

**SELF-INSTRUCTION
IN BOOKKEEPING.
A TREATISE**

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Self-Instruction in Bookkeeping. A Treatise by John Hunter

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JOHN HUNTER

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A TREATISE**

SELF-INSTRUCTION

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BOOKKEEPING.

SELF-INSTRUCTION
IN
BOOKKEEPING.

A Treatise

EXPLAINING FULLY AND SIMPLY, WITH NUMEROUS EXAMPLES,
THE PRINCIPLES AND PRACTICE OF (FIRST) DOUBLE ENTRY,
AND (SECONDLY) SINGLE ENTRY; AND FORMING A
COMPANION TO THE AUTHOR'S 'PROGRESSIVE
EXERCISES IN BOOKKEEPING.'

Adapted to prepare Youths for Commercial Life, or for Public Examinations.

BY THE

REV. JOHN HUNTER, M.A.

Instructor of Candidates for the Civil Service and other Public Examinations; and
Formerly Vice-Principal of the National Society's Training College, Battersea.



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PREFACE.

IN this Treatise the author presents such a progressive course of instruction as he has been in the habit of pursuing with pupils using his 'Progressive Exercises in Bookkeeping;' and the study of it should be accompanied with the working of these Exercises, as directed in the foot-notes. The 'Progressive Exercises' include many Problems, as they may be called, whose solutions, in proper technical form and language, are not likely to be easily determined by the generality of students without the help of a Treatise like the present. The publication of a KEY also has been found necessary, in order to save time and trouble in the revision of work, by enabling the student speedily to ascertain his accuracy or to detect his errors.



SELF-INSTRUCTION IN BOOKKEEPING.

1. **BOOKKEEPING** is that branch of systematic instruction which teaches the general principles and forms according to which merchants keep their Account Books.

2. The chief transactions of commerce are purchases and sales.

If I buy goods and pay for them on delivery, I am said to buy them *for cash*. If I do not pay for them immediately, I am said to buy them *on credit*. And so with my sales.

3. The original records of a merchant's affairs and transactions are generally made in what is called a *Waste Book*. This Book receives successive entries of all kinds of business matters, its arrangement being orderly only in respect of date. The following is an imagined example of a few *Waste-Book* entries. Let the student suppose himself to be the buyer, seller, receiver, &c.—that is, let him regard himself as the owner of the Book from which the extract is supposed to be made:—

Waste-Book Entries.

	£	s.	d.
1870.			
June 27. Bought of Adam West: 46 gallons			
Brandy @ 19s.	43	14	0
" Received of John Smith in part payment			
of his Account	70	10	8
28. Sold W. Moore & Co.: 2 pipes Port			
Wine @ £56	112	0	0
29. Sold for cash: 15 gall. Brandy @ 23s. 4d.	17	10	0
30. Paid Adam West	20	0	0

These entries are of a miscellaneous nature. They record successively a credit purchase, a receipt in cash, a credit sale, a cash sale, and a payment in cash. They are orderly only as regards their dates.

4. Now it is obvious that several distinct Books may be compiled from the miscellaneous materials of a Waste Book. I may require that all my cash receipts and payments shall be recorded in a particular Book, called the Cash Book; and the preceding transactions supply three entries for that Book, viz. the second transaction of the 27th and those of the 29th and 30th of June. I may also require that all my credit purchases be recorded in a separate Book, and the first of the preceding transactions supplies one such entry. And so with my credit sale on the 28th. But we shall return to this subject in due time. Meanwhile we wish to impart to the student a distinct understanding of the technical use of the terms *Debtor (Dr.)* and *Creditor (Cr.)*, referring for means of illustration to the items recorded in § 3.

5. According to the entry of the 30th, I paid cash, £20, to Adam West. Now let this fact be looked at simply by itself, apart from the consideration of any claim which West may have upon me; then I may call him *Dr.* to me for the money. Again, according to an entry on the 27th, Adam West sold goods to me to the amount of £43 14s. Let this fact also be now looked at simply by itself, apart from the consideration of any payment made by me to him on account of the goods, then I may call myself *Dr.* to him, or him *Cr.* to me, for the £43 14s. Well, it is now obvious that if in my Books I represent Adam West as *Dr.* to me on one hand for £20, and as *Cr.* to me on the other for £43 14s., I, in effect, represent him as being not in my debt, but as having a claim on me for £23 14s. When I shall pay him this balance, I will call him *Dr.* to me for the cash, because I have already called him *Cr.* to me for its equivalent; and so the account will be finally settled.

Similarly, I may regard the second entry of the 27th as making me *Dr.* to Smith for £70 10s. 8d., because another

part of Smith's account will represent him as *Dr.* to me for the value.

The transaction of the 28th makes W. Moore & Co. *Dr.* to me, or me *Cr.* to them, for goods.

The transaction of the 29th does not appear to make me either *Dr.* or *Cr.* to any one. In this case let us suppose that I sold the goods to A. B. for cash; then I am *Dr.* to A. B. for the cash, and at the same time A. B. is *Dr.* to me for the goods; and these two statements are equivalent to the single statement that I, as a receiver of cash, am *Dr.* to myself as a seller of goods. To make this more intelligible, suppose that Edward owes William £40, and William owes Richard £40, it is evident that William's claim and his debt may both be cancelled—that is, he may pay his debt by transferring his claim, and thus simply make Edward *Dr.* to Richard £40

6. Let us now reconsider the transaction of the 29th:—We have seen that it makes me as a receiver of cash *Dr.* to myself as a seller of goods. Now, the awkwardness of entering myself as *Dr.* to myself is avoided by a very useful expedient employed in what is called the *Double-Entry* system of Bookkeeping. According to that system, I as a receiver, or as a payer, of cash call myself *Cash*, and I as a seller, or as a buyer, of goods call myself *Goods*; and thus the entry formed from the transaction of the 29th becomes **Cash *Dr.* to Goods**, or, inversely, **Goods *Cr.* by Cash**: the relation of *Dr.* being always expressed by the word *to*, and that of *Cr.* by the word *by*.

Hence the important rule for distinguishing *Dr.* and *Cr.*—

What comes in to my business is *Dr.*

What goes out from my business is *Cr.*

7. The method of *Double Entry* is so called because two equivalent entries of every transaction are made in the Account Book called the Ledger. Thus, the transaction last referred to would be entered in the *Cash Account* of the