

**THE ACCOUNTANT:
FOR PUBLIC SCHOOLS
AND ACADEMIES**

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The Accountant: For Public Schools and Academies by M. R. Powers

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BY
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PREFACE.



It is usual for authors to set forth upon the first pages of their works, the motives which induced the conception and preparation of subsequent pages, and in obedience to this custom, the following short preface is indicted.

After the experience of years spent in teaching Book-keeping, and the fruitless effort to find in print those principles and forms universally recognized and adopted by business men, we prepared and published in 1874, a work of two hundred pages, entitled, *The Complete Accountant*. In this book we confined our efforts to the wants of the wholesale and retail merchants, treating the subjects under consideration with such minuteness of detail, clearness of explanations and variety of transactions, that it met with universal commendation from the college, as well as the counting room, and numerous requests were made us to early prepare a supplementary edition on the subject of accounts as applied to other branches of business. In order to make this an equal success, we early secured the cooperation and criticism as well as assistance of accountants of acknowledged ability and large experience, and in 1876 were enabled to present as a Centennial offering, a work of which the rapid sale and general approval attest its worth.

But as this work was of too extensive nature for Public and Academic schools, containing over 350 royal octavo pages, we at length decided to prepare this book, trusting that the motives which induce its preparation as well as the results to be attained by a careful study of its principles, will be understood and approved by all who search its pages for knowledge.

PREFACE.

The first thirty-six pages are intended merely as preliminary work, for those who are unacquainted with the principles of debiting and crediting, posting closing, etc.

Attention is first paid to the general definitions of the accounts, following which are the rules for debiting and crediting; and that the student may clearly understand these principles, a series of transactions, with full and definite instructions as to how they should be entered in the Journal, is given, with forms and explanations of the different Journal entries.

The Practical part of the work should be worked throughout as directed in the explanations.

That part of the book devoted to forms and Commercial Calculations, is only intended for reference and not as matter of special study for the pupil.

THE SCIENCE
OF
BOOK-KEEPING.

—•••—

INTRODUCTION.

What is Book-keeping?

Book-keeping is a systematic record of business transactions.

What is a business transaction?

A business transaction consists in the exchange of property, or anything of value, in the course of ones employment.

How are business transactions recorded?

They are first entered in books of original entry, and from there transferred to the Ledger.

What are books of original entry?

They are those in which the transactions are recorded, and contain a concise history of the terms of the transfer and nature of the things given and received.

What is an account?

An account is a collection of items, in the Ledger, under one head or name, so arranged as to exhibit the debits or credits of a person, species of property, or cause.

What is meant by debit and credit?

These are terms used to indicate the effect of each business transaction on the business, or the relation which exists between all persons, causes, and commodities which in any way enter into, or become a part of any business transaction.

What is the Ledger?

It is the book in which accounts are opened and kept.

How many sides has each account?

Two, the left hand is the Dr. side, the right hand is the Cr. side.

What is the rule for Debit and Credit?

Debit every person, or thing, that costs value, and credit every person, or thing, that produces value.

Are the debits and credits in Double Entry Book-keeping equal?

They are; the presumption is, that the exchange of property is such that equal values are received and delivered; therefore the Dr. and Cr. sides of all the accounts in the Ledger, taken together are equal.

What are Resources or Assets?

They are terms used synonymously in business, and signify anything that is owing to, or belonging to the concern, such as notes, cash, merchandise, real estate etc., upon which the firm transact business.

What is a Liability?

Any amount owed by the concern, such as notes, personal accounts etc., for which it is liable for payment, as a liability.

How do you ascertain the net worth of a concern?

By taking the difference between the Resources and Liabilities.

What do you mean by gain?

Gain means increase of capital.

How do you ascertain how much a concern has gained or lost?

By comparison of the present worth with the amount of its worth at some previous time.

Which side of an account in the Ledger must be the larger to represent a resource?

The debit side.

Which side of an account in the Ledger must be the larger to represent a liability?

The credit side.

Is the excess on the debit side of an account always a resource?

No, it is sometimes a resource and sometimes a loss.

When is the excess on the Dr. side of an account in the Ledger a resource?

When the excess is either in cash account or some other account, which represents property that can be reduced to cash.

When does the excess on the Dr. side of an account in the Ledger represent a loss?

When it shows the cost to be greater than the proceeds.

When does the excess on the credit side represent a liability?

When it represents a debt owed by the concern.

When does the excess on the credit side represent a gain?

When it shows that the proceeds are greater than the cost of the thing represented.

There are four forms of Journal entries, these are classified as follows:

First. Where there is but one debit and one credit; Form 1, page 9.

Second. Where there are several debits and but one credit; Form 2, page 9.

Third. Where there is but one debit and several credits; Form 3, page 9.

Fourth. Where there are several debits and several credits; Form 4, page 9.

The forms on page 9 are given, that beginners may become familiar with the proper manner of making Journal entries; and as the exercises which will be found in the first part of this work, are arranged to give the necessary knowledge of debiting and crediting, it will be advisable for the learner to arrange them in Journal form, as he will be more likely to understand the relations existing between the items which make up the transactions by so doing, than by any other arrangement.

The Journal is used but little by good book-keepers; too much importance should not, therefore, be attached to it; yet its use in the first part of a treatise on the Science of Accounts, is necessary to fix the rules and principles in the mind of the student.

In applying the rules given above, to business transactions, the first thing to be done, is carefully examine the transaction and find out one of the following things: whether you have received anything, whether anything has cost value, or whether any person owes you; if so, such item is debtor. Then find out whether there is one or more such debits. The next thing is to find out whether you have delivered or disposed of anything, whether anything has produced value, or whether you owe any person; if so, such item is credited; also find out whether there is one or more such credits.

If there is but one debit and one credit, write the name of the person or thing debited, placing the amount in the left hand or