

**THE STUDENT'S GUIDE TO
BOOKKEEPING, A
COMPLETE SERIES OF
QUESTIONS AND ANSWERS**

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The student's guide to bookkeeping, a complete series of questions and answers by H. Wakeham Purkis

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H. WAKEHAM PURKIS

**THE STUDENT'S GUIDE TO
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THE STUDENT'S GUIDE
TO
BOOKKEEPING,
A COMPLETE SERIES
OF
QUESTIONS AND ANSWERS,
WITH
INTRODUCTORY ARTICLES THEREON,
PREPARED ESPECIALLY FOR THE USE OF LAW
STUDENTS
AT THE
INTERMEDIATE EXAMINATION,
FROM QUESTIONS SET AT PREVIOUS EXAMINATIONS.

BY

H. WAKEHAM PURKIS, Esq.,

Author of the Student's Guide to Chitty on Contracts, Williams on Real Property, and Smith's Manual of Equity; The Student's Guide to Bankruptcy; The Student's Guide to Criminal Law; and Editor of the Telegram.

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PREFACE.

WE have for many years past privately used the majority of the Questions and Answers now published in the preparation of Gentlemen for their Intermediate Examination, and during that period have received so many applications for them, and requests to publish them, that, a reprint being necessary, we have thought it advisable to do so, and thus complete the Student's Guide to the Intermediate Examination. We have prefixed two former Articles from the Telegram, which we think will be useful to our Readers. We may add that the Questions have been carefully selected from those set at former Examinations, and that we find the surest mode of Bookkeeping is—never to lend them.

MARCH, 1872.

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COMMERCIAL BOOKKEEPING.

(From *Telegram*, No. 22.)

(EASTER TERM, 1864.)

We have in a former number (20) furnished our readers with some remarks upon the subject of Costs, and we did so because we regarded it as a very important one to the Profession at large, and one requiring the special attention of the young practitioner. Connected with it in a very intimate manner, there is another subject, of which a sound and accurate knowledge ought to be as necessary for the professional man as it is for the man of business, viz., Bookkeeping, or the art of keeping accounts. We are afraid that, as a rule, this is the weak point of the profession. How many of the members have any competent knowledge of accounts? Certainly, we should say, a very small minority. The books are commonly left exclusively to some one member of the firm, or some clerk, and, what is worse, no regular system of accounts is kept. In some few cases, we believe, the banker's book alone is relied upon to shew the receipts and payments, thereby preventing any accurate knowledge of the profits of the business ever being ascertained. We are therefore glad to see that attention has been called to this defect in the business habits of the profession, and Bookkeeping introduced as one of the subjects of the intermediate examination of articled clerks. The least sanguine, therefore, may entertain a confident hope that a rapid improve-

ment in the art of bookkeeping will be secured to the profession.

The subject for the present year's intermediate examination is commercial bookkeeping by single entry. Whether the examiners imagine that the student, having mastered the mysteries of commercial bookkeeping, will proceed to apply its principles to his professional accounts, we cannot say; but as the object is to enable professional men to keep their own accounts with care and accuracy, as well as those of their clients, we certainly are of opinion that it would have been better to have chosen solicitors' bookkeeping as the subject of examination. The principles doubtless are the same, but the details differ, and teaching the knowledge of the one is certainly not the most direct way to secure the practice of the other. It is our present intention, therefore, to offer a few remarks on the subject of commercial bookkeeping by single entry for the benefit of articled clerks generally, and especially of the young articled clerk who has yet to pass his intermediate examination.

In a future number we hope to consider the subject of solicitors' bookkeeping, and to point out the difference between it and commercial bookkeeping, so as to enable the young solicitor to reduce his knowledge of the subject acquired as an articled clerk into practice in his own office.

With regard to commercial bookkeeping there are a variety of systems in vogue, each differing but slightly from the other in the number of books employed and in the mode of posting them. Our present remarks are chiefly drawn from a complete little work published by Messrs. Chambers, as part of their educational course. It combines single and double entry,—the price is very moderate, 1s. 6d.; or the single entry part may be had separate, price 1s. Complete sets of ruled forms bound in books, price 1s. 3d. each, may also be had for either system. The possession

of them will enable the student to obtain a practical knowledge of the art. In this work the same books are used for single as well as double entry (the journal which is customary in the latter system being dispensed with), the difference consisting alone in the mode of posting the entries. In single entry each entry in the other books is posted but once in the ledger, whereas in double entry it is posted twice, *i. e.*, to different accounts in the ledger to the credit of one and to the debit of the other, so that if the accounts are correctly kept the total of the balances of the debtor accounts will exactly equal the total of the balances of the creditor ones. The system of double entry, in addition to thus testing the accuracy of the posting, also shows the amount of goods bought and sold during the year, or any given period, and the profit and loss on the various departments of the business. For these reasons it is chiefly used by large merchants or persons in a large way of business, and who dispose of goods in large quantities at a time; whilst single entry, from its occupying less time in the posting, is chiefly used by professional men and by tradesmen in a small way of business.

The following are the principal books used in book-keeping:—

Day book, for goods sold on credit.

Invoice book for goods bought on credit.

Cash book, for cash received and paid, and discount received and allowed.

Bill book, for bills receivable and payable.

Ledger, to contain an abstract of the other books.

Stock book, to contain an inventory of the stock in hand at the time of balancing the books.

The following are the subsidiary books;—

Account book, containing a list of accounts owing to and by the merchant.