

**THE HIGH SCHOOL BOOK-KEEPING,
CONTAINING ILLUSTRATIONS OF THE LATEST
AND BEST METHODS OF KEEPING ACCOUNTS
BY SINGLE AND DOUBLE ENTRY; BUSINESS
FORMS, CORRESPONDENCE, AND NUMEROUS
CLASS EXERCISES; ALSO PRECIS-WRITING
AND INDEXING**

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The High School Book-Keeping, Containing Illustrations of the Latest and Best Methods of Keeping Accounts by Single and Double Entry; Business Forms, Correspondence, and Numerous Class Exercises; Also Precis-Writing and Indexing by H. S. MacLean

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H. S. MACLEAN

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SINGLE AND DOUBLE ENTRY.

BUSINESS FORMS, CORRESPONDENCE, AND NUMEROUS
CLASS EXERCISES;

ALSO

PRÉCIS-WRITING AND INDEXING:

FOR THE USE OF

HIGH SCHOOLS AND COLLEGIATE INSTITUTES,

BY

H. S. MacLEAN,

Authorized by the Department of Education for Ontario.

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P R E F A C E .

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

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

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

THE AUTHOR

BOOK-KEEPING.

CHAPTER I.

INTRODUCTORY.

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

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

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

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

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

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

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

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

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

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

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

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

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

ACCOUNTS.

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

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

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

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

PERSONAL ACCOUNTS.

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

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

EXAMPLE.

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

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

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

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

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

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

EXERCISE I.

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

EXERCISE II.

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

EXERCISE III.

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

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

CASH ACCOUNT.

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

EXAMPLE.

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

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

EXERCISE IV.

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