42. 4. Shipped T. G. Davis a second invoice of goods to be sold on our account, amounting to \$2375.75. 5. Received cash from J. D. Irvin for net proceeds of shipment to him on 2nd inst., amounting to \$550.12.

Inventory, Shipment to London, No. 2, is valued at \$1900.

What is the gain or loss on each shipment? Write letter and get your work passed.

7. CONSIGNMENT. (Const.)

When goods are sent us to be sold on account and risk of the shipper, they still belong to him, consequently we do not owe him anything until they are sold. We are responsible, to a certain extent, for the safety and preservation of the goods, and are bound to bestow at least the same amount of care and attention upon them as a man of average prudence would exercise in the keeping of his own.

We make no entry for what the goods cost the shipper. The account is Dr. for all charges, such as freight, storage, insurance, and our commission for selling the goods, also for the shipper's net proceeds. It is Cr. with the sales. The difference between the total charges and the sales is the shipper's net proceeds, that is, the net amount he is to receive from us for his goods.

MODEL. Sept. 1. Received from J. B. Morreau, Quebec, to be sold on his account and risk, Mdse., \$534. 2. We pay the freight in cash, \$30. 3. Sold J. B. Morreau's goods for cash \$800. 4. Sent him an account of the sales of his goods; our charge for commission is \$20; his net proceeds amount to \$750.

MORREAU'S CONST.

Charges and net Proceeds.			Sales.		
Sept.	1	30	Sept.	3	800
	4	20			
	"	750			
		800			800

EXERCISE. Oct. 1. Received from L. Hogan, New York, invoice of goods amounting to \$2,440, to be sold on his account and risk. 2. Paid duties on same, \$610, also freight, \$18 in cash. 3. Sold L. Hogan's goods for cash, \$4127.50. 4. Received from A. T. Galt, Chicago, to be sold on his account and risk, 500 brls. Flour, invoiced at \$4.50. 5. Paid freight 20c. per brl. 6. Closed Hogan's consignment, and sent him account sales. Our charges are: storage, \$12.50; insurance, \$6.10; commission on sales, \$103.19. His net proceeds are \$—. 7. Sold from Galt's consignment, 300 brls. Flour at \$6. 8. Closed Galt's consignment, and sent him an account sales to date (200 ~~brls~~ Flour unsold.*) Our charges are: storage, \$15; insurance, \$5.50; cooperage, \$7.30; commission on sales, \$45. His net proceeds to date are \$—.

What are the net proceeds of each consignment? Write letter and get your work passed.

8. REAL ESTATE.

This account shows the gain or loss resulting from owning or dealing in houses and lands. It is kept like Mdse. account, being Dr. for cost and Cr. with proceeds. The unsold, if any, must be entered on the Cr.

*As the cost of the goods was not entered on the Dr., the value of the unsold *must not* be entered on the Cr. like the inventory in Mdse. account.

MODEL. Nov. 1. We own houses on Richmond square, valued at \$7500. 2. Received cash for rent, \$160. 3. Bought house for \$3500. 4. Paid for repairs, \$25. 5. Sold house for cash, \$4000. 6. Value of unsold property, \$8000.

Dr.		REAL ESTATE.		Cr.	
Cost.		Proceeds.			
Nov	1	7500	Nov.	2	160
	3	3500		5	4000
	4	25	(inv)		
		12160			12160

EXERCISE. Dec. 1. We own two houses and lots valued at \$5500 and \$6700. 2. Paid taxes, \$126.25. 3. Received cash for rent, \$50. 4. Paid insurance, \$27.50. 5. Bought house and lot for \$2800. 6. Sold house and lot, \$6000. 6. Paid auctioneer's commission on purchase of 5th instant, \$56, and notary's fees, \$12. 7. Received F. Baker's note for rent to date, \$80. 8. Paid for repairs, \$142.50. Sold house and lot for \$3000. We have on hand one house valued at \$7000.

What is the gain or loss? Write letter and get your work passed.

NOTE.—If we wish to show the gain or loss on each house separately, we will have to open an account with each, using as the heading the street and number of the house thus: "26 Richmond Sq.," "81 Mance Street," (J. K. B.) (H. B.)

9. EXPENSE.

This account is kept to show the cost of conducting the business. It is Dr. for all items of expenditure paid or incurred. There are generally no credits, but there is frequently an inventory which must be entered on the Cr. the same as in the Mdse. account.

MODEL. Jan. 1. Paid for cleaning store \$12.50. 2. Paid Gas bill, \$14.50. 3. Paid rent in cash, \$125. 4. Paid office boy for 1 week, \$3. 5. Bot. stationery for office, \$11. 6. One month's salary due the book-keeper this day, \$100.

Dr.		EXPENSE.		Cr.	
Cost.					
Jan.	1	12	50		
	2	14	50		
	3	125			
	4	3			
	5	11			
	6	100			
		266			266

10. COMMISSION. (Com.)

This account is kept to show the compensation allowed us for buying or selling goods, collecting debts, or transacting any similar business for another. The account is Cr. with sums thus produced.

MODEL. Feb. 1. Received cash for commission on sale procured for J. Jones, \$40. 2. Bot. Mdse. for R. Brown, amounting to \$1500, and charged 2 per cent. Com. \$30. 3. Collected a debt for W. Burns, and charged Com. \$15.

Dr.		COMMISSION.		Cr.	
		Proceeds.			
		Feb.	1	40	
			2	30	
			3	15	
				85	
		85			85

EXERCISE FOR EXPENSE AND COMMISSION ACCOUNTS. (Open a separate account with each.) March 1. Bot. broom, sprinkler and duster, \$1.50. 2. Paid for painting and cleaning office, \$25.

3. Received for com. on collections, \$62.50. 4. Paid for note-paper and ink, \$2.30. 4. Bct. 25 tons of Coal for use of store and office at \$6. 6. Received for commission on sales of Hogan's consignment, \$103.19. 7. Sold for cash 5 tons Coal at \$7. 8. Paid Janitor's wages for week, \$7. 9. Received for commission on sale of Bank Stock, \$18. 10. Paid for printing bill-heads and stationery, \$9.75. 11. Book-keeper's salary for month due this day, \$150. 12. Our charge for commission on sale of Galt's consignment is \$112.50.

INVENTORY. There remain unsold and unused 18 tons Coal at \$6. Stationery, &c., valued at \$10.

What is the net gain or loss on each? Write letter and get your work passed.

11. INTEREST AND DISCOUNT. (Int. Disc.)

Interest and Discount are entered in the Interest account. This account is kept to show the gain or loss from borrowing and lending money. Students find it difficult to know when to Dr. and when to Cr this account. They will be greatly assisted by considering the word "Interest" to mean *the use of money*.

Interest is Dr. when the *use of money* costs us value, and Cr. when the *use of money* produces us value. Or Dr. Interest when it causes a loss, and Cr. when it produces a gain.

MODEL. April 1. Paid J. Kearney \$10 for interest on money borrowed of him. 2. Received cash \$55 for interest on money lent D. Kelly. 3. Received cash for interest due on D. Elwell's note, \$25. 4. Our note will be due in two months, but we pay it now, being allowed a discount of \$15.

Dr.		INTEREST.		Cr.	
Cost (or loss).		Proceeds (or gain).			
April.	1	10	April.	2	55
"	"		"	3	25
			"	4	15
		95			95

EXERCISE. May 1. Paid cash for interest due on our note, \$57.75. 2. Received cash for interest on H. Hood's note, \$13.25. 3. Gave J. Mooney, 50 lbs. Tea at 50c. for interest due on our note. 4. J. Jones gives us 40 bu. Wheat at \$1.10 for interest on his note. 5. Got our note for \$1090 discounted at the Bank, paying interest in advance, \$12.50. 6. The Bank discounts H. Irvin's note for us, retaining \$15.75 for interest. 6. Received from J. G. Young, \$115.42 for interest on mortgage on his house. 8. The amount due from A. Dorion on account will not be due for 2 months, but he pays us now, and we allow him a discount of \$17.35. 9. H. Sims paid us for his note before it was due, and we allowed him \$11.53 discount. 10. H. Baie allows us \$16.80 discount off amount owing him on account. 11. Paid our note favor W. J. Davis at a discount of \$37.50.

What is the gain or loss? Write letter and get your work passed.

12. STOCK.

The word "Stock," when used as the name of a Ledger account, simply means the proprietor of the business; but, if desired, his own name may be used instead. The word "Stock" does not represent goods or property when used as a ledger title.

Property of all kinds is usually called Resources or Assets, and debts of all kinds are called Liabilities.

The Stock account is kept to show the proprietor's net capital, or net insolvency. It is Dr. for the proprietor's liabilities at the beginning of the business, and credited with his resources. The difference is known by several names having the same meaning. When the Cr. side is the larger, the difference is sometimes called his Net Investment, Net Capital, or Present Worth. When the Dr. side is the larger it is called his Net Insolvency.

During the year the Stock account is Dr. for all sums drawn out by the proprietor for his own private purposes, and Cr. with all additional investments.

At the end of the year it is also Dr. for the net loss, or Cr. with the net gain. The difference will then show the proprietor's net capital or net insolvency at the end of the year.

The net capital is the amount of property remaining after all the debts are paid, and the net insolvency is the debts remaining unpaid after all the property is gone. In other words, when the resources are greater than the liabilities, there is a net capital; but when the liabilities are greater than the resources there is a net insolvency.

MODEL. June 1, W. Gerald's has cash which he invests, \$5000, and he owes J. Jones on account \$1500. 2. He draws out for private use, \$100. 3. He invests J. Doyle's note for \$2100. 4. The net gain at the end of the year amounts to \$2000. What is the proprietor's present worth or net capital?

Dr.		STOCK.		Cr.	
Liabilities, sums drawn, net loss.		Resources, additional investment, net gain.			
June	1	1500	June	1	5000
	2	100		3	2100
				4	2000
		9100			9100

EXERCISE. July 1, S. S. Packard invests the following resources: Cash, \$2375.50; Mdse., \$2124.50; H. B. Bryant's note for \$535.45; amount owing to him by W. J. Davis on account, \$461.55; by H. Buie \$230; and by H. D. Stratton, \$770. The following are his liabilities: his note favor J. D. Davis, \$1228.75; amount owing to B. Goff & Co. on account, \$915, and to W. O'Hara, \$285.38. 2. He draws out for private use cash, \$140. 3. He invests warehouse and lot, \$3500. 4. He drew out Mdse. for family use, \$131.55. 5. Withdrew cash \$200. 6. Invested cash \$750. 7. Invested horse and dray valued at \$250. 8. The net loss during the year is \$1745.18.

What was his net investment at beginning, and his net capital at closing? Write letter and get your work passed.

13. PARTNERS' ACCOUNTS.

When there are two or more partners in the business, it is not customary to use a Stock account. A separate account must be kept with each partner, into which are entered his resources and liabilities similar to Stock account. At the end of the year the net gain or loss is divided according to the partnership agreement, and each partner's share entered on his own account.

EXERCISE. Aug. 1, H. Buie invests cash, \$3500; Mdse., \$1325.63; and H. Sinclair's note, \$525. His liabilities assumed by the business are: his note favor W. J. Waldie for \$2525. Balance due J. Tasker on account \$4627.45.

J. D. Davis invests store and fixtures, valued at \$8750; amount owing to him by E. J. Collins, \$587.60, and by W. McCarthy, \$1645.75. His liabilities assumed are: note favor H. Clark for \$2750; amount owing by him to T. Dissett on account, \$1387.85.

2. H. Buie draws out cash \$300. 3. J. D. Davis invests cash, \$600. 4. J. D. Davis takes for family use Mdsc., \$87.60. 5. H. Buie invests cash, \$1000. 6. The net loss during the year is \$3700, which is shared equally.

What is each partner's net capital at closing? Write letter and get your work passed.

NOTE.—The stock and partners' accounts are sometimes considered and treated the same as the personal accounts, as follows: The business owes the proprietor for

all sums given it by him, and for the net gain. He owes the business for all debts it agrees to pay for him, and for all sums returned to him by it, also for the net loss, as it is presumed to be the result of his actions.

When the Cr. is the larger, the business owes him, and when the Dr. is the larger he owes the business. It is for these reasons that in any statement showing the Resources and Liabilities of the business the proprietor's net capital will appear among the liabilities and his net insolvency among the resources.

REVIEW QUESTIONS.

1. What is Book-keeping?
2. Where and how are the results shown?
3. What is a ledger account?
4. How many sides has each account?
5. Which is the Dr. side? Which the Cr.
6. What does the difference between the sides of each account show?
7. What are you to learn from the following exercises?
8. What is the Cash account kept to show?
9. When is an entry made on the Dr. side?
10. When on the Cr.?
11. What will the footing of the Dr. show?
12. What the footing of the Cr.?
13. What will the difference show?
14. How can the correctness of the Cash account be proved?
15. Which side can never be the larger?
16. Why?
17. What is a personal account?
18. What is it kept to show?
19. When are entries made on the Dr.?
20. When on the Cr.?
21. When the Dr. is the larger what does the account show?
22. What when the Cr. is the larger?
23. What when the sides are equal?
24. When is it unnecessary to open an account with a person?
25. What are Bills Receivable?
26. What is the account kept to show?
27. When is it Dr.?
28. When Cr.?
29. What is shown by the difference?
30. Which side can never be the larger?
31. Why?
32. What are Bills Payable?
33. What is the account kept to show?
34. When is it Cr.?
35. When Dr.?
36. What is shown by the difference?
37. Which side can never be the larger?
38. Why?
39. What is entered in the Mdsc. account?
40. What is the account kept to show?
41. For what is it Dr.?
42. For what Cr.?
43. When does it show a loss?
44. When a gain?
45. Will the difference always show the loss or gain?
46. Where must the Inventory be entered?
47. What will the difference then show?
48. How is the Inventory found?
49. At what price is it entered?
50. When is it necessary to open a Shipment account?
51. How is the account kept?
52. What is the difference between Mdsc. and Shipment accounts?
53. When we receive goods to be sold on account of the shipper, to whom do they belong?
54. What account should be opened for the above goods?

55. For what is the account Dr. For what Cr. ?
56. Why not make an entry for the invoice cost of the goods ?
57. What do you understand by the shipper's net proceeds ?
58. How are they found ?
59. Are the unsold goods entered as Inventory ?
60. Why ?
61. What is shown by Real Estate account ?
62. How is the account kept ?
63. What must be done if we wish to show the gain or loss on each property ?
64. What is Expense account kept to show ?
65. What is entered on the Dr. ?
66. How is the inventory entered ?
67. What is Commission account kept to show ?
68. What is Interest account kept to show ?
69. When is it Dr. ?
70. When Cr. ?
71. When does it show a loss ?
72. When a gain ?
73. What will assist in ascertaining the Drs. and Crs. for this account ?
74. What does the ledger title Stock denote ?
75. Is there any object to using the proprietor's name ?
76. What do you understand by Resources ?
77. What by Liabilities ?
78. What is the Stock account kept to show ?
79. For what is it Dr. at the beginning ?
80. For what Cr. ?
81. What is the difference called when the Cr is the larger ?
82. What when Dr. is the larger ?
83. For what is the account Dr. during the year ?
84. For what Cr. ?
85. For what is it Dr. at the end of the year ?
86. For what Cr. ?
87. What is meant by net capital ?
88. What by net insolvency ?
89. When is there a net capital ?
90. When a net insolvency ?
91. Is the title "Stock" used when there are partners ?
92. How are the partners' accounts kept ?
93. How is the net gain or loss divided ?
94. How are stock and partners' accounts sometimes treated ?
95. What is placed on the Dr. of the proprietor's account ?
96. What on the Cr. ?
97. In a statement showing Resources and Liabilities, where does the net capital appear ?
98. Why should it do so ?
99. Where does the net insolvency appear ?
100. Why should it do so ?

CHAPTER II.

PRINCIPLES OF DOUBLE ENTRY BOOK-KEEPING.

A business transaction is an exchange of values, that is, every time anything of value is given something of value is received. In Double Entry Book-keeping a record is kept of what is given and also of what is received. Every transaction will therefore require at least two entries upon the Ledger, one on the Dr. of some account and one on the Cr. of some other account. The amount of the Dr. entry must be exactly equal to the amount of the Cr.

Enter the following transactions in a "Skeleton Ledger," as shown in the model below. Entering transactions in the ledger is called Posting.

- Jan. 1. J. D. Davis invests cash, \$5000. 2. Bought for cash 200 barrels Flour at \$6. 3. Sold for cash 75 barrels Flour at \$7. 4. Bought for cash 200 bu. Wheat at \$1. 5. Sold for cash 25 brls. Flour at \$7. 6. Sold H. Buie for cash 200 bu. Wheat at \$1.20. 7. Paid cash for clerk hire, etc., \$40. 8. The unsold Mdse. is valued at \$600.

For the posting of the above transactions the details are unnecessary, only the following *points* are required to ascertain which accounts are to be debited and credited :

POINTS.	RESULTS.	EXPLANATIONS.
1. Cash received (from proprietor)	\$5,000 = Cash account	Dr. See a/c. 1 page 1
1. Proprietor invests.....	5,000 = Stock	Cr. " 12 " 8
2. Mdse. bought (cost)	1,200 = Mdse.	Dr. " 5 " 4
2. Cash disbursed	1,200 = Cash	Cr. " 1 " 1
3. Cash received	525 = Cash	Dr. " 1 " 1
3. Mdse. sold (proceeds)	525 = Mdse.	Cr. " 5 " 4
4. Mdse. bought (cost)	200 = Mdse.	Dr. " 5 " 4
4. Cash disbursed	200 = Cash	Cr. " 1 " 1
5. Cash received	175 = Cash	Dr. " 1 " 1
5. Mdse. sold (proceeds)	175 = Mdse.	Cr. " 5 " 4
6. Cash received	240 = Cash	Dr. " 1 " 1
6. Mdse. sold (proceeds) ..	240 = Mdse.	Cr. " 5 " 4
7. Expense "incurred"	40 = Expense	Dr. " 9 " 7
7. Cash disbursed	40 = Cash	Cr. " 1 " 1

MODEL OF SKELETON LEDGER.

STOCK.			MERCHANDISE.				
Dr.		Cr.	Dr.			Cr.	
	1888 Jan.	1 5000	1888 Jan.	2 1200 4 200	1888 Jan.	3 525 5 175 6 240 8 *	

* The inventory is not entered until after the Trial Balance is taken.

CASH				EXPENSE.			
Dr.			Cr.	Dr.			Cr.
1888			1888				
Jan.	1	5000	Jan.	2	1200	1888	
	3	525		1	200	Jan.	7
	5	175		7	40		40
	6	240					

All the transactions are now entered, and before proceeding farther, it is advisable to prove the correctness of the Ledger by taking a "Trial Balance."

A Trial Balance is a trial to ascertain if the debit and credit sides balance. It contains a list of all the unclosed accounts in the Ledger with the footing of the Dr. side of each account in one column, and the footing of the Cr. side of each in another. The footings of these columns should balance. If they are not equal the Ledger is wrong and must be corrected.

The Trial Balance is not a positive proof of correctness, for instance, a transaction might be entered on the proper side of the Ledger but in the wrong account.

FORM OF DOUBLE TRIAL BALANCE.

The following is the most useful form of Trial Balance, and is the one we desire to have used. The amounts in the inside columns are the footings of the Ledger accounts, and they should balance. In the outside columns are the differences between the footings of each account, and they should also balance.

TRIAL BALANCE.

Dr. Balances.	Dr. Footings.	LEDGER ACCOUNTS.	Cr. Footings.	Cr. Balances.
4500	5940	Stock,	5000	5000
460	1400	Cash,	1440	
40	40	Mdse,	940	
		Expense,		
5000	7380	Proof,	7380	5000

INVENTORY.

Mdse. remaining unsold valued at \$600.

of value
is kept
quire at
e Cr. of
amount
e model
flour at
t at \$1.
e \$1.20.
the fol-
ted :
ONS.
age 1
" 8
" 4
" 1
" 1
" 4
" 4
" 1
" 1
" 4
" 1
" 4
" 7
" 1
Cr.
525
175
240
*

CLASSIFICATION OF ACCOUNTS.

After having proved the correctness of the Ledger, the next step is to ascertain the results produced by the transactions. This is done by dividing the accounts into two classes: one consisting of accounts kept to show Losses and Gains (frequently called representative accounts), and the other of accounts kept to show Resources and Liabilities (called real accounts), thus:

No. 1.—ANALYSIS OF REPRESENTATIVE ACCOUNTS TO ASCERTAIN THE NET GAIN OR LOSS.

Names of Ledger accounts.	EXPLANATIONS.	LOSSES.		GAINS.	
Merchandise,	Cr. Proceeds from sales.....	940			
	“ Value of unsold.....	600			
	Total proceeds.....	1540			
	Dr. cost.....	1400			
	Difference or gain.....	140		140	
Expense,	Dr. outlay or loss,		40		
	Diff. or net gain of the business,		100		
		140		140	

No. 2.—ANALYSIS OF REAL ACCOUNTS TO ASCERTAIN THE PRESENT WORTH.

Names of Ledger accounts.	EXPLANATIONS.	RESOURCES.		LIABILITIES.	
Merchandise,	1. From Inventories,				
	Value of unsold		600		
Cash,	2. From Ledger accounts				
	Dr. Received.....	5940			
	Cr. Disbursed.....	1440			
	Diff. cash on hand.....	4500	4500		
Stock,	Cr. Investment.....	5000			
	Net gain in business (see No. 1).....	100			
	Proprietor's Present Worth,				5100
		5100		5100	

The proprietor's present worth is placed in the liability column. (For reasons, see Note on page 10.)

The main object of book-keeping is to show the condition of the business, that is, the gain or loss, and the present worth. Every well-kept set of books will afford the means of finding these results, and in order to obtain them many other desirable facts must be shown, such as the cash and bills receivable on hand, the amounts we owe on notes, personal accounts, &c., &c.

The above analysis show the condition of the business, and the next step is to make the ledger show the same results, which is done by "closing the ledger."

CLOSING THE LEDGER.

The results of the business are generally shown once a year; but in large establishments and joint stock companies, it is customary to show them twice a year. In every business there is a time in the year when "business is dull," and that time is usually selected for closing the books.

The ledger on pages 12 and 13 is closed as follows :

1. Open an account in the ledger for Loss and Gain, to which will be carried the difference between the sides of each Representative account.

2. Open an account for Balance, to which will be carried the inventories and the difference between the sides of each Real account. (Resource and Liability would be more appropriate title for this account.)

The accounts are now to be closed. Closing an account is putting enough on the smaller side, in red ink, to make the sides equal, and then transferring that difference to the opposite side of some other account in black ink.

3a. On the Cr. of Mdse. account, write in red ink "Bal. \$600." (This amount is the inventory, and the word "Bal." indicates that it is to be entered in the Balance account.) then

3b. On the Dr. of Balance account write in black ink "Mdse. \$600." (The word "Mdse." indicates that the amount was brought from that account.)

4a. Now close the Mdse. account by writing on the Dr. side in red ink "L. & G. \$140." (The L. & G. indicates that the amount is to be carried to the Loss & Gain account.) then

4b. On the Cr. of Loss and Gain account write in black ink "Mdse. \$140."

5a. Close the Cash account by writing on the Cr. side in red ink "Bal. \$4,500" then

5b. On the Dr. of Balance account in black ink write "Cash \$4500."

STOCK.			
Bal.		5100	
	Jan.	1	5000
		L.&G.	100
			5100

MERCHANDISE.			
Jan.	2	1200	
	4	200	
L. & G.			
			1540
Jan.	3	525	
	5	175	
	6	240	
			1540

CASH.			
Jan.	1	5000	
	3	525	
	5	175	
	6	240	
			5940
Jan.	2	1200	
	4	200	
	7	40	
			1500
			5940

EXPENSE.			
Jan.	7	40	
			40

LOSS & GAIN.			
Exp.		40	
Stock		100	
			140
Mdse.			140

BALANCE.			
Mdse.		600	
Cash.		4500	
			5100
Stock.			5100

6a. Close the Expense account by writing on the Cr. side in red ink "L. & G. \$40" then

6b. On the Dr. of Loss & Gain account write in black ink "Expense \$40."

7a. Close the Loss & Gain account by writing on the Dr. side in red ink "Stock \$100." then

7b. On the Cr. of Stock account, in black ink, write "L. & G. \$100."

8a. Close the Stock account by writing on its Dr. side in red ink "Bal. \$5100," then

8b. On the Cr. side of Balance account write in black ink "Stock \$5100."

If the work has been done correctly the sides of Balance account will be equal.

9. Now rule all the accounts as shown in the model. Each account may be ruled as soon as it is closed if preferred.

NOTE.—If the Loss & Gain account in the above ledger be compared with Analysis No. 1, and the Balance account with Analysis No. 2, on page 14, they will be found to show the same results.

EXERCISE 2.

Post the following Exercise in the Skeleton Ledger, allowing each account the following number of lines: Stock, 5; Cash, 9; Merchandise, 8; Expense, 4; J. Demers, 4; W. Kennedy, 4; Bills Payable, 4; Bills Receivable, 4; Loss and Gain, 4; Balance, 6.

Feb. 1. Invested in business, Cash \$8000, and Mdse. on hand valued at \$4225. 2. Bot. Mdse. for cash, \$2393.56. 3. Sold Mdse. for cash, \$3541.80. 4. Bot. Mdse. of J. Demers on account, \$1679.44. 5. Paid rent in cash, \$75. 6. Sold W. Kennedy on account, Mdse \$5228.35. 7. Paid J. Demers cash on account, \$679.44. 8. Bot. Mdse. on my note, \$670.14. 9. Received from W. Kennedy cash on account, \$2000. 10. Sold Mdse. to J. B. Pomerville on his note, \$4171.90. 11. Paid cash for my note of 8th instant. 12. Paid J. Demers, cash for balance of account. 13. Received cash in full for J. B. Pomerville's note. 14. Sold J. Brennan Mdse. on his note, \$1325.33. 15. Paid advertising to date in cash, \$145. 16. Bot. on my note a bill of Mdse. amounting to \$2345.67. 17. The Mdse. remaining unsold is valued at \$5314.75.

— 0 —

The footings of your ledger account should agree with the amounts in the following "Single Trial Balance:"

LEDGER ACCOUNTS.	Dr.		Cr.	
Stock.....			12225	00
Cash.....	17713	70	11083	14
✓ Merchandise.....	17433	81	14367	38
✓ Expense.....	220	00	.....	..
J. Demers.....	1679	44	1679	44
W. Kennedy.....	5328	35	2000	00
Bills Payable.....	6790	14	9135	81
Bills Receivable.....	5497	23	4171	90
Proof.....	54662	67	54662	67

You are requested to furnish the teacher with a double Trial Balance, an Analysis of Losses and Gains showing a net gain of \$2028.32, also an Analysis of Resources and Liabilities showing a net worth of \$14,253.32. Then close the ledger and carefully observe the following:

ORDER OF CLOSING.

1. Open a ledger account for Loss & Gain (if not already opened).
2. Open an account for Balance.
3. Enter the Inventories, in red ink, on the Cr. side of the account that was debited when the property came into our possession, and then enter them on the opposite side of Balance in black ink.
4. Pass the Stock account, and close all the others to the Loss & Gain or Balance account.

NOTE.—When the ledger contains many accounts a second Trial Balance, consisting of the footings of Stock, Loss & Gain, and Balance accounts, should be taken at this point.

5. Close the Loss & Gain account to Stock account. If there be partners close it to their accounts, dividing the net gain or loss according to agreement.

6. Close the Stock account (or partners) to Balance.

NOTE.—The sides of Balance account should now be equal without a red ink entry.

Remember that in the account to be closed, the entry is on the smaller side in red ink, and in the account to which it is carried the entry is on the opposite side in black ink.

The following Single Trial Balances have been taken from ledgers. Convert them into Double Trial Balances, make Analyses of Losses and Gains, and Resources and Liabilities, and get each signed by the teacher.

NO. 1.—TRIAL BALANCE.

	Dr.		Cr.	
Stock.....			5000	00
Cash.....	3921	78	2512	60
Bills Receivable.....	3237	90	510	00
Bills Payable.....	875	00	4316	58
Mdsc.....	7517	50	3848	00
Expense.....	150	60		00
H. Bnie.....	2510	00	3000	00
J. C. Bryant.....	1500	00	525	00
	19712	18	19712	18

—Inventory—

Value of unsold Mdsc. \$1500.

No. 2.—TRIAL BALANCE.

	Dr.		Cr.	
Stock.....	500	00	7000	00
Cash.....	12342	56	6842	60
Merchandise.....	9764	49	8423	50
Shipt. to Toronto.....	2500	00	3300	00
Bills Receivable.....	5500	00	1500	00
Interest.....	53	25	95	75
Shipt. to Sorel.....	3000	00	1488	45
J. D. Davis.....	1200	00	6450	00
Expense.....	240	00		
	35100	30	35100	30

—Inventory—

Mdsc. on hand, \$1150.29.

	Dr.		Cr.	
H. Bnie.....Partner.....} net gain or loss.....	250		9250	
J. Tusker.....Do.....}.....Do.....	12300		10000	
J. D. Davis.....Do.....}.....Do.....	9400		10000	
Cash.....	56750		52425	
Merchandise.....(value of unsold \$35200)	96700		63500	
Real Estate.....(do do 54000)	50000			
Bills Receivable.....	18500		17000	
College Bank.....	9275		8925	
Bills Payable.....	12760		95860	84
College Bank Stock.....(value of unsold, \$1000)	12000		8830	
Interest.....	962	17	135	
Expense.....	2338	67		
Shipt. to Halifax.....(value of unsold, \$1200)	4200			
Railroad Stock.....	9740		2460	
J. Thomson.....	10500		7400	
W. Woods.....	8970		19960	
J. B. Desmarteau.....			8750	
Commission.....			150	
	314645	84	314645	84

REVIEW QUESTIONS.

101. What is a business transaction?
102. Why is it an exchange?
103. What is recorded in double entry?
104. How many entries will each transaction require?
105. Where are they made?
106. Which will be the greater?
107. What is omitted in the Skeleton Ledger?
108. After all the transactions are entered, what should then be done?
109. When is the Inventory entered in the Ledger?
110. What is a Trial Balance?
111. What does it contain?
112. What is entered in the Dr. column?
113. What in the Cr.?
114. Should they be equal?
115. If not equal what is proved?
116. Is the Trial Balance a positive proof of correctness?
117. Why?
118. In a Double Trial Balance, what is entered in the inner columns?
119. What in the outer?
120. What columns should agree?
121. After the Trial Balance is taken, what should then be done?
122. Into how many classes may the accounts be divided?
123. What are they called?
124. What do the Representative accounts show?
125. What the Real accounts?
126. How is the net gain found in the analysis?
127. How the present worth?
128. What is entered in the first section of the analysis of real accounts?
129. What in the second?
130. Why is the net worth placed in the liability column?
131. Where would the net insolvency be placed, and why?
132. What is the object of keeping books?
133. What information will every well-kept set of books afford?
134. Name some other facts that will be shown by the books?
135. How is the Ledger made to show the condition of the business?
136. How often is this done?
137. What time should be selected for closing?
138. In closing a Ledger, why is it necessary to open a Loss and Gain account?
139. What will the Balance account contain?
140. How is an account closed?
141. In which account is the red ink?
142. In which the black, and on which side?
143. In closing the ledger on page 15 what is entered first?
144. In which account, and on which side?
145. In what kind of ink?
146. Where is it then entered?
147. On which side, and in what kind of ink?
148. After the Inventory is entered, what is then done?
149. What is the next step?
150. To what account is it closed?
151. Why is "L. & G." written in the Mdse. account?
152. Why is "Mdse." written in the Loss & Gain account?
153. How and to what account is the Cash closed?
154. How and to what account is the Expense closed?
155. How and to what account is the Loss & Gain closed?
156. How and to what account is the Stock closed?
157. How and to what account is the Balance closed?
158. With what account should the Analysis of Losses and Gains agree?
159. With what account should the Analysis of Resources & Liabilities agree?
160. On which side of Balance will the Net Worth be placed?
161. On which side the Net Insolvency?

CHAPTER III.

APPLICATION OF THE PRINCIPLES OF DOUBLE ENTRY.

A sufficient number of the following sets should be worked in the Skeleton Ledger to obtain a thorough knowledge of the principles of bookkeeping, and then the practical work on page 32 may be commenced.

SET. I.—PRODUCE BUSINESS.

Buying and selling for cash. Commencing with a net capital, producing a gain, and closing with an increased capital.

Write the names of accounts in a large, bold hand. The capitals should be about one and a half lines in height, and the small letters about half a line. Between the headings of the accounts allow the following number of lines: Stock, 4; Cash, 11; Merchandise, 9; Expense, 4; Loss & Gain, 4; Balance, 4.

Montreal, Jan. 1, 1888. Invested in business cash \$9000. 2. Bot. of M. Morin for cash, 600 brls. Flour at \$6.00. 3. Bot. of W. Quinn & Co. for cash, 350 brls. Flour at \$5.50; 100 brls. Do. at \$6.10. 4. Sold Ulric Y. Varin, Brockville, Ont., for cash, 399 brls. Flour at \$7; 1 brl. Do. (damaged) at \$4.75. 5. Bot. of O. E. Dawson & Co. for cash, 200 brls. Flour at \$6.10. 6. Sold C. Hannum for cash, 200 brls. Flour at \$6.90; 350 brls. Do. at \$6.25. 7. Bot. of H. Cameron & Co., Burlington, Ont., for cash, 150 brls. Dominion Mills Extra Family Flour at \$5.75; 1,200 bush Spring Wheat at 95c. 8. Paid rent and clerk hire to date in cash, \$295.

INVENTORY.

300 brls. Flour.....	at \$6.10	\$... ..
150 " Do. Family.....	" 5.75	.....
1200 bus. Spring Wheat.....	" 1.00	.....
Net Gain.....	...\$605.25—Present Worth....	\$9,605.25

The Trial Balances, Analyses, and Books of each Set must be examined and signed by the teacher before commencing the next Set. Close the ledger in the order indicated on page 17.

SET. II.—GROCERY BUSINESS.

Buying and selling for cash. Commencing with net capital, producing a loss, and closing with a decreased capital. Names of accounts and number of lines required: Stock, 3; Cash, 7; Merchandise, 9; Expense, 4; Loss and Gain, 3; Balance, 3.

Montreal, Feb. 1, 1888. Invested in business, 125 brls. "Crushed A." Sugar, 35,000 lbs., at 8½c. \$— . 2. Sold A. N. Manning for cash, 75 brls. "Crushed A." Sugar, 21,500 lbs., at 7½c. \$— . 3. Bot. of Thomson & Farrell for cash, 18 hhd. Molasses, 2340 gals., at 40c., \$— . 4. Sold H. Kennie for cash, 25 brls. "Crushed A." Sugar, 7000 lbs., at 7½c. \$— ; 11 hhd. Molasses, 1425 gals., at 30c., \$— . 5. Bot. for cash, for use of store and office, 3 tons Egg Coal, at \$7.25, \$— . 6. Bot. of Geo. Gunn for cash, 80 brls. Yellow Refined Sugar, 20,800 lbs., at 6½c., \$— . 7. Sold S. Lamont for cash, 5 hhd. Molasses, 650 gals., at 31c., \$— ; 15 brls. "Crushed A." Sugar, 4200 lbs., at 7½c., \$— ; 50 brls. Yellow Refined Sugar, 13,000 lbs., at 6½c., \$— . 8. Paid Gas Bill to date, in cash, \$11.45; Paid B. Romaine, Book-keeper, cash for services to date, \$75.00.

INVENTORY.

10 brls. "Crushed A." Sugar.....	2750 lbs., at 7½c.	\$.....
30 " Yellow Refined Do	7750 " " 6½c.	\$.....
2 hhd. Molasses	260 gals. " 37½c.	\$.....

A transaction may affect more than two accounts, but in every case the sum of the debit entries must be equal to the sum of the credits. A transaction must, therefore, produce one of the following results:

1st. One Debit and one Credit, thus:

Mdse. Acct. Dr.	\$1200	and Cash Acct. Cr.	\$1200
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2nd. One Debit and two Credits, thus:

Mdse. Acct. Dr.	\$1400	and Cash Acct. Cr.	\$800
		" Bills Pay. "	600

3rd. Two Debits and one Credit, thus:

Cash Acct. Dr.	\$700	and Mdse. Acct. Cr.	\$1500
J. Jones Acct. Dr.	\$800		

4th. Two or more Debits, and two or more Credits, thus:

Cash Acct. Dr.	\$500	and S. Smith's Acct. Cr.	\$200
Bills Rec. Acct. Dr.	600	" Bills Pay. " "	500
		" Stock " "	400

RULES FOR OPENING A SET OF BOOKS.

Before the business transactions can be entered, the books must show the proprietor's resources and liabilities. They are obtained from the balance account of a preceding Ledger, or from a statement furnished by the proprietor, or from any other available source. It is customary to commence the ledger with the proprietor's account.

FIRST METHOD (TWO RULES).

1st. Debit each resource in an appropriate account for its own amount, and credit Stock account with the total; then,

2nd. Debit Stock account for the total of the liabilities, and credit each liability in its proper account with its own amount.

The difference between the sides of Stock account will show the Net Capital or Insolvency.

1st Example.—H. Buie invests the following resources: Cash, \$1500; Mdse., \$1900; A. T. Galt's note, \$1500; amount due from L. Hogan on account, \$500.

Dr. Cash acct.	\$1500	and Cr. Stock.	\$5400.
" Mdse. "	1900		
" Bills Rec. acct.	1500		
" L. Hogan "	500		

2nd Example.—H. Buie's liabilities are: His note for \$1000, and balance due G. E. Hart, on acct., \$900.

Dr. Stock acct.	\$1900	and Cr. Bills Pay. acct.	\$1000
		" " G. E. Hart "	900

SECOND METHOD (ONE RULE).

RULE.—Debit each resource in its appropriate account, and credit each liability in its own account, and then debit or credit Stock account (as may be required) for the difference.

The amount entered in the Stock account is the Net Capital or Insolvency.

Dr. Cash acct.,	\$1500	and Cr. Bills Pay.,	\$1000
" Mdse. "	1900	" G. E. Hart,	900
" Bills Rec. "	1500	" Stock,	3500
" L. Hogan acct.	500		

SET III.—DRY GOODS BUSINESS.

Buying and selling for cash, and on personal accounts. Commencing with a net capital, producing a loss greater than the capital, and closing with a net insolvency.

Names of accounts and number of lines required: Stock, 4; Cash, 10; Merchandise, 11; A. B. Campbell, 5; C. Dunn & Co., 5; D. E. Furnice & Co., 4; G. H. Innis, 4; J. K. Lamont & Son, 4; M. N. Odell, 4; Expense, 4; Loss and Gain, 4; Balance, 7.

Montreal, March 1, 1888. Invested in business, cash \$125.35; Mdse. valued at \$287.65.

2. Bot. of A. B. Campbell on acct., 3 bales 36-inch Beetled Twills, 2250 yds., at 11½c., \$—; 4 bales, 40-in. Do., 2950 yds., at 15½c., \$—.
3. Bot. of C. Dunn & Co. on acct., 5 bls. *A*, Stiff Wigan, 3750 yds., at 9½c., \$—; 3 bls. *W*, Foulard, 2325 yds., at 6½c., \$—; 5 bls. Grey Cotton, 7172 yds., at 10c., \$—.
4. Sold H. Buie for cash, 2 b's. 36-in. Beetled Twills, 1500 yds., at 10c., \$—.
5. Bot. of C. Dunn & Co. on acct., 5 bls. White Cotton, 7920 yds., at 11c., \$—.
6. Paid A. B. Campbell cash on acct., \$125.00.
7. Sold D. E. Furnice & Co., Prescott, Ont., on 3 months credit, 5 bls. *A*, Stiff Wigan, 3750 yds., at 7½c., \$—; 1 bl. 36-in. Beetled Twills, 750 yds., at 10½c., \$—; 2 bls. *W*, Foulard, 1550 yds., at 5½c., \$—.
8. Sold J. D. Davis for cash, 2 bls. 40-in. Beetled Twills, 1450 yds., at 13½c.
8. Received of D. E. Furnice & Co. cash on acct., \$200.00.
9. Bot. of G. H. Innis on acct., 5 bls. Madder Prints, 7546 yds., at 10c., \$—; 4 cases Canada Tweed, 2400 yds., at 70c., \$—.
10. Sold J. K. Lamont & Son on acct., 5 bls. Grey Cotton, 7172 yds., at 8c., \$—; 5 bls. White Do., 7920 yds., at 9c., \$—; 2 cs. Canada Tweed, 1224 yds., at 70c., \$—.
11. Paid A. B. Campbell cash on acct., \$250.00.
12. Bot. of C. Dunn & Co. on acct., 5 bls. Blue Denims, 7600 yds., at 12c., \$—.
13. Paid business tax in cash \$32.50.
13. Received of J. K. Lamont & Son cash in full of acct., \$—.
14. Sold M. N. Odell on acct., 5 bls. Blue Denims, 7600 yds., at 10½c., \$—; 2 bls. 40 in. Beetled Twills, 1500 yds., at 14c., \$—; and received of him cash on acct., \$350.
- ✓ 14. Received of D. E. Furnice & Co. cash on acct., \$100.
15. Sold D. E. Furnice & Co. on acct., 5 bls. Madder Prints, 7546 yds., at 10½c., \$—; 1 bl. *W*, Foulard, 775 yds., at 5½c., \$—.
16. Paid A. B. Campbell cash for balance of acct., \$—; also G. H. Innis cash on acct., \$243.60.
17. Sold J. K. Lamont & Son on acct., 2 cs. Canada Tweeds, 1176 yds., at 71c., \$—. Received of them cash on acct., \$150.
18. Paid cash for rent \$75.00, and clerk hire to date, \$254.17.

INVENTORY.

Mdse. on hand valued at \$250.00

SET IV.—**HARDWARE BUSINESS**

Buying and selling for cash and on personal accounts. Commencing with a net insolvency, producing a loss, and closing with an increased insolvency.

Names of accounts and number of lines required: Stock, 4; Cash, 8; Merchandise, 8; Real Estate, 6; P. Quinn, 6; Ramsay & Smith, 6; T. U. Varin, 4; Wm. Young & Co., 4; Xavier Zuill, 4; College Bank, 8; Expense, 5; Loss and Gain, 5; Balance, 9.

Montreal, April 1, 1888.—Commenced business having cash on hand \$4237.60—Mdsc. per Invt., \$2262.40. House and lot valued at \$1500.00, and am owing to P Quinn on acct., \$9500.00. 2. Bot. of Ramsay & Smith on acct., 350 kegs Nails at \$3.75, \$—; 50 kegs 8-penny Nails at \$6.50, \$—; 3000 lbs. Galvanized Wire at 13c., \$—. 3. Sold T. U. Varin on acct., 12 doz. Steel-faced Claw Hammers at \$7.00, \$—; 20 doz. 10-inch Screw-drivers at \$6.00, \$—; 5 doz. 6-in. Drawing Knives at \$10.00, \$—; 4. Paid P. Quinn cash on acct., \$500.00. 5. Sold Wm. Young & Co. on acct., 2500 lbs. Copper Wire at 50c., \$—; 40 doz. Cast-steel Shovels at \$12.00, \$—; 15 doz. 6-in. Wrought-iron Bolts at \$2.25, \$—. 5. Bot. of Ramsay & Smith on acct., bill of goods per invoice dated 4th inst., amounting to \$735.60. 6. Sold Xavier Zuill on acct., 5 doz. Dinner Knives at \$3.50, \$—; 6 doz. Breakfast Knives at \$3.00, \$—; 10 doz. Plated Table Spoons at \$5.00, \$—; 10 doz. Plated Dinner Forks at \$4.50, \$—; 1 Ivory Handle Carving Knife and Fork at \$2.25. 7. Paid P. Quinn cash on acct., \$1000.00. 7. Received from T. U. Varin cash on acct., \$100.00. 8. Paid Ramsay & Smith cash in full of bill of 2nd inst. 9. Deposited cash in College Bank, \$700.00. 10. Paid book-keeper in full for one month's salary, per check on College Bank, \$160. 11. Gave P. Quinn on acct., our check on College Bank for \$250.00. 12. Bot. of Ramsay & Smith on acct., bill of goods per invoice dated 11th inst., amounting to \$1342.40. 12. Paid freight on same per check on College Bank, \$134.24. Paid rent \$60.00 and clerk hire \$90.00 to date, per checks. 13. Deposited cash in Bank \$100.00. 14. Received cash for rent of house and lot, \$12.00.

Inventory. Mdsc. unsold \$2992.07. Real Estate, valued at cost, \$—.

SET V.—**FURNITURE BUSINESS.**

Buying and selling for cash, on personal accounts, and on promissory notes. Commencing with a net insolvency, producing a gain, and closing with a decreased insolvency.

Names of accounts and number of lines required: W. J. Davis, 5; Cash, 11; Merchandise, 9; Real Estate, 5; T. W. Kane, 5; A. Ahearn, 5; P. Rasconi, 4; Bills Payable, 4; Bills Receivable, 4; Expense, 4; Loss and Gain, 4; Balance, 6.

Montreal, May 1, 1888.—W. J. Davis commenced business with the following resources and liabilities: Resources.—Cash on hand, \$1160.00; Mdsc. per invt., \$1340; House and lot valued at \$2000. T. W. Kane owes him on acct. \$500.00. Liabilities—He owes A. Ahearn on acct., \$3500.00, and P. Rasconi on acct., \$2800.00. 2. Bot. of H. B. Bryant 5 Black Walnut Bedroom Sets at \$112.50, \$—; and gave in payment my note at 10 days. 3. Sold for cash 1 B. W. Wardrobe at \$62.50. 4. Sold H. D. Stratton on his note at 10 days, 1 Marble Top Bedroom Set at \$125.00; 2 Queen Anne Do. at

\$75.00; 4 Ash and Walnut Do. at \$50.00. 5. Received of T. W. Kane cash on acct., \$125.00. 6. Sold J. D. Williams 1 M. T. carved B. W. Bedroom Set, \$250.00; 6 Dining Chairs, leather, at \$7.00, \$—; received in payment his note at 30 days for one half and cash for balance. 7. Bot. for cash 100 Cane-seated Chairs at \$1.00, \$—. 9. Paid A. Ahearn cash on acct., \$450.00. 12. Sold for cash 1 Hair-cloth Parlor Set, \$60.00. 14. Paid cash for repairing house, \$10.00. 15. Paid cash in full for my note favor of H. B. Bryant, due this day, \$—. 17. Received cash for H. D. Stratton's note, due this day, \$—. 19. Sold for cash 1 Wire Back Parlor Set, \$250. 21. Gave P. Rasconi my note at 25 days, in full of acct. 24. Received of T. W. Kane his note at 3 months for balance of acct., payable at College Bank (here) with interest at 7 per cent. 25. Gave T. W. Kane's note (received on 24th inst.) to A. Ahearn on acct. 28. Sold for cash 1 B. W. Side-board at \$85.00. 31. Paid Book-keeper \$75.00, and clerk \$35.00 cash, in full for services to date. Received cash for 1 month's rent of house \$20.00.

INVENTORY.—Mdse. on hand valued at \$1643.50. Real Estate valued at \$2200.00.

SET VI.—FURNITURE BUSINESS.

A continuation of Set. V. Commencing in a new Ledger with the resources and liabilities of the previous business; admitting a partner; producing a net gain sufficient to give each partner a net capital at closing.

Names of accounts and number of lines required: W. J. Davis, 5; J. D. Lamont, 5; Cash, 12; Merchandise, 9; Real Estate, 5; Bills Receivable, 8; A. Ahearn, 5; Bills Payable, 5; College Bank, 5; Muir & Co., 4; Expense, 4; Loss and Gain, 4; Balance, 6.

Montreal, June 1, 1888.—W. J. Davis commenced business with resources and liabilities as shown in the Balance acct. of Set. V. J. D. Lamont is admitted as partner in the business, which is to be conducted under the firm name of Davis & Co., and the net gain or loss to be divided equally. J. D. Lamont invests cash \$3200 and James Smith's note at 3 months from March 10, for \$2500. He owes on his note, dated April 22, at 60 days, favor of John Jones, \$1700. 2. Sold S. S. Packard on his note at 2 months, 10 B. W. Bedroom Sets (Oil Finish) at \$45.00, \$—; 10 best Curled Hair Mattresses at \$20.00, \$—. 4. Bot. for cash 25 Woven Wire Mattresses at \$4.50, \$—. 5. Deposited cash in College Bank, \$1500.00. 6. Sold Muir & Co. on acct., 15 Sofa Beds at \$35.00, \$—; 18 doz. Perforated-seat Chairs at \$18.00, \$—. 8. Received cash for J. D. Williams' note of 6th ult., due this day, \$—. 9. Deposited cash in Bank, \$1200. 10. Received of Muir & Co. their note at 90 days, in full of acct., \$—. 11. Deposited cash, \$500.00. 12. Sold for cash 24 Arm Chairs at \$12.00, \$—; 15 Woven Wire Mattresses at \$6.00, \$—. 14. Sold Bennet & Co. 10 Revolving Book-cases at \$8.00, \$—; 3 Carved Rosewood Secretaries at \$100.00, \$—; received in payment R. Rousseau's note at 3 months for \$250.00, endorsed by them, and cash for balance, \$—. 15. Bot. of E. Roy, 2 B. W. Wardrobes at \$62.75, \$—, and gave in payment our check on College Bank. 17. Bot. of Sénécal & Co. bill of goods per invoice dated 15th inst., amounting to \$862.50, and gave them R. Rousseau's note, and cash for balance. 18. Paid our note favor of P. Rasconi, due this day, per check on College Bank. 20. Bot. of Thomson & Co. bill of furniture per invoice dated 17th inst., amounting to \$2560.47;

gave in payment our note at 60 days for \$2200.00, cash for balance. 22. Sold Upton & Valois bill of goods per their order of 19th inst., amounting to \$2700.00; received in payment our note favor of John Jones for \$— and their note at 30 days for balance. 23. Sold H. Dansereau bill of goods per their order of 20th inst., amounting to \$1875.00, and received in payment their check on Union Bank. 24. Deposited in College Bank H. Dansereau's check on Union Bank, and cash \$125.00. 25. Gave A. Ahearn on acct., our note at 90 days for \$1000.00, and cash \$75.00. 26. Withdrew from Bank, per check, \$200. 28. Paid cash for taxes \$22.50, and insurance on house \$6.50. 29. Received cash for rent of house, \$24.00. 30. Paid current expenses for month in cash, \$150.00.

INVENTORY.—Mdse. on hand, \$387.33. Real Estate valued at \$2500.

SET. VII.—COMMISSION BUSINESS.

Shipping goods to be sold on our account and risk. Receiving goods to be sold on account and risk of the shipper. Interest and discount on promissory notes, etc.

Names of some of the accounts and the number of lines required:—Stock, 12; Merchandise, 20; Cash, 1 page; Bills Rec., Bills Pay., and College Bank, $\frac{1}{2}$ page each. Open other accounts as required, allowing $\frac{1}{2}$ page to each. Give Loss & Gain and Balance $\frac{1}{2}$ page each.

Montreal, July 1, 1888. Borrowed of my father \$4500 cash to commence business. 2. Paid cash for printing circulars, etc., \$14.75; 2. Deposited cash in College Bank, \$3000. 3. Bot. of D. Tremblay bill of goods, amounting per invoice to \$2500; gave him my note at 15 days for \$1500, payable with interest at 8 per cent., and cash for balance. 4. Shipped B. S. Summers, Toronto, to be sold on our account and risk, 6 hhd's. Cuba Sugar, as follows:

✕ 1	1160-104.	✕ 4	1440-120.
2	1280-117.	5	1200-115.
3	1195-110.	6	1350-112=7625-678=6947, at 7c.

5. Received from Caza & Co., Cornwall, Ont., to be sold on his account and risk, 4 cases Canadian Tweeds, as follows:—

✕ 16	25	pieces	600.
17	26	"	624.
18	25	"	600.
19	24	"	576=2400, at 50c.

Paid cash for freight and drayage on same \$3.

6. Sold W. Linton for cash 2 cs. Canadian Tweeds, 51 pes. 1224 yards, at 75c., from Caza & Co.'s Const.

8. Received from B. S. Summers an Account Sales of the goods shipped him on 4th inst. Our net proceeds are \$661.33, which he has placed to our credit.

9. Sold W. Woods from Caza & Co.'s Const., 2 cs. Canadian Tweeds, 49 pes. 1176 yards, at 80c. Received in payment cash \$140.80, and his note at 15 days, with interest at 8 per cent., for balance.

10. Received of B. S. Summers in full of account his note at 90 days.

12. Closed Caza & Co.'s Const., and sent them an Account Sales. Our charges (not previously entered) are: Storage, etc., \$4; Commission on sales at $2\frac{1}{2}$ per cent., \$—. Their net proceeds are \$—* which we place to their credit.

14. Sold D. Sweeney for cash bill of goods amounting per invoice to \$1000.

21. Paid cash for my note favor of D. Tremblay, and interest on same, due this day. Face of note, \$—. Interest — days, at 8 per cent, \$—.

24. Gave Caza & Co. in full of account, my note at 60 days.

27. Received of W. Woods cash in full for his note and interest. Face of note, \$—. Interest, — days, at 8 per cent.

28. B. S. Summers pays his note of 10th inst. before maturity. Face of note, \$—. Discount off,—days, at 8 per cent, \$—. Received cash for balance.

29. Drew, per check, from College Bank, cash, \$500.

30. Paid my note favor of Caza & Co. before maturity. Face note, \$—. Discount off, — days, at 8 per cent., \$—. Paid balance in cash.

31. Gave book-keeper check on College Bank for \$75, in full for one month's services to date.

INVENTORY.—Merchandise unsold, valued at \$1450.

SET. VIII.—COMMISSION BUSINESS—(Continued).

This Set illustrates a second year's business entered under the same Ledger titles as the preceding Set. Admitting a partner, drawing and accepting drafts, etc. Allowance of interest and discount.

Commence the Set by bringing down all amounts which were carried to the Balance account in the Seventh Set. Bring down each amount in its own account on the opposite side to the red ink entry of the Seventh Set, and make the entry in black ink on the first line below the ruling, thus, on the Dr. of the Cash account, write, "Balance \$1206.09.

The amounts carried to the Loss and Gain account in the Seventh Set must not be brought down.

Open new accounts as required, putting 3 on a page.

Montreal, Aug. 1, 1888. W. Mason has this day been admitted as partner, the losses and gains to be divided equally, and the business to be conducted under the firm name of Student & Mason.

W. Mason invests the following resources: Cash, \$1250; Merchandise valued at \$3500; J. Walker's note dated May 10th at 90 days, favor J. Cooper, for \$720, with interest at 6 per cent.

*The Net Proceeds are found by subtracting the total charges from the total sales, thus:

Total sales.....	\$1858.80
Charges = Freight (entered on 5th).....	\$3.00
Storage.....	4.00
Commission, $2\frac{1}{2}$ per cent., on \$1858.80..	46.47
Total charges.....	53.47
Caza & Co.'s net proceeds.....	\$1805.33

His liabilities assumed by the business are: Note favor of J. C. Clarke, dated March 1, at 3 months, for \$1500, with interest at 6 per cent.; balance due Dunn & Conroy on account, \$500.

2. Deposited in College Bank cash, \$1000.

3. Received from O. E. Dawson, Campbellton, N.B., to be sold on his account and risk, 500 brls. Mackerel; 500 brls. No. 1 Herrings. Paid freight on same in cash \$200.00.

4. Sold J. Smith on account, from Dawson's Const., 300 brls. Mackerel at \$5.50, 200 brls. No. 1 Herrings at \$6.10.

5. Procured 3 months' insurance in City Insurance Company to cover any property that may be in warehouse to the amount of \$4000, per Policy No. 23,504. Paid premium on same in cash at 1 per cent., \$40.

6. Drew a draft on J. Smith at 5 days sight, in favor of J. Durand, for \$350.

7. Bot. of J. Durand furniture for office, amounting to \$350, and gave in payment our draft of 6th inst. on J. Smith.

8. Sold J. Gunn & Co., from Dawson's Const., 200 brls. Mackerel at \$5.60; 300 brls. No. 1 Herrings at \$6.08, and received in payment their note at 20 days, with interest at 7 per cent.

10. Closed Dawson's Const., and sent him an Account Sales. Our charges are: Storage and Cooperage, \$50; Insurance, \$14.53; Commission on sales at $2\frac{1}{2}$ per cent., \$—. His net proceeds are \$—, which we place to his credit.

11. Bot. of Delorme & Co., 400 brls. Dominion Mills Flour at \$5.80, and gave in payment our note at 15 days, with interest at 7 per cent.

12. Shipped per Steamer "Canada" to Bourdon & Co., Quebec, to be sold on our account and risk, 400 brls. D. M. Flour at \$5.90. Paid Ins. in cash at $\frac{1}{8}$ per cent.

13. Accepted O. E. Dawson's draft on us at 3 days sight, favor of W. J. Conroy, for \$2752.05.

14. Accepted Dunn & Conroy's draft at 4 days' sight, their favor, on W. Mason, in full of their account.

15. Received from Wilson & Co., Toronto, to be sold on their account and risk, 75 tubs Prime Butter, 7395 lbs.; 1000 lbs. Lard. Paid freight on same per check, \$18.75.

16. Drew a draft on J. Smith at 5 days sight, our favor, for balance of account. He accepts the draft this day, and returns it.

17. Sold A. C. Smith from Wilson & Co.'s Const. 50 tubs Prime Butter, 4975 lbs., at 18 $\frac{3}{4}$ c. Drew a draft on him at 30 days' sight, and sent it for his acceptance.

18. Sold for cash from Wilson & Co.'s Const. 25 tubs Prime Butter, 2420 lbs., at 18 $\frac{3}{4}$ c.; 1000 lbs. Lard at 12 $\frac{1}{2}$ c.

19. Paid our acceptance of 13th inst. per check, \$—.

20. Received from Bourdon & Co., Quebec, an Account of Sales of Flour shipped them 12th inst. Our net proceeds are \$2500, which are placed to our credit.

21. Paid our acceptance favor of Dunn & Conroy, due this day, per check.

22. Closed Wilson & Co.'s Const., and sent them an Account Sales. Our charges are: Storage, \$15.00, Insurance, \$3.75; Commission on sales at $2\frac{1}{2}$ per cent., \$—. Their net proceeds to credit are \$—.

23. Student makes an investment of \$1800 in cash, which we deposit in Bank.
23. Paid Wilson & Co. their net proceeds, in cash \$400, and check for balance.
24. Received cash of J. Smith in full of his acceptance of the 16th inst., due this day.
25. Bot. of Caza & Co., Cornwall, 800 lbs. Lard at 14c.; 500 lbs. Prime Butter at 20c. Accepted and returned their draft on us at 10 days sight for same.
26. Shipped Leclair & Co., Sorel, to be sold on our account and risk, the Mdse. bought on 25th inst., amounting to \$--.
26. Deposited in Bank \$1700.
27. A. C. Smith returns our draft of the 17th inst. bearing his acceptance dated 19th.
28. Sold J. Smith on his acceptance at 10 days, our favor, bill of goods amounting per invoice to \$3750.
28. Shipped Geo. Windsor, Dalhousie, N.B., to be sold on our account and risk, a bill of goods amounting, per invoice, to \$200.00.
29. Gave check for our note of 11th inst. due this day. Face of note \$--; Interest on same, — days, at 7 per cent., \$--.
30. Received from Leclair & Co. an Account Sales of the Mdse. shipped on 26th inst. Our net proceeds are \$184, remitted us in cash.
31. Received from J. Gunn & Co. cash in full for their note and interest. Face of note \$--; Interest on same, — days, at 7 per cent.
31. Paid current expenses for month in cash, \$110.

The co-partnership heretofore existing between A. Student and W. Mason has this day been dissolved by mutual consent. The books are to be closed, and the standing of each partner shown on the Ledger. W. Mason is to retire from the business, and the payment of his capital and the entries therefor are to be made on the 1st of September next.

The following inventories have been agreed to :

Mdse on hand, valued at	\$2266.00
Furniture " "	316.00
Shipment to Geo. Windsor, valued at	240.00
Insurance, 2 months' unexpired time	26.67

SET IX.—COMMISSION BUSINESS--(Continued).

This Set illustrates a third year's business entered under the same Ledger titles as the preceding Sets. New accounts to be used as required. Compromising with insolvent debtor, etc.

Commence the Set by bringing down balances, as directed in the last Set. Give all new accounts $\frac{1}{3}$ of a page each.

Montreal, Sept. 1, 1888. Gave W. Mason in part payment of his interest in the business, cash \$2000, and note at 60 days, with interest at 7 per cent. for balance, \$--.

2. Received from O. E. Dawson to be sold on his account and risk, 300 boxes Boneless Codfish, 1500 lbs.; 50 brls. Cod Liver Oil, 2000 gals. Paid freight on same in cash, \$28.75. (Dawson's 2nd Const.)

2. Sold J. Brossard on his note at 60 days, 30 brls. Cod Liver Oil, 1200 gals., at \$2 ; 200 boxes B. Codfish, 1000 lbs., at 5c. (Dawson's 2nd Const.)
3. Got J. Brossard's note discounted at College Bank. Face of note, \$— ; Discount off, 62 days, at 7 per cent. Net proceeds placed to our Cr. in Bank, \$—.
4. Sold for cash, Butter and Lard, \$43.50.
5. Sold J. Smith on his acceptance at 90 days from this date, 100 boxes B. Codfish, 500 lbs., at 6c. ; 20 brls. Cod Liver Oil, 800 gals., at \$2.10. (Dawson's 2nd Const.)
5. Got J. Smith's acceptance discounted at College Bank at 7 per cent. Proceeds to Cr. in Bank.
6. Received from Leclair & Co., Sorel, to be sold on their account and risk, 1500 bushels Peas ; 30 bales Pressed Hay, 7800 lbs. Paid freight on same in cash \$22.50.
7. Paid our acceptance of 25th ult., favor of Caza & Co., due this day, per check.
7. Bot. of Young & Nevins on our acceptance at 60 days sight, 250 brls. XX. Flour at \$5.75.
8. Shipped Bourdon & Co., Quebec, to be sold on our account and risk, 200 brls. XX Flour, at \$5.75. (2nd Shipment.)
9. Received from the executors of my deceased father's estate, cash \$1500, also a discharge in full for money borrowed on July 1st. The above was bequeathed me by Will, and is now invested in the business.
11. Sold Lane & Loomis, from Leclair & Co.'s Const., 1500 bushels Peas at 90c. ; 30 bales Pressed Hay, 7800 lbs., at \$10.50 per ton. Received in payment their draft at 60 days' sight on J. D. Caswell for \$1200, accepted by him on 6th inst. Cash for balance.
11. Got the above draft discounted at College Bank at 7 per cent. Proceeds to Cr. in Bank.
12. Paid our acceptance of the 7th inst., favor Young & Nevins, before maturity. Face of acceptance, \$— . Discount off, — days, at 9 per cent., \$— . Gave check for balance, \$— .
13. Received from O. E. Dawson to be sold on his account and risk, 144 dozen Canned Salmon ; 136 doz. Canned Lobsters. Paid freight on same in cash \$30.
14. Received from Bourdon & Co. an Account Sales of the Flour shipped them on the 8th inst. Net proceeds \$1200, placed to our credit.
15. Closed Leclair & Co.'s Const., and sent them Account Sales. Our charges are : Storage, etc., \$7 ; Insurance, \$3.50 ; Commission on sales at 2½ per cent., \$— ; Their net proceeds are \$— , which we remit per accepted check on College Bank.
15. Received from Bourdon & Co. their note at 30 days, in full of account to date.
16. Received from Kelly & Co., Beauharnois, to be sold on their account and risk, 200 lbs. Prime Butter ; 750 bushels Barley. Paid freight on same in cash, \$13.*
17. Bot. of Young & Nevins bill of goods amounting per Inv. to \$574.67. Accepted and returned their draft on us at 30 days sight, favor of C. H. Branchaud.

* When several consignments are received from the same person they may be entered in one account if the net proceeds of each are not required to be shown separately. Kelly & Co.'s Current Const. will show the net proceeds, etc., of all goods received from them.

18. Sold for cash from Kelly & Co.'s Const. 200 lbs. P. Butter at 20c.; 750 bushels Barley at 75c.

19. Received from Kelly & Co. to be sold on their account and risk, 150 dozen Eggs; 700 bushels Oats. Paid freight in cash \$12.50.

20. Sold D. Wright on his note at 7 days, 150 doz. Eggs at 15c.; 700 bushels Oats at 50c.; from Kelly & Co.'s Const.

21. Received check on College Bank in full for A. C. Smith's acceptance, dated 17th ult.

22. Deposited A. C. Smith's check, and left D. Wright's note at Bank for collection.

23. Closed Dawson's 2nd. Const., and sent him an Account Sales. Our charges are: Storage and Cooperage, \$14; Insurance, \$6.30; Commission on sales at 2½ per cent., \$—. His net proceeds to Cr., \$—.

24. Sold J. D. Neher on account bill of goods amounting per Inv. to \$275.

25. Accepted Kelly & Co.'s sight draft on us, favor of McFee & Son, for \$500.

25. Bot. of Burgess & Co. on our note at 3 months, Butter and Cheese, amounting per invoice to \$530.

26. Accepted O. E. Dawson's draft on us at 10 days sight, favor of C. A. Neher, for \$1000.

26. Received from Leclair & Co. their 2nd Const., consisting of 1000 bushels Peas; 50 bales Pressed Hay, 13210 lbs. Paid freight on same in cash, \$25.

27. Sold W. Winters, from Dawson's 3rd Const., 144 doz. Canned Salmon at \$1.75; 125 doz. Canned Lobsters at \$1.61. Received in payment his note at 2 months, endorsed by J. Woods, which we get discounted at College Bank at 7 per cent. Proceeds to our credit.

28. Closed Kelly & Co.'s Consts. and sent them an Account of Sales to date. Our charges are: Storage, Cooperage, and Cartage, \$10; Insurance, \$2.50; Commission on sales 2½ per cent., \$—. Their net proceeds to credit, \$—.

28. Paid Kelly & Co.'s sight draft on us of the 25th inst., per check favor of T. A. Caswell.

29. Shipped Bourdon & Co. to be sold on our account and risk, Butter and Cheese, amounting per invoice to \$350. Paid cartage on same in cash, \$3.00. (3rd shipment.)

29. J. D. Neher has failed. He owes us \$275, and we compromise at 60 per cent. Received cash \$165. Lost the balance.

30. The Bank notifies us that D. Wright's note, left by us for collection, has been paid and placed to our credit, less charges for collection, ½ per cent.

30. Closed Dawson's 3rd Const., and sent him an Account Sales to date (11 dozen Lobsters unsold.*) Our charges are: Storage, \$4.12; Insurance, \$1.60; Commission at 2½ per cent. on sales, \$—. His net proceeds to credit, \$—.

INVENTORIES.

Merchandise, \$841.67; Furniture, \$300; Insurance 1 month unexpired, \$13.33.
Shipment to Quebec, No. 3, valued at cost. Shipt. to Geo. Windsor, \$150.

* Inventories are entered on the credit side of accounts to offset cost previously entered on the debit. As the cost of the goods belonging to consignments was not entered on the debit, the value of the unsold must not be entered on the credit.

REVIEW QUESTIONS.

162. What kind of transactions are entered in Set I?
163. What is the condition of the proprietor at beginning?
164. What effect has a net gain on the capital?
165. When the net gain is not drawn out, what does it become?
166. What kind of transactions are entered in Set II?
167. When a loss occurs in business how does it affect the capital?
168. What is the smallest number of accounts into which a transaction may be entered?
169. May a transaction affect more than two accounts?
170. What must be the condition of the sum of the debits and credits?
171. How many forms of entries may transactions require?
172. What are they?
173. What must books show before entering the business transactions?
174. What do you understand by opening books?
175. How are the facts necessary for opening obtained?
176. Give the rule for entering the proprietor's resources?
177. Give rule for entering his liabilities?
178. What is shown by the difference between the sides of Stock account?
179. Give the second method of opening books?
180. How is the net capital or insolvency shown by this method?
181. What do you understand by net capital?
182. What by net insolvency?
183. What kind of transactions occur in Set III?
184. What is a personal account?
185. When the business results in a loss greater than the capital what is the proprietor's condition?
186. On which side of Balance account is the insolvency entered?
187. How is insolvency at beginning affected by a loss at closing?
188. How by a gain?
189. What are promissory notes?
190. Into what two accounts are they entered?
191. On what side is the first entry made in the Bills Payable?
192. On which is the Bills Receivable?
193. Which side of these accounts can never be the larger?
194. Why?
195. What accounts were debited and credited in opening the ledger of Set V?
196. When the insolvency at opening is greater than the gain at closing what is the proprietor's condition?
197. How would the amount be found?
198. When the insolvency at opening is less than the net gain at closing, what is the proprietor's condition?
199. How is the amount ascertained?
200. What is a Commission Merchant?
201. What does a Commission Merchant call his own goods?
202. What does he call other people's goods which he has received for sale?
203. Why is it necessary to make this distinction?
204. When we send goods to a Commission Merchant what do we call them?
205. Why is it necessary to give them a new name?
206. What does the Dr. of Const. show?
207. What the Cr.?
208. How are the net proceeds ascertained?

209. What do you mean by the net proceeds of a Const. ?
210. What is shown by the Dr. of a Shipt. account ?
211. What by the Cr. ?
212. What by the difference ?
213. How is Set VIII commenced ?
214. Explain how amounts are brought down in the ledger ?
215. What amounts are not brought down, and why ?
216. What is a draft ?
217. What is meant by accepting a draft ?
218. How is a draft accepted ?
219. Explain the difference between O. E. Dawson's account and O. E. Dawson's Const. account in Set VIII ?
220. Also the difference between Bourdon & Co.'s account, and Shipment to Bourdon & Co. ?
221. When several Consts. are received from a party who desires to know the net proceeds of each how must the entries be made ?
222. If the proceeds of each be not desired, how may the entries be made ?
223. Why are inventories entered in accounts ?
224. Why are the unsold goods belonging to Consts. not entered as inventories ?

CHAPTER IV. PRACTICAL BOOK-KEEPING.

BUSINESS RECORD, FORMS, DIRECTIONS AND SUGGESTIONS.

After completing the Skeleton Ledger it is presumed that the student has a knowledge of the purposes and aims of book-keeping, and of the facts desired to be shown, as well as the method of showing them. He will now proceed to make himself familiar with the forms of various books, documents, &c., in general use, and with the methods of showing details as well as general results. With these objects in view the student will begin at the First Set (page 19) and work it and the following Sets in proper business-like form as hereafter directed. Each Set and document connected therewith must be examined and passed by the teacher before commencing the next Set.

DIRECTIONS FOR WORKING.

SET I.

Use the Day Book, Journal and Ledger, make Trial Balance, Analyses and Invoices. Commence this Set by writing the transactions in the Day Book. In the simple forms of book-keeping the Day Book is the book of original entry, and is the most important in case of a lawsuit, as the entries in it are supposed to be made when the transactions are fresh in the mind. The entries should be made full and complete, leaving nothing to memory. They should be entered in plain and concise language, in the order of their occurrence and as soon as they occur, never before.

SUGGESTIONS ON FORM OF DAY BOOK ENTRIES.—Write the heading on the blue line above the double cross lines. It should be in the centre so as to have the unoccupied space at both sides equal.

When an entry consists of only one line begin it at the marginal line (see 1st entry in the model of Day Book on the next page).

When an entry consists partly of explanations and partly of goods, the explanatory portion is commenced at the marginal line when it occupies only one line. The goods are placed on the line below and a little to the right of the marginal line (see 2nd entry).

Articles of goods differing in kind, quality, price, &c., must be placed on separate lines (see 3rd entry).

When the explanatory part of an entry occupies more than one line, the first line is placed a little to the right of the marginal line, and each of the other lines at the marginal line; the goods are always placed to the right of it (see 4th entry).

When there is only one article of goods the price per unit is placed in the money column only (see 4th entry).

When there is not sufficient space on the line to finish the description of the goods it should be continued on the line below, beginning farther to the right than the preceding line (see 7th entry).

The cross ruling, with the date in the centre of it, is to separate the transactions. When more than one entry occurs on the same day the date is expressed by two dots. The date is always written in full at the top of each page.

The addition of the money column gives the work a more finished appearance. It is, however, often omitted.

A Day Book entry should tell what was done by us, not by others. For instance, the Day Book entry for the 2nd should not read *M. Moran sold us for cash, etc.*

MODEL OF DAY BOOK.

(Set I.)

Montreal, Jan. 1, 1888.

Margin for Journal checks.	TRANSACTIONS.	ITEMS.	TOTALS.
✓	Invested in business, cash 2		9000
✓	Bot. of M. Moran for cash, 600 brls. Flour, at \$6 3		3600
✓	Bot. of W. Quinn & Co. for cash, 350 brls. Flour, at \$5.50 100 " Do " 6.10 4	1925 610	2535
✓	Sold Urie Y. Varin, Brockville, Ont., for cash, 399 brls. Flour, at \$7.00 1 " Do (damaged), 5	2793 4 75	2797 75
✓	Bot. of O. E. Dawson & Co. for cash, 200 brls. Flour, at \$6.10 6		1220
✓	Sold C. Hannum for cash, 200 brls. Flour, at \$6.90 350 " Do " 6.25 7	1380 2187 50	3567 50
✓	Bot. of H. Cameron & Co., Burlington, Ont., for cash, 150 brls. Dominion Mills Extra Family Flour, at \$5.75 1200 bush. Spring Wheat, " 0.95 "	862 1140 50	2002 50
✓	Paid rent and clerk hire, to date in cash, "		295
			25017 75

JOURNAL.

This book is made from the Day Book. Begin at the first entry in the Day Book and decide which ledger accounts should be debited and which credited, and then enter the decision in a book kept for the purpose, called the JOURNAL. Entering in the Journal is called *Journalizing*. The Journal is not a necessary book as the posting may be done direct from the Day Book, but if an error should occur it can be more easily detected when a Journal is used.

A check mark (✓), indicating that the Day Book has been journalized, should be placed before each Day Book entry as soon as it has been journalized. (See Day Book.)

In journalizing it is customary to enter the debit first, and then the credit on the line below. The sum of the debits and credits must be equal in each entry.

The money columns should be added at the bottom of each page and at the end of

each Set, and must be equal. When the Set occupies more than one page the words "Amounts brought forward" should be written at the bottom of the first page on the same line as the additions. The same words and amounts should be written at the top of the following page on the first line below the heading.

MODEL OF JOURNAL.

(Set I.)

Montreal, Jan. 1, 1888.

Ledger Folio.	(Names of Ledger accounts to be debited).	(Names of Ledger accounts to be credited).	Amts. to be debited.		Amts. to be credited.	
36 36	Cash,	To Stock,	9000		9000	
		2 _____				
36 36	Mdse.,	To Cash,	3600		3600	
		3 _____				
36 36	Mdse.,	To Cash,	2535		2535	
		4 _____				
36 36	Cash,	To Mdse.,	2797	75	2797	75
		5 _____				
36 36	Mdse.,	To Cash,	1220		1220	
		6 _____				
36 36	Cash,	To Mdse.,	3567	50	3567	50
		7 _____				
36 36	Mdse.,	To Cash,	2002	50	2002	50
		8 _____				
36 36	Expense,	To Cash,	295		295	
			25017	75	25017	75
INVENTORY.						
	Value of unsold goods,	\$3892.50				

LEDGER.

After the journalizing is completed then comes the posting, which is done (for the present) entirely from the Journal. In business the journalizing and posting are done as soon after the Day Book entry is made as business will permit.

The page of the Journal on which the entry is recorded is written in the Ledger, in the space marked J. F. (Journal Folio), and the page of the Ledger on which the account is opened is written in the Journal in the space marked "Ledger Folio" (see Journal). These page marks should be written as soon as the entry has been posted, and will be found very convenient in referring from one book to another. In the Journal they indicate that the entry has been posted. When an Index Book is used all the L. F. may be written in the Journal before the posting is commenced, and the check mark (✓) used to indicate that the entry has been posted.

The first entry in the preceding Journal is posted as follow :

On the Dr. of the Cash account in the Ledger write the date, that is, the year, month and day. In the explanation column write the name of the account which is *to be credited*, namely "To Stock." Then the J. F. and amount, thus :

Dr.		CASH,		Cr	
Date.	Explanation.	J.F.	Amount.		
1888. Jan. 1	To Stock,	34	9000		

Then put the number of L. F. on which the Cash account stands into the Journal. The Journal entry is now half posted.

On the Cr. of Stock account write the date, and in the explanation column the name of the account that *was debited*, namely "By Cash," then the J. F. and amount, thus :

S		STOCK.		Dr	
Date.	Explanation.	J.F.	Amount.		
1888. Jan. 1	By Cash,	34	9000		

Then put the L. F. on which the Stock account stands into the Journal. The posting of the Journal entry is now complete, and the sides of the Ledger should be equal. Sometimes the accounts in the Ledger are numbered instead of the pages.

The student will be assisted in posting by remembering that in debiting an account the name of the account that is to be credited is used as explanation, and in crediting an account the name of the account that was debited is to be used. The word "To" is used on the debit side and "By" on the credit.

FORM OF LEDGER.

Showing the posting, closing and ruling for Set I. The ruling must be in red ink.

Dr.		STOCK.				Cr.	
1888 Jan.	To Balance.	9605	25	1888 Jan.	1 By Cash, 8 " Loss & Gain,	34	9000 00 605 25
		9605	25				9605 25
CASH.							
1888 Jan.	1 To Stock, 4 " Mdse., 6 " Do	34	9000 00 2797 75 3567 50	1888 Jan.	2 By Mdse, 3 " Do 5 " Do 7 " Mdse., " Expense, " Balance,	34	3600 00 2535 00 1220 00 2002 50 295 00 5712 75
		15365	25				15365 25
MERCHANDISE.							
1888 Jan.	2 To Cash, 3 " Do 5 " Do 7 " Do " Loss & Gain	34	3600 00 2535 00 1220 00 2002 50 900 25	1888 Jan.	4 By Cash, 6 " Do " Balance,	34	2797 75 3567 50 3892 50
		10257	75				10257 75
EXPENSE.							
1888 Jan.	7 To Cash,	34	295 00	1888 Jan.	7 By Loss and Gain		295 00
LOSS & GAIN.							
1888 Jan.	7 To Expense, " Stock,		295 00 605 25	1888 Jan.	7 By Mdse.,		900 25
			900 25				900 25
BALANCE.							
1888 Jan.	7 To Mdse., " Cash,		3892 50 5712 75	1888 Jan.	7 By Stock,		9605 25
			9605 25				9605 25

The exact space required for an account cannot be foretold, but when the allotted space has been filled the account should be carried forward by ruling and footing it up, and writing the words "Amount forward" on each side on the same line as the footing. A new account must then be opened, and the words "Amount forward" and the footings of the sides of the old account entered in it. The L. F. of the new account should be entered in the old one, and that of the old one in the new. An account that has amounts on one side only is carried forward by making the sides equal with red ink, using the words "Amount forward," then ruling and footing both sides. This amount is then transferred to the opposite side of the new account in black ink. The footing of an account should never be allowed to come into contact with the heading of the following account.

Large ledgers are generally ruled with spaces for accounts; the first quarter of the book being for accounts of one page or more, the second for two accounts to the page, and the remainder for three or four accounts. The spaces are divided like that shown in the heading of the Balance account in the foregoing ledger, but when there are five or six accounts on a page this ruling gives too much red ink.

FORMS OF INVOICES.

An invoice is a written description of goods sold (or shipped) at one time. It should contain the date of the sale, the names of the buyer and seller, a full description of the goods, with prices, marks, &c. It also frequently contains the terms, initials of the salesman, and mode of shipment. It is usually made on a printed form called a "Bill Head."

The invoice is furnished by the seller to the buyer, and enables the latter to check his purchase to see that everything is correct. When received, as in No. 2, it answers all the purposes of a receipt for payment.

(Note.—Use your own name in place of the word "Student.")

—FORM No. 1, FROM SET I.—

MONTREAL, *Jan. 6*, 1888.

M. C. Hannum,

Bought of A STUDENT.

<i>200</i> lbs. <i>Flour,</i>	at \$6.90	1380	00
<i>350</i> " <i>Do</i>	" 6.25	2187	50
		3567	50

FORM OF RECEIPT.

Montreal, Jan. 6, 1888.

\$3567⁵⁰/₁₀₀

Received of C. Hannum, Three thousand five hundred and sixty-seven, ⁵⁰/₁₀₀ dollars, in full of all demands.

A. Student

— FORM NO. 2, FROM SET I. —

MONTREAL, *Jan. 4,* 1888.

M^r *Wm. Y. Vain,*
Brockville, Ont.

Bought of A. STUDENT.

Terms: *Cash.*

<i>399 lbs Flour</i>	at \$7	2793	
<i>1 " Do (Damaged)</i>		4	75
<i>Received payment,</i> <i>A. Student</i>		2797	75

ACCOUNTS CURRENT.

An account current is a statement in detail of the business transactions between two houses, showing the balance due at the current date. The date on which the account is rendered is placed at the top, and that on which the transaction occurred at the side, as shown in Form 3.

SET II.

Work this set similar to Set 1. Make invoices for all goods sold.

SET III.

Work this set the same as Set 1. Enter the cash transactions in the Cash Book as follows:

Write the headings on opposite pages as shown below. Enter the receipts on the left hand page and the disbursements on the right. In the first ruled space write the year and month and in the second space the day of the month. The use of the third space will be explained in Set V.

In the fourth space enter the name of the ledger account to which the transaction was posted. It may be ascertained by referring to the Journal.

Dr.

CASH.

1888					
Mar	1	To Stock,	Invested in business,	125	35
	4	" Misce.,	Sold 2 bales B. Twills, 1500 yds., @ 10c.,	150	
	8	" Do	Sold J. D. Davis, 2 bales 40-in B. Twills,		
			1450 yds., @ 13 $\frac{3}{4}$ c.	199	38
	"	" D. E. Furnice & Co.,	On a/c.	200	
	13	" J. K. Lamont & Son,	In full of a/c.	2143	36
	14	" M. N. O'Dell,	On a/c.	350	
	"	" D. E. Furnice & Co.	Do	100	
	17	" J. K. Lamont & Son.	Do	150	
				3418	09

MONTREAL, *Mar 31, 1888.*
 Messrs. D. E. Furnice & Co.

To A. STUDENT. Dr.

1888							
Mar.	7	To 5 bales A Stiff Wigan, 3750 yds. @ 7½c.				281	25
		" 1 " 36 in. B. Twills, 750 " " 10½c.				78	75
		" 2 " W. Foulard 1550 " " 5¼c.				81	38
	15	" 5 " Maddler Pines 7546 " " 10¼c.				773	46
		" 1 " W. Foulard 775 " " 5½c.				40	63
1888						1257	47
Mar	8	By Cash on a/c			200		
	15	" do			100	300	
		Balance,				957	47

In the fifth space put the explanation. It is taken from the Day Book.

The amounts are entered in the sixth space.

The difference between the sides must agree with the cash in the drawer and must be entered on the credit in red ink. The sides are then footed and ruled. Rule the long side first, and then the other on the same level. The blank space on the short side should be filled up with the guard line.

In business the cash transactions are entered in the C. B. as soon as they occur, and the book balanced every night, so that errors may be corrected while the transactions of the day are fresh in the memory.

CASH.

Cr.

1888						
Mar.	6	By A. B. Campbell,	On a/c,			
	11	" Do	Do	125		
	13	" Expense,	Business Tax,	250		
	16	" A. B. Campbell,	Bal. of a/c,	32	50	
	"	" G. H. Innis,	On a/c,	341		
	18	" Expense,	Rent \$75, clerk hire to date, \$254.17.	243	60	
		" Balance,	On hand,	329	17	
				2096	82	
				3418	09	

When goods delivered are accompanied by an invoice, an account current is generally considered unnecessary. A statement showing the total of each debit and credit and the balance due is deemed sufficient as the purchaser is presumed to have carefully preserved the invoices.

FORM NO. 4 FROM SET III.
STATEMENT OF ACCOUNT.

MONTREAL, *Mar 31*, 1888.

Messrs. *D. E. Furnice & Co.*

To A. STUDENT, Dr.

1888							
<i>Mar.</i>	7	To Mdse as per bill rendered.				441	38
	15	" do do				816	09
		_____ <i>Cr.</i> _____				1257	47
1888							
<i>Mar</i>	7	By Cash on a/c		200			
	14	" do		100			
		<i>Balance due.</i>				957	47

The following form of heading is frequently used instead of the above

MONTREAL, *Mar. 31*, 1888.

Messrs. *D. E. Furnice & Co.*

In Acct. Current with A. STUDENT.

SET IV.

This Set is to be worked the same as Set III. Use Day Book, Journal, Ledger, and Cash Book. Render accounts current to all parties indebted to us.

SET V.

Use Day Book, Journal, Cash Book, and Ledger. The C. B. is to be used as a principal book, that is, the transactions entered in it are to be posted therefrom direct to the ledger.

Commence this Set by writing up the Day Book, then enter the cash transactions in the C. B., in the same form as in Set III. and then journalize the transactions which have *not been entered in the C. B.* The word *cash* must not appear in the Journal.

Post from the Journal as usual, and then from the C. B. as follows:—

Debit the Cash Account in the Ledger for the footing of the debit side of the C. B., and credit each account which produced the cash as mentioned in the 4th space in the C. B.

The Ledger page of each account is to be entered in the 3rd space in the C. B. The debit side of the C. B. in this Set gives one debit in the ledger which equals in amount the nine credits.

For the posting of the credit side of the C. B. credit the Cash Account with the total footing of the black ink entries, and debit each of the accounts mentioned in the 4th C. B. space. Enter the ledger pages in the 3rd space. The credit side of this C. B. gives five debits and one credit on the ledger. The balance of the cash account must be the same as that of the C. B.

Using the C. B. as a principal book saves time and labor. When the transactions are not posted from the C. B. (as in Set 3) it is called an Auxilliary book.

The student will now write all Promissory Notes mentioned in this Set, and enter them in the Bill Books. He will not experience much difficulty after he has made himself familiar with the principles contained in the following remarks :

PROMISSORY NOTES.

A Promissory Note is a written promise to pay a specified sum of money at a certain time, unconditionally, to a certain person or to his order, or to a person or bearer, or simply to the bearer.

The parties to a note are the Maker and the Payee; it may also have Endorsers.

The Maker is the party who promises to pay the note. His name is written at the bottom of it, at the right hand side. He is frequently called the Payer.

The Payee is the party to whom the money is to be paid. His name appears in the body of the note. A note is made "in favor of" the Payee.

The Endorser is a party who writes his name across the back of the note, and thereby becomes responsible for its payment if the Maker fails to pay it.

Any person who rightfully possesses a note is called the *Holder*.

The day on which the note should be paid is called the date of maturity.

To find the date of maturity of a note made payable at a certain number of days from (or after) date, count the exact number of days, from that date, without regard to months, and then add three days—thus, a note dated Jan 31, at 30 days, will mature on March 2 + 3 days = March 5, and is generally written "Mar. 2/5."

The three additional days allowed on notes are called "days of grace." The note should be presented for payment on the afternoon of the last day of grace, but if the last day falls upon a Sunday or legal holiday it is payable on the following day; and if that day is also a legal holiday it is payable on the next day.

To find the date of maturity of a note payable at one or more months from (or after) date, count the number of months, without regard to days, and then add the days of grace. The note will become due on the same day of the month as the day on which it was dated: thus, a note dated Jan. 28, at one month will mature on Feb. 28 + 3 days = March 3. When there is no day in the month in which the note matures corresponding to the day of its date it will mature on the last day of the month; thus a note dated Jan. 29, 30 or 31 at one month will mature on Feb. 28 + 3 days = March 3.

A note should be presented for payment at the place mentioned in it, but when no place is mentioned it should be presented at the office of the Maker, or at his residence or last known residence, or to him personally.

When no mention is made of interest in the note it does not draw interest until maturity. After that date it draws interest at the legal rate (six per cent). When made "with interest," it draws interest at the rate and for the time specified therein. When no rate is mentioned it bears interest at the legal rate.

When a note payable "without interest" is paid or disposed of before maturity, a discount for the unexpired time is generally allowed off the face of the note. When payable "with interest" the interest for the full time at the specified rate is added to the face of the note and the discount is then calculated on this amount for the unexpired time.

No particular form of words is necessary in the construction of a note or its endorsement, but custom has established certain forms which are in use among business men.

FORM NO. 1.

Note payable to order, without interest,

MONTREAL, May 2, 1888.

\$562⁵⁰/₁₀₀.

Ten days after date, I promise to pay to the order of H. B. Bryant, five hundred and sixty-two ⁵⁰/₁₀₀ dollars, value received.

W. J. DAVIS.

BILL BOOK.

All notes given or received by us should be entered in the Bill Book, which should contain all particulars concerning them. The Bills Receivable and Payable are generally entered in the same book, the Bills Rec. commencing at one cover and the Bills Pay. at the other.

The above note is a Bill Payable to the Maker (W. J. Davis), and should be entered on the Bills Pay. side of his Bill Book. This book is divided into 12 columns, as shown by the headings in the following model. The first eleven are for use when the note is given, but the last column cannot be used until the note has been paid or otherwise redeemed.

The following are models of Bill Books, with forms of entries:

BILLS

No.	When Issued.	Endorser.	Maker.	In Whose Favor	For what Given	Where Payable.
1	1888 May.	2	W. J. Davis.	H. B. Bryant.	Misc.	My office.

BILLS

N	When Rec'd.	Endorser.	Maker.	In Whose Favor	For what Rec'd	Where Payable
1	1888 May.	4	H. D. Stratton	W. J. Davis.	Misc.	His Office.

As this note is payable to the order of H. B. Bryant, it should not be paid until he has given his order, which he does by writing his name across the back of the note. When the note is paid it should be cancelled by writing the word "Paid" across its face, and then the entry for the payment is made in the 12th column of the Bill Book.

FORM NO. 2.

MONTREAL, May 4, 1888.

\$475⁰⁰/₁₀₀.

Ten days from date, I promise to pay W. J. Davis, or order, four hundred and seventy-five dollars, value received.

H. D. STRATTON.

This note is a Bill Receivable to the Payee (W. J. Davis), and should be entered on the Bills Rec. side of his Bill Book, as shown in the model below.

When the above note is presented for payment it should have Davis' order written on its back. When it is paid it should be cancelled, and the entry then made in the 12th column in his Bill Book. The total amount of the notes that have no entries in the 12th column is the amount of notes on hand, and must exactly agree with the balance of the Bills Rec. Ledger Account. The correctness of the work may be further verified by examining the notes in our possession.

The balance of the Bills Pay. Ledger Account must, in like manner, correspond with the unredeemed notes, as shown by the Bills Pay. Book, but this amount cannot be verified by examining the notes as they are in possession of other parties.

PAYABLE.

Date of Note.	Time.	When Due.												Amt.	When and How Redeemed.		
		Year.	Jan	Feb	M'r	Apr	May	Jun	July	A'g	Sep	Oct	N'v	Dec	Jan		
1888 May	2 10 ds.	1888					12/15									502 50	1888 May 15 Paid Cash.

RECEIVABLE.

Date of Note.	Time.	When Due.												Amt.	When and How Disposed of.		
		Year.	Jan	Feb	M'r	Apr	May	Jun	July	A'g	Sep	Oct	N'v	Dec	Jan		
1888 May	4 10 ds.	1888					14/17									475 00	1888 May 17 Recd Cash.

The word "bearer" or "order" in a note indicates that it can be transferred to another person, with full power to enforce collection by legal process taken in his own name, and is therefore called a *negotiable note*. When payable to a person named (that is to the person only) it cannot be so transferred, and is therefore called a *non-negotiable note*.

When payable to a person or bearer, or simply to bearer, it is payable to any person who presents it, and may be transferred any number of times by simply delivering the note.

When payable to a person or order, or to the order of a person, it cannot be transferred without the order of that person, which is written on the back of the note.

If he simply writes his name across the back of the note, it is then payable to any person, like a note payable to bearer. This is called an *Endorsement in Blank*.

An *Endorsement in Full* mentions the name of the person or order, to whom the note is transferred, followed by the signature of the endorser. The person to whom the note is thus transferred is called the *Endorsee*, and he may also transfer the note either by a blank or full endorsement. If he endorses in blank, no more endorsements are necessary for the transfer or payment of the note, as it then becomes payable to bearer.

FORM No. 3

NEGOTIABLE NOTE, PAYABLE TO ORDER, AT A PLACE NAMED, WITH INTEREST.

MONTREAL, May 24, 1888.
375 ⁰⁰ / ₁₀₀
Three months after date, I promise to pay to the order of W. J. Davis, three hundred and seventy-five dollars, at College Bank (here), with interest at seven per cent., value received.
T. W. KANE.

The following is the back of the above note, with an endorsement in full and an endorsement in blank.

Pay to A. AHEARN or order W. J. DAVIS. A. AHEARN.

When an endorsed note is not paid at maturity the holder should have a *notice of protest* sent by a Notary Public to the Endorser. The protest should show a copy of the note, and state that payment was properly demanded and refused, and that the holder now looks to the endorser for payment.

When an endorser pays a note he has a right to its possession, and has then a claim against the Maker and each notified endorser whose endorsement precedes his, but not against following endorsers.

In business it is customary to use blank forms for notes. They are generally printed payable "to order," but that word may be erased with the pen, and the word *bearer* written above it when desired. If the written words do not fill the allotted space the unused portion should be at the right of the words, and this should be filled up with a heavy waved pen line.

FORM No. 4.—NOTE GIVEN ON A BLANK FORM.

No. 125.	MONTREAL, <i>Jan 27, 1888</i>
<i>\$500</i> ⁰⁰ / ₁₀₀	
<i>Thirty days</i> ~~~~~	after date we promise to pay
<i>J. B. Wilson</i> ~~~~~	or order
<i>Five hundred</i> ~~~~~	⁰⁰ / ₁₀₀ Dollars,
value received.	
Due <i>April 26</i> | 88.	
	<i>Cavis & Baie.</i>

Before commencing the next Set do not fail to get your notes examined and your Bill Book signed by the teacher.

SET VI.

Use Day Book, Journal, Ledger, Cash Book and Bill Book as in Set V. Open new Ledger Accts. and Cash Book. The first Ledger used is called "Ledger A," the second "Ledger B," &c. The other books are distinguished in a like manner. Write all notes, make the entries required in the Bill Books, cancel notes paid, and compare the Bill Books with the Bills Payable and Receivable ledger accounts.

BANK ACCOUNT, CHECK BOOK, PASS BOOK, &c.

Keep a record of all transactions with the Bank in the Check Book and Bank Pass-Book. After making the necessary arrangements with the cashier regarding the discounting and collecting of notes, depositing of money, &c., the merchant writes the signature he intends to use in the Signature Book kept by the bank. He then proceeds to make his first

deposit by filling up a "Deposit Check" or "Slip," which shows the different kinds of money, checks, &c., of which the deposit is composed. (See Form of Dep. Slip on page 47.)

If the funds deposited and the Slip are found to be correct by the bank clerk (Receiving Teller) he passes the book and slip to the Ledger keeper, who enters the amount and his initials in the Pass Book, which is then returned to the depositor and serves as a receipt. (See model at bottom of pages 46 and 47.) Each deposit is accompanied by a Deposit Slip and the Pass Book, and is immediately entered. The amounts of the checks drawn by the merchant are entered by the bank clerk (Ledger-keeper) in the Pass Book whenever requested, but they are generally entered once a month, and the checks returned to the merchant.

The deposits and proceeds of notes discounted and collected are entered on the debit of the Pass-Book and the amounts drawn out on the credit. The difference will show the balance due the merchant and should agree with the balance of his Check Book and ledger bank account, if all the checks given by him have been presented at the bank. When the balance on deposit is not sufficient to pay a check the payment is refused by the Ledger-keeper answering "no funds." A depositor is not allowed to over-draw his account, unless by special arrangement.

CHECK BOOK.—This is a book of blank checks to be filled up as required. Each page consists of two parts, namely Check and Stub. (See page 49.)

A Check is a written order addressed to a bank, by a depositor, requesting the immediate payment of money to the bearer, or to a person named in the check, or to his order. When payable "to order" it must be endorsed for transfer or payment similar to a note. It is not entitled to days of grace. When writing the amount in a check, be careful to leave no space at the left hand side of the words. The unused space, if any, should be at the right and should be filled up with a heavy wavy line. Write the amount in figures on the left hand end of the check, beginning close to the \$ mark, and express the cents in the form of a fraction, so that nothing can be afterwards inserted.

The Stub is that portion of the page left in the book after the checks are torn off. On it should be written the number and the date of each check, to whom and for what given, and the amount. It should be filled before the check is written. On the back of the preceding stub enter the deposits and the proceeds of notes left by us at the bank for collection and discount. (See page 48.) The stubs in the Check Book will thus show an exact copy of our bank account, and should

be balanced whenever the Pass Book is balanced. They should agree, allowance being made for unpaid checks. When all the checks of a page are torn off, the total of each side of the stub should be carried forward to the top of the next pages. When all the checks are gone, the covers of the check-book should be cut to correspond with the size of the stubs, which then becomes a neat little book containing valuable information.

FORM OF BANK					
Dr.	COLLEGE BANK				in acct.
1888					
June	5	Cash,	H.B.	1500	
	9	Do	H.B.	1200	
	11	Do	H.B.	500	
	24	Do \$125. Ch.	\$1875 H.B.	2000	
					5200

FORM OF DEPOSIT SLIP.

DEPOSITED BY

W. J. Davis

IN THE

BUSINESS COLLEGE BANK.

MONTREAL, *June 5, 1888.*

97	x	.....1	97
25	x	.....2	50
20	x	.....5	100
25	x	.....10	250
6	x	.....50	300
2	x	.....100	200
1	x	.....500	500
	x	.....1000	
		Coin	3
		Checks	
			1500

PASS BOOK.

		with W. J. DAVIS.		Cr.	
1888					
June	15	Check	No. 1	125	50
	18	Do	2	2800	
	26	Do	3	200	
	30		Balance,	2074	50
				5200	00

FACE OF STUBS.

AND CHECKS.

No. 1.
 Date, June 15, 1888.
 To E. Roy,
 For Adse.

125 50

No. 2.
 Date, June 18, 1888.
 To P. Rasconi,
 For Our Note due this day.

2800

No. 3.
 Date, June 26, 1888.
 To Self,
 For Cash.

200

Balance. 2074 50

5200 00

No.
 Date
 To
 For

No. 1. Montreal, June 15, 1888.
 \$125⁵⁰/₁₀₀
COLLEGE BANK.
 Pay to E. Roy or Bearer,
 One hundred twenty-five⁵⁰/₁₀₀ Dollars,
 W. J. Davis.
 To the CASHIER.

No. 2. Montreal, June 18, 1888.
 \$2800⁰⁰/₁₀₀
COLLEGE BANK.
 Pay to P. Rasconi or Bearer,
 Twenty-eight hundred⁰⁰/₁₀₀ Dollars.
 W. J. Davis.
 To the CASHIER.

No. 3. Montreal, June 26, 1888.
 \$200⁰⁰/₁₀₀
COLLEGE BANK.
 Pay to Self or Bearer,
 Two hundred⁰⁰/₁₀₀ Dollars.
 W. J. Davis.
 To the CASHIER.

No. 188.
 \$
COLLEGE BANK.
 Pay to or Bearer,
 Dollars.
 To the CASHIER.

50

SECOND METHOD.—BACK OF STUB.

	1888.					
Many book-keepers prefer to subtract the first check from the amount on deposit, and then add each deposit and subtract each check as it is made. As this method always shows the "balance on deposit" the bank account is not so likely to be unknowingly over-drawn.	June	5	Deposit	1500		
	"	9	Do	1200		
			Balance	2700		
	"	11	Deposit	500		
			Balance	3200		
	"	15	Check No. 1	125	50	
			Balance	3074	50	
	"	18	Check No. 2	2800	00	
			Balance	274	50	
	"	21	Deposit	2000	00	
The Pass-Book is sometimes kept in a similar manner, especially in the Savings Department.			Balance	2274	50	
	"	26	Check No. 3	200	00	
			Balance	2074	50	

MODEL COMMISSION SET.

The object of this set is to illustrate the forms and uses of the Journal Day Book, Commission Sales Book, Invoices for Shipments, and Accounts of Sales.

JOURNAL DAY BOOK. (J.D.B.)

In this book the Journal and Day Book entries are combined; hence the name. This form of book saves time and labor. It dispenses with one book, and brings the entries into such close connection that their relation can be seen at a glance.

Considerable judgment and taste can be displayed in the arrangement of the entries but a little attention and practice will enable any one to make them neat and intelligible. (See model on page 52).

The posting is done the same as from the simple Journal.

COMMISSION SALES BOOK. (C.S.B.)

This book contains all the details of the consignment transactions. A separate account is usually opened with each consignment. The charges and net proceeds are placed on the debit side, and the sales on the credit. The form of book and arrangement of entry, are very similar to the Cash Book, as will be seen by examining the model at bottom of pages 52 and 53.

In working the following memoranda, use the Journal Day Book, Cash Book and Commission Sales Book. Enter the transactions in the order of their occurrence into the several books. Keep the Cash Book as a principal book, as previously explained, and the Commission Sales Book as an auxiliary.

MEMORANDA OF TRANSACTIONS.

Montreal, July 1, 1888.

Commenced business having on hand Cash, \$1525; Mdse. per Inv't., \$9775; House and Lot valued at \$3500; Store Fixtures, \$900; W. Warner's note of 5th ult. at 90 days for \$525; Amounts owing on account by H. Baie, \$1275, and by J. D. Davis, \$2500.

The liabilities assumed by the business are:—Amounts owing on account to H. Miller, \$1000, and to P. Joyce, \$1500. My note of 15th ult. at 60 days, favor of J. Russel, for \$2500.

2.—Sold H. Buie on account, 3000 bush. Canada Red Winter Wheat, at 87c.

3.—Bot. of H. Miller, 2000 bu-h. Canada White Winter Wheat, at 82c.; 2500 bush. Canada Spring Wheat, at 80c. Gave in payment our note at 3 months.

3.—Sold for cash 15 pes. Fancy Flannel 450 yds., at 40c.

4. Shipped B. Morin, & Co., Ottawa, to be sold on my account and risk, 1 case $\frac{3}{4}$ Doeskin, 25 pes., 625 yds., at \$1.40; 1 case Black Glace Silk, 29 pes. 1000 yds., at \$1.20; 1 case containing 10 pes. Super Fine Black Broad Cloth, 200 yds., at \$3, and 20 pes. French Merino, 900 yds., at 55c. Paid cash for Casing, Cartage, Insurance, &c., \$10. (See Invoice on page 54).

5.—Gave H. Miller, W. Warner's note of 5th ult. for \$525, less disc. 63 days at 7 per cent; Cash for balance of account to date.

6.—Received from J. Dunn, Toronto, to be sold on his account and risk, 100 brls. Superfine Flour, at \$3.15; 150 brls. Strong Bakers', Do, at \$4.10; 200 Ontario Bags (extra), at \$1.80. Paid freight \$72.75, and cartage \$15 in cash.

8.—Sold J. D. Davis on account, at 30 days. 100 brls. Superfine Flour, at \$4.05; 50 brls. Strong Bakers', Do, at \$5.25 (from J. Dunn's Const.)

9.—Sold Smith & Son for cash, 20 brls. Flour, Strong Bakers,' at \$5.25, and 50 bags Do, Ontario Extra, at \$2.15. (J. Dunn's Const.)

10.—Sold Buras & Co., from J. Dunn's Const., 80 brls. Flour, Strong Bakers', at \$5.20, and 150 bags Do, Ontario Extra, at \$2.10. Received in payment their note at 60 days.

11.—Closed J. Dunn's Const., and rendered him an Account Sales. The charges (not previously entered) are: Storage \$13. Insurance \$2. Cooperaage, etc., \$3; Commission on Sales at $2\frac{1}{2}$ per cent, \$...; J. Dunn's net proceeds placed to his credit are \$.....

12.—Received from B. Morin, & Co, an Account Sales of the goods shipped them on 4th inst. The net proceeds are \$3750, which they have placed to my credit.

13.—Received of H. Buie my note of 15th ult., favor of J. Russel, \$2500, less discount 35 days, at 8 per cent, and cash for balance of account.

14.—Received of B. Morin & Co., cash in full of account.

14.—Received cash for horse and lot sold this day, \$4000, and for rent due to date, \$15.

16.—Paid J. Dunn cash in full of account.

16.—Paid current expenses to date in cash, \$60.

INVENTORY.—Mdse. on hand, \$7688. Store Fixtures, valued \$855.

MONTREAL, JULY 1, 1888.

Mdse.	Commenced business having on hand per invt.	9775	
Real E-state.	House and lot valued at.	3500	
Fixtures.	For store and office valued at.	900	
Bills Rec	W. Warner's note of 5th ult. @ 90 ds.	525	
H. Baie.	Owes on account.	1275	
J. D. Davis.	Do Do	2500	
To Stock.	Investment (see C.B.)		18475
Stock.	Liabilities assumed.	5000	
To H. Miller.	Due him on account.		1000
" P. Joyce.	Do Do		1500
" Bills Pay.	My note fav. J. Russel @ 60 ds. from 15th ult. for.		2500
H. Baie.	Sold him on account.	2610	
To Mdse.	3000 bu. Canada R. W. Wheat @ 87c.		2610
Mdse.	Bot. of H. Miller, 2000 bush. Canada W. W. Wheat @ 82c. \$1640		
To Bills Pay.	2500 bush. Canada Spring Wheat @ 80c. 2000	3640	
	Gave in payt. my note at 3 months.		3640
Shipt. to Ottawa.	Shipped B. Morin, & Co. Ottawa, to be sold on my account and risk,		
To Mdse.	1 case $\frac{3}{4}$ Doeskin, 25 pes. 625 yds. @ \$1.40. \$875		
	1 case Blk. Glace Silk. 20 pes. 1000 yds. @ \$1.20. \$1200		
	1 case containing S. F. Blk. Broad Cloth, 10 pes. 200 yds. @ \$3. \$600	3170	
	French Merino, 20 pes. 900 yds. @ 55c. \$495		3170
	Amts. ford.	32895	32895

COMMISSION.

DR.

J. DUNN'S CONST.

1888				
July	6		Received from him, per Str. "Queen," to be sold on his account and risk.	
			100 brls. Superfine Flour,	
			150 brls. Strong Bakers' Flour.	
			200 bags Ontario, Extra.	
	6	To Cash.	Paid freight in cash.	72 75
	"	" Do	" Cartage "	15
	11	" Charges.	Storage, \$13. Ins., \$2. Coerage, \$3.	18
	"	" Commission	2 1/2 per cent. on sales, \$1611.	40 28
	"	" J. Dunn.	His net proceeds to Cr.	1461 97
				1611

MONTREAL, JULY 5, 1888.

		Amts. brot. ford			
			32895		32895
H. Miller.	Gave him on account W. Warner's note of 5th ult. @ 90 ds. \$525.00		518	57	
Interest.	Disc. off 63 ds. @ 7 per cent. 6.43			43	
To Bills Rec.	Amount of note.		6		525
<hr/>					
J. D. Davis.	Sold him at 30 days, 100 brls. Superfine Flour @ \$1.05. \$405.00		667	50	
To J. Dunn Const.	50 brls. Strg. Bakers' Flour @ \$5.25. \$262.50				667 50
<hr/>					
Bills Rec.	Sold Burns & Co. on their note at 60 days, Bill of Flour per C. S. B.		731		731
To J. Dunn Const.					
<hr/>					
J. Dunn Const.	Closed J. Dunn's Const. and rendered him an Account Sales.		1523	25	
To Charges.	Storage, \$13. Insurance, \$2. Coopersage, etc., \$3				18
" Com.	2 1/2 per cent. on Sales, \$1611.				40
" J. Dunn	His Net Proceeds to Cr.				1464 97
<hr/>					
B. Morin & Co.	Received from them an Account Sales of the goods shipped on 4th inst. on my account and risk.		3750		
To Shipt Ottawa.	The net proceeds to Cr. are.				3750
<hr/>					
Bills Pay	Received of H. Buie, My note of 15th ult., fav. of J. Russel. Face of note. \$2500.		2500		
To Interest.	Disc. off 35 days. at 8 p. c. \$19.45				19 45
" H. Buie.	Balance to his Cr				2480 55
			42591	75	42591 75

SALES BOOK.

J. DUNN'S CONST.

Cr.

1888					
July	8	By J. D. Davis.	Sold him at 30 days : 100 brls. Superfine Flour @ \$1.05. \$405.00 50 brls. Strong Bakers' Do. @ \$5.25 262.50		667 50
	9	" Cash.	Sold Smith & Son for cash, 20 brls. Flour, Strg. Bakers' @ \$5.25. \$105.00 50 bags Do., Ontario Extra @ \$2.15. 107.50		212 50
	10	" Bills Rec.	Sold Burns & Co. on note at 60 days, 80 brls. Flour, Strg. Bakers' @ \$5.20. \$416.00 150 bags Do., Ontario Extra @ \$2.10. 315.00		731
					1611

75
28
97

When goods are shipped to an agent, they should be accompanied by an invoice made, somewhat after the following form :—

Invoice of Mdse. shipped per Steamer "Prince" (Capt. John Wilson), in good order, and consigned to B. Morin, & Co. Ottawa, to be sold on account and risk of shipper.

M	14	1 es. 25 pes., 3-4 Doeskin. $\begin{matrix} 3 & 5 & 2 & 6 & 6 & 1 \\ 23 & 24 & 24^2 & 25 & 26 & 27 \end{matrix}$ =625 yds.,	@ \$1.40.	875
	15	1 es. 20 pes. Blk. Glace Silk. $\begin{matrix} 4 & 3 & 1 & 3 & 1 & 5 & 3 \\ 48 & 49 & 49^3 & 50 & 50^1 & 51 & 52 \end{matrix}$ =1000 yds.	@ \$1.20.	1200
	16	1 es. Broad. Cloth and Merino. 10 pes. S. F. Blk. Broad Cloth. $\begin{matrix} 1 & 1 & 6 & 1 & 1 \\ 18^2 & 19^3 & 20 & 20^1 & 21^2 \end{matrix}$ =200 yds.	@ \$3.	600
		20 pes. French Merino. $\begin{matrix} 3 & 3 & 1 & 6 & 1 & 3 & 3 \\ 43 & 44 & 44^1 & 45 & 45^3 & 46 & 47 \end{matrix}$ =900 yds.	@ 55c.	495
		—————CHARGES.—————		3170
		Casing, Cartage, Insurance, &c.		10
				3180
		E. & O. E.		
			A. STUDENT, <i>Shipper.</i>	
		Montreal, July 4, 1888.		

The above invoice would be forwarded to the consignees in a letter giving instructions concerning sales, &c., somewhat like the following :—

MONTREAL, July 4, 1888.

Messrs. B. MORIN & Co.
Ottawa.

GENTLEMEN,—Enclosed you will find invoice of goods shipped this day per Steamer "Prince," to be sold on my account and risk, as per arrangement.

Please exercise your own judgment regarding sales, but I hope you will be able to favor me with a remittance at an early date.

Very truly yours,
A. STUDENT.

When all the goods belonging to a consignor are sold the commission merchant (consignee) should send the owner (consignor) a statement showing, in detail, the sales of the goods with the charges thereon, and the net proceeds. This statement is called an Account Sales and is most conveniently made from the C. S. B. in the following form:—

ACCOUNT SALES of Mdse., on account and risk of J. Dunn, Toronto.

1888							
July	8	Sold J. D. Davis, at 30 days, 100 brls. Superfine Flour, @ \$4.05.	405				
		50 " Strong Bakers' Do. @ \$5.25.	262	50	667	50	
	9	Sold Smith & Son, for cash, 20 brls. Strong Bakers' Flour, @ \$5.25.	105				
		50 bags Ontario, Extra, @ \$2.15.	107	50	212	50	
	10	Sold Burns & Co. on note at 60 days, 80 brls. Strong Bakers' Flour, @ \$5.20.	416				
		150 bags Ontario, Extra, @ \$2.10.	315		731		
1888		—————CHARGES—————			1611		
July	6	Paid freight \$72.75, Cartage \$15 in cash.	87	75			
	11	Storage \$13. Ins. \$2. Coorage, &c., \$3.	18				
	"	Commission on Sales, \$1611, @ 2½ per cent.	40	28	\$146	03	
		J. Dunn's net proceeds.			1464	97	
		E. & O. E.					

A. STUDENT.

MONTREAL, July 11, 1888.

The Account Sales should be accompanied by a letter somewhat after the following form:—

MONTREAL, July 11, 1888.

J. DUNN, Esq.,
Toronto.

DEAR SIR.—Enclosed you will find Account Sales of goods shipped me on the 6th inst. The net proceeds are \$1464.97, which have been placed to your credit, subject to your orders. I trust you will find the results satisfactory.

As there is quite a demand for flour in this market with an upward tendency in prices for good qualities, I consider the present a very favorable time for shipping. I will be pleased to give close attention to any further orders entrusted to my care.

Thanking you for past favors, I remain,

Very truly yours,

A. STUDENT.

SET VII.

Use the Journal Day Book, Cash Book, Commission Sales Book, and Ledger, as exhibited in the preceding set. Keep Bill Book, Check Book, and Pass Book, as directed in the Sixth Set. Make an Invoice for the shipment, an Account Sales for the consignment, and write letters.

Open the ledger accounts sufficiently large to contain the posting of the 7th, 8th and 9th sets under the same headings. Allow Cash, Bills Receivable, Bills Payable, College Bank, and Loss & Gain, $\frac{1}{2}$ a page each, and all other accounts $\frac{1}{3}$ page each. Open the Balance Account for this set on loose paper—not in the ledger.

SET VIII.

Commence this set by bringing down the balances of the Seventh as explained on page 25. Use the same books as in the preceding set.

Write all notes and drafts with the necessary acceptances, endorsements, cancellations, &c., and make the required entries in the Bill Books.

Before beginning this set the student should become familiar with the principles contained in the following brief remarks on

DRAFTS.

A Draft is an unconditional request or order written by one person to another, requesting him to pay a specified sum of money to a person named therein, or to his order, or to the bearer.

A Draft is simply a letter, in which the formal, or English style of address, is generally used, that is, the names of the writer, and the person to whom it is written, are both placed at the bottom. The writer is called the DRAWER of the draft, and he places his name at the right hand side. The party to whom it is written is called the DRAWEE, and his name is placed at the left hand side. The party to whom the money is to be paid is called the PAYEE, and his name appears in the body of the draft. Drafts are drawn by the Drawer on the Drawee, in favor of the Payee. (See Form 1). There are usually three parties connected with a draft; but the Drawer may draw in favor of himself, in which case he is also the Payee.

The theory upon which a draft is based is, that the Drawee is indebted to the Drawer for an amount equal to that for which the draft is drawn. The indebtedness does not always exist, as drafts are frequently drawn and accepted for accommodation.

As a draft is simply a letter requesting the payment of money, the Drawee is not liable upon it until he makes himself so. As he is at liberty to refuse or accept the responsibility of paying the draft, it is desirable to get, as soon as possible, his promise to pay it. This promise is given by the Drawee writing, generally with red ink, the words *accepted, the date and his signature* across the face of the draft. This is called *accepting the draft*; the draft is then called an *acceptance*, and the drawee is called the *acceptor*. (See Form 2.) The place of payment may be inserted in the acceptance, when no place has been mentioned by the drawer. (See Form 3.)

When a draft is drawn payable "at sight," or a specified time "after sight," the date on which it was accepted should be given in the acceptance, and as it is from that date the time is counted in finding the date of payment, the draft should be presented for acceptance as soon as possible.

When payable at a specified time "after date," it is not necessary to give the date of acceptance, as the time of payment counts from the date of the draft. It is, however, advisable to give it.

Drafts payable "on demand," are not entitled to the days of grace.

When the drawee refuses to accept a draft, it is said to be *dishonored*, and the holder should then have the drawer properly notified. This notice is generally sent by a Notary, and is called a "notice of protest for non-acceptance." It should state that the draft was properly presented, and that acceptance was refused, and that the holder now looks to the drawer for the payment of the draft, interest, damages, &c.

When a draft has been accepted, the holder must present it for payment when it becomes due; and if payment be refused, he must have the drawer properly notified, and then the drawer becomes responsible for the payment of it. It is then said to be "protested for non-payment." Endorsers on a protested draft to whom the holder intends to look for payment must be also notified. (See Form 4.)

The law presumes that the drawer, by the very act of drawing the draft, says to the payee: "Present this draft to the proper person, in a proper manner, at the proper time and place, and if he does not honor and pay it I will, if you properly notify me without unnecessary delay." The payee by the act of receiving the draft agrees to these conditions, and he must perform all of them or he will lose his recourse against the drawer.

When a draft is left for collection at a bank, a slip of paper may be attached to it bearing the memorandum, "Not to be protested. Take this off before presenting." If the draft is not accepted or collected, it will be returned without incurring the expenses caused by protesting.

The endorser of a note or draft may also be held liable without a protest, by making an agreement to that effect. This is done by the endorser writing upon the back of the bill the words, "I hereby accept notice of non-payment, and waive protest," and his signature.

Drafts are transferred by delivery and endorsements the same as notes, and the liabilities and duties of the endorsers are also the same. The liability of the drawer of a draft is similar to that of the first endorser on a note. On an accepted draft the drawee's liability is the same as that of the maker of a note.

The maker of a note and the drawee of a draft are first called upon for payment, and in case they fail to pay, then the endorser of the note and the drawer of the draft are held responsible for the payment.

The holder of a protested draft has a claim against the acceptor, drawer, or any properly notified endorser, and can take action against any of them. Any endorser who pays such a draft has a right to the possession of it, and can then demand payment from the acceptor, drawer, or any other protested endorser whose name was attached to it before his, but not from subsequent endorsers.

FORM 1.

DRAFT PAYABLE TO BEARER AT A SPECIFIED TIME FROM SIGHT.

Montreal, Aug. 6, 1888.

$\$350.00/100$

*At five days sight, pay to J. Durand, or bearer
Three hundred and fifty dollars, value received, and charge to
account of*

<i>To J. Smith, Esq., Toronto. }</i>	<i>Student & Mason.</i>
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We cannot tell the date of payment of the above until it has been accepted. It would require time for transmission to Toronto, and may then be left with the drawee for about twenty-four hours, to give him an opportunity to ascertain if he will owe the drawers that amount when the draft becomes due. It would probably be accepted on the 8th, and 5 days after, with 3 days grace, would give August 16th as the date of payment.

FORM 2.

ACCEPTED DRAFT PAYABLE TO ORDER AT A SPECIFIED TIME AFTER SIGHT.

Campbellton, N. B., Aug. 9, 1888.

$\$2752.05/100$

*Three days after sight, pay to W. J. Conroy,
or order, Twenty-seven hundred and fifty-two $05/100$ dollars,
at City Bank here, value received, and charge the same to
account of*

<i>To Student & Mason, Montreal. }</i>	<i>O. E. Dawson..</i>
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Accepted J. Durand, Montreal, Aug. 10, 1888.

FORM No. 3.

DRAFT DRAWN ON A BLANK FORM, PAYABLE TO ORDER AT A SPECIFIED TIME
AFTER DATE, WITH ACCEPTANCE CONTAINING PLACE OF PAYMENT.

No. 1234.	KINGSTON, ONT., Aug. 25, 1888
\$ 2750 ⁰⁰ / ₁₀₀	Pay to the order of
<i>Ten days after date,</i>	John Smith,
<i>Thirty-seven hundred and fifty</i>	⁰⁰ / ₁₀₀ Dollars
Value Received, and charge the same to account of	
<i>To H. B. Pine, Esq.,</i> <i>Montreal.</i>	<i>J. Gaske.</i>

Back of above draft, showing transfer by endorsement, also Notarial certificate of protest.

<i>Pay to C. D. Davis, or order.</i> <i>John Smith.</i>	<i>Protested by me for non-payment,</i> <i>this 10th Sept., 1888 Cash, \$ 254.</i> <i>E. Cook, N.B.</i>
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For form of Notarial Protest and Notice see page 62.

BILL BOOKS.

The following models of Bill Books show the entries for drafts per Forms 1 and 2. The headings given are very convenient for entering both notes and drafts. As the liability of the drawer and endorser is similar, they are entered in the same column. The drawee and maker are also entered in one column for the same reason.

BILLS

No.	When Rec'd.	Drawer. Endorser.	Drawee. Maker.	In whose Fav'r	For what received.	Where payable.
3	1888 Aug. 6	Student & Mason.	J. Smith.	J. Durand.	On acct.	

BILLS

No.	When Issued.	Drawer. Endorser.	Drawee. Maker.	In whose Fav'r	For what given.	Where payable.
3	1888 Aug. 9	O. E. Dawson	Student & Mason.	W. J. Conroy.	On acct.	C. Bk., Campbellton.

The amount of the Bills Receivable, *not disposed of*, as shown by the Bill Book, should agree with the balance of the Bills Rec. Account in the Ledger, and also with the amount of notes actually on hand.

The amount of the Bills Payable, *unredeemed*, as shown by the Bill Book, should agree with the balance of the Bills Payable Account in the Ledger.

Many book-keepers prefer to rule out, with ink, the amount of each cancelled note in the Bill Book, so that the addition of the remaining notes will agree with the balance of the account.

RECEIVABLE.

Date of Note or Acceptance		Time.		When Due.												Amt.	When and How Disposed of.	
1888	Date	Sig't	Year	Jan	Feb	Mar	Apr	M'y	J'n	J'y	Aug	Sep	Oct	N'y	Dec	Jan		1888
Aug	8	5 ds.	1/88								13/16						350	A g 7 Furniture.

PAYABLE.

Date of Note or Acceptance		Time.		When Due.												Amt.	When and How Redeemed.	
1888	Date	Sig't	Year	Jan	Feb	Mar	Apr	M'y	J'n	J'y	Aug	Sep	Oct	N'y	Dec	Jan		1888
Aug	13	3 ds.	1/88								16/19						2752.05	A g 19 Paid per C. Bk.

When entering foreign bills, the amount of the foreign currency when it differs in denomination from ours should be put in red ink, any place on the line where there is vacant space. The equivalent in dollars is entered in the money column.

When a bill or note is dishonored, the words "Protested for non-acceptance" or "non-payment," and the fees, should be written in red ink, in any vacant space on the line occupied by the bill.

When we become liable on dishonored bills or notes, they may be entered in the Bills Payable Book if they remain outstanding.

FORM NO. 4.—NOTARIAL PROTEST AND NOTICE OF PROTEST.*

(The parts printed in *Script* are written with a pen.)

Kingston, Ont., Aug. 23, 1888

\$3750⁰⁰/100

Ten days after date, pay to the order of John Smith, Thirty-seven hundred and fifty⁰⁰/100 Dollars, value received and charge the same to account of

J. Fasker.

*To H. Buis, Esq., }
Montreal }*

(Endorsed) Pay to J. D. Davis, or order.

John Smith.

On this *fifth* day of *September*, in the year one thousand eight hundred and *eighty-eight*, in the afternoon, I, *Charles Cushing*, Notary Public for the Province of Quebec, in the Dominion of Canada, dwelling in the City of Montreal, at the request of *J. D. Davis, Professor*, residing in the said City of Montreal, did exhibit the Original Bill of Exchange, whereof a true copy is above written, unto *H. Buis*, the acceptor thereof, at the *Business College Bank, Montreal*, and speaking to a clerk thereof, did demand payment thereof, unto which demand he answered "*no funds*."

Wherefore, I, the said Notary, at the request aforesaid, have protested, and by these presents do protest, against the Drawer, *Acceptors* and Endorsor of the said Bill, and all other parties thereto, or therein concerned for all exchange, re-exchange, and all costs, damages, and interest, present and to come, for want of *payment* of the said Bill.

All which I attest under my signature.

(Protested in Duplicate, one whereof remains of record in my office, under the number *fifty* thousand *six* hundred and *eight*.)

Charles Cushing, N.P.

*The student will find much useful information in the Civil Code for the Province of Quebec, and Cushing's Notarial Form Book.

BILLS OF EXCHANGE (B_E)

A draft is foreign or inland. It is called foreign when drawn in one country and payable in another; and inland, when both drawer and drawee reside in the same country. The former is usually called a Bill of Exchange and the latter a draft.

The amount for which a Bill of Exchange is drawn should be expressed in the currency of the country where it is payable. When payable in England, it should be *pounds*; in France, *francs*; and in this country and the United States, *dollars*.

Bills of Exchange are usually drawn in sets of two or three, thus:—

<i>No. 44.</i>	<i>Montreal, Jan. 10, 1858.</i>
<p>1. Exchange for £1000. Thirty days after sight of this First of Exchange, (second and third unpaid) pay to the order of A. Pirie & Son, One thousand pounds, sterling, value received, and charge to account of</p>	
<i>G. L. Airth.</i>	
<p>To J. P. Davis, Esq. } London, Eng. }</p>	

<i>No. 44.</i>	<i>Montreal, Jan. 10, 1858.</i>
<p>2. Exchange for £1000. Thirty days after sight of this Second of Exchange, (first and third unpaid) pay to the order of A. Pirie & Son, One thousand pounds, sterling, value received, and charge to account of</p>	
<i>G. L. Airth.</i>	
<p>To J. P. Davis, Esq. } London, Eng. }</p>	

No. 14

Montreal, Jan. 10, 1888.

3. Exchange for

£1000. Thirty days after sight of this Third of Exchange (first and second unpaid) pay to the order of A. Pirie & Son, One thousand pounds, sterling, value received, and charge to account of

G. L. Smith,

To J. P. Davis, Esq.,
London, Eng. }

By closely observing the wording of the first, you will perceive that the drawee is requested to pay it if he has not already paid the second or third. If he has paid either the second or third, he is not required, or even asked by the drawer to pay the first. In the second he is requested to pay if he has not paid the first or third. If he has paid either the first or third, he will not, of course, pay the second. In the third he is in like manner asked to pay if he has not already paid the first or second. The drawee is entitled to the possession of the one he pays, as it is his proof of payment. When one is paid the others are void; for the whole set constitutes but one Bill of Exchange.

The object of drawing them in sets is that they may be sent by different conveyances, or at different dates, so as to save time in case one or more should be lost.

Bills of Exchange are used for the same purposes as drafts, and like them, must be presented for acceptance and payment, and in case of dishonor must be protested.

Bills of Exchange are usually sold by banks and brokers, and are very convenient for paying debts due in distant places. Suppose A B, of Montreal owes C D, of London, England, and wishes to pay the debt, he can buy from the bank a set of Exchange drawn on a bank in London, payable to the order of C D. He can then send the first of exchange by steamship from Montreal, and the second by the next steamer, or by way of New York. C D. will get the first one that arrives accepted and paid by the bank on which it was drawn, and this of course settles his account against A B.

A B would probably keep one as voucher, in case the other two should be lost; which, of course, is very unlikely. It would be absurd for him to send the three in one envelope.

SET IX.

To be worked in the same form and manner as the Eighth Set.

REVIEW QUESTIONS.

225. What knowledge should be acquired while using the skeleton ledger?
 226. What is then to be learned?
 227. What books are to be used in the First Set? 228. What documents are to be made out?
 229. Why is the Day Book an important book? 230. When are the entries made in it? 231. What should they contain? 232. What style of language should be used?
 233. In what order and when should they be made? 234. Rule paper, and enter the following transactions in appropriate language, and proper Day Book form.
- (a.) Oct. 1. 1888. Invested in business, this day, cash amounting to \$2500.
 (b.) " 2. Bought of C. J. Doherty on account 1000 tons egg coal at \$3, and 600 tons stove coal at \$3.50.
 (c.) " 2. D. Donovan bought of us on account 100 tons stove coal at \$5.15.
 (d.) " 3. Sold James McShane on account 500 tons egg coal, to be delivered by us at his yard, at the following prices, namely: 300 tons at \$5, and 200 tons at \$5.10 per ton.
 (e.) " 3. Paid Albert Routhier's bill for cartage on above, \$125 in cash.
 (f.) " 3. Sold D. Donovan 250 tons stove coal at \$5.05, and 300 tons egg coal at \$5.05; and received in payment for the above goods his note, signed by him at sixty days for \$500, and John Ward's note made in his favor, and dated on the 19th of August, for \$500, also check on College Bank for \$500, and the balance is to be paid by him in 60 days from this date.
 (g.) " 4. Bought for cash 1 chaldron coke at \$3, for office use, and paid a man for carrying it in, 30c.
 (h.) " 4. D. Donovan paid us cash on his account \$515.
235. What is journalizing? 236. Where are the Journal entries taken from?
 237. Where are they taken to? 238. How can you tell that a Day Book entry has been journalized? 239. Is the Journal a necessary book?
 240. What is posting? 241. How can you tell that a Journal entry has been posted?
 242. When should a Ledger account be carried forward? 243. Explain how it is done when there are amounts on both sides. 244. How when there are amounts only on one side?
 245. What is an invoice, and what does it contain? 246. Make an invoice for the goods sold James McShane, per question 234 d. 247. Write a copy of the receipt for the payment of the cartage on the above goods. 248. How may an invoice be made into a receipt?
 249. What is an account current? 250. Make one for transactions with D. Donovan, per question 234. 251. What is a statement of account? 252. Make one for D. Donovan.
 253. What is entered in a Cash Book? 254. How often should it be balanced?
 255. Why? 256. With what should the balance agree? 257. What is the difference between a Cash account and a Cash Book? 258. What parts of the C. B. are similar to a Journal, and a D. B.? 259. What transactions are omitted from the Journal when

the C. B. is used as a principal book, and why? 260. What is a principal book? 261. What is an auxiliary book? 262. Explain how the Dr. of a C.B. is posted. 263. How the Cr.? 264. What is the advantage of using a C.B. as a principal book? 265. What is the difference between a cash account in the Ledger when the C.B. is used as a principal and as an auxiliary book?

266. What is a promissory note? 267. How many parties can there be to a note and what are they called? 268. Who is the maker? 269. By what other name is he sometimes known? 270. Where does his name appear? 271. Who is the payee? 272. Where does his name appear? 273. In whose favor is the note made? 274. Who is the endorser? 275. When does he become liable on the note? 276. Who is the holder? 277. What is the date of maturity? 278. How is the date of maturity found when the note is payable a given number of days after date? 279. How when payable a given number of months after date? 280. What are "days of grace?" 281. When should a note be presented for payment? 282. What about a note falling due on Sundays and holidays? 283. Where should notes be presented for payment? 284. When a note is payable with interest, for what time and rate per cent. does it draw interest? 285. After it becomes due what rate of interest does it then draw? 286. If payable with interest, but no rate mentioned, at what per cent. does it draw? 287. When no interest is mentioned in the note, when does it begin to draw interest? 288. At what rate? 289. How is the discount calculated on a note payable without interest? 290. How is the discount calculated on a note payable with interest? 291. What is a negotiable note? 292. What words indicate its negotiability? 293. What is a non-negotiable note? 294. How may a note payable to bearer be transferred? 295. How when payable to order? 296. What is an endorsement in blank? 297. What is an endorsement in full? 298. What kind of endorsement requires another endorsement? 299. How may further endorsements be made unnecessary? 300. Who is an endorsee? 301. What should be done when an endorsed note is not paid at maturity? 302. Why should not an unendorsed note be protested? 303. What is stated in a protest? 304. When an endorser pays a note, against whom has he a claim? 305. In filling blank forms where should the written words begin, and what should be done with unoccupied spaces? 306. How can a note given on a blank form, printed payable *to bearer*, be changed so as to be payable *to order*? 307. What are entered in the Bill Books? 308. What should the entry show? 309. Write the heading for a Bill Receivable and Payable Book suitable for notes. 310. When is the entry made in the last column? 311. What should be done to a note payable to order before presenting it for payment? 312. When paid, how is it then cancelled? 313. How can the amount of the notes on hand be found from the Bill Book? 314. With what should the amount agree? 315. How can the amount of our notes outstanding be found from the Bill Book? 316. With what should that amount agree?

317. When a Ledger is filled, how is a new one opened? 318. How is the old Ledger distinguished from the new?

319. What arrangements are generally made with the Cashier before opening a bank account for business purposes? 320. For what other purpose might a bank account be opened? 321. What is the merchant then required to sign, and why? 322. What does a Deposit Slip show? 323. To whom are it and the money given? 324. What does he do with them? 325. What is done by the Ledger-keeper?

326. What is a Bank Pass-Book? 327. What is shown by its Dr. side, Cr. side, and difference? 328. When are the entries made on its Dr., when on its Cr.? 329. What use to a merchant are his checks returned by the Bank? 330. With what should the balance of the Pass-Book agree? 331. How could they disagree and still be correct? 332. When does the Ledger-keeper say "no funds?"

333. What is a Check-Book? 334. What is a check? 335. What is required on a check payable to order before it will be paid? 336. What when payable to bearer? 337. What care should be taken when writing the amount on a check? 338. What when writing the amount in figures? 339. What is the Stub and what does it show? 340. Write a letter describing two methods of keeping the Bank account in the Check-Book.

341. For what purpose is the Model Commission set given? 342. Why is the Journal Day Book so called? 343. What are the advantages of the J. D. B.? 344. How is it posted? 345. What does the C. S. B. contain? 346. What is entered on its Dr.? 347. What on its Cr.? 348. How are the net proceeds found? 349. Write a heading for an invoice of goods shipped to your agent in Quebec. 350. What is an Account Sales? 351. By whom and when should it be made? 352. With what should it agree? 353. What is meant by consignor and consignee? 354. What by E. & O. E.

355. What books are used in the Seventh Set? 356. Is it customary in business to keep the Balance account in the Ledger? 357. When goods are received to be sold on commission why is their cost not entered in the money column? 358. If requested to close a consignment before all the goods are sold, what should be done with the amount of the unsold and why? 359. When is it unnecessary to open a separate account with each consignment?

360. What is a draft? 361. What is the writer called? 362. Where does his name appear? 363. Who is the drawee? 364. Where does his name appear? 365. Who is the payee? 366. Where does his name appear? 367. By whom are drafts drawn? 368. On whom? 369. In whose favor? 370. How many parties are usually connected with a draft? 371. When may there be only *two*? 372. Upon what theory is a draft based? 373. Is it always so? 374. Why? 375. Why should a draft be accepted as soon as possible? 376. How does the drawee give his promise to pay the draft? 377. After a draft has been accepted what is it called? 378. What is the drawee then called? 379. When may the acceptance contain the place of payment? 380. Why should the date of acceptance of sight drafts be given? 381. Why is it unnecessary in drafts payable after date? 382. What kind of drafts are not entitled to days of grace? 383. What should be done by the holder of a dishonored draft? 384. What is a dishonored draft? 385. Who sends the notice and what is it called? 386. What should it state? 387. When should an acceptance be presented for payment? 388. Who should be notified if it is not paid? 389. Why? 390. What is that notice called? 391. What agreement is the drawer presumed to have made? 392. What is the payee's agreement? 393. Why should negligence on the part of the payee affect his claim? 394. How may a Bank be instructed not to protest an unpaid draft? 395. How may endorsers be held liable without a protest? 396. What kind of drafts may be transferred by delivery? 397. What by endorsements? 398. What parties on an acceptance are similar to the maker and endorser of a note? 399. Who are first called upon to pay

notes and drafts? 400. If they do not pay who could then be called upon and in what order? 401. On what kind of drafts is it necessary to know the date of acceptance in order to find the date of payment? 402. Why? 403. How long may a drawee hold a draft before accepting it? 404. Why? 405. Write an accepted draft payable to order. 406. Write the headings of a Bills Payable book for notes and drafts. 407. Also of a Bills Receivable book. 408. With what should the Bills Receivable on hand agree? 409. With what the outstanding Bills Payable? 410. How may the addition of the Bill Books be made to agree with the balances of their Ledger accounts? 411. How should the amounts of foreign Bills be entered? 412. How may protested Bills be marked in the Bill Books? 413. Under what circumstances may an entry be made in the Bills Receivable and Payable books for the same Bill? 414. Write an accepted draft with place of payment fixed by the acceptor. 415. Enter the protest upon it. 416. Write the printed part of a blank form for protest and notice in red ink, leaving appropriate blank spaces. 417. Fill the above blank form, using black ink. 418. Fold and fyle it.

419. What is a Foreign Bill of Exchange? 420. In what kind of currency should a Bill of Exchange be made? 421. What is the drawee requested to do in the First of Exchange? 422. What in the Second? 423. What in the Third? 424. Why does the payment of one render the others void? 425. Why should a B/E be presented for acceptance and payment? 426. When and why should they be protested? 427. By whom are they usually sold? 428. For what are they convenient? 429. Explain the operation of paying a debt in Paris, France, by means of a B/E. 430. Why would it be absurd to send the three in one envelope? 431. Write a Set of Exchange drawn by the College Bank on the Bank of England for £125.10.6 stg., payable in London at 60 days sight to the order of Jones & Co.

CHAPTER V.

SINGLE ENTRY.

Bookkeepers and authors differ greatly as to what constitutes Single Entry. It may, however, be regarded as a partial record of business transactions confined chiefly to personal indebtedness. It contains no intentional record of losses and gains, and affords no proof of the correctness of the work.

Double Entry is a complete record of business transactions. It treats not only of personal indebtedness, but also of property and causes. It contains a systematic record of losses and gains, and affords a proof of the correctness of the work by means of the Trial Balance.

Single Entry is so called because there is only one posting ~~for~~^{from} each entry, and only one method of showing the net loss or gain.

Double Entry derives its name from the fact that each transaction requires at least two postings to the ledger, and that it affords two methods by which the net gain or loss can be found. Both methods must give the same results.

These methods are:—

1st. By keeping a record of the gains and losses in accounts employed for that purpose. The difference between the results of these accounts is the net gain or loss.

2nd. By keeping such a record of resources and liabilities as will enable us to find the net capital or net insolvency at stated periods of time. The difference between the resources and liabilities shows the net capital when the resources are the greater, and the net insolvency when the liabilities are the greater.

If there be a net capital at the beginning and end of the year, or a net insolvency at both, the net gain or loss is found by subtraction. If there be a net capital either at the beginning or end of the year, or a net insolvency at either, the net gain or loss is found by addition.

In Single Entry the condition of the business can be found only by the second method, and the resources and liabilities are generally collected at the end of the year for that purpose in a form somewhat similar to the following:—

STATEMENT OF HECTOR BUIE'S RESOURCES AND LIABILITIES.

TAKEN OCTOBER 31, 1888.

—RESOURCES.—			
Cash on hand			1500
Mdse. on hand per inventory			8764
Store Fixtures do			450
Bills Receivable on hand as follows:—			
J. B. Morin's note	1000		
O. Duchesny's acceptance	634	75	1634
Personal accounts receivable as follows:—			75
John Kearney	284	37	
Luke J. Egan	193	67	
Henry Lawlor	345	96	824
Balance in deposit in College Bank			3500
			16673
			25
—LIABILITIES.—			
Personal accounts payable as follows:—			
L. Gareau & Co.	\$2500		
J. W. Harwood	4673.25	7173	25
Bills Payable outstanding as follows:—			
Acceptance favor of W. Michaud	783.55		
Note " " John Buie	916.45	1700	8873
Net capital at closing			7800
" investment			6000
" gain			1800

The object of making this statement is to find the net gain or loss, so that the proprietor's account may be increased or diminished by that amount, in order to make it show his net capital.

The first four resources in the above statement could be found without any attempt at bookkeeping, thus:—

The amount of cash on hand could be found at any time by counting the money in the cash box or drawer.

The value of the Mdse. and Store Fixtures could be found by "taking stock." (See note on page 5.)

The amount of the bills receivable we own could be found by examining the notes and drafts we have on hand and adding their amounts.

But the amounts of the personal accounts receivable and payable can be found only by keeping a record of our transactions with each person, and it is for this purpose single entry is chiefly used. The definition and rules for adjusting Personal accounts are given on page 2. The record is first made in the Day Book, and is then posted to the person's ledger account. The amount of the "personal accounts receivable" can be readily ascertained by adding the differences between the sides of such ledger accounts as have the debit the larger. The amount of the personal accounts payable is found by adding the balances of all ledger accounts that have the credit the larger.

As other people have our "bills payable outstanding" the amount can only be found from a memorandum of notes and acceptances issued and redeemed. This might be kept in the form of a ledger account for bills payable, but the Bill Book is the most convenient form of record.

A Double Entry bookkeeper possesses all the scientific knowledge necessary for Single Entry, but he is required to use only part of it. If he were to strike out all the debits and credits of his Double Entry except the persons, he would then have the correct debits and credits required in Single Entry. It is, however, necessary for him to learn some simple details relating to the forms of entries, which will be found fully illustrated in the following memoranda of transactions.

MONTREAL, NOV. 1, 1888.

The following are Hector Buie's resources and liabilities, as shown by statement taken from his books from which I am to open a new set of books by Single Entry. The chief books to be used are the Day Book, Ledger, Cash book and Bill Book. The necessary entries are to be made in the several books in the order required by the following memoranda. The posting is to be done only from the Day Book, and the Cash Book is to be closed once a week.

Resources Invested.—Cash on hand \$1500. Balance on deposit in College Bank \$3500. Stock of cloths, trimmings, and ready-made clothing, per inventory \$8764.50. Store fixtures valued @ \$450. J. B. Morin's note, dated Oct. 12, 1888, at one month for \$1000, and endorsed by B. Lalime. O. Duchesny's acceptance of Oct. 28, 1888, drawn on Oct. 26th, at 60 days sight, by Wm. Farrel, in his favor, for \$634.75. Personal accounts receivable as follows:—John Kearney \$284.37, Luke J. Egan \$193.67, Henry Lawton \$345.96.

Liabilities Assumed.—Promissory note dated Sept. 8, 1888, at two months, in favor of John Buie, for \$916.45. Wm. Michaud's draft on us, dated 29th ult. at 60 days after date, in his favor, which was accepted on 29th ult., and made payable by us at College Bank, \$783.55. Personal accounts payable as follows:—L. Garreau & Co. \$2500, J. W. Harwood \$4673.25.

2. Sold John Kearny on account, 1 black broadcloth coat @ \$35; 1 black broadcloth vest @ \$6; 1 pair doeskin pants @ \$8.50.
3. Sold for cash, 5 pieces Canada tweeds, 230 yards @ 50c.
4. Received of Henry Lawlor, cash on account \$145.96.
5. Bought for cash, 1 nickel-plated glass show case, 12 feet long, \$24.
6. Bought of L. Gareau & Co., on account, 25 coats @ \$5; 30 coats @ \$6; 25 pairs pants @ \$3; 30 pairs pants @ \$3.50; 25 vests @ \$2; 30 vests @ \$2.10; 4 boxes handkerchiefs 24 doz. @ \$2.50.
- “ Paid drayage on above in cash \$1.
- “ Petty cash sales to date per Petty Cash Book \$83*.
- “ Paid wages in full to date in cash \$93.80. (Close the Cash Book.)
- 8 Received of Luke J. Egan cash on account \$100.
9. Sold Wm. Anslie on account. 1 doz. fine shirts @ \$24; $\frac{1}{2}$ doz. lamb's wool undershirts @ \$15; 3 pairs flannel drawers @ \$1.50; 10 pairs socks @ 30c.
10. Paid one month's rent of store from 1st inst., in cash \$50.
11. Paid our note of Sept. 8, favor of John Baie, due this day in cash.
12. Received of Henry Lawlor for balance of his account, his note @ 60 days, payable at City Bank.
13. Bought for cash 5 pieces French broadcloth, 250 yards, @ \$3.
13. Petty cash sale to date per P.C.B., \$96.25.
- “ Paid wages in full to date in cash \$125. (Close the Cash Book.)
15. Sold S. Jandreau, Plattsburg, N.Y., 1 wedding suit \$45; 1 overcoat \$25; $1\frac{1}{2}$ doz. handkerchiefs @ \$4; and received cash on account \$50.
16. Gave L. Gareau & Co., check on College Bank for \$500, and note at 3 months, payable at College Bank, for balance of account.
17. Sold Geo. Martineau for cash, 1 dress coat \$25; 1 pair doeskin pants \$8.50; 1 vest \$5.
18. Paid cash for scrubbing, etc., \$2.50.
- “ Received cash of Henry Lawlor for his note of 12th inst., less discount -- days @ 8 per cent.

* In the Petty Cash Book (P.C.B.) are entered the small cash transactions of each day in detail. At night they are classified, and the total of each group is entered in the regular Cash Book.

19. Sold McCready Bros., 50 boys' overcoats @ \$6; 50 pairs pants @ \$2; 35 doz. collars (assorted) @ \$1.50. Received in full payment their draft at 30 days sight, in their favor, on Richard Kearns bearing his acceptance of this day.
20. Bought J. W. Harwood, bill of cloths, trimmings, etc., per invoice, dated 18th inst., amounting to \$1198.72. Gave him on account check on College Bank for \$1000, and note at 90 days from this date for \$1000.
 - " Paid wages in full to date in cash \$130.
 - " Petty cash sales to date per P.C.B. \$104. (Close the Cash Book.)
21. Bought of J. W. Ross on account, 5 doz. cotton hose @ \$1.90; 10 doz. silk hose @ \$7; 15 doz. mixed hose @ \$2.20; 15 doz. linen handkerchiefs @ \$5.
22. Sold Wm. Auslie 1 blanket coat (for son) \$6.50; 1 tuke \$1; 1 sash 90c; 1 pair hose 65c; yarn 15c; 1 black suit (for self) \$40; 1 pair hairline pants \$8; binding coat and vest, and buttons \$1.50.
23. Bought of John Davis, Windsor, Ont., bill of goods per invoice, dated 21st inst., amtg. to \$642. Gave him on account our check on College Bank for \$242.
 - " Paid Wm. Wilson, bookkeeper, cash on account \$10.
24. Received cash of J. B. Morrin in full for his note of Oct. 12th, and interest from maturity @ 6 per cent.
25. Sold James Cooper, 1 suit fine broadcloth \$45; 1 suit Canada tweed \$22; allowed 5 per cent. off for cash received.
26. Petty cash sales to date per P.C.B. \$110. Paid wages in full to date in cash \$135, also Wm. Wilson \$15 on account. (Close the Cash Book.)
27. Sold John Kearney on account, 12 doz. ladies' fine hose @ \$6; 10 doz. colored silk hose @ \$24; 20 doz. children's cotton hose @ \$4.
 - " Bought of John Baie, bill of goods per invoice dated 25th inst., amounting to \$234.50. Paid cash for same, being allowed 5 per cent. discount.
28. Received of John Kearney his sight draft on John Davis for \$15, and check on City Bank for balance of bill of 2nd inst.
 - " Transferred to John Davis on account, John Kearney's draft on him.
29. Deposited in College Bank, John Kearney's check on City Bank, and cash \$500.
 - " Sold S. Sims, 1 Melton overcoat, \$19. (C.O.D.)
 - " Bought of James Haldane, house and lot No. 24, Taylor Street, for \$5000, which we purpose occupying as a store and dwelling. Gave in payment our check on College Bank for \$2000, and a mortgage payable in 3 annual instalments of \$1000 each at 7 per cent. interest.
 - " One month's salary of \$75 is due this day to Wm. Wilson.
 - " Paid wages to date in cash \$84.60. Rec'd. of S. Sims, \$19, which is included in the petty cash sales to date per P.C.B. \$115.

DAY BOOK.

MONTREAL, NOV. 1, 1888.

L.F.	HISTORIC.		Items.	Totals.
82	Hector Buie, Cr. By Cash invested 1500 " deposited in College Bank 3500 Stock of cloths, trimmings, and ready made clothing, per Invt. 8764 50 Store Fixtures valued @ 450 Bill Rec. on hand per Bill Book 1634 75 Personal $\frac{1}{100}$ receivable 824 16673 25			
82	Hector Buie, Dr. To Bills Pay. outstanding per B.B. 1700 Personal $\frac{1}{100}$ payable 7173 25 8873 25			
82	College Bank, Dr. To Amt. on deposit 3500			
82	John Kearney, Dr. 284 37			
82	Luke J. Egan, " 193 67			
82	Henry Lawlor, " 345 96 To Amts. due Hector Buie on $\frac{1}{100}$ 824			
83	L. Gareau & Co., Cr.* 2500			
83	J. W. Harwood, 4673 25 By Amts. owing them by Hector Buie on $\frac{1}{100}$ 7173 25			
82	John Kearney, Dr. 35 To 1 Blk. Broadcloth Coat 6 1 Do Vest 8 50 49 50 1 pr. Doeskin Pants 4			
82	Henry Lawlor, Cr. By Cash on $\frac{1}{100}$ 145 96			

* According to a rule in single entry there should have been a separate entry, with explanations for each of these persons; but practical men do not bind themselves too strictly by rules when their violation will lessen the labor and save time without affecting the results shown by the books. We have known first class book-keepers to omit the words "Dr." and "Cr." and depend on the words "To" and "By" for distinction, while others omit the "To" and "By," and depend on the words "Dr." and "Cr." The "To" and "By" are usually omitted from the Cash Book, and frequently from the Ledger.

MONTREAL, NOV. 6, 1888.

83	L. Gareau & Co., By 25 Coats	Cr. @ \$5	125		
	30 Do.	" 6	180		
	25 prs. Pants	" 3	75		
	40 Do.	" 3.50	105		
	25 Vests	" 2	50		
	30 Do.	" 2.10	63		
	4 boxes Hdkfs., 24 doz.	" 2.50	60		658
82	Luke J. Egan, By Cash on %.	Cr.			100
83	Wm. Ainslie, To 1 doz. Fine Shirts	Dr.	24		
	½ " L. W. Undershirts	@ \$15	7	50	
	3 prs. Flannel Drawers	" 1.50	4	50	39
	10 " Socks	" 30	3		
82	Henry Lawlor, By his note at 60 days, pay. at City Bank for bal. of his %.	Cr.			200
83	S. Jandreau, Plattsburg, N.Y., To 1 Wedding Suit	Dr.	45		
	1 Overcoat		25		
	1½ doz. Hdkfs.	@ \$4	6		76
83	Contra,* By cash on %.	Cr.			50
83	L. Gareau & Co., To Chk. on College Bank Our note at 3 mos. pay. at Col. Bk. for bal. of %.	Dr.	500		
			2658		3158

* The word *Contra* signifies "against," and this Cr. is to be entered in Jandreau's acct. against the preceding Dr. There is no reason why his name should not be used instead of *Contra*.

MONTREAL NOV. 24, 1888.

84	John Davis, To Chk. on College Bank for	Dr.					242
82	College Bank, By Chk. fav. John Davis	Cr.					242
84	Wm. Wilson, To Cash on " 27	Dr.					10
84	Wm. Wilson, To Cash on " 29	Dr.					15
82	John Kearney, To 12 doz. Ladies' Fine Hose 10 " Colored Silk " 20 " Children's Cotton Hose	Dr. @ \$6 " 24 " 4	72 240 80				392
82	John Kearney, By his sight dft. on John Davis Chk. on City Bank for bal. of bill of 2nd inst.	Cr.	15 34	50		49	50
84	John Davis, To John Kearney's dft. on him.	Dr.					15
82	College Bank, To John Kearney's chk. on City Bank deposited Cash deposited	Dr.	34 500	50		534	50
84	<i>Back.</i> S. Sims, (C.O.D.*) To 1 Melton Overcoat.	Dr.					19
82	College Bank, By Chk. fav. of James Haldane in part payt. of House and Lot, 24 Taylor Street, City.	Cr.					2000
84	Wm. Wilson, By 1 month's salary as bookkeeper due this day.	Cr.					75

* Collect on delivery. As the amount was paid before the Day Book was posted, the entry may be marked "Paid," and no account opened with Sims.

BILL BOOKS.

There are many forms and styles of headings for Bill Books. Some are specially convenient for notes (see forms on pages 42 and 43), while others are best adapted for drafts; but the forms on pages 60 and 61 are the most convenient for both. The following simple forms are given merely to exhibit variety of style.

BILLS RECEIVABLE.

No.	Date.	Time.	When due.	Payer.	Payee.	Amt.	When and how disposed of.		
1	Oct. 12	1 mo.	1888 Nov. 15	J. B. Morin	B. Lalime	1000	1888 Nov.	25	Cash & Int. \$1.67
2	" 28	60 ds. st.	Dec. 30	O. Duchesny	Wm. Farrell	631 75			
3	Nov. 12	60 ds.	1889 Jan. 14	H. y. Lawlor	Hector Buie	260	Nov.	18	Cash less \$2.53
4	" 19	30 ds. st.	1888 Dec. 22	Rich. Kearns	McCreedy Br	452 50			

BILLS PAYABLE.

No.	Date.	Time.	When due.	Payer.	Payee.	Amt.	When and how redeemed.		
1	Sept. 8	2 mos.	1888 Nov. 11	Hector Buie	John Buie	916 45	1888 Nov.	11	Cash
2	Oct. 30	60 ds. st.	Dec. 1	Do	Wm. Michaud	783 55			
3	Nov. 16	3 mos.	1889 Feb. 19	Do	L. Gareau & Co.	265 8			
4	" 20	90 ds.	" 21	Do	J. W. Harwood	1000			

CASH BOOK.

The following simple form of Cash Book is sometimes used in Single Entry. Unlike all preceding Cash Books the words "Received" and "Paid" are frequently used. The credits are commenced a little farther to the right than the debits. The form on the next page is, however, preferable.

CASH.

1888.		Dr.		Cr.	
Nov.	1	Investment	1500		
	3	Sold 5 pes. Can. Tweed, 230 yds. at 50cts.	115		
	4	Rec. of Henry Lawlor, on acct	145	96	
	5	Bot. T. N. P. G. Show Case, 12 ft.			24
		Paid Drayage on Gareau's Inv.			1
	6	Petty cash sales to date.	83		
	6	Paid wages in full to date.			93
		<i>Bal. on hand.</i>			1725
			1843	96	1843
					96

Dr.

CASH.

1888.
Nov.

1	Investment.....		1500	
3	Sold 5 pes. Can. Tweed, 230 yds, at 50 cts.....		115	
4	Henry Lawlor, on $\frac{1}{2}$		145	96
6	Petty sales to date, per P. C. B.....		83	
			<u>1843</u>	<u>96</u>
8	Balance brought down.....		1725	16
"	Luke J. Egan, on $\frac{1}{2}$		100	
13	Petty sales to date, per P. C. B.....		96	25
			<u>1921</u>	<u>41</u>
15	Bal. brot. down.....		79	96
"	S. Jandreau, on acct.....		50	
17	Sold J. Martineau, 1 fine Suit per order.....		38	50
18	Henry Lawlor's note of 12 inst. \$200.00		197	47
	Less disc. 57 days at 8 %..... 2.53		104	
20	Petty sales to date, per P. C. B.....		469	93
			<u>337</u>	<u>43</u>
22	Bal. brot. down.....		1001	67
25	J. B. Morin's note of Oct. 12th, due 15th inst... \$1,000.00			
	Int. on same for 10 days, at 6 %..... 1.67			
26	Sold James Cooper, 1 Suit fine Broadcloth..... \$45.00			
	1 " Canadian Tweed..... 22.00			
			<u>\$67.00</u>	
	5 % off for cash..... 3.35		63	65
27	Petty sales this day, per P. C. B.....		110	
			<u>1512</u>	<u>75</u>
29	Bal. brot. down.....		1352	75
30	John Kearney's chk. on City Bank. 34			50
"	Petty sales to date, per P. C. B..... 115			
			<u>1502</u>	<u>25</u>

CASH.

Cr

1888.				
Nov.	5	Bot. 1 Nickel P. Glass Show Case, 12 feet long.....	24	
	6	Drayage on L. Gareau & Co. Inv.....	1	
	"	Wages in full to date.....	93	80
	"	<i>Bal. on hand</i>	1725	16
			<hr/>	<hr/>
			1843	96
	10	1 month's Rent of Store from 1st inst.....	50	
	11	Our note of Sept. 8, favor John Baic.....	916	45
	13	Bot. 5 pes. French Broadcloth, 250 yds., at 83.....	750	
	"	Wages in full to date.....	125	
	"	<i>Bal. on hand</i>	79	96
			<hr/>	<hr/>
			1921	41
	18	Scrubbing, &c	2	50
	20	Wages in full to date.....	130	
	"	<i>Bal. on hand</i>	337	43
			<hr/>	<hr/>
			469	93
			10	
	21	Wm. Wilson, bookkeeper, on %.....	135	
	27	Wages in full to date.....	15	
	"	Wm. Wilson, on %.....	1352	75
	"	<i>Bal. on hand</i>		
			<hr/>	<hr/>
			1512	75
	29	Bot. of John Baic, goods per Inv. of 25th.....	8234.50	222 77
		5 % off for cash.....	11.73	534 50
	30	Deposited in College Bank.....	84	60
	"	Wages in full to date.....	660	38
	"	<i>Bal. on hand</i>		
			<hr/>	<hr/>
			1502	25

L. GARLAU & CO.

1888 Nov.	16	Sunds.	76	3158	1888 Nov.	1	Due them on acct. 6 Mdse.	75 76	2500 658
				3158					3158

J. W. HARWOOD.

1888 Nov.	20 30	Sunds. Bal.	77	2000 3871	97	1888 Nov.	1 20	Due him on acct. Mdse.	75 77	4673 1198	25 72
				5871	97					5871	97
						Dec.	1	Bal.		3871	97

WM. AINSLIE.

1888 Nov.	9 23	Mdse. Do.	76 77	39 58	20	1888 Nov.	30	Bal.		97	20
				97	20					97	20
Dec.	1	Bal.		97	20						

S. JANDREAU, Plattsburg, N.Y.

1888 Nov.	15	Mdse.	76	76	1888 Nov.	15 30	Cash. Bal.	76	50 26
				76					76
Dec.	1	Bal.		26					

J. W. ROSS, 26 Richmond Square.

1888 Nov.	30	Bal.		187	50	1888 Nov.	22	Mdse.	77	187	50
						Dec.	1	Bal.		187	50

JOHN DAVIS, Windsor, Ontario.

1888					1888			
Nov.	24	Chk. Col. Bk.		242	Nov.	24	Mdsc.	77 642
	30	Kearney's dft.		15				
	"	Bal.		385				
				642				642
					Dec.	1	Bal.	385

WM. WILSON, Bookkeeper, 81 Mance St.

1888					1888			
Nov.	24	Cash.	78	10	Nov.	30	1 mo. to date.	78 75
	27	Do.	"	15				
	30	Bal.		50				
				75				75
					Dec.	1	Bal.	50

After the Day Book has been posted to the Ledger, close all the accounts except the Stock (or partners), and bring down the balances as shown in the foregoing model. Then proceed in the following order to ascertain the net gain or loss:—

1. From the ledger take the balances of all the personal accounts receivable and payable, and arrange them as follows:—

Schedule A.

Personal Accounts Receivable.		
John Kearney	676	37
Luke J. Egan	93	67
Wm. Ainslie	97	20
S. Jandreau	26	
	893	24

Schedule B.

Personal Accounts Payable.		
J. W. Ross	187	50
John Davis	385	
Wm. Wilson, bookkeeper	50	
J. W. Harwood	3871	97
	4494	47

2. From the Bill Books collect all unpaid bills receivable and payable as follows:

Schedule C.

Bills Receivable.		
Payer,		
O. Duchesny	634	75
Rich. Kearns	452	50
	1087	25

Schedule D.

Bills Payable.		
Payee,		
Wm. Michaud	783	55
L. Garcau & Co.	2658	
J. W. Harwood	1000	
	4441	55

3. The value of the Mdse., Real Estate, and Fixtures are found by "inventory" and explained in Note on page 5.

4. The amount of the mortgage is not likely to be forgotten, and its exact amount and the interest due thereon can be found by referring to the copy of the mortgage and vouchers for payments in our possession. They should be fastened together and be accompanied by a memo, in the form of an account, showing the amount of the mortgage and the interest (as it becomes due) on one side and the payments on the other. It will, however, be found more convenient to open ledger accounts (as in Double Entry) for each Mortgage Payable with its payee, and each Mortgage Receivable with its payer, thus:—

-----MORTGAGE PAY.-----James Haldane, payee.-----											
-----MORTGAGE REC.-----H. D. Clark, payer.-----											

Mortgages payable and receivable are very similar in their natures to bills payable and receivable.

5. After obtaining all the resources and liabilities, they should be arranged as shown in the following statement. Use only the totals of the Schedules, so that the condition of the business will be presented in such a condensed form that its general features and results can be seen at a glance.

STATEMENT OF HECTOR BUIE'S RESOURCES AND LIABILITIES.

TAKEN NOV. 30, 1888.

-----RESOURCES.-----			
Mdse.	per invt.	11971	44
Real Estate	" "	5000	
Store Fixtures	" "	474	
Cash on hand	" "	660	38
Balance on deposit in College Bank		292	50
Personal accounts receivable per Schedule A.		893	24
Bills receivable on hand	" " C.	1087	25
			20378
			81
-----LIABILITIES.-----			
Personal accounts payable per Schedule B.		4494	47
Bills payable outstanding	" " D.	4441	55
Mortgage payable on real estate		3000	
			11936
			02
	Present worth		8442
	Net investment		7800
			79
	Net gain		642
			79

The above net gain (\$642.79) is now to be entered on the credit of the proprietor's account, which should then be ruled and the balance brought down. This completes the year's business by single entry, and leaves the ledger in proper condition for the next year; but if it is desired to keep the next year's books by double entry, the ledger must be prepared to receive it by the following:—

RULE FOR CHANGING SINGLE ENTRY INTO DOUBLE ENTRY.*

1. Do not disturb any of the accounts already in the ledger.
2. Open such additional accounts as are necessary to show the entire resources and liabilities.

To change the single entry ledger of the preceding set into double entry, the following are the additional accounts required, and they are taken from the last Statement of Resources and Liabilities. When they are opened the ledger is a complete double entry one, and should give a Trial Balance.

		Cash.							
Dec.	1	To Balance	669	38					
		Merchandise.							
Dec.	1	To Balance	11971	44					
		Store Fixtures.							
Dec.	1	To Balance	474						
		Bills Receivable.							
Dec.	1	To Balance	1087	25					
		Real Estate.		24 Taylor Street, City.					
Dec.	1	To Amount.	5000						
James Haldane		Mortgage Pay.		Payee					
				Dec.	1	By Amount.	3000		
		Bills Payable.							
				Dec.	1	By Balance.	4441	55	

*Rule for changing Double into Single Entry. Close all accounts in the double ledger, and bring down only the proprietor's and personal accounts.

SECOND SINGLE ENTRY SET.

The object of this set is to give the student practice in applying the principles of single entry. A greater variety of transactions is presented than would be afforded by the ordinary routine of a retail business, to which purpose single entry is usually confined.

GENERAL REMARKS.

The chief books are kept in the office where all payments on account are made and received by the bookkeeper. The cash payments on account may be entered when received in the cash book and ledger, or they may be entered in the cash book and day book, and be posted from the latter, or they may be entered only in the day book as they occur, and the total transferred to the cash book at night.

BLOTTERS.—All orders received for goods to be delivered by us are entered in the Blotter, which is a rough memorandum book kept by the salesmen on the counter where the customers are served. Sometimes each salesman carries his own book. The form of entry is similar to that of the day book.

It is customary to have two sets of Blotters which are used on alternate days. While one set is being used by the salesmen the other is in the office being copied into the day book. Only the sales on account are copied into the day book, from which they are posted to the customers' accounts. The orders for which payment has been received are marked "paid" by the salesmen, and are not to be copied or posted as their amounts are included in the cash sales.

CASH SALES.—In retail stores the cash sales are small and numerous. In some the money is put into the cash drawer in the counter at which the customers are served, and the amount found therein at night is the cash sales for the day and is then entered in the cash book. A memorandum should be kept of money taken out during the day, or tickets with the amounts written on them may be put into the drawer to be counted as cash in finding the cash sales.

CASH-KEEPER.—In larger establishments a cash-keeper is employed. He generally occupies an enclosed desk in the store, and all cash received for sales is delivered to him. Every night he hands the amount over to the bookkeeper, by whom it is entered in the cash book.

The cash-keeper is usually required to keep a record of the cash sales. For this purpose he is furnished with a book ruled in columns, which are numbered to correspond with numbers given to the salesmen by which they are known. Each salesman is supplied with a "Salesman's Check Book," and when he makes a cash sale he writes the amount on the stub, and his number and amount on the check. The cash and check are then given to the cash-keeper, and he enters the amount in the salesman's column. The footing of each salesman's column must agree with the total of the stubs in his check book. They should be compared by the book-keeper, and in case of discrepancy the cash-keeper is required to produce the checks from which he made his entries. It is frequently necessary to use some of the cash before night, in which case the book-keeper should give the cash-keeper a receipt for the amount, and at night the balance of the cash and the receipt

are handed over as the cash sales. This subject will be more fully illustrated in connection with a retail grocery set by double entry, which will be given in the Second Part of this Manual, now in course of preparation.

MEMORANDA OF TRANSACTIONS.

The following chief books are to be used and kept by single entry: Day Book, from which all posting to the Ledger is to be done, Cash Book, Bill Book, Bank Check Book, and Commission Sales Book. When a check book is used a bank account in the ledger is not necessary. There should be the same difference in the form of entry between a single and double entry Sales Book as there is between a single and double entry Cash Book.

MONTREAL, Dec. 1, 1888.

Hector Buie has this day admitted Wm. Wilson, his late book-keeper, as partner in the business, which is hereafter to be conducted under the firm name of Buie & Wilson. The partners are to invest equally, and the net gain or loss to be divided each one half. Each partner is to be allowed to draw a salary of twenty-five dollars per week. Hector Buie is to be manager of the sales and purchase department, and Wm. Wilson is to keep the books and attend to the financing.

Hector Buie invests the resources and liabilities shown by the Schedules and Statement on pages 84 and 85, from which the necessary Day Book entries are to be made. A new Ledger is to be opened, but the other books of the preceding set are to be continued in use.

The following are Wm. Wilson's resources and liabilities assumed by the business, and he is to invest sufficient cash to make his net capital equal to his partner's.

RESOURCES.—Mdse. per inventory \$9327.27; 10 shares College Bank Stock of \$100 each valued at 12% prem.; amount on deposit in College Bank \$2400; Personal accounts receivable as follows: Jas. Cooper & Co., \$340; J. P. Ross, \$384.73; Hector Barbeau, \$246.80; S. Perrault & Co., \$253; Chas. Cummings & Co., \$265.20; J. E. Manning & Son, \$150; Balance due on salary from Hector Buie, \$—; Cash \$—.

LIABILITIES.—Amounts owing on personal accounts as follows: Edward Evans, \$300; J. Tasker, \$2760; J. C. Simpson, \$1594.50; John Lewis, \$876.50. On outstanding notes and acceptances made and given by his late father D. W. Wilson; note dated Sept. 21 at 3 months, favor of T. Ford for \$450; note dated Oct. 27, at 90 days, favor of J. Cameron for \$248.50; acceptance of Oct. 27 at 90 days sight, drawn Oct. 24 by M. Mead, favor of E. J. Collius for \$367.80.

Dec. 1.—Got O. Duchesny's acceptance of Oct. 28th discounted at College Bank at 7%. Proceeds placed to our credit.

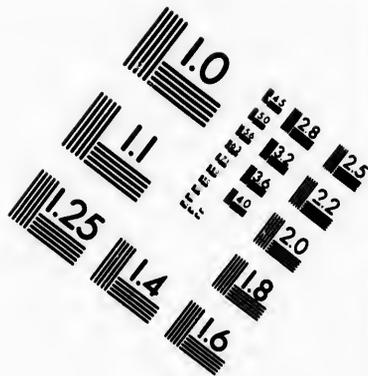
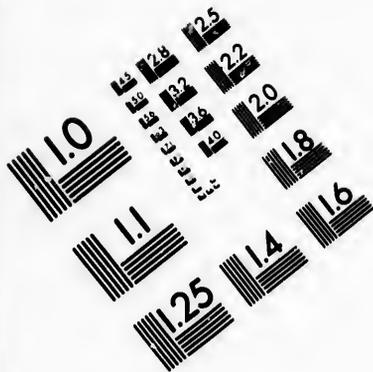
- “ Paid our note favor L. Gareau & Co., due Feb. 19, 1889, less discount at 8 per cent. for unexpired time. Check for balance.
- “ Paid cash for Books for use of business \$15, and Stationery \$10.
- “ Sold John Kearney on account, 24 men's seal caps at \$5.50; 18 men's seal top, beaver band caps at \$4.50; 12 ditto, peaks at \$4.75; 6 men's seal top, otter band caps at \$6.50; 6 ditto, peaks at \$6.75.

- 2.—Paid advertising in the "Exchange Bulletin" to date per check on College Bank, \$40.
- " Shipped John Davis, Windsor, Ont., to be sold on our account and risk, 50 men's blanket suits at \$7.50; 75 boys' ditto at \$4; 25 men's ditto at \$3.
- " Deposited in College Bank cash, \$300.
- " Accepted J. C. Simpson's draft on us at 30 days sight for balance of account.
- 3.—Sold Wm. Anslie on account, 1 tweed suit for son James \$9.
- " Petty cash sales this day per cash in drawer \$225.
- " Paid workmen's wages to date in cash \$225.*
- " Paid Hector Buie cash \$15, and Wm. Wilson \$10 on weekly salary due this day per agreement.† (Close the Cash Book.)
- 5.—Paid cash for removing Hector Buie's household furniture \$10, also store fixtures and stock \$35.
- " Sold Jas. Cooper & Co., on account, 12 doz. kid gloves, embroidered backs, at \$6; 1 doz. silk umbrellas at \$24; 3 gents' dressing gowns at \$10; 2 doz. cashmere mufflers at \$3; 1½ doz. woolen ditto at \$6.
- 6.—Bot. at 40 cents on the dollar R. Taylor's bankrupt stock, consisting of ready-made clothing, heavers, pilots, meltons, tweed and worsted coatings; assorted naps, etoffes and flannels; Cardigan jackets, jerseys, shirts and drawers; assorted hosiery, gloves and mitts; assorted braces, handkerchiefs, etc., amounting per inventory to \$2800. Gave in payment cash for one-half, and note at 3 months favor of James Stewart for balance.
- " Received of Luke J. Egan cash in full of account.
- 7.—Sold John Kearney on account, 4 Robinson's new detachable plucked otter collars and cuffs, men's size, at \$25; 4 ditto, boys' size, at \$15; 1 doz. 4-ply tuques at \$9.60; 15 doz. assorted 4-ply linen collars at \$1.10.
- " Deposited cash \$100. Paid cash for postage stamps \$1.50.
- 8.—Sold Luke J. Egan, 50 boys' mixed tweed suits at \$2.50; 50 ditto overcoats at \$2; 50 boys' fine tweed suits at \$3; 50 ditto overcoats at \$2.75; 50 boys' dress suits at \$4; 50 boy's diagonal suits at \$5.50; 25 boys' pilot overcoats at \$7; 25 boys' blue nap pea-jackets at \$4.75; 12 men's melton overcoats at \$12. Received in payment 8 shares College Bank stock at 8 per cent. prem.; His note at 30 days for \$250; S. Small's acceptance of 18th ult. at 30 days sight for \$250; Balance on account.
- " Drew draft payable at College Bank, on John Kearney for \$400 at 11 days sight, which he accepts this day. He also pays us cash on account \$50. We give the draft to J. W. Harwood on account.

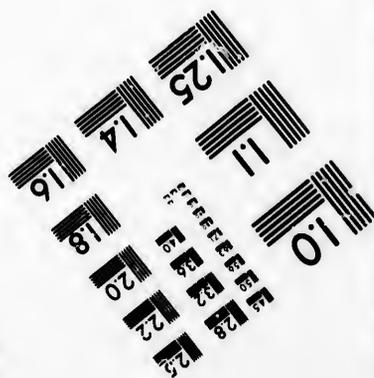
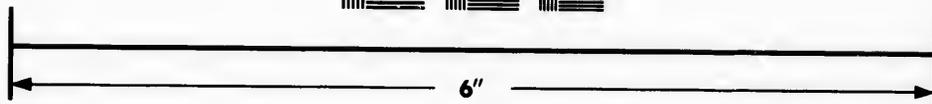
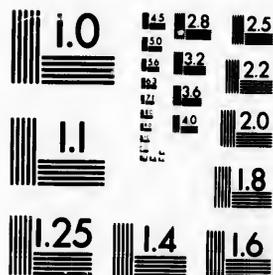
*When employees are paid in full at regular intervals there is no necessity to open an account with each; but if not paid in full, or if the time of payment be irregular, each party should be credited with the amount of his wages and debited for amounts paid him. This may be done in the regular ledger, or in a small one kept for that purpose.

† As the partners draw salaries they are really employees of the business, and as the transactions with them will be quite numerous the details would fill up their stock accounts, which should be reserved to show the net capitals. It is, therefore, advisable to open other accounts with them, thus: "HECTOR BUIE, *Private*." These private accounts contain the current transactions with the partners during the year, and their balances are usually carried to the partners' stock accounts at closing.





**IMAGE EVALUATION
TEST TARGET (MT-3)**



**Photographic
Sciences
Corporation**

23 WEST MAIN STREET
WEBSTER, N.Y. 14580
(716) 872-4503

18
20
22
25
E6
E6
E6
E6
E6
E6

10
10
10
10
10
10

- 9.—Bot. of J. W. Ross, 36 men's German seal caps at \$3.50; 96 men's Persian lamb caps at \$5; 30 ditto peaks at \$5.15; 60 ditto wedge at \$4; 14 boys' Astrachan caps at \$2; Gave him on account, 1 beaver overcoat \$18; 1 tweed suit \$15; 1 Cardigan jacket \$4.50.
- “ Sold S. Jandreau on account, 1 tweed suit \$18; 6 fine dressed shirts at \$1.50.
- “ Received from M. E. O'Brien, to be sold on his account and risk, 1 case, 25 pairs white blankets invoiced at \$4; 2 cases, 24 + 26 pairs grey ditto at \$3; Paid freight \$4, and cartage \$1.50 on above in cash.
- 10.—Received from John Davis an account sales of goods shipped him on the 2nd inst., to be sold on our account and risk. Our net proceeds amounting to \$875 have been placed to our credit.
- “ Paid John Lewis, clerk, cash (from drawer) on account \$20.
- “ Petty cash sales this day per cash in drawer \$230, and ticket for money taken out \$20=\$250.
- “ Paid workmen's wages to date in cash \$125.
- 10.—Paid Hector Buic cash \$15; also Wm. Wilson \$10 on account of salary. (Close Cash Book.)
- 12.—Bot. of M. E. O'Brien, 1 case, 25 pairs costume blankets at \$3.10; 1 case, 26 pairs ditto at \$2.75; 1 case, 29 pairs ditto at \$1.50. Gave him on account, Luke J. Egan's note of 8th inst.
- “ Drew draft on John Davis at 60 days from date for balance of account, and sent same for acceptance.
- 13.—Received of S. Jandreau, a post office money order for \$25.
- “ Deposited cash \$100.
- “ Sold P. R. Spencer, 12 pairs white blankets at \$5.75; 16 pairs grey ditto at \$4.25. (O'Brien's Const.), and received in full a check on Merchants Bank payable at Toronto. College Bank takes check on deposit less 1% for collection.
- “ Shipped Clarke Wright, Kingston, Ont., to be sold on our account and risk, 1 case Beaver, 2 pieces, 52 yds. each, invoiced at \$3; 1 case Meltons, 2 pieces, 52 yds. each at \$2; 1 case Pilots, 2 pieces, 51 yds. each, at \$2.25; 1 case Irish Frieze, 4 pieces, 25 yds. each at \$2. Paid cash for casing, packing and cartage on same \$3.50.
- 14.—Bot. of J. W. Harwood, bill of goods per invoice, dated 10th inst., amounting to \$725.60. Gave him on account our note at 60 days from this date for \$1,000; Check on College Bank for \$500.
- “ Received cash for semi-annual dividend at 4 per cent. on College Bank Stock held by us.
- 15.—Gave J. W. Ross on account S. Small's acceptance (received on 8th inst.) less discount— days at 8%.
- “ Gave J. Tasker on account, 9 shares College Bank stock at 14% prem.
- 16.—Sold Hector Barbeau, on account, 10 men's colored blanket suits at \$8; 15 boys' ditto at \$4; 18 pairs lined kid mitts at \$1.15; 18 pairs lined kid gloves at \$1.20; 5 pairs lined real buck gloves at \$1.25.
- “ Received of Clarke Wright an advance of \$800 cash on the shipment to him,
- “ Deposited cash \$700.

- 17.—Received from John Davis, our dft. of 12th inst., bearing acceptance of 15th inst.
- “ Sold Luke J. Egan, on account, 13 pairs white blankets at \$6; 34 pairs grey ditto at \$4.50. (O'Brien's Const.)
- “ Gave John Lewis, clerk, on account, 1 pair lined fur top kid mitts at \$1.75, 1 Korti scarf \$1; and cash (from drawer) \$40.
- “ Cash sales this day per cash in drawer \$235, and ticket for money taken out \$——= \$——.
- “ Paid workmen's wages to date in cash \$150; Also Hector Buie and Wm. Wilson \$15 each on account of weekly salary. (Close Cash Book.)
- 19.—Transferred to J. W. Harwood, John Davis's acceptance less discount——days, at 8%.
- “ Paid Tees & Co., per check for repairing and placing old fixtures \$40, and for office furniture and new fixtures \$750.
- “ Drew draft at 30 days after date on J. P. Ross for amount of account, favor of Edward Evans, and gave it to him, less discount, at 8%, receiving cash in balance of account to date.
- 20.—Closed O'Brien's Const. and sent him an account sales to date. Our commission is 5% on sales \$——. His net proceeds are \$—— which we hold subject to orders.
- 21.—H. Harvey presents for payment a note for \$150, made by the late D. W. Wilson, which was not included in the liabilities assumed by this business for Wm. Wilson. We pay the note per check, and he agrees to draw only \$10 a week until the amount is cancelled.
- “ Received notice of protest for non-payment of S. Small's acceptance (8th inst.) protest fees \$1.53. We pay draft and fees in cash. (We look to the party from whom it was received for payment.)
- 22.—Received of Richard Kearns his accepted check payable at College Bank, here, for \$300 in part payment of his acceptance of 19th ult. due this day, and his note at 30 days endorsed by McCready Bros., for balance.
- “ Deposited above check in College Bank.
- 22.—John Kearney requests us to take up (pay) his acceptance of 8th inst., and to draw on him at 3 days sight for the amount. We retire the acceptance per check, and draw draft.
- “ Left above draft at College Bank for collection.
- 23.—Received from M. E. O'Brien, to be sold on his account and risk (2nd Const.), 100 assorted Persian lamb caps at \$3; 150 assorted otter band, seal top caps at \$4. Paid freight and drayage on same in cash \$5.
- 24.—Sold Wm. Cullen, on his note at 2 months, 50 assorted Persian lamb caps at \$4.50; 80 assorted otter band, seal top caps, at \$5.25. (O'Brien's 2nd Const.)
- “ Paid John Lewis, clerk, on account, each (from drawer) \$20.
- “ Paid workmen's wages to date in cash \$165.
- “ Paid Hector Buie cash (from drawer) in full for salary to date; also Wm. Wilson \$10 from drawer.
- “ Cash sales this day per cash in drawer \$245, and tickets amounting to \$——= \$——. (Close Cash Book.)

- 26.—Received of Edward Evans a notice of protest for non-acceptance of our draft on J. P. Ross, protest fees \$2.54. Evans consents to hold the draft till maturity.
- 27.—Sold John Kearney 25 assorted Persian lamb caps at \$4.75; 20 assorted otter band, seal top, caps at \$5.25 (O'Brien's 2nd Const.), and received of him on account 1 bale English blankets, 30 pairs at \$5.50; 1 bale ditto, 50 pairs at \$3.50; and a check on City Bank for \$400 which we deposit.
- “ Received of Luke J. Egan cash on account \$300.
- 28.—Accepted M. E. O'Brien's draft on us, favor of P. Halpin, at 30 days sight for \$250.
- “ The College Bank notifies us that our draft on John Kearney due this day has been paid, and placed to our credit.
- 29.—Compromised with Jas. Cooper & Co., at 60% of account, which they pay in cash \$88.60, and check on Bank of Montreal for \$——.
- “ Deposited above check, and cash \$500.
- 30.—We accept \$430 cash as a settlement of Hector Barbeau's account in full to date.
- “ Gave J. C. Simpson cash \$500 in part payment of our acceptance of 2nd inst., and request him to draw a draft on us at 25 days sight for balance.
- 31.—By permission we pay the first instalment on mortgage, and interest due to date per check.
- “ Paid John Lewis \$20 cash (from drawer) on account of one month's salary of \$75 due this day.
- “ Closed O'Brien's 2nd Const., and sent him an account of the sales to date (see note at bottom of page 6). Our commission is 5% on sales \$——. His net proceeds are \$——.
- “ Paid workmen's wages to date \$175, and Wm. Wilson on account cash \$10.
- “ Hector Buie takes for private use, 1 tweed coat \$14; and cash (from drawer) \$6.
- “ Cash sales this day per cash in drawer \$286, and tickets amounting to \$—— = \$——.

After the posting has been completed make the Schedules and Statements as previously directed. Then enter the net gain or loss in the partners' accounts and bring down their balances. Use the following:

INVENTORIES.

Stock of cloths, trimmings, ready-made clothing, gents' furnishings, etc., etc., amounting to.....	\$22,467.90
Store and lot valued at.....	5,500
Fixtures and office furniture.....	1,200
Shipment to Clarke Wright, Kingston, Ont., valued at	953
College Bank Stock, 9 shares valued at 20% prem.....	
(M. E. O'Brien's 2nd const. unsold goods valued at \$315.)	

SINGLE ENTRY CHANGED TO DOUBLE ENTRY.

The following set is a continuation of the business of the preceding one, and is to be kept by double entry.* It is to be posted into the same ledger, which should be prepared for the change according to the rule on page 86, and should then give a trial balance.

Commence by making a double entry day book, which when journalized would produce the following entries. The student may use any details of goods he wishes. (For instructions regarding form and substance of day book see page 32.)

MONTREAL, Jan. 2, 1889.

John Kearney, To Mdse.,			50
-----	"		
Bills Pay., College Bank, To Mdse.,	favor Michaud,		1360
-----	3		
Mdse., To J. Tasker,			266
-----	4		
J. C. Simpson, To Bills Pay.,	30th ult.,		
-----	5	150	
Bills Rec., Cash, To. O'B., 2nd Const.,			425
-----	"		
O'B., 2nd Const., To Commission. " M. E. O'Brien,	5 per cent.,		
-----	6		
John Lewis, To Cash,			10
-----	"		
Expense, To Hector Buie, " Wm. Wilson.			25 25
-----	"		
Hector Buie, Wm. Wilson, To Cash,		15 10	

*The simple form of double entry by which each sale is credited separately to the mdse. acct. is not applicable in the retail business.

MONTREAL, Jan. 6, 1889.

Cash, To Mdsc.,	cash sales,		285
	6		
Wages, To Cash,	workmen,		180
	8		
Clarke Wright, To Shipt. to Kingston			1200
	9		
Bills Rec. To Clarke Wright,	30 days sight, Bal. of acct.,		
	10		
Bills Pay., Cash, To Mdsc., " Interest,	Given Nov. 20, 7 per cent.,		1600
	11		
Cash, To Luke J. Egan, " S. Jandreau,	Bal. of acct., Do		
	12		
Shipt. to Windsor, No. 2, To Mdsc., " Cash,			1800 7
	"		
J. W. Ross, J. W. Harwood, To Cash,		200 400	
	13		
John Lewis, To Cash,			20
	"		
Expense, To Hector Buic, " Wm. Wilson,			25 25

MONTREAL, Jan. 13, 1889.]

Hector Buie, Wm. Wilson, To Cash,	15 10	
Cash, To Mdse.,		300
Wages, To Cash,		200
O'Brien's 3rd Const., To Cash,	15 16	\$1600, 25
Cash, Loss and Gain, To S. Perreault & Co.,	17	25 per cent , Bal. of acct.,
College Bank, Interest To Bills Rec.	18	7 per cent., 9th inst.,
Bills Pay., Interest, Cash, To Mdse.,	19	favor T. Ford, 7 per cent. from 24 ult., 600
Bills Pay., To College Bank,	20	19th and 26th ult.,
Expense, To Hector Buie, " Wm. Wilson,		25 25
Hector Buie, Wm. Wilson, To Cash,	10 5	
Cash, To Mdse.,		325

MONTREAL, Jan. 20, 1889.

Wages, To Cash,			198
----- 22 -----			
Cash, Bills Rec., To O'B., 3rd Const.,		400	900
----- 23 -----			
Cash, To Bills Rec.,	R. Kearns note,		
----- 24 -----			
Cash, To College Bank,			300
----- 25 -----			
Cash, To J. E. Manning & Co.,	in full of acct.,		
----- " -----			
J. W. Ross, To Bills Pay., " Cash	in full of acct.,		700
----- 26 -----			
John Davis, To Ship: Windsor No. 2,			1700
----- 27 -----			
Expense, To John Lewis	one month's salary,		
" Hector Buie	" week's "		
" Wm. Wilson	" " "		
----- " -----			
John Lewis	from drawer,	20	
Hector Buie	"	20	
Wm. Wilson	"	10	
To Cash,			
----- " -----			
Cash To Mdsc.	in drawer \$310 and Tickets \$...		
----- " -----			
Wages, To Cash,	(Close this acct. to Mdsc. when closing the ledger)		265

MONTREAL, Jan. 27 1889.

Bills Pay., Cash, To O'B., 3rd Const.,	favor E. J. Collins,				1000
----- 29 -----					
Bills Pay., To Cash,	favor J. Cameron,				
----- " -----					
O'B. 3rd Const., To Commission " M. E. O'Brien,	5 per cent.,				
----- 31 -----					
Bills Pay., To College Bank,	favor P. Halpin,				

INVENTORIES.

Mdse. on hand.....	\$17,896.90
Real Estate.....	4500.00
Fixtures and Furniture.....	1140.00
College Bank Stock, 5 per cent. discount.....	
Wages due Workmen from 28th inst.....	190.00
" " John Lewis " ".....	
" " Hector Buie " ".....	
" " Wm. Wilson " ".....	

REVIEW QUESTIONS.

432. What is single entry? 433. What are its principal defects? 434. What is double entry? 435. What does it treat of? 436. What are its chief advantages over single entry? 437. How is the correctness of double entry proved? 438. How single entry? 439. Why is a single entry so called? 440. From what does double entry derive its name? 441. Explain two methods of finding the net loss or gain. 442. Which method is used in double entry? 443. Which in single entry? 444. If the net capital, or insolvency at the beginning and end of the year is known, when is subtraction used in finding the net loss or gain? 445. When is addition used? 446. What operation is necessary for the purpose of finding the net gain or loss in single entry? 447. What is the object of finding it? 448. How could the Cash, Mdse., and Bills Rec. be ascertained without bookkeeping? 449. Why could not the Bills Pay. and personal indebtedness be found in the same manner? 450. In what books are the transactions producing personal indebtedness entered? 451. How is the amount of personal accounts receivable found? 452. How personal accounts payable? 453. Why should the Bill Books be used? 454. How could the balance on deposit be found if no Bank account had been kept in the ledger? 455. What kind of accounts does a single entry ledger contain? 456. How could a double entry bookkeeper find from his work the correct debits and credits required in a single entry? 457. Would there be any difference in names or amounts? 458. What has he to learn? 459. From what book is the posting usually done? 460. What is entered in a P. C. B? 461. How are the entries made from it into the C. B.? 462. What does its balance show? 463. What the Balance of the C. B.? 464. When is it unnecessary to post a day book entry? 465. After the posting is completed, what is the first thing to be done when we wish to find the net gain or loss? 466. What the second? 467. What next? 468. When all the resources and liabilities have been ascertained what should be done? 469. When will it show a net capital? 470. When a net insolvency? 471. How is the net gain or loss found? 472. When will it show a gain? 473. When a net loss? 474. When the gain or loss has been found, what should be done with it? 475. When is the ledger in proper condition for the next year's business? 476. How is a single entry ledger changed to double entry? 477. Where can they be found? 478. How is a double ledger changed to single? 479. In what kind of business is single entry chiefly used? 480. Where are the chief books kept? 481. When and in what books may cash payments on account be entered? 482. What is a blotter and by whom is it kept? 483. What does it contain? 484. Give a model for form of entry? 485. Why are two sets of blotters used? 486. Into what book are they copied? 487. What entries are copied? 488. What are not copied? 489. When and where are the cash sales entered? 490. How is the amount found? 491. How when some of the money is used during the day? 492. What are the duties of a cash-keeper? 493. Describe his cash sales book and when and how the entries are made in it? 494. With what should it agree? 495. How can he prove the correctness of his work? 496. Why should he take a receipt for money handed over before night? 497. What should be the difference in form of entry between a single and double entry Commission Sales Book? 498. Describe the difference between a single and double cash book? 499. Why is a bank account in the ledger unnecessary when a check book is used? 500. For what are employees debited and credited?

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