

**ACCOUNTANCY AND
BUSINESS
MANAGEMENT. PART ONE**

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Accountancy and Business Management. Part One by Harry M. Rowe

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Exhibit 6: 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

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In keeping with the modern trend in business and in accounting practice, all rulings in books of entry and ledger accounts in the illustrations in this book are in black ink. The author recommends the discontinuance of the use of red ink for bookkeeping purposes in schools in the interest of efficiency and economy.

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PREFACE

The course of study provided in "Accountancy and Business Management," and in the laboratory practice units which accompany it, is based to some extent upon the author's previous work, "Rowe's Bookkeeping and Accountancy." However, a number of important changes in the teaching plan and in the selection and arrangement of subject matter make the present course of study substantially a new and original work.

The most important new features are:

(a) An Introduction to Bookkeeping at the beginning of the text, in which the fundamental concepts of accepted accounting principles and business operations are presented in an exceedingly simple and logical manner.

(b) The opportunity provided throughout the course of study for teaching by the class method when this method is preferred. The teaching plan is so elastic, however, as to permit the instructor to exercise his personal preference and judgment as to methods of presentation.

(c) A minimum use of the reference feature contained in the author's former works, with no references to topics other than those under immediate consideration.

(d) The separation of the material of the text into consecutive parts to correspond with the material in the laboratory practice units. Each part of the text and the accompanying practice unit can be completed in one semester in the high school, or in the equivalent of that time in commercial and other schools.

(e) The laboratory units are relatively short and can be completed in about one-half of a semester, or the equivalent of that time in the business school. They contain fewer routine bookkeeping transactions, less detail and repetition in office practice matter, and consequently fewer business papers and forms. Emphasis is placed upon principles and the more constructive features of accounting practice.

(f) The inclusion of lessons in business management based upon the transactions in the laboratory units. These lessons are really brief lectures on business management and administration which emphasize, as does the text, the ultimate aims of the study of accountancy and the more enduring educational benefits to be derived from it.

Throughout the course the principles and practices of the subject and the various steps taken in the entire cycle of accounting procedure have been developed as topics for study and recitation on the lesson unit plan to the extent that the subject permits of this method of treatment. The practice exercises following

each topic or principle presented in a lesson are short, and as a rule, can be completed easily within one daily period. Class instruction will be supplemented by individual instruction to correct the deficiencies of students as they develop in the work of the class. Individual instruction may be employed to any extent desired.

This book is intended for use in commercial courses in all types of schools teaching business subjects to beginners. It will prove to be effective and entirely satisfactory both in the private school and in the high school because of the recognition which is more and more being given to the greater efficiency of the class method of teaching. Its material and teaching plan are adapted to the requirements of all students taking up the subject for the first time, regardless of whether it is their purpose to become bookkeepers, to engage in business for themselves, or to pursue advanced courses in accounting and business administration leading to professional degrees. It emphasizes principles and requires what the author believes to be the minimum amount of practice work necessary to provide the training which the student must secure to make him vocationally efficient in his knowledge of the subject, no matter whether he may desire to follow the occupation of bookkeeper, business manager, or accountant.

Unless the principle is conceded that the minimum aim of the bookkeeping course is to qualify young people to start a business career, there can be no justification whatever for teaching utilitarian subjects, and the remarkable growth and development of commercial courses in public and private schools, which has been the outstanding feature of educational progress in recent years, must be pronounced a serious blunder. In face of the insistent and ever-increasing demand for education which fits for commerce and industry, and the esteem in which such practical education is held by educators and the general public, such a conclusion cannot be maintained successfully.

The author's view is that the vocational value of a knowledge of bookkeeping and accounting is merely the *immediate* object to be served in offering the course to students of business subjects. On the other hand, he contends that if the aim of the bookkeeping course were merely to train for bookkeeping positions, that aim could not be realized without at the same time teaching students much of what constitutes an elementary course in business management. Such information will in any case be absorbed unconsciously to a considerable degree by pupils from their study of business transactions and their records in books of account, whether the teacher attempts to emphasize the broader aspects of the subject or not. Since both the educational and vocational interests of students in high schools and private schools can be served by a properly constructed course of study, any attempt to differentiate between their needs in the selection and arrangement of text material is unnecessary and unwarranted, and would discriminate against

those whose immediate interests may be of a vocational character. Therefore, while the inclusion of bookkeeping in the curriculum of any school teaching business subjects to beginners is not justified unless it does make them vocationally efficient, its chief value lies in the training it imparts in the principles and methods of conducting business enterprises. No subject in the commercial course is so valuable as the subject of bookkeeping with respect to the opportunities and wealth of material it affords for teaching young people how business is transacted. The ultimate aim, therefore, of a course of study in this subject should be to supply a comprehensive training in the *uses to which accounting records and information are put* by business executives in managing and directing commercial and industrial enterprises, rather than to qualify merely for keeping a set of books. Accounting, accordingly, has been coordinated in this text with business management, and it has been the purpose of the author to emphasize the importance of accounting as an aid to intelligent business administration.

Attention is invited to the method which is consistently followed in presenting a new topic for the student's consideration. Reason has been substituted for rule in preparing the pupil's mind for that which is to be learned. The opening statement of a few simple facts in connection with the topic under consideration is followed by an illustration that is made the basis of an analytical investigation which discloses the principles to be learned. The results of the analysis are then summarized in a statement of principles and recapitulation of facts, from which a brief and simple working rule is deduced. Each rule is essentially a summarization of the instruction on the topic or principle to which it applies.

In arranging the first year course in the high school, teachers will have considerable latitude in the use to be made of Part One of the text and of Laboratory Unit One. The Introduction to Bookkeeping, covering the first forty-six pages of the text, is recommended by the author as the first work to be given to all beginning students. It is estimated that it will require approximately six weeks of the first semester to cover this material. The work of Unit One may then be started and completed by the end of the first semester. If the students are immature or if it seems desirable for any reason not to start work on a practice set until the second semester, the material in Part One of the text devoted to Elementary Accounting, pages 47 to 127 inclusive, may be studied by the class method during the remainder of the first semester. This section presents the subject according to the ledger account method and provides an elementary treatment of trial balances, statements, and the adjustment and closing of accounts.

If the first semester's work is confined to Part One of the text as suggested above, Laboratory Unit One will be started at the beginning of the second semester. In this case sufficient time will be available in the second semester to make an

introductory study of Part Two of the text, which treats of wholesale and partnership accounting, as a preparation for Laboratory Unit Two, which will be used in the third semester. In like manner, there will be time in the third semester to make a preliminary study of Part Three, which is devoted to corporation accounting, as a preparation for Laboratory Unit Three. This unit presents corporation and general mercantile accounting, and will be used in the fourth semester. Laboratory Unit Four treats of cost accounting for manufacturers, and provides a fifth semester's work. Of course, if Unit One is used in the first semester, the four units will require four semesters instead of five in which to be completed. Thus the text and four units provide a two year, or a two and a half year course, according to the manner in which the material is used.

The author also recommends that students in private commercial schools be started in the Introduction to Bookkeeping, which should be followed by the four laboratory units referred to in the preceding paragraph. Students may be started immediately, however, with the work of Laboratory Unit One when it is preferred to begin the course with a practice set. The importance of introducing the class method of teaching as it is adapted to the subject matter of this course is suggested to teachers in private commercial schools in order to realize as fully as possible the educational benefits to which all young people who are preparing for business life are justly entitled.

The recognition accorded to my previous works on this subject by teachers, students, accountants, and the business public encourages me to believe that this, my latest and perhaps my last contribution in this form to the young people of the country whose interests have always been paramount and nearest to my heart in all of my educational activities, will be received with the same cordial interest.

H. M. ROWE.

Baltimore, 1922.

PART ONE

INTRODUCTION TO BOOKKEEPING

RECORDING PURCHASES

1. A merchant must buy goods before he can sell them. When goods are purchased, they are usually accompanied by a bill which shows the amount of the purchase. If the goods are not paid for at once, the bill shows the amount the purchaser owes the seller. The following illustration shows a bill received by Mr. Rogers for merchandise he purchased from Mr. Walton.

ILLUSTRATION 1—BILL

BALTIMORE, MD.,		Jan. 1	19
CARPENTER TOOLS GARDEN TOOLS SEEDS	J. R. WALTON WHOLESALE HARDWARE 219 LOMBARD ST.	CUTLERY PAINTS VARNISHES	
SOLD TO <u>C. E. Rogers,</u>			
<u>1220 N. Charles St.,</u>			
TERMS <u>30 days</u> <u>City</u>			
	2 Doz. Monarch Hatchets	9.00	18 00
	3 " " Spades	17.50	52 50
	10 Gal. Oriole Flat White	2.60	26 00
			96 50

2. Notice that the bill gives the *date* of the purchase, the *name and address* of the purchaser, the *terms* of the purchase, the *quantity of each item purchased*, the *price* of each item, and the *total amount* of the bill. "Terms 30 days" means that this bill becomes due and payable thirty days from its date. Bills are prepared by the seller and are received by the buyer. It is from the bills received by the buyer that a record of his purchases is made in the book which is kept for that purpose. It is called the *purchases book*, and only this *one class* of transactions is entered in it.