

**THE UNIVERSAL
SYSTEM OF PRACTICAL
BOOKKEEPING**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649294893

The Universal system of practical bookkeeping by C. Snyder & Ernest L. Thurston

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C. SNYDER & ERNEST L. THURSTON

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OF
PRACTICAL BOOKKEEPING

BY

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UNIV. OF
CALIFORNIA

NEW YORK ·· CINCINNATI ·· CHICAGO
AMERICAN BOOK COMPANY

HF 5635
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PREFACE

THIS work is designed as a text-book on theoretical and practical Double-entry Book-keeping, and is planned for use in public and private schools and colleges, and for self-instruction.

With a view to facilitating the study and mastery of the fundamental principles of the subject, the theoretical part of the work is made as concise as possible, all unnecessary or unimportant matter being omitted. At the same time, subjects of importance to a broad knowledge of the science, but generally neglected in other text-books, are here given the careful treatment their importance warrants.

In the short graded exercises and in the detailed business series the principles of book-keeping are applied, as they are mastered, to office practice, to the recording of practical business transactions, and to the ordinary routine of mercantile business. The series gives practice, not only in the use of general and auxiliary books of entry and record, but of many common business forms and papers as well.

Thus made familiar with the daily run of office business and with the duties pertaining to positions he may be called upon to fill, the student will be able to meet the requirements of his first situation without the difficulty which so many beginners experience from lack of business knowledge or actual preliminary office training.

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ENTERED AT STATIONERS' HALL, LONDON.

W. P. L.

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*5 pages. 2000
not final basis
the fundamental course*

THE UNIVERSAL SYSTEM
OF
PRACTICAL BOOKKEEPING

PART I. FUNDAMENTAL PRINCIPLES OF BOOKKEEPING

SECTION I. DEFINITIONS AND DIVISIONS

1. **Bookkeeping** is the art of recording the transactions of a business in so systematic a manner that its condition can be determined at any time.
2. **Double-entry Bookkeeping** is a system in which a double entry is made for every transaction. The entry usually consists of one debit and one credit of equal value. Sometimes there are several debits, or several credits, or both, but in every case the sum of the debits equals the sum of the credits.
3. **Accounts.** An account is a concise record of the business transactions connected with a certain thing or subject, or with a certain person or company. (See, for instance, the Cash account on page 6, and the account of C. G. Field & Co., on page 14.) In every account the debits are entered on the left-hand side and the credits on the right-hand side. The accounts are the most important records in bookkeeping.
4. **The Fundamental Processes** of bookkeeping consist of Journalizing and Posting.
5. **Journalizing** is the process of determining the debits and credits involved in business transactions, and of so recording them that they may be easily transferred to the accounts to which they refer.
6. **Posting** is the process of transferring the debits and credits thus journalized to the Ledger, the book which contains the accounts.

SECTION II. ACCOUNTS

DEFINITIONS

7. **Accounts.** An account consists of an item, or a collection of items, under a distinct name, so arranged as to indicate the result of business transactions. It has two sides, Debit and Credit. The left-hand side is the debit, and the right-hand side the credit.
8. **The Balance** is the difference between the two sides of an account. If one side is blank, the balance equals the sum of the items of the other side. An account balances when the two sides are equal.
9. **Cash Account**, as its name implies, shows what money has been received and has been paid out.

All cash received is entered on the debit side, and all cash paid out is entered on the credit side. The balance, if on the debit side, indicates the cash on hand.

Dr.		CASH		Cr.	
RECEIVED				PAID OUT	
Investment,	1500 00	Rent of store,	75 00		
For 10 bbls. Apples,	50 00	For Desk and Chairs,	35 00		
For 100 bbls. Flour,	600 00	Pay Roll,	150 00		
For Note of E. A. Frost,	75 00	For 200 bbls. Flour,	800 00		
Interest on above note,	7 50	For Note to Lord & Son,	150 00		
For Note of C. G. Trade,	175 00	Interest on above note,	9 00		
Interest on above note,	3 50		1219 00		
1192 00	2411 00				

10. Merchandise Account indicates the cost of goods purchased. It is used by almost all firms, although a few, owing to the nature of their business, find it of little value and discard it in favor of other accounts. In the dry goods trade, grocery trade, etc., a Merchandise account is essential.

It is debited for the cost of goods purchased and credited for goods returned by the firm, or for any shortage or overcharge allowed to the firm. It is credited also, at stated periods, with the balance of Sales account.

Dr.		MERCHANDISE		Cr.	
BOUGHT					
50 bbls. Apples,	150 00				
200 bbls. Flour,	800 00				
25 bags Coffee,	525 00				
	1475 00				

11. Sales Account shows the total sales of a business.

The account is credited when goods are sold, and it is debited when goods are returned to the firm, or when there is a shortage or overcharge allowed by the firm. At stated periods, in order to ascertain the loss or gain on goods sold, the balance is transferred to Merchandise account by debiting this account and crediting Merchandise account.

Dr.		SALES		Cr.	
				SOLD	
		10 bbls. Apples,	50 00		
		100 bbls. Flour,	600 00		
		15 bbls. Apples,	75 00		
		10 bags Coffee,	350 00		
			1075 00		

12. Expense Account indicates various expenditures incurred in conducting the business. In a small business it is customary to include in Expense account all items which come under such headings as Freight, Express, Fuel, Gas, Stationery, Rent, Labor, Office Salary, etc. In

a large business a separate account is opened for each of these subjects and for other expenses, such as Cartage, Interest, Discount, Exchange, etc.

Expense account is debited when any such expense is incurred by the firm, and is credited if the same produces returns after Expense account is debited for it.

DR.	EXPENSE		CR.	
EXPENDITURES				
Rent,	75 00			
Desk and Chairs,	35 00			
Pay Roll,	150 00			
	260 00			

13. **Interest and Discount Account** is debited when interest or discount is paid or allowed by the firm, and is credited when interest or discount is paid or allowed to the firm.

DR.	INTEREST AND DISCOUNT		CR.	
ALLOWED BY US		ALLOWED TO US		
Interest on note to Lord & Son,	9 00	Interest on note of E. A. Frost,	7 50	
		Interest on note of C. G. Trude,	3 50	
		2 00	11 00	

14. **Bills Receivable Account** shows the amount of notes (page 92) received from other firms, and time drafts (page 89) payable to the firm and accepted by other firms.

When these notes are received and the time drafts accepted, the Bills Receivable account is debited, and when they are paid, discounted, or sold the account is credited. If a note is returned to the maker for a new note, the account is credited. In the latter case the account of the maker is debited with the old note, and is also credited with the new note, thus showing the full transaction in both accounts.

The amount debited or credited in Bills Receivable account is always the face of the note or draft. The difference between face and payment, if any, is either interest or discount, and is credited or debited in the Interest and Discount account. The face of any note or draft is always debited in Bills Receivable account before it is credited.

The balance of the account indicates the amount of paper on hand. The account balances whenever all the notes and drafts have been paid or disposed of.

DR.	BILLS RECEIVABLE		CR.	
RECEIVED OR ACCEPTED		DISPOSED OF		
E. A. Frost,	75 00	E. A. Frost,	75 00	
W. B. Murray,	175 00			
C. G. Trude,	175 00	C. G. Trude,	175 00	
175 00	425 00			

15. **Bills Payable Account** shows the amount of notes given, and drafts accepted, by the firm.

When the firm gives a note or accepts a draft, the account is credited, and when the note or draft is paid the account is debited. If a note is returned for renewal, the account