

**ELEMENTS OF THE THEORY AND  
PRACTICE OF BOOK-KEEPING, BASED  
UPON THE PRINCIPLE OF CORRELATIVE  
DOUBLE ENTRY, FOR SCHOOLS,  
CLASSES, AND PRIVATE STUDENTS**

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Elements of the theory and practice of book-keeping, based upon the principle of correlative double entry, for schools, classes, and private students by John Walmsley

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CORRELATIVE DOUBLE ENTRY,

*FOR SCHOOLS, CLASSES, AND PRIVATE STUDENTS.*

BY

JOHN WALMSLEY, B.A.,

HEAD MASTER OF THE GRAMMAR SCHOOL, ECCLES; MEMBER OF THE COUNCIL OF THE COLLEGE OF  
PRECEPTORS; MEMBER OF THE LONDON MATHEMATICAL SOCIETY AND THE MATHEMATICAL  
ASSOCIATION; AUTHOR OF "PLANE TRIGONOMETRY AND LOGARITHMS" AND  
"INTRODUCTION TO GEOMETRY."



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## P R E F A C E.

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FOR about thirty years the writer has devoted a portion of his teaching practice to the cultivation of School Book-keeping. One of the results has been a conviction that the subject is worthy, on its merits, of some place in the curriculum of a secondary school. Needless to say, in these days time is not easy to find for it. But an important reason for speaking on its behalf herein is the fact that it has been found to have a beneficial reflex action upon other school studies.

It is a most useful auxiliary in training pupils to do work in a neat and orderly manner. It develops the power of sustained attention to the matter in hand. When taught with proper consideration as a science, and not a mere art, it will even furnish effective practice towards the attainment of skill in the solving of problems.

For school purposes it is the science of the subject that is liable to fail. Practical acquaintance with it, acquired in the office in a casual way, just as suits the convenience of others, is perhaps the cause of theory having to go without its due appreciation. It has to fit in, whether it will or no, with traditional haphazard exposition. A terse and plausible "rule of thumb" saves precious time and answers well enough under the usual pressure. But the modern schoolmaster does not take kindly to such conditions; and, indeed, he would not be so excusable if he did. He knows that, for him, it is short-sighted policy to sacrifice the future to the present, and he strives for consistency throughout his range.

In this, as in other subjects, the theorist would, however, be very ill advised who neglected his opportunities of comparing notes with the practical man; and in this respect the writer has reasons to regard the latter with gratitude. On the other hand, it is hardly too much to say that the obligation is mutual; for the subject is by

no means, as some appear to assume, of slight texture, thin in substance, and such as may be disposed of off-hand. When thus treated, with the aid of a selection of arbitrary rules, it is unreliable without long practice, and is shorn of pretty well all its intellectual value. Yet, as a school subject, it need not be extravagantly complicated and prolonged, but may be made to serve within moderate compass, better perhaps than any other, as an example of the symmetry and beauty of a perfect theory.

When the writer ventured, on an occasion some years ago, to express, to a chartered accountant of experience and success, his disappointment with the theory of Book-keeping usually presented, he was met by the consoling remarks: "There is no good work on Book-keeping; one cannot be made; the subject does not admit of it." This statement was made in all kindness to save trouble to a friend. It had just the opposite effect. It helped in bringing about the present work, which, it is freely admitted, has given much trouble—intermingled, however, with occasional surprises of pleasure. The statement did afford consolation of a kind—namely, that, although an effort to do something useful by means of a new book might be hopeless, yet it was not likely to do any harm. But the mention of it here is not for the purpose of admitting hopelessness in the matter, but to add the weight of a practitioner's opinion to the writer's view that the theory of the subject is not yet beyond criticism.

The criticism herein offered virtually forms a considerable part of the book, and can only be appreciated at its true value, or want of it, by those who read through. But it may be briefly mentioned here that, as regards theory, trial is given to an innovation upon a familiar superstition which pervades the general treatment of the accounts that are subsidiary to "Profit and Loss." Therein numerous and often important items are classed as "Losses." This is sometimes apologized for, and might be passed over; but, as usual, one false step leads to a series of others which quite vitiate a large part of the subject. Here only one example will be given.

An abrupt transition from a fundamental and intelligible rule of



the subject is made to an arbitrary one, familiar under the form "Debit Losses, &c." This transition will be shown to be needless and based upon a fallacy. The reason assigned for it, when one is attempted, is by the method of "begging the question," simply because, no doubt, "one cannot be made."

The fallacy referred to consists in the tacit assumption that entries in all Accounts except Goods represent absolute money; whereas the fact is that *work* and various *services* equally need representation and get it, although but indirectly, in "Wages" and other Accounts. Professor Tait once remarked the fact that engineers long ago advanced far enough to recognize the operation of buying and selling mechanical "power"; but in Book-keeping one is still expected to be satisfied with the somewhat puerile device of describing all expenditure on work and services, which also constitute power, as *loss*, merely because they are not material. Profits are the product of the operation upon materials of work and skill, and are not a combination of materials and losses of money.

The general position assumed by the writer is that the ordinary view of this branch of the subject is not only wanting in breadth, but is taken altogether from the wrong standpoint. Indications are not wanting that others are dissatisfied with the present way of looking at it, but none chooses to move distinctly out of that way. In the present work it is shown how this may be done with ease and advantage. At the same time, the treatment is such that special phrases due to ordinary methods will not appear mysterious to the learner wherever they may come before him.

Some observations are required in respect to the order of the various stages of the work.

For the principles the student is early introduced to the Journal, which may now be compared to the drill which is imposed upon recruits. It is usual to begin with work upon isolated Ledger Accounts. The intention is good, but it is still a question whether it is best carried out in that way. The distinction of Dr. and Cr. on the two sides of an *account* is but a small part of the matter; which, as a French writer remarks, if required by any one, can be

seen by a cursory glance at the Accounts of any Ledger in the subsequent pages. The correlative principle of Dr. and Cr. of a *transaction* is quite another affair, and the main one. It is independent and not first taught by the Ledger easily. Indeed, the common practice may be said to show this by the fact that the writers themselves mostly seem to lose sight of their object, and drift into confusing registrations of trifles only suitable as narration in a Journal; and the Accounts presented are merely a sort of double invoice imperfectly stated.

This order of treatment seems traceable to De Morgan, who, in one place, states that "the only book which need be explained is the Ledger." He loved a paradox like this for the sake of its emphasis. To take it literally would be less reasonable than to respond by the use of another, that in learning Book-keeping one is learning the Ledger all the time. De Morgan was not led away by his own mode of speaking; for he states in another place that "books which help the Ledger should be explained where they are useful." He afterwards shows the way to the Ledger at considerable length in a manner substantially equivalent to Journal practice. Later on, he states that there are only two accounts in the Ledger—the Profit and Loss and the Balance. In this paradox there is more literal truth than in the one before mentioned; but no one proposes either to keep or to explain the Ledger in strict accordance therewith.

The writer has experimented in both procedures, and concludes that the Journal isolates best the principle to be first impressed as being fundamental to the whole subject. Posting afterwards follows most easily.

A second feature characteristic of the book is the prominence given throughout to the "receiver" and "deliverer" in preference to "account debited" and "account credited." The student is left to draw the correct inference himself, and thus his reasoning faculty is kept employed, and not his memory alone. At the same time readiness in the proper application of the correlative principle is effectively cultivated.

The variety of the subject-matter of the work arises from the fact

that it is intended for students who wish to see their way clearly all through. The practice thus gained is not more than proper training requires; and its variety gives that facility in judging methods demanded by different cases and circumstances which renders the student independent of special "tags" and "tips." A careful graduation is observed, showing incidentally the evolution of one style from another. At the same time, nothing hinders the student from giving due prominence to his work in special sections. Many exercises given can be used almost anywhere else in the book.

It would be interesting, but is forbidden by want of space, to discuss the advantages or otherwise of the change from Balance Account to Balance Sheet, inducing anomalous treatment to balances "on hand," which characterizes modern English methods. It will only be noted here that the latter still uses phrases which can only be correctly explained by reference to the Cyclic Method.

For the rest the following remarks from the report of a paper read in Manchester by an Accountant (Mr. J. Mather) must suffice:—  
"The foreign system was founded on the Italian theory. It was true that in some points it sacrificed the practical to the theoretical, just as in England we sacrificed the theoretical to the practical. The arrangement of the two sides in a balance sheet (abroad) appeared so obviously correct that he had a strong suspicion that when the stereotyped form of balance sheet in the Companies Act was drafted it was more by accident than design that the Assets were placed on the right. To change now would cause a little inconvenience, until the new mode was officially recognized; therefore we stick to the old groove without reference to its correctness or otherwise."

In revising proof-sheets and solutions the writer has to acknowledge much valuable assistance rendered by Mr. A. A. Walmsley, of the Book-keeping Department at the Head Office of the Royal Insurance Co. He will be grateful for information from any source as to oversights such as are always possible in any first impression of a book of this character.

J. W.

ECCLES;

September, 1905.