

**BOOKKEEPING; THE PRINCIPLES  
AND PRACTICE OF DOUBLE  
ENTRY; WITH EXERCISES, KEY  
AND AN APPENDIX OF FORMS**

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Bookkeeping; the principles and practice of double entry; with exercises, key and an appendix of forms by L. Whitem Hawkins

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**L. WHITTEM HAWKINS**

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BOOKKEEPING:  
THE PRINCIPLES AND PRACTICE  
OF  
DOUBLE ENTRY;  
WITH  
EXERCISES, KEY AND AN APPENDIX OF FORMS.

BY  
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<sup>II</sup>  
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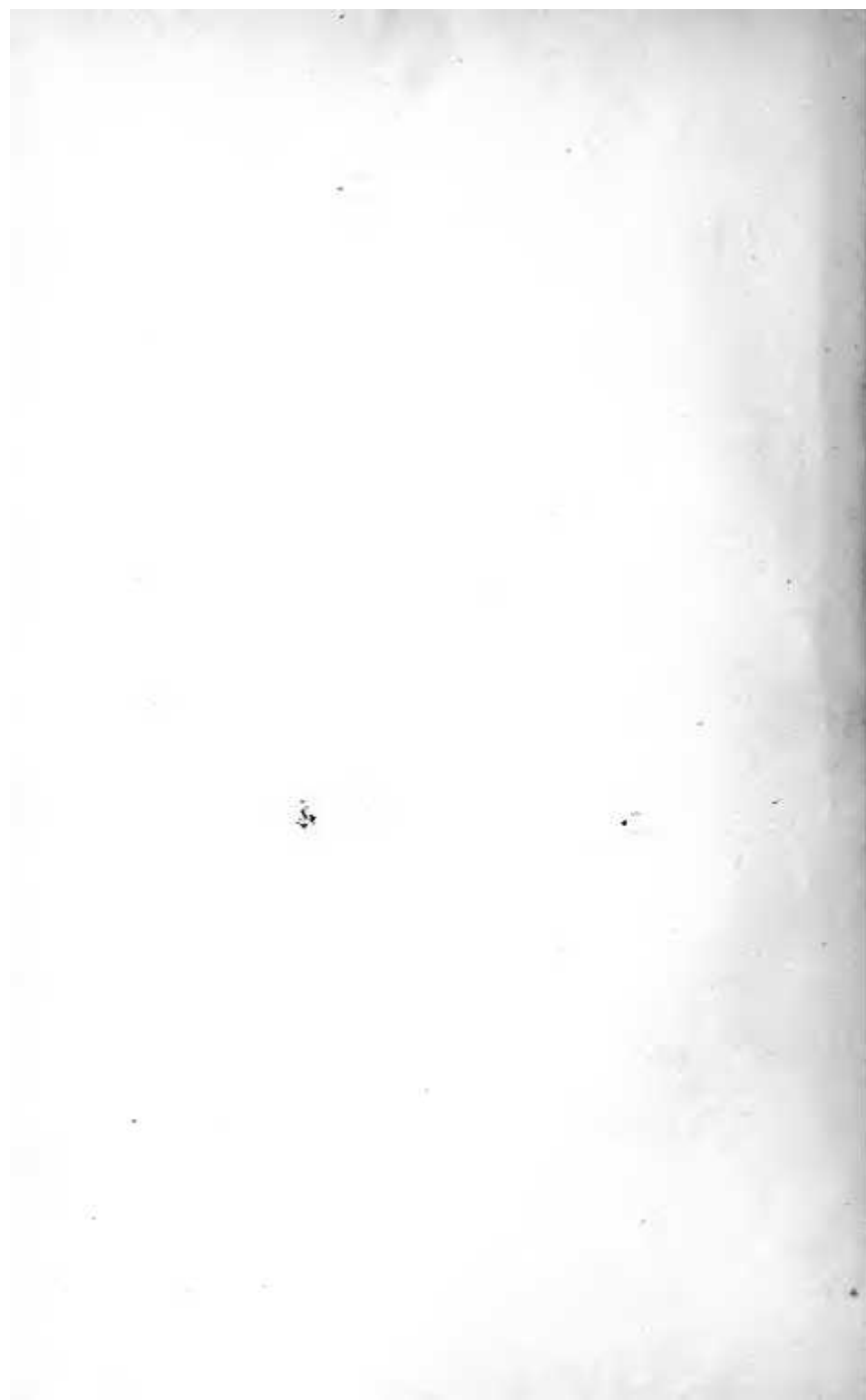


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## CONTENTS.

	PAGE
INTRODUCTION ... ..	1
CHAPTER I. The Ledger ... ..	5
"  II. The Ledger ( <i>continued</i> ) ... ..	9
"  III. The Trial Balance ... ..	17
"  IV. The Profit and Loss Account ... ..	21
"  V. The Balance Sheet ... ..	24
"  VI. The Day Book, Invoice Book, and Returns Books ... ..	29
"  VII. The Cash Book ... ..	36
"  VIII. The Journal ... ..	44
"  IX. Bill Books ... ..	51
"  X. The Petty Cash Book ... ..	59
"  XI. Classification of Books ... ..	62
"  XII. Classification of Ledger Accounts... ..	66
"  XIII. The Capital Account... ..	71
"  XIV. The Capital Accounts of Partners... ..	78
"  XV. The Capital Account of a Company ... ..	82
"  XVI. How to set out Accounts. ... ..	89
"  XVII. Branch Accounts .. ..	98
"  XVIII. Consignments and Goods on Sale or Return ... ..	103
"  XIX. Some elaborated Books ... ..	107
"  XX. Errors in Balancing ... ..	111
"  XXI. Sectional Balancing ... ..	116
"  XXII. Methods which save time and trouble ... ..	120
"  XXIII. Miscellaneous ... ..	125
EXERCISES ... ..	139
KEY ... ..	149
INDEX ... ..	179
APPENDICES ... ..	<i>Inside End Cover</i>



## PREFACE.

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THE Author has endeavoured to make the following short Treatise intelligible, not only to those who have had some experience in keeping books of account, but also to those who have no knowledge whatever of the subject. It is, however, believed that any but the most expert and accomplished bookkeepers will find in these pages some helpful elucidation of principles and useful guides to practice.

Instead of starting with a description of a full set of books, and so wearying the student with a mass of details, which cannot, without much mental effort, be seen to form parts of a harmonious whole, the author has sought, first, to explain the underlying principle of double entry, then to show its application to practical cases, and, next, by reasoning from these, to evolve a complete and simple set of books, showing the relation of each to the system. Some discussion follows of further principles as they arise with the growth of the system, and the methods of treating certain classes of accounts are explained. The last five chapters treat of comparatively advanced matters of account, and contain practical hints, which are the outcome of long experience of the difficulties of bookkeeping, and of the best ways to avoid or surmount them.

With a view to making the book complete, exercises have been added, with a key, showing in detail the working of each.

Here, at the outset, the necessity for practice is urged



upon the reader. Bookkeeping cannot be learned from a book without practice any more than swimming can be completely learned on dry land. A bookkeeper, in charge of a set of books, has the best of all opportunities for perfecting his knowledge, if properly instructed. Others may work out exercises, but this method, good as it is, has not the same advantages as dealing with real transactions. All may, however, find or make an opportunity for practice in keeping their own private accounts, and may gain in this way a knowledge of their own monetary affairs, when periodically reviewed, which will prove so useful that the habit is likely to be continued for its own sake. At the end of the text will be found some hints as to the most advantageous way of keeping private accounts.

66, NIGHTINGALE LANE, S.W.,

*November, 1904.*



# BOOKKEEPING: The Principles and Practice of Double Entry.

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## INTRODUCTION.

IF a system of bookkeeping is to be satisfactory, it must fulfil the three following requirements :—

1. To provide a continuous record of transactions in money and in money's worth.
2. To show the sums due to and from various persons at any time, and the values placed upon property of each kind, also additions to and diminution of such values.
3. To furnish the means of bringing together periodically the totals of transactions of various classes, and so ascertaining the result of such transactions, as a whole.

Single-entry bookkeeping fulfils the first two conditions; the double-entry system not only does this, but fulfils the third as well. This is the fundamental difference between the two methods.

To the uninitiated the term double entry is a mystery, and to many suggests the making of two entries where one would suffice. There is, however, no mystery about it, and it involves no unnecessary labour. The double-entry system of bookkeeping rests on the principle that business transactions are two-fold in their nature, and may, for that reason, be regarded in two aspects, which are represented by two entries.

It is not enough to show that there are two parties

to every transaction, and that its two-fold nature consists in its effects upon the two parties. It is not proposed to keep books for both parties, but only for one, and it must be shown that from the standpoint of that party each transaction is twofold in its nature, and can be represented in two aspects in books of account.

In considering the ordinary commercial transactions of buying and selling, there is no difficulty in establishing two aspects, thus:—

When a trader buys for cash—

(a) He increases his stock of goods.

(b) He diminishes his money.

When he buys on credit—

(a) He increases his stock of goods.

(b) He becomes a debtor to the seller.

When he sells for cash—

(a) He increases his money—

(b) He diminishes his stock of goods.

When he sells on credit—

(a) He makes the purchaser his debtor.

(b) He diminishes his stock of goods.

In the case of receiving money from a debtor the matter is equally clear, for—

(a) He increases his money.

(b) He diminishes the amount owing to himself.

And when he pays a creditor—

(a) He diminishes his liabilities.

(b) He diminishes his money.

In many other kinds of transactions, their two-fold nature is not so apparent, but can be discerned *when the transaction is considered by itself*. Thus, if you charge a fee for services—

(a) You make the person to whom they were rendered your debtor.