

ELEMENTARY BOOKKEEPING

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Elementary Bookkeeping by W. G Day

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W. G DAY

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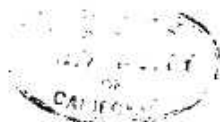
Elementary Bookkeeping

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PREFACE.

IN giving lessons in Bookkeeping I have found a great difficulty in selecting a suitable text-book for the use of the Students. There are many excellent works on the subject, but they are either too expensive or not simple enough for the pupils in the Technical Classes. It is necessary for a student who is to make use of Bookkeeping in Commercial life that he should have only business transactions to work out, and not complicated problems, such as are set out in some text-books. It is a notorious fact that Bookkeeping as taught in schools is a failure, and this is due, no doubt, to a large extent to the need of a suitable text-book.

I am very surprised to find that a large number of clerks who are doing Bookkeeping nearly every day of their lives know so little of the subject, and it is for them and for the evening student that this book is written.

THE AUTHOR.

9 FOREGATE STREET, WORCESTER.
May 1901.

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BOOKKEEPING.

THE chief difficulty and stumbling-block in bookkeeping is the most important one—that is, that every transaction requires two entries, a debit and a credit entry, and it is essential to remember this all the way through. The idea is that every transaction involves a “giver” and a “receiver,” and a very simple example will illustrate this. If I sell goods to Brown, he is my debtor—that is, he is the receiver—and I (in the form of some account) am the giver or creditor. The student must be very careful to treat each transaction separately, for though, as far as the example given is concerned, Brown is my debtor, I may have previously owed him money, and, as far as the balance of his account is concerned, I may be his creditor. It is this great difficulty which so often proves a stumbling-block.

The Ledger is the most important book in bookkeeping. It is divided into two parts, the left-hand side being the debtor side (written *Dr.*), and the right-hand side the creditor side (written *Cr.*). I give a simple ruling of the Ledger below.

<i>Dr.</i>	<i>Cr.</i>

It is quite possible for a man in business to keep all his transactions in a Ledger without using any other books of account. It is, however, found more convenient for many reasons to subdivide the transactions into other books called the

Day Books, Cash Books, &c., &c. It is sometimes difficult to make the student understand that the Cash Book, Sales Book, Purchases Book are really parts of the Ledger kept in separate books, for the Cash Book is simply a Ledger Account, and the Purchases Book is the debtor side of a Ledger Account representing "goods," while the Sales Book is the credit side of the same account. Some confusion is caused by the names of the books, as the Purchases Book is also called the Purchases Journal or Bought Day Book; while the Sales Book is called the Sales Day Book or Sales Journal, or simply Day Book. The use of these books is obvious: the Purchases Book is for entering the purchases daily, the Sales Day Book for entering the sales, and the Cash Book is for the cash received and paid each day.

The following are simple rulings of the books:—

SALES DAY BOOK.

	@								
--	---	--	--	--	--	--	--	--	--

Sometimes Column I. is used for the folio, in which case the date is placed at the head @.

PURCHASES JOURNAL.

--	--	--	--	--	--	--	--	--	--

CASH BOOK.

		1	2	3			
Folio	Disco'nt	Details	Bank	Folio	Discount	Bank	

The words "To," meaning debtor to; and "By," meaning creditor by, are written before the entries in the Cash Book and Ledger.

It is, perhaps, useful to show here that the Sales Book and Purchases Book are parts of the Ledger, as explained on page 8.

The following are transactions of H. Pudge for January 1 1900:—

		PURCHASES JOURNAL.			£	s	d	
1900	Jan. 1	Stormberg & Co., Goods (details)	..	..	120	0	0	A
		French Pattern Co., do. .. ..	..	..	150	0	0	B
		Leaven Cole & Co., do. .. ..	..	..	130	0	0	C

SALES DAY BOOK.

Jan. 1	F. Brook, Goods (details here given) .. ..	..	..	..	D	£	s	d
	L. Same, do. do. .. ..	..	..	..	E	10	0	0
	T. Turps, do. do. .. ..	..	..	..	F	15	0	0
						220	0	0

If they had been entered in the Ledger direct to Goods Account they would have appeared as follows:—

Dr.		GOODS ACCOUNT.			Cr.				
Jan. 1	Stormberg & Co. .. A	£	s	d	Jan. 1	F. Brook D	£	s	d
	French Pattern Co. B	120	0	0		L. Same E	10	0	0
	Leaven Cole & Co. C	150	0	0		T. Turps F	15	0	0
		130	0	0			220	0	0

The student will notice that Purchases, being additions to stock, appear on the debit side of Goods; and Sales, being reductions in stock, are credits to Goods. Goods sold for cash are not usually entered in the Sales Book, but posted from the Cash Book to Ledger, and so with goods bought for cash.

The best way of keeping the Cash Book is to enter all the money received in Column 2 (see page 8), to add up each day's takings, and to put the total in Column 3, that representing the

amount paid to bank. As far as payments go, all are made by cheque, except in the case of petty cash, for which a cheque is drawn at intervals.

It is necessary to treat cash as a person who must be debited with all he receives and credited with all he spends. Entries to the debit of cash go to the credit of some other account in the Ledger, and entries to the credit of cash appear to the debit of some account in the Ledger. This, of course, completes the double entry. If I receive either goods or cash, or anything of value, from a man, I must credit him; if I send goods or cash, or anything of value, to a person, I must debit that person.

The following transactions are entered in the Ledger only in order to give the student a clear understanding as to the items of debit and credit.

John Lewis has the following transactions during January:—

				£	s	d
A	Bought Goods from F. Pollin	..	..	20	0	0
B	" " " R. Suter	..	..	50	0	0
C	Sold Goods to L. Pieter	..	..	20	0	0
D	" " for Cash	..	..	60	0	0
E	Bought Goods for Cash	..	..	20	0	0
F	Bought Goods of F. Sea	..	..	50	0	0
G	Sold Goods to Rodber	..	..	100	0	0
H	Paid Cash to F. Pollin	..	..	20	0	0
I	Received Cash from L. Pieter	..	..	10	0	0
J	Paid Wages	..	..	10	0	0
K	Sold Goods to Turpin	..	..	20	0	0
L	Bought Goods of Larkin	..	..	25	0	0
M	Paid Rent	..	..	15	0	0
N	Received Cash from Rodber	..	..	100	0	0
O	Bought New Plant from Sorter	..	..	50	0	0
P	Received Cash from Turpin	..	..	10	0	0
Q	Bought Goods of Lemon	..	..	200	0	0
R	Gave Lemon Bill	..	..	150	0	0
S	Sold Goods to Pieter	..	..	110	0	0
T	Received Bill from Pieter	..	..	100	0	0
U	Allowed Discount	..	..	10	0	0