
THE SCIENCE OF
LOOSE LEAF BOOK-KEEPING
AND ACCOUNTING

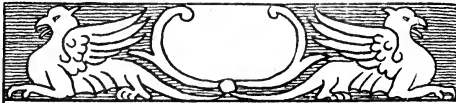


CHAS. A SWEETLAND

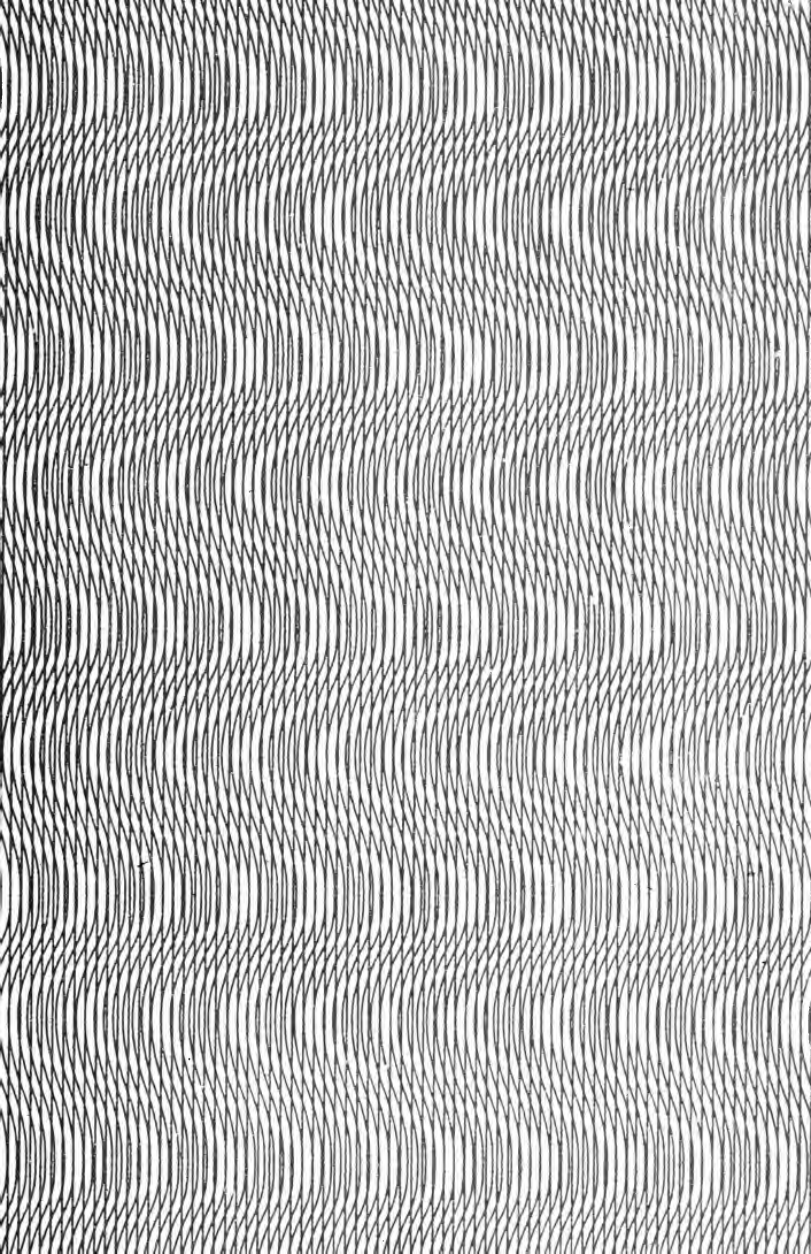
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Lux ex Tenebris.



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The Science
 —OF—
Loose Leaf Book = Keeping
 —AND—
Accounting.



—BY—
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 " "
 PUBLIC ACCOUNTANT.



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INTRODUCTORY.

Loose leaf book-keeping is a development of very recent years. It is an evolution from the necessity of pinning several important sheets together to preserve their continuity. Like any other of the world's best, and most modern methods it was American in its birth, and has been, so far in its existence, almost exclusively American in its use.

The conservatism of the old world has as yet prevented any general application of the idea to the business methods there. It has come to stay however, and will gradually spread throughout the entire accounting system of the world.

Primarily the term Loose Leaf as applied to book-keeping, means books from which leaves may be removed, or in which leaves may be inserted at pleasure, as distinguished from bound books in which the leaves are sewed and thus permanently fixed. The same general rules apply in double entry book-keeping, whether bound or loose leaf books are used. In the keeping of books on the loose leaf plan, however, many details can be changed and a number of advantages gained by which a great saving of time and labor is effected, and accuracy assured.

A beautiful mosaic may be arranged, each piece dovetailing perfectly with its fellow, thus making a system which would be impossible to devise if bound books were used.

The public accountant and expert must recognize the new arrival because they are expected to be always able to meet existing conditions.

Those who are now using loose leaf books can double their value if they know just how to best adapt them to their business; how to get the most perfect results from the least labor.

The book-keeper must inform himself thoroughly upon this system of book-keeping or his position will be in jeopardy.

Schools and business colleges must teach the loose leaf accounting system, or fail to be up to date.

Auditors and accountants everywhere need a knowledge of the proper use of this system as they must meet it in their business.

Proprietors and managers desire information of its advantages or disadvantages, so that they may be able to act intelligently in bettering their accounting methods.

Hence the necessity for this work.

To point the way in as simple a descriptive manner as possible is the object of this book. The author's experience with every known system of book-keeping enables him to speak with authority as to this, the latest method of accountancy.

The information given within is applicable to loose leaf book-keeping no matter what make of binders and leaves are employed. It embodies the principles of the most progressive book-keeping methods and is thoroughly up to date.

The Science of Loose Leaf Book-Keeping and Accounting

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INDEX OF FORMS.

Desiring to show form as large as possible, only the ruled portion is given. Loose leaf binders hold the leaves together by clamping them tightly, over posts and devices of different patterns; hence in making up a form for copy, from one and one-half to two and one-half inches must be left blank at the left of the form to provide for binding space. The punching of the leaves to fit over the posts, and the device to produce a flat opening effect is in this space, which is not used for any writing.

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CHAPTER I.

LOOSE LEAF ACCOUNTING SYSTEMS, THEIR ADVANTAGES.

No improvement since the introduction of double entry book-keeping has been of such importance as that of the removable leaf systems in accounting books.

Like other changes the introduction of this system has met with violent opposition, especially from three classes--the non-progressive book-keeper, the over-cautious business man and the makers of sewed books; but the large number of enterprising firms, who are now using perpetual accounting systems, and the general movement of the banks in this direction have almost demoralized the "objectors" and rendered their efforts as useless as Don Quixote's famous tilt against the windmills.

The opposition of the N. P. B. comes mainly from the fact that he don't know the advantages accruing to himself from the use of loose leaf books and he is too lazy to learn.

As an instance one of this kind was asked if he knew about the loose leaf system and he replied, "No I don't know anything about it and I don't want to." When an endeavor was made, in spite of his curtness to explain some of its most salient features, he said:

"You might as well save your breath—I would not make a change, even if I KNEW it would save me time."

The over-cautious business man is he who is constantly in fear that his books may be manipulated, afraid that loose leaves would be flying around the office like a flock of pigeons or that the book-keeper in a fit of absentmindedness, would use a page of the ledger for a handkerchief. He is a back number now, but still in evidence. It is he who has raised the question of the loose leaf ledger in court.

This question is one which will not be considered seriously by the well-informed bookkeeper or business man. In the first place, it is not the book of original entry and even if it were, the fact that nine-tenths of the firms now use the bill and charge system, filing their loose sheet charges in an order binder would show that any properly kept, consecutive record, either by date or number, is admissible in any court of the United States.

I will not enumerate the disadvantages of other systems, but will briefly take up the advantages claimed and proven for the loose leaf ledger.

First, the elasticity of the account. No more long pages and short pages, no more giving a man an eighth when he should have had a half, no more double-double to utilize space. The loose leaf adjusts itself to the occasion, whether an account contains one item or ten thousand. This fact in itself ought to prove the usefulness and practicability of the system, but there are others.

Second. This ledger is perpetual. After you have once opened your ledger you can take a long breath, for you will never have to open another. If a man

who traded with you six years before again renewed his business dealings, his account leaf, made six years before, would be taken from the transfer to the current ledger, and the account would go along as though there had been no interruption. The fact that long accounts are kept in continuous, consecutive order in the transfer ledger enables a ready reference for a period of years, whereas, if kept in any other manner, you would have to pull down the books, covered with the accumulated dust of ages, and examine many of them, and often many places in each.

Third. The loose sheet can be fully used while with bound books at least twenty-five per cent of the space is wasted.

Fourth. The saving of time. This is so important that it might have been considered first. With the loose leaf system full pages and balanced accounts are transferred at given periods (once a month being often enough) to the transfer ledger which is a duplicate of the regular or current ledger in indexing features. The elimination of these dead accounts renders the taking of a balance a very easy matter without the liability of passing open accounts. As one leaf is reserved for each account and the accounts follow each other in alphabetical order the dangerous error of posting to a wrong account (an error which makes a presumably correct balance-sheet incorrect, and which is extremely difficult to discover) is entirely avoided. Accounts can be arranged in any manner to best facilitate posting, and the salesbook entries,

or the loose sheet charges can be made or assorted in such a manner as to accord with the arrangement of the ledger, thus enabling posting to be done in one half of the time required in sewed books.

Another point of importance is that should any change be necessary, such as from alphabetical arrangement to salesmen's routes, or to states, and towns, it can be made rapidly, perfectly, and without the stroke of a pen or any disturbance of the equilibrium of the ledger by interchanging the leaves. The self-indexing feature also makes the work lighter, and on account of the expansive properties of each account, it offers better results in this direction than the self-indexed ledger, which, it is but fair to admit, is an improvement upon the old sewed book, with its folio and separate index. An account can be found and the posting made in a loose leaf book quicker than the folio can be found in the best index.

Many book-keepers using this system have done away with any written index or account number, filing pages in the same order as the names would appear in a directory. This one must admit, is a great time-saver. There may be a question as to the advisability of this method in the minds of some, but those who use it are lavish in its praise.

Taken altogether it is not too much to claim that there is a saving of 33 1-3 per cent in time by the use of this system and as time is the most valuable commodity a merchant buys, and one upon which he does not appear to reap a profit, it would pay him

to introduce the system if it cost him ten times as much as any other.

The facts are, however, that it does not cost any more than special, made to order, books (in the long run), and costs less than some of the other systems.

By the use of loose leaf accounting system all congestion of work at the end of the month, or year, can be avoided, as the books can be distributed to several clerks if necessary, who can work upon them at the same time.

The system can be augmented or diminished, rearranged or readjusted at any time without cessation of business or transfer of accounts.

Usually firms introducing the loose leaf system adopt it first for their sales ledgers and in this connection I would say that each sales ledger, no matter how many are used, should be handled independently, and each one separately balanced. This can be readily accomplished by having separate columns for each ledger in cash books, and by keeping separate sales ledger or Accounts Receivable accounts for each ledger in the General or Private ledger.

The latter ledger may also be loose leaf, but many firms still prefer a small sewed ledger for this purpose, as the accounts and entries are comparatively few.

So far I have only considered the loose leaf system as applied to Ledger service, but I would say that many advantages are urged for the use of the system in Cash Books, Journals, Purchase Ledgers,

Sales Books (when still in use), Perpetual Balance System, Pay Roll Books, Stock Books, Price Books, Cost Books, Inventories, Bills Receivable or Bills Payable Books or any special records, either necessary or desirable to be kept. These advantages will be taken up in future chapters.

It makes the most perfect note record in the world, especially for firms carrying a large number of notes, dividing them alphabetically or numerically and giving a perfect and permanent record of partial payments.

Not many years ago the railway passenger trains of the United States were equipped with chain brakes, and the engineer had to whistle down two miles from a station in order to get the train stopped anywhere near it. Numerous brakemen had to be employed on each train. Then came the pneumatic brake. Wiseacres shook their heads, and said it would never work, that it could not be relied upon; but it does work. The chain brake has passed away entirely for passenger service, and nearly so in freight service. The improvement not only proved beneficial to the public but an economy to the railroads, lessening the number of men required to man the trains, and the danger of accident.

Thus the loose leaf or perpetual ledger system has come to render a perfect service, to lessen expense, and to provide a simpler and safer system of keeping accounts.

I have never heard of but one firm that had what seemed to be a legitimate objection to offer against the use of the system in their business.

The advantages had been explained fully and carefully to the attentive gentleman. He finally said:

“Well, it seems to be all right, except for one thing. If I were to eliminate the dead accounts in my business I should have to go into bankruptcy.”

HE WAS AN UNDERTAKER.

In the purchase of loose leaf books as the binder is supposed to outlast many thousand leaves, the features to look to are strength, durability, ease in manipulation and appearance. Any manufacturing stationer can furnish leaves of equal merit, but the main rivalry in perpetual accounting books is in the various devices patented for holding the leaves firmly in place and their facility in opening or closing, for extracting or inserting leaves, and the methods of obviating the spring or bulge in the thick ledger paper at the hinge edge, to produce a flat opening effect. These, then, should be the points closely looked into by those introducing the books, for the best is always the cheapest in the long run.

CHAPTER 2.

THE LOOSE-LEAF LEDGER.

HOW TO OPEN AND HOW TO USE IT.

Every book-keeper is familiar with the regular, or as I would term it, the old style ledger. He knows its purposes and its peculiarities. It has been the object for a number of years past to make improvements upon the old style ledger, and to that end there have been several innovations, in the shape of bound books, arranging accounts in different manners, changing the indexing features, revising and improving several points, calculated to lessen labor or produce better results, thus making the book more convenient to handle, but it was not until the idea of the interchangeable leaf became a certainty and the methods of rapid handling were evolved, that the public recognized the greatest improvement ever inaugurated.

The essential idea of the Loose Leaf Ledger and the one which gives it its greatest value, is that the working ledger may be kept current and all closed accounts, filled pages, etc., etc., transferred to another binder, which is considered a book of reference. Containing, as it should, no open accounts, it bears no relation whatever to the general balance.

As under the Loose Leaf System, a separate leaf is required for every account, it will be evident that a much smaller leaf may be used in this system than

in the old style books. As any number of leaves may be given to one account whenever necessary—there is no limit to the expansion. Old style books frequently had six, eight and ten accounts on a page, and in the purchasing of a ledger, the necessity of large accounts had to be considered, and a space necessary for smaller accounts was arranged by cutting up large pages into spaces of appropriate size, no matter how many might be required. As the loose leaf theory is exactly the opposite, it will be seen that it is unnecessary to provide for large accounts, for the reason that no matter how small the page may be, as soon as it is necessary a new leaf can be introduced, and so continue indefinitely, giving all the room required for large accounts, while short leaves for small accounts will of course always be ample.

The advantages of having each account upon a separate leaf are many. In the first place, it renders errors in posting very unlikely to occur. As each account is absolutely independent, it would be almost impossible to post upon a wrong leaf while the opportunity for erroneous posting upon a page where six or eight accounts are clustered together is ever present. One account to a leaf means a much easier balance sheet, with very little opportunity for passing open accounts. In fact, with the Loose Leaf System, a balance can be taken off the sales ledger without using names of the accounts, certain sections being taken by form, and a recapitulation made of the different sections.

Another advantage gained from the individual leaf account, is that of perpetuity. Loose Leaf Ledgers are called perpetual from the fact that after once being introduced, there would follow from year to year no necessity of opening new ledgers except it might arise from the expansion of the business. It will be very readily seen that if an account has been opened on a leaf, it exists, whether it is unpaid and in the current ledger, or balanced and in the transfer ledger.

Suppose the account of Smith & Co., had been balanced and taken to the transfer ledger, later on (we will say two or three months) Smith & Co., buy again. It is obvious that, as the account of Smith & Co., has been started, and the leaf has not been filled, that it is quite unnecessary to open another account, consequently Smith & Co.'s leaf is taken from the transfer ledger, returned to the current ledger to its proper place, and the posting made which makes it current. Thus you will see that should one firm buy but two bills per year of you for ten years, that their entire account would be upon one side of one leaf, as the loose leaf ledger usually averages thirty to forty lines per page. On the other hand, if Smith & Co., had been customers who used ten pages or five sheets per year, making in all fifty sheets for ten years, all of these fifty sheets would be, one after another, in proper consecutive order in the same place, in the same transfer ledger.

The above statement in regard to perpetuity of accounts, is one that cannot be too lightly passed over, in considering the advantages of the loose leaf ledger.

Those who know the difficulty of tracing up an old account through five or six ledgers, and perhaps five or six places in each ledger, will readily appreciate this wonderful improvement made possible only by interchangeable leaves.

From the above statement you will see that it is possible to use in any loose leaf method, every line of every sheet of every account while this is an utter impossibility with books that require re-opening and exchange as the larger accounts fill.

The saving of time when posting and balancing has been referred to and will be readily seen from the fact that there is no dead matter to run over or at least a very small proportion of it.

In taking a trial balance much time and labor is saved on account of the fact that all of the account leaves follow consecutively, one account to the leaf and there is no necessity of running through the blank leaves, to be certain that no "open account" lurks unsuspected amongst them. Should one alphabetical section have twenty or thirty leaves and the accounts end at the tenth leaf you can be sure that there are no other accounts in that section (unless you use the sundry leaf which should be at the end of each section).

Balances may be read off, copied with or without the names as preferred, or may be taken direct to the adding machine.

In the opening of a new loose leaf ledger or ledgers the method of course depends a little upon the indexing features used. In regard to the best method when

the ordinary index is used, it is perfectly safe to say, that after taking off a balance from the old style books and proving the same, the balances may be transferred to the loose leaf ledger and afterward sheets can be taken out of ledger, (a small section at a time) and re-arranged in proper alphabetical order. Or a method which is adopted by many houses in order to save time and labor, is to allow accounts in the old ledger to close out by making all credit entries for the opening month or two months in old ledger and by making debit entries in new ledger. Of course by this plan, for a time it will be necessary to combine the old ledger and new ledger in taking off the balance. I do not approve of allowing old ledger to remain open longer than a regular balancing period. In other words your old ledgers are balanced. Your new debit postings for succeeding month are made in loose leaf. The credit postings for the month are made in old ledger except in such accounts as have been debited the same month in new ledger. At the close of the month the balance remaining in old ledger should be transferred to loose leaf, and new balance taken from new books. I think this course is likely to be more satisfactory, easier to handle and less likely to contain errors.

A closed account or a filled page should only be transferred from the current ledger to the transfer ledger after the balance has been taken. This is very important. Should transfers be made from time to time during the month and any error be found in the balance, it would be necessary to check through the

transfer ledger as well as the current ledger which would be a long and tedious task after the transfer ledger becomes voluminous, while it would be a comparatively easy matter if accounts were left in the current ledger until after the trial balance had been proven and then gleaned out and removed to the transfer ledger.

Putting in a Loose Leaf System is not merely purchasing a ledger but in order to obtain the best results there should be a general arrangement and systematizing of other departments to render the work of the book-keeper less. For instance, an easy method at present is to post from direct order, or from direct charges, using bill and charge system (explained in another chapter). It is but very little trouble for those who have charge of the billing to arrange the charges before numbering to accord with ledger arrangement. Thus supposing you had two ledgers one A to K and one L to Z. Before charges come to you these charges could be as easily arranged to run alphabetically from A to K and from L to Z as otherwise, and thus numbered consecutively after being arranged, or even if sales book was used it would not be difficult to arrange the records of the sales so that they would run alphabetically and continue thus. When you post, you begin at the front of book, and by the time you have finished the ledger you are through the charges. This obviates the necessity of turning back and forth and thus saves a great deal of time. The chapter on indexing will show you the different methods that may be employed, and of

course your billing department should conform to whatever method of indexing is used.

The most popular plan of handling accounts is on the loose leaf indexing directory principle, or lexicon plan in which case you do not need the account numbered, as the account is inserted in its proper consecutive alphabetical position, being in same position when transferred. In this case it is necessary, or at least it is convenient to open accounts outside of ledger and to insert them after a definite period, say at the close of your day's work. For this purpose an ordinary spring back holder the size to cover ledger sheet is used. This holder has a capacity of 50 to 100 sheets, contains a number of blank ledger leaves whereon a new account may be opened and wherein any accounts which it has been found necessary to take from transfer may be quickly inserted, and left there until you are ready to open the current ledger and place accounts in their proper alphabetical location. This obviates necessity of opening ledger so often and also provides a sufficient receptacle for loose leaves so they are firmly held together and cannot be mislaid. Of course if this holder should not be gleaned and the several open accounts and transfer accounts placed in current ledger every night, the holder forms a part of the current ledger, and must be cared for in same manner. It is not well however to leave accounts any length of time in the temporary holder. It should be the duty of the book-keeper in charge of the ledger to open his book at least once a day and place therein all the leaves upon

which new accounts have been entered, and those from the transfer upon which new postings have been made.

Some book-keepers have abated the necessity of the holder by inserting a number of extra leaves in the back of the ledger, upon which extra leaves new accounts are opened and transferred at regular intervals to their proper places. I consider the holder quite a necessary feature and very useful. In case accounts are numbered, the necessity for opening new accounts in holder does not exist, as they are opened consecutively following each section irrespective of their alphabetical sequence, which of course in this case is a reason why you should always keep a number of blank leaves following any section and thus have plenty of space for opening new accounts. By this plan if accounts are taken from transfer and re-opened, they should be placed in holder until night and then put into current binder in their proper numerical place.

After the trial balance is taken all closed accounts and filled pages, should be well gleaned out and placed in the transfer binder. Of course an account may be closed and still current, each book-keeper knows his accounts well enough to be able to tell (even if an account is closed) as to whether the customer is likely to re-open the same within a month or not. Of course with a regular customer whose account is likely to be soon re-opened it is useless labor to transfer it, because to re-open the account it would have to be brought back immediately to current

ledger. It is well however to keep your ledger as free from dead matter as possible, and the book-keeper who does not do so, is losing one of the greatest advantages of the Loose Leaf System.

It is well to remember that loose leaf binders like other things have their limitations and they should not be crowded beyond their normal capacity. When a business grows to such an extent that the new accounts are becoming greater in number each month and the capacity of the binder or binders is taxed to the uttermost it becomes important that more binders be purchased and the present binders be split or divided into two or more parts as may be desired. The indexing arrangement may be also split or new indexes with more minute divisions may be purchased.

CHAPTER 3.

THE LOOSE-LEAF LEDGER—Continued.

RULINGS.

The forms for ledger pages under the Loose Leaf System are as varied as the demands of the customers require. They may be made up in any desired style, from the simple old style debit and credit sections to the newer forms adapted to different lines of business.

A ledger leaf which has proven very popular among book-keepers is one wherein the difference is in the placing of the figure columns in the center of the sheet rather than at the margins (see plate No. 1). In this form you will notice that the balance column is in the center of the page with debit column to the left, credit column to the right of it. The advantage of this ruling is that wherever it is necessary to rule off accounts only one short line is required for the purpose instead of lines upon each side of the page, as is necessary in the old style ruling. Most book-keepers use the balance columns merely as memoranda entering balances with pencil and considering all balances debit unless they are entered in red ink, or enclosed in a circle. As most balances in a sales ledger are debit one balance column is sufficient to meet the requirements of the case, but a double balance column may be introduced showing both debit and credit balance (see plate No. 2) in

which case of course the balance would be placed in its proper column.

Of the two forms above mentioned I much prefer the latter, as it is perfectly clear and requires no more space than the other style.

Some book-keepers do not rule off closed accounts, but use their balance column for proving up in same manner as the Safe Guard System, in which case of course balance should be carried into balance column at the close of each month, and should there be no balance it should be indicated by ciphers or a dash. This arrangement has one great advantage, viz., that the entire amount of debits and the entire amount of credits for each customer is shown in the total additions of debit and credit column and at the end of the year a recapitulation of the individual debits will balance the total debit posting for the year and the recapitulation of the individual total credits will balance the total credit postings for the year, while the total of the individual balances will be a balance for the end of the year and will balance the total debits less the total credits with the 1st of January, preceding balance added.

Of course where this plan is used the balances at the beginning of the year, or the balances transferred from old books at any given period, should be placed in the balance column and not in the debit or credit posting columns.

It is not necessary for me to give in this work all of the different ledger rulings, I could not do so if I wished without producing a very large volume,

but a few other forms may be of sufficient interest on account of their difference from the old style ruling. Plate No. 3 shows a ruling which by many is preferred to any other style. It gives the ordinary debit and credit balance columns, but does not place the columns in the center of the page. As far as the use of this form is concerned and its practicability, there is no question but that it is thoroughly up to date, and can be used to great advantage in any line of business, not requiring much room in the item columns. Plate No. 4 shows a double debit ruling against a single credit ruling, which is an innovation somewhat unusual. This ruling is especially intended for houses having a large number of debit entries, most of them being paid by monthly check, and therefore largely reduces the number of credits. It is practical in some lines of business and useful in-as-much as it enables more postings to be made upon one page, the necessity for carrying forward accounts thus being lessened.

I will give another illustration of regular ledger ruling, and that is in a case where more room is required on the debit item side, than is required on the credit item side, and this ruling is shown in plate No. 5. Of course the necessity for a ledger of this character only exists where the items themselves are transferred to the ledger from the sales-sheet or sales-book and really makes the ledger a combination book being in itself explanatory of the entire transaction. These sheets of course must

be somewhat wider than the ordinary ledger to make room for additional spaces required.

Some book-keepers and business houses still cling to the old idea of having a "Double Double" ruling thinking that it will save space and render the book more useful, but when you take into consideration the number of small accounts where the largest portion of the page is not used up for a long time, it does not seem that there is any real necessity for using the "Double Double" in Loose Leaf Books. Of course the public have been for many years accustomed to the sewed books wherein, in order to have sufficient amount of space without transferring frequently, the "Double Double" was a great necessity; in-as-much as it enabled book-keepers to have a much larger number of accounts in one ledger, than could be done with the single ruling. The fact however that the expansion of accounts is limitless under the Loose Leaf plan renders the necessity for "Double Double" in ruling absolutely nil.

Of course various columns may be introduced made necessary by requirements of any special line of business, for instance, "the terms," "the due date," "requisition number," "salesman" or any other explanatory column required. Necessities of the business can thus be closely followed in the ruling of loose sheets and by bringing them within the columns arranged thus, reduces to a very large extent the amount of labor required in keeping an accurate account. On most of the Loose Leaf sheets



the heading of the different columns are printed in and the name of the firm at the head of each sheet, this is a special advantage where columns are introduced for a definite use, outside of the regular ledger column. Of course where the regular ruling is made, it is not absolutely necessary to put in printed heads, as a book-keeper with an ounce of sense would be able to tell the different uses of columns without referring to the printed caption.

As already stated the different forms of ledger ruling which can be made for Loose Leaf books are inexhaustible and subject only to the individual needs of the users. Some of these individual needs will be mentioned in their proper place in the following chapters. I will give another illustration (see plate No. 6). This leaf is intended for "Petty Accounts" or "Sundry Accounts" and if opened on an ordinary sized ledger leaf eight or more such accounts may be accommodated. I do not recommend the use of this "Sundry Leaf" in any line of business, as it does away with the primal object sought for in loose leaf accounting, namely an individualized leaf which will contain charges and credits of individuals, whether they are few or many; say that for instance, if a customer purchased but one bill a year for ten years, his entire account would appear at the end of that time upon one side of one leaf, whereas if "Petty Account" page is used it would be necessary to re-open this account from year to year, the same as is done in the old style ledger, as it would be manifestly

improper to return the leaf containing seven closed accounts to your current ledger in order to re-open one account.

The cost of the leaf is so trifling, that there is really no reason why an individual leaf should not be given to each customer, no matter how small the account, and this will be found the most desirable manner of keeping accounts. Never-the-less there are some houses that prefer this leaf for "sundries" on account of the fact that they can perhaps, by this method, lessen the number of ledgers required for their service.

Where this leaf is used, it is the best plan to have one or two sundry leaves following each alphabetical division. These sundry leaves give room for eight or more accounts to a leaf according to the size of the leaf. In case any sundry or petty account should grow, and require more room, it goes without saying that it should be immediately transferred to an individual leaf which should be inserted in its proper place. In regard to disposing of these "Petty Account Leaves" and transferring them from current ledgers into transfer ledgers, of course, it can only be done when all of the accounts upon the leaf are closed, except in one way, namely: should one or two accounts only be open on leaf and a desire is felt to transfer this leaf, these accounts may be transferred to another current leaf, and the old leaf removed from current work. In this connection it is practical to use a "Petty Card Ledger" for this class of accounts, in which case the "Card Ledger

Account, should be carried in the general ledger and balanced separately.

Where a "Petty Ledger Account" is kept in the general ledgers, if the leaves are congregated, and not distributed among the alphabetical divisions a separate charge file should be provided and a separate column in the cash book for payments. This is of course necessary with the card arrangement, but if the leaves are distributed through their different alphabetical locations, it is unnecessary to have a "Petty Ledger Account," as the charges and credits are entered and posted the same as other accounts.

A center ledger ruling without balance columns is shown in Plate No. 7.

A ledger ruling giving an extra item space with dating and terms is shown in Plate No. 12, next page.

Any desired variations of ruling can be accomplished as is illustrated in those presented. One of a peculiar nature is referred to in the last chapter of this book.

CHAPTER 4.

THE LOOSE-LEAF LEDGER—Continued.

The durability of the Loose-Leaf Ledger is much greater than the general old style books, and the term perpetual has often been applied to it from the fact that new ledgers do not have to be opened from year to year, and that the binders may be used for many thousand accounts.

The current binder (as the holder which contains current accounts is usually called) should contain from 500 to 600 accounts. If more than this number should be handled in one ledger, it becomes cumbersome and unwieldy. If a firm has 1400 current accounts or more, it would be best to divide same into three ledgers. Ease in handling is a very essential feature. In the purchase of Loose Leaf books care should be taken that the leaf is not too large, or capacity of current binder too great. It is better to have three ledgers to handle from thirteen to fifteen hundred accounts, than to endeavor to force them into two ledgers not only for the convenience in handling, but on account of the opportunity for expansion, which in most cases is made necessary by the growth of the business.

There is no necessity for numbering loose leaf binders, on account of the fact that they are not succeeded by other binders, as is the case in sewed books, and the transfers are handled in such manner that they do not follow in consecutive numerical order.

A transfer binder usually holds one thousand sheets and assuming that it is indexed from A to Z and the necessity for a second transfer binder arises, instead of calling the first one No. 1 and the second one No. 2, the proper course is to divide the accounts in the first binder placing last portion in the new binder, you would then have accounts in one binder from A to K and accounts in the second binder running from L to Z in same manner. Should accounts be divided from time to time, every time that a new transfer is required in this way, the arrangement of accounts is such that any given person's account can be found instantly by referring to only one book and whether it should occupy the space of one page or fifty pages, it would be in one place.

Some large firms who use a very great number of ledgers have adopted a substitute for transfer binders, which is working very satisfactorily. It is a vertical filing case made to take in sizes of ledger leaves and indexed as fine as may be necessary. With this device, which is in fact a transfer ledger, the leaves taken out of current binder are placed in their proper alphabetical position consecutively in same manner as they would be placed in transfer binder. They are very accessible, easily found and the drawers may be locked if it is deemed necessary.

A very valuable use of the transfer binder has been found by many firms in circularizing work. Where it is desired to call the attention of the customers who have closed their accounts, and stopped

purchasing to the advantage of your wares it can be done very systematically by running through transfer ledger and taking the names and addresses of such accounts as are in good standing.

It will be seen from the method of handling transfer accounts that it is a very easy matter to look up back accounts no matter how old they may be, as they are found under any indexing arrangement in same locality for whatever time the loose leaf system may have been in use.

The making of statements from the Loose Leaf Ledger is a simple and easy matter. The fact that there are few closed accounts to go over lightens the work materially, and if statements are made consecutively from each ledger, they will follow in same order as index arrangements indicate, which is quite serviceable under all circumstances. If the index is alphabetical, the statements will naturally be in correct alphabetical order, having been taken consecutively. If the index is by state or town, the statements for any given section will be together, and should index be by salesman's territory it naturally follows that each salesman's statements are together and the same admirable arrangement is maintained without any extra labor.

On the loose leaf plan it is possible to get out the monthly statements more promptly as extra clerks can be put on the work at one time, where there are a number of ledger binders.

With the large old style bound ledger but one man could work on it and necessarily the statements would always be several days late.

Upon each page of the Loose Leaf Ledger will be found the words "Sheet No." In opening a Loose Leaf Ledger every account opened therein would of course be sheet No. 1, and as each sheet is filled the numbers follow consecutively, so that in transferring an account it can be traced through from beginning to end by sheet numbers. On the same principle it is necessary to use Sheet No. 1 as the caption of each new account as it is opened.

It is usually the case in Loose Leaf books that the columns are headed such as "Date," "Items," "Debit," "Balance," "Credit," "Terms," etc., etc., which is a guide to the proper location of posting.

When it is possible for a firm to carry all their accounts in one ledger, that is when total number of "General Accounts," "Sales Accounts" and "Purchase Accounts" does not exceed six hundred, it is entirely practical to arrange your ledger for this purpose, in which case it is best to run the "General Accounts" and "Personal Accounts" in the front of ledger. The "Sales Accounts" to follow, and the "Purchase Accounts" at the back. Even with this arrangement it is best to carry in your general ledger section a sales ledger account and a purchase ledger account, so that your general ledger section balances independently, and your sales ledger account shows the required balance of the sales ledger section, and your purchase ledger account

shows the required balance of purchase ledger section. In order to accomplish this result, it is of course necessary at the end of each month to post through your journal the total debits of the month of the sales ledger under one item, the total credits under one item, and the same for the purchase ledger account. If you have more than one sales ledger, it is better to have a separate general ledger and the same principle as laid down for single ledger, will apply for any number of ledgers, which you may use. The only necessity arising from the multiplicity of ledgers, would be that a proper number of columns must be maintained in cash book, so that the posting of the total credits of each ledger can be obtained at the end of the month and the division of sales be kept in like manner for whatever number of ledgers you carry, or whatever series of ledgers you require.

It may be well to explain what is meant by series of ledgers. In some large houses that require fifteen or twenty current ledgers they are arranged in series form. As one book-keeper might be able to take care of two to four ledgers under the Loose Leaf plan, therefore the number of ledgers under one book-keeper's care would be called series A, those under the next book-keeper's care, series B and so on.

Of course with the arrangement of several ledgers or several series of ledgers, whichever may be the case, the arrangement of debits and credits should be made to accord with the arrangement of

the ledgers in order to gain time and avoid mistakes; this is quite as necessary as any other portion of the work.

The best method of proving postings in the Loose Leaf Ledger or any other, for that matter, which can be used by every one and which is adapted for a business of any character and any size, is to have the total amount of debit postings figured up by bill clerk, prior to posting. The bill clerk should keep a recapitulation book, showing each day's debits of each ledger or series. The book-keeper then takes the "Sales-book," "Sales-sheet" or "Tissue" whatever it may be and goes forward with his postings, placing the sheets to be posted from at the left hand of ledger and the posting slip at right hand of ledger. If posting is made, amount posted is jotted upon the posting slip, and at the close posting must balance with total amount as indicated by the bill clerk's addition. Some firms prefer to place a slip in ledger at each posting point and either take off amount after the posting is completed upon a posting slip, or if they have a computing machine in the office, it can be done readily with that. The same arrangement of credits is followed by cashier and book-keeper, thus proving the credit postings in same manner. If this plan is followed carefully the ledger is kept absolutely in daily balance. Of course it is understood that all debit postings from whatever source, must be summarized and all credit postings from whatever source the same.

I do not consider it necessary to go into detail in

regard to the handling of a large business. My object in this book is to lay down the general principles which will be applicable to any business house whether they require the services of one book-keeper or ten, of course in the larger concern there would be much minutia necessitated by the character of business, and differing in many respects from each other.

I believe the general rules laid down above for balancing will prove satisfactory in every case providing they are handled intelligently by book-keepers. Of course, in some small houses we find a book-keeper who acts as bill clerk and cashier also. In this case the proving is not as positive, as when we have someone else to accomplish the primary work, for the reason that it is much more difficult for a person to prove his own work.

Many book-keepers or clerks use the check-figure and find it very satisfactory, but it is not the province of a work of this kind to discuss check-figure systems, and it is best to leave their use entirely to the option of the book-keeper.

In closing I wish to say that every book-keeper who is using a "Loose Leaf System" will undoubtedly appreciate the truth of the saying that it is "the book-keeper's friend," as it makes his work lighter, destroys much of the tediousness of his calling, enables him to accomplish greater results and be absolutely accurate (with less labor), than any other system ever introduced. The book-keepers who have not used the "Loose Leaf System" may

not appreciate the full force of this statement, but when they drop the old and adopt the new, they will very soon become convinced of its truth.

CHAPTER 5.

INDEXING, ALPHABETICAL—STATES AND TOWNS—NUMERICAL—SPECIAL.

The greatest saving of time made through the introduction of the Loose Leaf System, is in the improvement in indexing features, which can be effected through its use.

The old style ledger has been vastly improved by various self-indexing arrangements and while they have added to the value of the book and in a measure proved a time saver for the book-keeper, there have been various difficulties impossible to overcome in any sewed books. The principal of these is that the account is very likely to over-run the amount of space given, thus necessitating a transfer of the same and, as the number of spaces under any given alphabetical arrangement is necessarily limited a transfer is frequently made upon subsidiary leaves inserted after the alphabetical leaves to provide for this very emergency. It will be readily seen that in this arrangement a perfect system of indexing is absolutely impossible. During the early use of the books, while the accounts remain unfilled, it is quite possible to produce an alphabetical ar-

rangement which will be more satisfactory than the old plan of having a special index. But when the accounts become filled and the transfer to the subsidiary pages made absolutely necessary, it is impossible to continue this arrangement, and consequently a very large portion of the advantages of the self indexing ledger is thereby completely lost. Again it is manifestly impossible to accurately judge as to the business which may come from the business which has come. It is true that we can form an idea which may not be very far out of the way, and at the same time the new business taken during the succeeding year may vary materially from business of past years, and thus render our indexing features insufficient for our needs.

The Loose Leaf Ledger is absolutely the only ledger which will index alphabetically in correct sequence for the different terms.

This admirable feature is made possible only by interchangeable leaves, and no book of whatever nature with permanent leaves can be arranged to produce these results.

It is also a fact that with any kind of a sewed ledger manufactured, once every year (or perhaps every two years) new ledgers must be opened, new accounts must be started and old accounts must be transferred. If a firm has 10,000 accounts with about 2,000 of them current, the 2,000 must immediately be given a space in the new books and the other 8,000 as they come in. This has to be done every year or two.

Not so with loose leaf books—after the 10,000 customers' accounts have been opened—they would never have to be re-opened, whether active or inactive and the only accounts necessary to open would be for absolutely new customers.

We will first take up plan of alphabetical arrangement.

Most firms who have a small number of accounts, namely from five hundred to two thousand, prefer the alphabetical arrangement to all others. The Loose Leaf books are made self-indexing by the introduction of projecting leather tabbed leaves at proper intervals for each letter of the alphabet, or for several divisions of each letter of the alphabet running up to two or three hundred. We will consider first the plain twenty-six letter alphabetical division which is used usually in one book and is suitable for about five hundred accounts. In the use of this alphabetical arrangement the accounts as they are placed in the ledger are properly arranged in continuous alphabetical order, the same as will be found in the directory, for instance, under B, the first account might be, Baker-Benninger & Co., the second Bittner, the third Bobb & Co., the fourth Butler & Brown. You can very readily see that if you had an account for Thomas Brookly & Co., in order to keep proper alphabetical sequence, this account would be inserted between that of Bobb & Co., and Butler & Brown. If you had several Browns (individual) they would be entered according to given

name. Albert first, Benjamin second, Charles third, and so on.

When the sales ledger is kept in this manner, it is *absolutely unnecessary to have any written index* whatever, for each page of your ledger is an index page. It is not difficult to turn almost instantly to any account desired, in fact, you can turn to the account and make a posting sooner than you can find the folio in any index. The reason for this is apparent as we have noted in previous chapters as the main idea of Loose Leaf Books is to keep your ledger as nearly current as possible. In looking for a name among the various names in your current ledger, you do not have to pass over, or examine a large number of inactive or dead accounts, which you would have to do with a separate index. In case your sewed books have been in use for a year or more, you are obliged to have a written index in which you enter all the names, and thus the number multiplies rapidly, whether accounts are active or inactive.

Where no account number is used and the book-keeper fails to find the leaf for any given name in the current binder, he should examine the transfer binder to see if an account had ever been opened with the customer. A note might be made on dividing index leaf when a sheet is transferred, in order to keep the current binder record clear. Some firms find it most convenient, however, to keep a customer's card index, in which case an account will be marked "new" before it reaches the book-keeper.

This is explained in Chapter 21.

The index arrangement for transfer ledger is exactly similar to that of the current ledger, and accounts in transfer ledger therefore lie approximately in same position as those in the current ledger and are as easily found.

You will readily note by this plan that there is no account number or folio number used in ledger whatever, and that your notation when posting would be an ordinary posting check, which would indicate that the amount opposite this check had been posted.

At first glance a person does not realize the immense saving of book-keeper's time in this method of handling accounts, but perhaps you can gain a little better idea, if I give you an example of saving from the actual experience of a business firm. This firm had altogether during the year three thousand accounts, one thousand being the average number which were current. Under the old system it was necessary to write the names and addresses in the index book, which made three thousand names and addresses during the year. To these accounts the average number of postings were ten to each, making thirty thousand postings during the year. This occasioned thirty thousand researches in the index in order to ascertain the folio. Their plan was to have the stenographer run through the charges, placing folio thereon in order to aid the book-keeper in his work. This necessitated the writing of folio upon the original order in pencil thirty thousand

times. The book-keeper upon posting the item placed folio number in its proper place on the charge, which necessitated the book-keeper writing the folio thirty thousand times. Besides counting time necessary to look up names, the summary of this is, the writing of name and address of three thousand people, and the writing of a three-figure folio sixty thousand times, or the unnecessary writing of one hundred and eighty thousand figures in one year.

All of this labor is saved by the index system described.

As mentioned the alphabet is variously divided for the use of a large number of books, up to several hundred divisions. It is usual for a firm having from seven hundred to one thousand current accounts to use two ledgers, and what is called the two-line alphabetical division, or in other words fifty divisions of the alphabet properly made according to letters and formation most natural to occur. Of course the names most common are those beginning with "S", "M", "H" and "B", and these letters are more thoroughly subdivided than others. It is entirely proper and frequently the case with parties who only have one ledger who desire the same thoroughly divided, to purchase the two-line index, which gives them this advantage, that if, at any future time, they find it necessary to have two current ledgers instead of one, it is not necessary to purchase a new index, as the one which they have in use may be divided and will answer for two books.

Basing each index line of twenty-five characters on an indexing capacity of five hundred accounts, it will thus be seen that if you have fifteen hundred accounts and three ledgers you would need a three-line index, or seventy-five divisions of the alphabet. If you have say two thousand accounts and four ledgers, you would need the four-line index or one hundred divisions of the alphabet, and so on.

ACCOUNT NUMBER INDEX.

Some firms will adhere to the old idea of writing an account number for each account as opened in the Loose Leaf Ledger (described in previous chapter) and it will be seen that wherever this arrangement is preferred the saving of writing the names cannot be effected, but the advantages of the loose leaf even in this arrangement are numerous, owing to the fact that a vowel index page may be furnished for each letter, and this is not a separate distinctive book, liable to be mislaid or lost, but is an integral part of the ledger. Of course, where this account number is used, it is absolutely unnecessary to have other than a one line index, consisting of the different letters of the alphabet for accounts do not follow in alphabetical order, but just as they are received and in numerical order, according to account number. Thus it will be quite as easy to find any account by number whether there are two or two hundred, by the account number given on preceding index page. Of course if transferring of inactive accounts has begun, the account numbers

will not run consecutively, but the absence of an account number in the current ledger immediately indicates that it is in the transfer ledger, for it must be in one place or the other. With this arrangement it does not matter how the accounts are inserted, in ledger under each other, as they are classified through the vowel index preceding each letter. They do not however run in the same order as folio numbers of the old style ledger, as each letter is absolutely independent. Account numbers under each index section must start with No. 1. American Brass Co., might be account A 3, Baker & Brown might be B 3, Chicago Buggy Co., might be C 12, etc., etc., but the principal advantages gained by those who prefer this method are:

First, that it is impossible to lose an account, as each one is consecutively numbered as entered in the ledger and must be forthcoming either in current or transfer binders, and the index keeps a record of such a number.

Second, that the index furnishes a guide to all customers whether accounts are current or closed and by glancing through it the book-keeper can ascertain whether or not an account is a new one. (This does not seem to be of great importance, as it is very unusual for a new account to be opened in any house without the rating of the customer, and the O. K. of the credit-man or proprietor, which would indicate of itself to the book-keeper that the account was new).

Third, that the entering of accounts in the ledger

may follow consecutively, and a sufficient number of blank leaves kept after each letter at all times, to provide for the opening of new accounts.

I feel that the last advantage cited for this method of account number is perhaps the most important and deserving the most attention of any mentioned. It is of course a convenience to be enabled to enter accounts immediately into ledger and perhaps a little saving of time in the arrangement of such accounts, but against this is lost all the time writing index names and account numbers, looking them up every time an account is needed, and the fact that after a number of years they will multiply and produce an index more or less complicated while the former plan does away with all such complications, and provides for them automatically giving an elasticity which will allow very few or very many accounts. An account number once given always remains the same. It is thus easily remembered.

I have given the advantages of each of these plans considerable space as they are of considerable importance to the would-be purchaser or book-keeper. Of course, it is readily seen that although you may have opened your books on the account number plan (Loose Leaf) you can at any time you choose, change them to the straight alphabetical arrangement, or on the other hand if you opened them on the alphabetical arrangement and find that it did not work satisfactorily, a change could be made without re-writing to the account number arrangement. Of course such radical changes could not be done were

it not that the leaves are interchangeable, and may be varied to suit the case. It might be well to say right here that similar changes can be effected from any method of indexing to any other method of indexing without re-writing a single page, if the Loose Leaf System is in use.

NUMERICAL INDEXING.

Numerical indexing is where the account has a number, and is known by that number throughout, much more readily than by the name of the individual, and is found mostly in use by Saving Banks, Building Associations, Trust Co.'s, Insurance Co.'s, Installment Houses and the like.

The general numerical system has been adopted by some of the largest concerns of the United States and of course where this system is in use in general conduct of their business, it should also be observed in the arrangement of their ledgers. This in brief is the giving to a customer a definite number, which remains with him throughout all his dealings with the firm, for instance if Brown & Co., were 921, all orders of Brown & Co., would be 921, all letters received 921, all communications sent 921, the ledger number 921, and every detail of business would be recognized as belonging to Brown & Co., if it had upon it the number 921. A card index, arranged alphabetically, should be used in connection with this plan.

Under the numerical arrangement the ledger leaves may be numbered at the time they are made from one to ten thousand. The numerical index

tabs running through ledger can be introduced as often as desired either in hundreds, fifties or twenty-fives, and merely serve to throw the ledger open close to the point desired. Ordinarily in the business houses the numerical arrangement is not preferred unless they have other things in accord therewith, but the fact that it can be introduced with so little trouble, shows its advantages clearly.

INDEXING BY STATE AND TOWNS.

Probably the most complete indexing that can be done under any plan, is that of subdividing the business under the state and town alphabetical arrangement. Most of the largest business concerns, at least those who use four or more ledgers have adopted this plan as being the most perfect, all things considered.

By this arrangement the accounts are divided into states and where it is necessary two or more ledgers may be provided for one state, and in other cases three to six states may be accommodated in one ledger depending entirely upon the amount of business done in different localities. Then again a ledger is used for miscellaneous numbers of states, and should one of these states begin to show a great increase of business, it is not a difficult matter to provide another binder for this growing state, and extract it from its brothers without interfering in the least with the business arrangement, or being required to write a single name.

Where this plan is followed the arrangement is as follows:

States Alphabetical, as follows:

ALA.	IND.	MONT.	R. I.
ALAS.	I. T.	NEB.	S. C.
ARIZ.	IA.	NEV.	S. D.
ARK.	KAN.	N. H.	TENN.
CAL.	KY.	N. J.	TEX.
COLO.	LA.	N. M.	UTAH
CONN.	ME.	N. Y.	VT.
DEL.	MD.	N. C.	VA.
D. C.	MASS.	N. D.	WASH.
FLA.	MICH.	OHIO	W. VA.
GA.	MINN.	OKLA.	WIS.
IDAHO	MISS.	OREG.	WYO.
ILL.	MO	PENN.	

Towns Alphabetical,

Names Alphabetical under the towns.

It is not necessary of course to have a town index leaf made in every instance, in fact it is unnecessary to do so, unless there are one-half dozen or more customers in one town. In this case it would of course be desirable to be able to turn quickly to this one town, and that can be easily effected if division leaves are used, giving the name of the town, which of course would follow its proper state tab. In case no names of towns were desired at all, and at the same time a division wished the alphabet can easily be divided into four parts, one division leaf indicating towns taken from A to F, another G to K. another L to R, and another S to Z. Of course,

these division leaves following the state tab would indicate to the book-keeper the location of any desired town that he may wish to find. One of the greatest advantages of the state and town arrangement is, that the book-keeper becomes familiar with the business men's names in certain territories, and a book-keeper who is handling the Missouri and Kansas ledger, or New York ledger, or Oregon ledger, or California ledger, soon learns the customers in these different points. It also shows at a glance how many customers a firm has at any given point, and how much they have sold in any given town or state during the year. It is convenient for making up statements, as statements are made from one ledger, all going in same direction through the mail, and consequently arrive at their destination at about the same time.

It is necessary to keep an alphabetical card index in connection with state and town index ledger, for the reason that occasion might come up and does come up at odd times, where name of customer is known and name of town or state in which he is located is not known. In such cases the ledger would not give any indications and a subsidiary card index (which can be used for a great many purposes) will give exact information desired.

Another plan of indexing which is sometimes used and which has some good points to recommend is, to arrange accounts by states and alphabetically by customers' names irrespective of towns, put-

ting the regular alphabetical index tabs under each state.

This plan is particularly advantageous where the firm does business in a few states and can possibly aggregate the balance of the United States under one division, and "foreign" under one division. By subdividing the accounts in this manner, it assembles all of the customers of a given territory, and in case at any later date it was desirous to change to the state and town indexing plan, it would be very easy to do so without making any transfers or opening new accounts. It would have to be done by the re-assembling of the individual accounts under each state according to the alphabetical arrangement of the towns, and procuring the proper index tabs and division sheets to accord with the new arrangement.

SUNDRY ITEMS.

The Loose Leaf Ledger as you have seen by preceding chapter affords a limitless opportunity for indexing. I have seen a ledger indexed by geographical divisions, also by railway routes also in salesmen routes and in salesmen names, also by days of the week, in fact, there is no indexing arrangement, which cannot be effected through Loose Leaf books. This advantage is shown very clearly and will be spoken of in connection with record books, where the names of commodities, of branches, or of individuals may be inserted on projecting tabs of division leaves at will. The general ledger (Loose

Leaf) is made better by the division leaves giving the names of the different general accounts upon tabs, and also the names of personal accounts, thus enabling the book-keeper to turn to them instantly without referring to an index of any character.

All that is necessary for a firm to consider, is the character of an index which will best answer its requirements, and it does not matter whether such an index has been constructed before or not, it can be utilized in the Loose Leaf plan of book-keeping and even if it was to a certain extent experimental, it would not involve a great amount of work in case it did not prove wholly satisfactory, to revert to any other plan found to be more desirable. Care should be taken in handling index leaves and division leaves, in order to keep them in good condition. As they extend about one-half an inch from body of book, they are more subject to contact than any other portion of the work, and consequently care should be taken that they are not torn and mutilated. They should be made much heavier than the regular ledger sheet, to give them the required strength.

INDEXING SUNDRY OR PETTY ACCOUNTS.

The great drawback to the use of the Sundry Account Leaf on the Loose Leaf plan, arises from the fact that it is almost impossible to index these accounts in such a way that reference may be had to them quickly. Where a leaf is large enough to contain eight or more accounts on each side, it becomes

quite a task to locate any given account unless they are numbered consecutively and indexed in a separate index. Then again, unless the book-keeper is thoroughly familiar with his accounts, he may not always be certain whether a name occurs in the Sundry section or in the regular. Much annoyance and trouble, however is saved, owing to the fact that these accounts, not being very active are necessarily not often referred to. Where a sheet or more for these accounts is placed under each alphabetical subdivision they may be located much more quickly as only the names beginning with that subdivision will be placed on that sheet, but the use of this kind of a sheet on the Loose Leaf plan is never very satisfactory. The rule of absolutely one account on a leaf, and both sides of the sheet devoted to that account, if strictly adhered to will save the book-keeper much annoyance and future trouble.

CHAPTER 6.

LOOSE LEAF IN THE VOUCHER SYSTEM.

On account of the great variety of rulings, the size of the book and the constancy of its use, the Loose Leaf plan is particularly adapted to the voucher register or distribution account.

The voucher record should be used as a distribution book, for bills paid or discounted, which have been charged to accounts payable in the monthly totalization. It should show monthly the total amount of purchases and expense, and of course, their proper distribution.

It is usual to have a number of columns, but quite unnecessary to have special columns for items unless four or more entries per month are sure to occur. For occasional items a "Sundries" column can be provided into which all such items may be entered. This column analyzed at the end of the month can be sifted down as fine as may be desired.

The different character of vouchers it is not necessary to discuss, as it has no bearing whatever on loose leaf accounting, but the method of handling and entering those vouchers is certainly within the limit of this work.

When we are studying a system to gain an idea of its advantages and defects and how the best application may be made to improve the science of book-keeping, it will not do to lose sight of the fact that, at all times, the best book-keeping in the world is that which gives all of the desired results

with the least amount of labor and with the fewest entries. Book-keeping may be theoretically correct and still four times as many entries made as are actually needed. A better book-keeper taking charge of such a set of books will have them just as accurate in every particular and will not spend one-half of the time of his predecessor or use one-half of the space.

To a very great extent the loose leaf plan makes this proposition possible.

In the first place on account of the large number of columns necessary on a voucher record to properly distribute the purchases of a manufacturing, merchandising or railroad plant, a sewed book must be very large. I have seen them two and one-half feet wide, extending when open fully five feet. As the columnar items usually carry across both pages, imagine the labor of tracing to follow the proper line four to six feet from the guiding entry. Think of the great weight of such books, for with such expensive ruling it would be folly to have them less than 500 pages and frequently they run to 800 and 1000 pages.

It is desirable on the loose leaf plan to decrease this width as much as possible, eliminating all useless or unnecessary columns and bringing it down if possible to an 18 or 20-inch sheet.

On the loose leaf plan the use of the book is rendered easy by the fact that not more than a dozen or twenty sheets of this size need be handled

at a time, such a number usually being sufficient for a month's entries of the largest firm's business.

At the end of the month and when all of the columnar additions have been verified and posting made, the filled pages of the voucher record may be removed from the temporary holder and placed in the permanent voucher binder. This should, of course, be done only after the balance has been taken, as it may be necessary to do some checking through the voucher record when posting is made direct therefrom, and it is always convenient to keep the current work in the current holder until it becomes absolutely inactive.

The advantage of passing these filled pages to the permanent binder is apparent, from the fact that it decreases at once the weight and size of the book most used, and at the same time it places the sheets which have been filled with entries in a book which is not used and consequently is not liable to friction. Excessive handling of the filled pages in bound books frequently renders the writing in certain portions illegible, the figures a mere jumble, the edges of the leaf resembling the teeth of a cross-cut saw and the whole book presenting an appearance of dilapidation that is extremely distressful to the heart of a book-keeper who delights in keeping his books in neat and proper shape. Some firms use a voucher book as a journal or distribution record, entering bills after they have been O K'd in the voucher book, giving the proper distribution therein, and posting from this book not only the totals at the end of

the month, but oft-times other items as may be found necessary. In this case, the bills are frequently entered in the voucher record and the vouchers made out for them a considerable time before they are paid; but, of course, it is assumed that after having been once entered in the voucher record, the account may be paid at any time thereafter convenient without any further examination and that the time of payment be entered in the voucher record.

This use of the voucher record it has not appeared to me to be the proper one. It is frequently the case where records are handled in this manner that vouchers become mislaid and cause a considerable annoyance before they can be found or if necessary duplicated. There does not seem to be any necessity in my mind for the issuance of a voucher until such time as a check can be made for the payment of the same, and I also argue that the voucher number and the check number, if possible, should agree, as it facilitates any examination which may be necessary thereafter and renders checking and auditing remarkably easy.

If a voucher book is handled in this manner, distributing the purchases of all description to their different departments, and also all expenses of the house, it removes the necessity for extra columns in the cash book and it also removes all distribution from the cash book, thus affording a uniform method for the distribution of goods purchased and expenses

incurred, and by so doing it forms a proper basis for securing automatically the most essential statistics of the business.

Another advantage of handling the voucher record on this plan is that, it can be kept in exact balance with the bank and the total amount of the vouchers issued for a given period must also be the total amount of the checks issued during the same period. If there are no cash disbursements except through the medium of petty cash (which is described herewith, and which may be handled in the same manner through the voucher record,) the voucher record will also balance with the cash book for any given period.

The best method of handling "Petty Cash" where everything is paid by check and vouchered, is to draw check for as much as needed, say \$100. and open a "Petty Cash" account in general ledger, to which account the amount is charged.

At any given period the cashier should voucher the petty expenses for the period and run them through in the general way, drawing check for the amount. Suppose at the end of the week the amount paid out of "Petty Cash" was \$43.80, the balance would be \$56.20 and when check was cashed for expenditures it would restore the petty cash to its original amount \$100.00 charged in general ledger.

The distribution in the voucher book, of course, depends entirely upon the business followed and differs in almost every case. The main idea in

arranging a voucher book, should be to introduce columns for such expenditures as come at frequent intervals during the month, and to introduce these columns in such continuity as will bring the separate and necessary data together, and sundry columns should be introduced wherein items may be entered for which no columns have been provided. It will be found possible by this method to reduce to a large extent the width of the voucher record, and by so reducing it, make it more convenient to handle and thus easier to use. The various distribution columns used in the voucher record, and also, of course, upon the voucher, are usually designated by number or letter which becomes familiar to the cashier or book-keeper. The following distribution is from the voucher of a Railway Equipment Co., and distribution of charges is herewith given.

A.—Machinery.

B.—General Tools.

C.—Belting.

D.—Materials.

E.—Productive labor.

F.—Freight and expense on products.

G.—Commissions.

H.—Advertising.

I.—Salesmen's Salaries.

K.—Office salaries.

J.—Traveling expense.

L.—Printing and Stationary.

M.—Postage.

N.—Legal and Patents.

O.—Office and general expense.

P.—Non-productive labor.

Q.—Shops and supplies.

R.—Tools.

S.—Telephone and Telegraph.

T.—Insurance.

U.—Water tax.

V.—Fuel and light.

W.—Rent.

It will be seen by a person who studies this arrangement a little, that, while there are a large number of divisions in this voucher it is not well put together, and a better arrangement of it would be as follows:

Factory merchandise—D.

Operating expense—E, U, V.

Selling expense—F, G, H, I, J.

General expense—K, L, M, N, O, P, S, T, W.

Machinery and fixtures—A, B, C, Q, R.

By arranging the voucher record in the manner last suggested, the reader will see that specific disbursements are aggregated according to their purpose, and that at the end of the quarter, half-year, or year, it becomes a very easy matter when these different columns are properly arranged, to bring together the disbursements of the various departments, enabling a statement to be made, which is simple, very easy, both to make and to comprehend, and at the same time is absolutely the most explicit analysis of the expenditures that could possibly be produced. Taking the above for ex-

ample, we find that the arrangement and aggregation of these columns given in toto (we will say for the year,) furnishes figures for the—

Factory merchandise expenditures.

Operating expenses.

Selling expenses.

Machinery and fixtures.

The voucher record of one of the largest packing houses of the United States consists of the following columns. (See plates 48-49, chapter 15.)

Date.

Voucher number.

In favor of.

Accounts payable.

Advance payments.

Date paid.

GENERAL LEDGER.	{	Cattle.
		Hogs.
		Calves.
		Sheep.
		Store.
		Store expense.
		General expense.
		Advanced payments.

BRANCHES.	{	Folio.
		Check.
		Purchases.
		Expenses.
		Equipment.

SUNDRIES.	{ Account. Folio. Check. Amount.
OPERATING LEDGER.	{ Beef Dept. Pork Dept. Veal Dept. Mutton Dept. Provision Dept. Other. Folio. Check. Amount.

This voucher sheet is an admirable one for the class of business and for the purposes designed, which is to voucher prior to payment. This feature I have referred to in an earlier portion of this article.

It is not necessary to give an extended list of different arrangements for vouchers. Such a list would be interminable, as each business requires an entirely different arrangement to suit different peculiar needs; but my object has been to show two or three in order to give the book-keeper a general idea of the proper account distribution method.

Where a very large number of distribution accounts is required the combination of a long and short leaf may be used, the short being used only for the columnar distribution and not having on it

the data regarding name, amount, etc., etc. Such cases are however rare.

For analysis or statistical purposes only, where a more minute distribution of a certain amount may be required columnar ruled sheets may be provided and kept in a separate binder.

I will give one more example, being the voucher register of a large Coffin and Casket Manufacturing Company. (See two plates, No. 8.) This voucher register is not to be used until the bill is paid. The arrangement is as follows:

Date
 Number
 Name
 Amount
 Discount

OPERATING DEPARTMENT

LUMBER. { Outside Box
 Chestnut
 Red Cedar
 California Red Wood

HARDWARE. { Shop
 Casket

EMBALMING. Department

ZINC. Shop

GLUE. { Cabinet
 Cloth

DRY GOODS.	{	Cloth Room
		Sewing Room
	{	Sewing Room
		Cloth Room
LABOR.	{	Machine Dept.
		Zinc Dept.
		Sundries
		Freight In
		Sundries

GENERAL EXPENSES.	{	Personal
		Freight Out
		Miscellaneous Expense
		Ledger A.
		Ledger B.
		General Ledger

The totals of the first nineteen columns added show the entire operating expense. The totals of the next six columns added shows the general and selling expense, and the totals of the entire twenty-five columns added, balances the totals of the amount and discount columns added. The size of this form is only 11x17 both pages being used across the book.

As much as possible, however, it is preferable in Loose Leaf records to make the sheet long enough to carry all the matter on one side. If carried clear across on both sides, that is made folio form, it becomes inconvenient to eliminate old or filled sheets, as only one half of a certain sheet record would inevitably remain in the binder if leaves were removed at any time.

CHAPTER 7.

LOOSE-LEAF CASH BOOKS. THE ADVANTAGES OF THE PERPETUAL SYSTEM.

Those book-keepers and business men who do not understand the principles of loose leaf book-keeping, and are not aware of the fact that the most perfect record of all transactions can be kept in this manner, hold up their hands in holy horror when the subject of a loose leaf cash book is mentioned. Of all the books in the world they consider it most essential that a cash book should be bound and sewed, probably laboring under the impression that the cashier can readily manipulate the cash into his own pockets by the abstraction of leaves. In forming this impression they forget however, that the cash book is a continuous performance, and that the loss of any leaves would be quite as apparent in a loose leaf book as it would in a sewed book. A more apparent point which they overlook is the fact that if the cashier was desirous of peculating, he would certainly be an imbecile to attempt abstracting leaves, but his plan unquestionably with the loose leaf system of cash-keeping would be similar to what he would follow in case he used sewed books, namely, by making false entries, erroneous footings or forwardings; and it would be fully as easy to accomplish this in one style of books as another.

I shall endeavor in this article to give a clear idea of the advantages of loose leaf cash books, and I am very sure if you ever use a loose leaf cash book in your business, you will continue its use indefinitely. The fact of the matter is, I know of several large firms who have as yet not made up their minds to the introduction of the loose leaf accounting system entire, that are using loose-leaf cash books to their perfect satisfaction.

As is well known the regular cash book is usually quite a large book, with such firms as use their cash book for the distribution of their accounts. With the sewed book there is a very great loss of space for the reason that in some lines of business, notably in wholesale trade or the manufacturing interests, the debit side of each book fills up much more rapidly than the credit side with the exception perhaps of the regular monthly pay day for local bills, where the conditions are reversed and thus frequently loss of space occurs upon the debit side. In the retail business it some times happens that the debit side of the cash book will have the largest amount of unused space and the credit side will be the most voluminous.

With the loose leaf system of cash books every line of each side can be utilized.

Where the distribution idea is carried out in the cash book, in a sewed book it necessitates a large number of columns on the credit side, and of course a similar size leaf on the debit side. A book of 600 to 800 pages, so large as this, is necessarily quite

heavy and cumbersome. It is difficult to post from, for the reason that it is usually placed at the left side of the ledger in posting and the distance from the debit posting item to account in the ledger is considerable. It is a fact which most book-keepers readily appreciate that the nearer they can get their posting item to the ledger account, the easier it is to make their posting and the more certain is their work. It is very hard sometimes where the eye has to travel a considerable distance, and over a large field of figures to carry the correct amount in every case, and it sometimes occurs that a book-keeper must refer a second or a third time to the amount to be posted in order to assure himself of its correctness, in which case the distance from the ledger cuts quite a considerable figure. Then again, in the old style books, the ledger folio is checked before the posting item, which frequently has to be sought for among a number of others. Of course the loss of time in one posting on this account is not very great, but it amounts to considerable in the course of time with many thousand postings to make.

The loose leaf cash book, is on a different principle. The book of current work consists of a spring back holder, of which more will be said later, wherein are placed a sufficient number of leaves to last for one month or any period that may be suitable. Thus it will be seen that the cash book necessary to handle for posting purpose is very light and is easy to manipulate. It is also plain that some houses should have a holder for cash receipts and

one for cash disbursements, making it also unnecessary for the book-keepers to handle the disbursement side in cash book, in making their credit postings. It will be readily seen from this fact that if a number of different ledgers are used, a number of different cash holders may be also prepared and used for cash receipts, for instance ledger one, two, three and four would be represented by cash holders for each ledger. Ledger A to K or L to Z would be represented by "Receipts" holders for A to K or L to Z. Where the books are arranged in series, the cash book holders can represent ledgers in series A, series B, series C, etc. In case the books are handled in this manner, the cashier usually has a general cash holder, and after the entries are made in series A, for instance, total amount of receipts of the day for series A is transferred to general cash holder in its proper column and the total amount of the other series in a similar manner. It will be readily seen what a great advantage is offered in this one point for a large business as the cash receipts can be handled by the general book-keeper or the book-keeper in charge of each ledger or series without interfering at all with each other or with the cashier, and the work can be simultaneously performed; consequently the posting in each series of ledgers both debit and credit can be made by the same person, and it is never necessary to get behind with this posting on account of the inability of an individual book-keeper to secure the cash book for posting purpose at the proper time.

At the end of the month the cash receipt leaves are removed from the holders and placed in permanent binders. This can be done for each ledger, or series, if preferred, in which case the total credit postings from each ledger are kept continuous and together, and made to prove up for any given period, six months or a year, if necessary, without difficulty. The total cash disbursements are also kept together and the house has the advantage of a continuous record of cash receipts from day to day and year to year, and a continuous record of cash disbursements from day to day and year to year. Of course as the leaves are only in use for a current month and handled but very little in posting before they are transferred, they are kept very clean and the permanent cash book although it may be old in years is never thumb marked, ragged or dirty.

With the loose leaf cash book, it is a general practice to have the leaves of different colors, usually running debit leaves in white and the credit leaves in buff or blue. The reason from this is that the cashier becomes accustomed to the fact that his disbursement book is buff or blue and it is impossible for him to make an error in entering his disbursements.

Of course the general feature of loose leaf books prevails in cash books, namely, that after having once started loose leaf cash system it will be only necessary to purchase such binders as are needed from time to time, and, as these binders hold 1,000 sheets or more, or 2,000 pages, it will be seen that

there will be little necessity for the purchasing of new binders, thus in order to replenish the cash book, all that is necessary is to purchase additional leaves.

The size of the leaves in the loose leaf cash book are usually much smaller than sewed books, but may be determined entirely by the user, and it is not necessary to have the receipt leaf and the disbursement leaf of the same size, unless it should be a matter of greater convenience or unless it is desired to carry the receipts and disbursement pages in the same holder and afterward in the same binder, which may easily be done in a small business requiring only one cash book. A simple ruling is shown in Plates Nos. 9 and 10.

The matter of safety is perhaps that which is of the most interest to the business man in consideration of the Loose Leaf System of keeping cash. In the early part of this chapter I referred to that matter of safety as far as the abstraction of leaves is concerned. I will add to this the fact that these leaves can be folioed consecutively at the time they are made, in fact I should advise all Loose Leaf cash books to be manufactured in this manner. It will be manifestly impossible under this arrangement for any leaves to disappear whether they are blank or written upon, without their absence being immediately discovered.

Another point which I consider a great advantage is the fact that the cash book can be kept more secluded. In ordinary lines of business the cash

book lasts from one to two years and this record of cash transactions of the house being bound must necessarily be passed from book-keeper to book-keeper, and is open to the prying eye of any employe of the house, whereas under the loose leaf plan the only section of the book which is open to the book-keepers is the current monthly entries of cash receipts. They are not interested in disbursements, such being only handled by the head book-keeper or cashier and kept in a separate binder. As soon as the monthly work is completed and the balance carried forward, the last leaves from the different binders are placed in the transfer cash book, and these books may be kept in a vault or if necessary in a private safe absolutely free from inspection of anyone and upon this account alone I contend that every business firm would improve their cash system by the introduction of loose leaf books. In case of an audit or expert examination the advantage of this system may be very readily seen, as the same can be conducted without interfering in the least with the business of the office.

The same recapitulation of cash entries should be maintained for the proving up of the day's posting and the daily balance of your books as has been described in ledger chapters for merchandise posting. This can be done with very little extra labor and proves the books actually correct from day to day.

Taking off the cash balance with loose leaf cash book is similar to the operation in any other form.

The total amount of the various credit columns must be deducted from the total amount of the various debit columns and the difference is the balance.

The loose leaf cash book will be recognized by every one using it as fully as necessary and convenient as any other book in use, and its advantages will be much better comprehended after actual use than can be done from the description given in any written review.

Book-keepers before entering in cash book should assort their cash receipt items after the manner of their ledger system to facilitate posting. Then A to K ledger items alphabetically arranged would post consecutively in A to K ledger, by running once through the ledger, and would not necessitate the usual hop, skip and jump from the front of the ledger to the middle, then the back, then the front and so on. A little care in this particular makes posting easy.

A book-keeper of one of the largest wholesale houses has the following to say in regard to loose leaf cash books:

“Substitution of the Loose Leaf System for bound books of original entry is being made by many of our largest business houses—the idea running through all departments. The cash book run on the unit basis can be arranged to advantage as one user has it, viz.: A separate cash book for each book-keeper, thereby eliminating the necessity of waiting for ‘some one else to get through.’”

“Ruling for cash books representing country ac-

counts is uniform as no items appear on these books except credits and charges to customer's accounts, —ruling for cash book for city and purchase ledgers is of columnar nature and all are uniform as to size of leaf. Current sheets are held in spring back holders (capacity about fifty sheets) and at end of month are filed in permanent binder. The cashier in entering the items, and the book-keeper in posting same, have only the light binder and a few sheets to handle against the cumbersome columnar cash book formerly in use."

"A great saving of paper is also accomplished by using both sides of every sheet, the credits being filed together and the charges by themselves. In the sewed cash book the charge side is practically wasted as the cash charges on the customer's cash book are few and far between. The same advantage is apparent in the use of the Unit System for original entries as appears in the ledgers,—condensation and ease of locating entries made at any time as no musty bound books have to be gone through. There is only one place to find the wanted entry."

It is not absolutely necessary that the cash received and cash disbursed leaves for each day be filed together. They may be filed in different binders, or all in one binder with a division leaf (having on it a projecting tab) between them. Each daily balance may be shown at the end of day's entries on its proper sheet, and after once balancing the general cash sheets no further comparison would

be necessary between the sets of leaves and they may be separated for filing purposes.

It is also possible to have the receipt leaves and the disbursement leaves of a different size as well as a different color. In this case separate transfer binders must be provided for each size.

CHAPTER 8.

LOOSE-LEAF JOURNALS—HOW TO OPERATE THEM.

In considering the subject of interchangeable leaves for the journal, it would be well to consider the status of the journal at the present time.

The antiquated method of book-keeping necessitated the use of a sales-book, a day-book, and finally a journal, in which was summarized all of the transactions of the business, including record of sales and it was usually the case that the posting of the debits of customers account were made from journal entries. The improvements of book-keeping in recent years—which will be shown more clearly in Chapter on Bill and Charge System—obviates necessity of entering sales in sales book or journal and eliminates entirely the day book.

Where manifold billing systems (such as the bill and charge) are not used, the sales journal is very frequently done away with by the use of the Loose

Leaf Order Blank System. In this the orders are entered on separate sheets and when filled, are billed, and then the sheets are numbered consecutively, and filed on binders. The posting is made direct from these sheets to the ledger and thus the use of a sales book or journal for entering these charges becomes unnecessary.

On account of this fact the uses of the journal became less and less and many a house operating to the extent of several thousand dollars monthly, finds it necessary to use only one or two pages of the journal. Smaller houses have continued the use of the journal, in some cases for entering sales and in a number of cases for making record of purchases with charge to merchandise, and credit to the individual accounts. As the journal is an intermediary book, its uses can be gradually lessened. Many houses do not keep any purchase ledger whatever, and do not make journal entries of purchases or sales, and thus reduce the necessary journal entries to the salary items, to the traveling expense items, and to the general posting necessary in the closing entries from month to month, and the closing entries of the year.

This gradually eliminates the journal from the number of books necessary to be kept by business houses, and the great reduction made in the journal entries of the month of course to a certain extent obviates necessity of having the journal in loose leaf form, and it is therefore quite proper and in many

cases is left to the journal already in use, or a small sewed book secured for this purpose.

In a number of large houses where a purchase journal is used the journal is arranged in columnar form, and in this way acts as a distribution book crediting party from whom purchases are made, and debiting the different departments or commodities respectively by the different columns in the journal, wherever this is the case, the book must necessarily be very wide and when a sewed book is used for this purpose, it is heavy, unwieldy and hard to manage.

In the Loose Leaf System these leaves can be made of any size and any number of colors desired, as is the case with ledgers. Loose Leaf Journals are usually much shorter books than the sewed journals, as the leaves can be introduced as rapidly as they are needed.

As it is unnecessary to carry in the current holder more than a sufficient number of leaves for the transactions of the month, it will be readily seen that this book although it may be large is neither weighty nor bulky and can be handled with ease by the book-keeper, placed in a convenient position for his posting; and on account of the leaves being shorter there is less liability of error; and after the month is closed the sheets are carried to a binder more permanent in its character and on this account there is no further necessity for handling them. Thus the leaves are kept clean and smooth. A spring back holder may be used for the daily work and transferred monthly if desired.

Another important feature of the Loose Leaf Journal is the fact that the account of the month's business is removed to a more permanent record which is usually kept in a vault or safe. The business secrets of the house which are frequently exposed, in a sewed book, to the prying eyes of those who are not interested, are kept secluded and secure as the only records necessary for the book-keeper to carry upon the public desk are those of the current month.

The binders usually used in this connection are what are termed sectional post binders, the sections or joints being made in different lengths with screw attachment, capable of being elongated, as it is desired by the book-keeper, and usually six inches suffices, as this space will accommodate in the neighborhood of one thousand sheets, making a volume fully as bulky as anyone desires to handle. One feature of this binder is that it will hold any number of sheets, few or many, with equal security.

Some firms who do a very large business have successfully combined the journal with the cash book, and usually the title appears under heading—"Cash Journal"—there can be no objection raised to this method except one of technicality, for there is no reason whatever why the two books cannot be successfully combined and as the journalization has decreased so much in late years a combination effected would not materially increase the cash-book. I will give an illustration of this form as adopted

by Stockton Bates, C. P. A., Pa., which is in itself simplicity and good form. (See Plate No. 13).

In the general Loose Leaf Journal care should be taken never to transfer leaves until filled, balanced and posted and I consider it safest not to make any transfers of leaves from any book until after the monthly balance is taken and proven. The business however need not wait for a removal of the leaves, but can be continued independently as desired by the book-keeper. Of course in all of the suggestions offered in this book it is understood that the general rules of double entry book-keeping apply and without going into detail in regard to these rules, I only endeavor in as plain and simple a way as possible to point out the changes of method necessary for the proper use of loose leaf books.

CHAPTER 9.

SPECIAL BOOKS—INCLUDING ACCOUNT OF SALES, COMPARATIVE STATEMENT BOOKS, PAY-ROLLS, TIME BOOKS, STOCK BOOKS, COST ACCOUNTING BOOKS, PERPETUAL TRIAL BALANCE BOOKS, PURCHASE RECORD, ETC., ETC.

The variety of Special Books which can be manufactured and handled to advantage by the Loose Leaf System is endless. Every business has its own peculiar needs in this direction, and to supply those needs no method has been discovered up to date so satisfactory as the loose leaf, for the reason that in a primary handling of the books a very small number of leaves may be used, rendering labor very much easier and more satisfactory; then again, the books do not constantly have to be replaced by new ones. The binders used in the majority of cases for special books have a capacity of 1,000 leaves or 2,000 pages; while this capacity may be easily enlarged, if desired, on account of the fact that the binders are nearly always of the sectional post variety. The sections of posts are one inch in length and joined together closely by a screw joint. Usually there are four ornamental buttons furnished—two of them with one-half inch extension, which may be used in case a slight extension of the book is

desired and not enough to use a full inch section; and the other two merely caps which are used to give a finished appearance to the binder when it is filled. It is possible also to obtain one-half inch sections without buttons wherever these are needed.

The leaves in all loose leaf records both ledgers and special books, are usually punched with what is known as slit holes, that is a hole about the size of the post, (in order to allow the sheets to fit closely over the post of the binder), but with a narrow slit between the edge of the leaf and the outer edge of the hole. This permits the slipping or springing of the leaf around the posts at any point in the binder when the covers and leaves are spread apart. With a round solid hole it would be necessary to remove the cover and slip the leaf on from the top, an awkward and slow operation. The leaves are held just as securely with this slit hole as with the solid hole as the covers of the binders are pressed tightly together upon the leaves and locked by means of various devices. The slit being narrow, it is impossible to extract a leaf without tearing it unless the binder is unlocked.

The current use of Special Books is usually opened in a spring back holder, which will carry about fifty sheets, although some houses prefer to use two binders—one for current work and the other for transferred work. These holders or binders may be gotten up in any style desired by the purchaser, from the plainest canvas to full leather. The binder which is most in use at the present time is, one-half

corduroy and one half leather, furnishing a very excellent wearing article and one which is found very satisfactory.

Account of Sales Books may be made up in any size and style desired and under any other title required. In some cases they are termed "Sales Records," and in still others "Comparative Account of Sales." This book is used principally for the purpose of recording the sales as they occur; for the purpose of crediting them to the proper salesman or territory, or to the mail-order department; or to the direct cash sales department, and only used for the purposes of distribution as recorded, and for comparative statements from month to month and year to year. If it is desirable for the comparative statement to be ready promptly on the first day of each month, it would be well in this book to consider the 25th day as the end of the month,—the months running from the 26th to the 25th inclusive. This gives a few days for the arrangement of the statistics, and the remaining days of the month may just as well be carried on to the sales of the succeeding month. Of course, this is not necessary unless the statement is desired for publication or otherwise promptly upon the first. (See Plate No. 14).

Pay Roll Books may be made up with a list of employes, either divided into departments or not as the case may be. These books may, if desired, be arranged in the manner of a trial balance book, with a short leaf and a long leaf, doing away with

the necessity or re-writing the names. Frequently the time-book record and the pay-roll record are united in one book.

Stock Books are arranged in numberless forms, subject to the character of the business and its needs, the principal intention of a stock book being to keep a record of the stock on hand. It should be carefully handled, and postings made from requisitions, so that at the close of any given period the stock as shown in the stock book may be produced in the stock room; or in other words, the balance of the stock book for any particular stock room should at any period be the inventory of stock for that room. In stock books no record need be kept of prices whatever.

Warehouse Records are really nothing but stock books for warehouse purposes, and are used by the largest houses to keep a record of the receipt of goods and disbursement of goods from the particular warehouse. In this case, it is usual to open an account with each order, crediting when the goods are taken into the warehouse and charging out as they are withdrawn by requisition.

Cost Accounting Books. The matter of cost accounting is one which has troubled the brain of many a man engaged in the manufacturing business, and various methods have been evolved in order to arrive at the definite cost of the finished product. Like all other special books the ruling and requirements of the sheet for a cost accounting record cannot be clearly expressed in a manner that would be

suitable to all lines, but it must be a subject for the accounting department in each particular manufacturing establishment to provide a page suitable for the purpose. The usual manner, however, is to open an account similar to a ledger account, with each lot or article as the case may be, and by the use of time recording devices and reports from the various departments through which the article or articles have passed in the process of manufacture, from the crude material to the finished product, be able to compute the cost of the material included and of the labor necessary to produce, and thus arrive at the net cost of the completed article or lot.

LOOSE LEAF OR PERPETUAL TRIAL BALANCE BOOKS.

These are made with a long and short leaf. The long leaf containing names of the accounts and one side only of it being used. The short leaves are generally made large enough to carry three months' balances on each side. They are usually ruled with merely a debit and a credit column. Sometimes instead of two columns they are made with four columns, the last two being debit and credit balance columns. In totaling these would show the total amount of debits and the total amount of credits, and the other columns would show the balances. These short sheets are made enough shorter than the long leaves to prevent the covering of the name column on the long leaves. As they usually carry three months on a side, two of these short sheets will take care of a year's business. Additional

short leaves may be put in as needed, and this does away with the re-writing of the names. The trial balance book of course may be sectionalized the same as the ledgers, and each balanced separately. The indexing of the trial balance book would of course follow the general indexing scheme of the ledgers. Where the loose leaf ledgers, however, are used on a strictly alphabetical or lexicon plan, it is of course impossible to preserve the correct succession of the names on the trial balance book, the only way to obviate this when opening your trial balance book and writing the names in, is to leave blank spaces through the book, and on these blank spaces may be entered the names of new accounts in their proper alphabetical position when they come in. The trial balance book, however, is nothing more or less than a proof of the ledger, and the necessity for writing the names in it is seldom recognized now. The balances or posting totals are usually recorded in the balance book without reference to the names, and where this is done there is no necessity whatever for providing blank spaces for new accounts to come in. In such cases the long leaf of the trial balance book for the names may be eliminated altogether, and the short leaves only used, with the names of the months at the top. The amounts would then be entered on these sheets one after another as taken from the ledger accounts, Of course in the loose leaf trial balance book where the ledger accounts are arranged on the State plan, it is an easy matter to arrange subdivisions of the

trial balance the same as the ledgers are arranged, putting in dividing tabs and thus carrying into one binder ultimately all the balance sheets covering a number of different ledgers. Each book-keeper could be provided with a few of these balance sheets and the final proof made by the head book-keeper.

Purchase Record. This is one of the most advantageous loose-leaf books for a business house or manufacturing establishment no matter whether their business is large or small. It may be ruled to suit the requirements of the case, the width of the columns varying to suit the amounts to be entered, a simple form being as follows: Size 11x12, (See Plate No. 15).

Date,
Number,
From whom purchased,
Amount of bill,
Discount,
Department,
Rebates,
O. K.'s,
Date received,
Date paid,
Amount,
Remarks.

The Purchase Ledger may be dispensed with when this record is kept, as it accounts for all merchandise received in the month to which the indebtedness properly belongs. It eliminates a large quantity of journal work, there being but one journal entry

necessary to cover the total merchandise received for the month, thus saving much journal and ledger space. Of course, such expense as may come in the form of bills or purchases should always be handled in this same manner, and where the voucher system is used, is properly distributed at the time of the payment of the bill. It also shows the amount of unpaid accounts, balancing with the Accounts Payable Account in the general ledger at the end of each month, and its use facilitates an audit and avoids completely the possibility of paying bills twice. The proper journal entries from the purchase record at the end of the month are—

Purchase Account to Accounts Payable

Then from the cash book or voucher record—
Sundry Accounts (found in Account Payable column) properly distributed—to.....Purchase Account.

Check Record. This sheet can be run in the Cash Book Binder, or in a separate binder as preferred, and gives a record of all checks issued, merely giving the figures. The ruling upon this record is usually,—date, deposits, check number, amount of check; and in case two or more bank accounts are kept by the firm, each bank account may be represented by its own section on the same check record, and thus each bank balance is attainable at a glance.

If desired separate sheets may be used for each bank account and the sheets assembled daily. The use of this record does away with the necessity of keeping check stubs and checks can be blocked instead of books—a great saving.

LOOSE LEAF BOOK-KEEPING

SHEET NO. _____

PLATE NO. 17

ROLL NO. _____ NAME _____ ADDRESS _____
GRADE _____

CARD NO. _____

DATE	ADMITTED	FEES	DUES	ASSESS- MENT	TOTAL	DATE	✓	FEES	DUES	RECP'T NO.	ASSESS- MENTN	TOTAL
190	Bro't forward											
July												
Aug.												
Sept.												
Oct.												
Nov.												
Dec.												
190												
Jan.												
Feb.												
Mar.												
Apr.												
May												
June												
190	Bro't forward											

Bro't forward

190

Department Sales. Each department store uses a recapitulation sheet and transfer binder giving the day by day sales for each department, and also the monthly and annual sales for each department. Wherever there is more than one store in operation, the monthly recapitulations for the different houses are kept at headquarters.

Building and Loan Association. The special ledger page required for this character of business differs materially in different cases. One of the principal Chicago institutions carries a page containing the following information in the heading: (See Plate No. 16).

Series No.
 Certificate No.
 No Shares
 Loan No.
 Loan
 Int. Pmt.
 Prem. Pmt.
 Issued to
 Address
 Transferred to
 Address
 Withdrawn
 Dues
 Profit allowed
 Total
 Order No.

The columns upon this sheet are arranged as follows :

Debit side.	{	Date
		(Blank)
		Installments
		Fines
		Interest
		Premium
		Loans
Credit side.	{	Sundries
		Date
		Cash
		Folio
		Installments
		Fines
		Interest
		Premium
Loans		
Sundries		

Secret Society Form. Secret Societies use a form which contains in the heading the name of the Society, the name and address of the applicant, and such other information as is necessary. The columnar arrangement is as follows: (See Plate No. 17).

Debit side.	{	Date
		Admitted
		Fees
		Dues
		Assessment
		Total

	Date
	(Check)
	Fees
Credit side.	Dues
	Receipt No.
	Assessments
	Total

This form is made up in a manner which will last for four years, on the basis of there being regular monthly payments, and under the date running down the column each line is printed with the months of the year being separated at the close of each six months' period by a blank line.

Piano Rent Contract. This can be quite a small page, 8 or 9 inches long and of the same width. It contains the name, address, rate per month rented from, notified, Piano returned, balance due. The pages are divided horizontally into twelve columns for each month and so designated, and laterally into four and six sections having the date and amount of payment. On the back of the sheet the contract may be printed, and all of entries are thus made upon the original contract. The following is an example of the usual rent contract :

PIANO RENT CONTRACT.

Stock Book..... St. Louis,

This is to certify, That I.....have this date rented of ROYAL PIANO CO., (Incorporated), One..... Piano, Color....., No. with one Stool and one Cover for use of

which I agree to pay the sum of \$. per month, payable monthly in advance, without demand, and expenses of moving same to its destination. If Piano is not kept three (3) months, I agree to pay \$. as return drayage on same. I further agree to surrender it in as good condition as when received (usual wear and tear excepted).

Upon default of any said payment, or the removal of the Instrument from the place herein described without written consent of ROYAL PIANO CO., (Incorporated), or at the end of any month for which rent has or should have been paid in advance, or upon the refunding of rent money paid for time yet unexpired, ROYAL PIANO CO., (Incorporated), may, without liability for trespass, enter the above described or any other premises wherein said Instrument may be, and take possession thereof without notice or demand.

I further agree and declare that no part of this contract is to be construed as a sale of said Instrument to me.

Should renting continue longer than six months, in event of my then buying said Instrument, as a measure of its depreciation by use, a sum equal to six months' rental, and no more, shall be deducted from the valuation price, \$.

Signed

REFERENCES.

Seed Issue Book. * The wholesale seed houses are in the habit of placing a certain amount of seed with their customers at certain times of the year and tak-

ing back the unsold part at the close of the year. This requires a special style of book, which differs largely among different houses. It is, however, quite desirable to be able to turn immediately to an account and ascertain how much seed has been sent at different times, what was returned and the net results of the different seasons. The sheet that I will give an idea of is calculated to last for five seasons. It is made up as follows:

TOWN..... COUNTY..... STATE
 POSITION ON MAP....
 POPULATION.....

Under this heading are subdivisions of about an inch in width, allowing for the number of names of customers in said town. The headings of the different columns are as follows: (See Plate No. 18).

- Credit Memo.
- Rating
- Name
- Grass
- Garden Seeds
- Poultry Supplies
- Miscellaneous Goods
- Floral Designs, Etc.
- Date

TRAVELLER—SEASON 1903 — SEASON
 1904—SEASON
 1905—SEASON 1906—
 SEASON 1907.

MEMORANDUM.

Under the columns headed "Season," there are two sub-heads, Net Cash, and 1st of June.

Under the "Traveller's" column there is:

- 1st Trip
- 2nd Trip
- Correspondence

TOTAL SALES.

At the bottom of the page the total business secured from the town is recapitulated and carried forward for each season.

Receiving Book—Grain Elevator. Headed with the Sheet No. and Ledger Folio and Year. The columns are as follows:

	Date	Car No.	Initial
Station			
	Grain		
	Grade		
	Premium		
	Discount		
	Price		
Weight—Gross, Dock, Net.			
	Over		
	Short		
	Net Proceeds		
	Drafts		
Freight—Rate Chgd., Rate Paid,			
			Date Paid.
	Amount.		

A Purchase Record Grain Elevator Sheet can be made up in the following form under Shipments in Transit:

Date
 Station
 Car—No., Initial.
 Grain
 Grade
 Draft—Amount, Date.
 Shippers' Weight
 Date Unloaded
 (Division Line)
 Date
 Pro. No.
 Grain
 Grade
 Time Shipment
 Price
 Terms
 Amount

Commission Book—Receiving. This book is one generally used by all Produce Commission Houses, and contains a record of shipments and of sales from different lots. It should be so arranged that each lot can be kept separately and the amount of sales rendered for the original entry. The heading should be simply, Received From, with the Date and Lot Number. The sheet should be large enough to allow a full record of the Lot, with the double figure columns for Weights and Quantity. A 14x18 sheet is a very desirable size. On the left-hand side of the page the record of sales is entered of the lot in question; giving the number of the sale, price sold at, amount and total. At the lower left-

Month

Feet

Price

And these are continued in a page 14x18 five times, ruled alike on both sides, giving an opportunity for a very large number of entries upon each sheet.

Box Record. One of the most difficult things for a Box Factory to do is to keep track of the large number of different sizes, shapes and peculiar construction of their various orders, and it is not an unusual thing for them to receive an order merely stating: "Send me 5,000 boxes same size as my order six months' ago." Of course, it is necessary in a case of this kind to have their business matters arranged in such a way that they can immediately place their hand upon either the original order or a book giving the particulars, and the sheet which I will analyze herewith answers the purpose exactly, as the number of the order and the number of the box may be kept identical; hence it will be only necessary to ascertain the previous number of our friend's order in order to be able to fill it without any delay and be absolutely certain that we are giving him exactly what he desires. The sheet used is usually quite large and should not be less than 14 inches long, by 16 to 18 inches wide with the column rulings as follows: (See Plate No. 21).



NAME OF BOX OR NUMBER INSIDE MEASUREMENTS

—Lengths, Width, Depth.

THICKNESS OF LUMBER—Ends, Sides, Top and Bottom.

Dressed or Rough

Tongued and Grooved or not

Cleats

Hoops

Printed

Label End

Made Up or K. D.

What Kind of Lumber

Amount of Feet in Box Brd. Meas.

COST OF MANUFACTURING—Cutting, Nailing, Nails,
Hauling, Hoops.

GENERAL REMARKS.

Price per Box.

The United States Government is using loose leaf books in many of its departments in such form as is prescribed by law. The Light House Department of Mississippi river district located at St. Louis, keep a record of their stations, keepers, and lights by a system of loose leaf books and the various departments in other localities have many of them, adopted loose-leaf methods.

CHAPTER 10.

LOOSE-LEAF BOOKS IN BANKS AND TRUST COMPANIES.

The final test in regard to the complete success of the Loose Leaf System has been made. No character of books that were by any means unsafe to use or calculated to detract from the security and permanence of accounts would be adopted by the banking fraternity. The very large number of the most prominent banks and trust companies in the United States that have adopted and are using successfully the Loose Leaf System in the conduct of their business is proof positive of its safety and efficiency, and also furnishes a convincing argument for its superiority over every character of bound books.

Banks deal in but one commodity, "Money"; consequently entire entries, almost without exception, may be represented by figures, hence the necessity for descriptive columns in the blanks of books in use in banks is very limited.

The same necessities for keeping ledgers current exist with banks as with other lines of business, except that in case of such financial institutions it is even of more importance that this result be accomplished. The bound books which have been used and are now being used in many banks for the purpose of record must be necessarily very large and unwieldy, and some of the improved banking

books are so immense that when opened they take up the entire top of a standing desk; and as the names in some of these books are in the first column of the left-hand page and the account extends laterally through both pages in order to cover an entire year's business at the latter portion of the year, a book-keeper is making entries several feet away from the name of the customer, sliding across the pages like an intrepid skater; thus liable to make errors on account of the extreme difficulty of carrying account lines such a long distance. Some of these books require also the transfer of every balance of every account each month, necessitating a vast amount of extra labor. Contrast with this the Loose Leaf Ledger with each account upon its separate leaf, its small page, its self-indexing features, its light weight and its remarkable ease in reference; and then consider also the fact that all inactive accounts can be eliminated, and that the balances can be read off for the adding machine as rapidly as the leaves can be turned, and you see immediately the reasons why the banking institutions in the country are adopting the loose leaf system in their business. The loose leaf books in banks consist in part of:

The Minute Book, which is used to record the minutes of the meetings of stockholders and directors.

Stock Ledger, in which is kept a record of all stock issued and the transfers of same.

PLATE NO. 24

VOUCHERS RETURNED

PLEASE EXAMINE ^{IF NO ERROR IS REPORTED WITHIN TEN}
AT ONCE _{DATE, THE ACCOUNT WILL BE}
_{CONSIDERED CORRECT}

	Debit	CHECKS	Debit	CHECKS	Debit	TOTAL CHECKS	Debit	DEPOSITS	BALANCE
1									
2									
3									
4									
5									
6									
7									

.....Vouchers Returned

IN ACCOUNT WITH

FIRST NATIONAL BANK

(Name space)

(Address space)

At the lower left-hand corner—

PLEASE EXAMINE
AT ONCEIf no error is reported with-
in ten days, the account
will be considered correct.

Then follows the columns for the notation of checks, total checks, deposits and balance. The advantages and time-saving features of this plan are mainly from the fact that in furnishing this statement to a customer it is unnecessary to have his book written up, and the statement can be furnished much more promptly on account of the fact that it is written up during the month, and all that is necessary at the end of the month are the changes occurring during the last working day. These statements are kept in binders arranged in the same order as the accounts in the ledgers.

Draft Register. This is used for the records of the drafts as issued.

Cashier's Check Register. This register is used for the record of the cashier's checks issued.

CERTIFICATE OF DEPOSIT REGISTER.

COLLECTION REGISTER "IN."

COLLECTION REGISTER "OUT."

REMITTANCE REGISTER.

Note Tickler. This record is used for the purpose of keeping track of the time that notes fall due in such a manner that they will be promptly attended to, and that notification may always be forwarded a sufficient number of days in advance.

Discount Register. Banks usually have a certain line of customers discounting frequently, and the Discount Register might perhaps be better termed a "Discount Ledger," as each customer's discounts are kept track of individually in regular ledger form, each one having his separate account and arranged in alphabetical order the same as the Individual ledgers. The form may be simple with an ordinary heading, followed by,—

Date
Description
Payer
Indorser
Discounter
When Due
Collateral Loans.

Or another form which is much in use is name and address, with line of credit; the following being the column heads:

Interest Books for banks and trust companies that pay interest on daily balance, a form can be easily arranged to take the place of the interest slips in common use.

Average Balance Book. One of the largest banks in New York City uses a loose leaf book for average balances for their customers. This leaf they have arranged in the months of the year running down the page, and eight years' in columns running across the page, with the yearly average at the bottom in a summary column. Besides the books mentioned the following are in daily use:

- Liability Ledger
- General Cash Book
- Journal
- Teller's Tickler
- Leaf Registers
- Signature Books or Cards.
- Dividend Registers
- Check Journal
- Perpetual Trial Balance
- Collection Tickler Book.
- Recapitulation Book.

All of these forms are so well known to bankers and book-keepers that it is unnecessary to go into detail, as they are well able to judge of their requirements.

It is sufficient to say that the use of all these bank records on the loose leaf plan carries with it all the advantages that the use of the loose leaf system does

in mercantile houses as already enumerated. The purchases of new records, instead of consisting of additional books as on the bound book plan consists merely of the leaves as wanted and there is no question but that a great saving of storage space for old records is effected.

The trust companies of the large cities of the United States are, most of them, doing a general banking business, and need in general the line of books laid down for the bankers' use; but in addition to this line of books, the character of their other business requires a number of other registering books. The loans which they make on mortgages require books for the proper description of the property and for the entering of the loan, with principal, interest and payments. Numberless other books are necessary in the loan department. Special records are also kept in the safe deposit department and in the real estate department, which forms quite a feature now-a-days of the large loan and trust company. It is necessary, of course, to have all of the books used by the real estate dealers. No system in the world is quite so good as the loose leaf system for keeping a record of property for sale or rent, for the reason that these records fluctuate rapidly, are hardly the same from day to day, and any means by which a current active record can be kept with the extraneous and unnecessary matter thrown out, is especially advantageous in this branch of the business.

COMBINATION DAILY BALANCE BOOK AND
INTEREST RECORD.

In 1902 a gentleman in St. Louis, of one of the prominent trust companies, secured a patent upon a balance book of the above description. In the specifications he states:

“My invention relates to balance-books, and more particularly to the pages thereof, my object being to provide a novel page for books of this character by the use of which the size of the balance-book is materially reduced, the liability of error in crediting or reading balances is reduced to the minimum and the balances of an individual depositor are so presented that they can be easily added for the purpose of computing interest and the like and the balances covering a considerable period of time are visible simultaneously.

“A further object is to provide a leaf of such character that but a single depositor’s balances are entered thereon, so that the leaves can be bound as a loose leaf book and only those leaves devoted to open accounts need be kept in the binding.

“Heretofore it has been customary for banks, trust companies, and similar institutions which allow interest upon daily balances to employ a balance book having pages provided with a series of horizontal lines, there being a vertical name-column at the left of the page and a horizontal series of vertical daily-balances columns, usually fifteen to each page. The names of, say, thirty depositors have been written one below the other in the name-column and the

daily balances of each depositor have been written in a horizontal line across the page. This has made it necessary to employ a relatively large leaf to follow a particular horizontal line across a page in order to enter or read a given depositor's balance for any day (thus rendering it easy to enter or read a balance in the wrong line) and to copy each depositor's daily balances at the end of each month or other interest-crediting period in a vertical row in order to add the said balances and compute the interest.

'My invention is designed particularly as an improvement upon the above-described page, which has been and is in almost universal use.'

On another page we give a reproduction of this ruling, (Plate No. 28). The patentee of this combination ruling claims that, there is a great deal of labor saved to banks and trust companies who pay interest on daily balances and the reasons given are as follows:

Entirely does away with interest slips.

Only necessary to write each name once a year instead of twenty-four times (once in balance book and once on interest slip each month).

Impossible to credit interest to wrong account, as but one name appears on a page.

Unnecessary to read names when comparing balances and ledgers as they correspond leaf for leaf.

Perfect alphabetical arrangement, which was impossible under the old system.

Daily balances for a period of six months visible at once.

PLATE NO.28

		DAILY BALANCES.																							
		YEAR _____												NAME _____											
DAY	JANUARY	FEBRUARY		MARCH		APRIL		MAY		JUNE															
1		1		1		1		1		1		1		1		1		1		1		1			
2		2		2		2		2		2		2		2		2		2		2		2			
3		3		3		3		3		3		3		3		3		3		3		3			
4		4		4		4		4		4		4		4		4		4		4		4			
5		5		5		5		5		5		5		5		5		5		5		5			
6		6		6		6		6		6		6		6		6		6		6		6			
7		7		7		7		7		7		7		7		7		7		7		7			
8		8		8		8		8		8		8		8		8		8		8		8			
9		9		9		9		9		9		9		9		9		9		9		9			
10		10		10		10		10		10		10		10		10		10		10		10			
11		11		11		11		11		11		11		11		11		11		11		11			
12		12		12		12		12		12		12		12		12		12		12		12			
13		13		13		13		13		13		13		13		13		13		13		13			
14		14		14		14		14		14		14		14		14		14		14		14			
15		15		15		15		15		15		15		15		15		15		15		15			
16		16		16		16		16		16		16		16		16		16		16		16			
17		17		17		17		17		17		17		17		17		17		17		17			
18		18		18		18		18		18		18		18		18		18		18		18			
19		19		19		19		19		19		19		19		19		19		19		19			
20		20		20		20		20		20		20		20		20		20		20		20			
21		21		21		21		21		21		21		21		21		21		21		21			
22		22		22		22		22		22		22		22		22		22		22		22			
23		23		23		23		23		23		23		23		23		23		23		23			
24		24		24		24		24		24		24		24		24		24		24		24			
25		25		25		25		25		25		25		25		25		25		25		25			
26		26		26		26		26		26		26		26		26		26		26		26			
27		27		27		27		27		27		27		27		27		27		27		27			
28		28		28		28		28		28		28		28		28		28		28		28			
29		29		29		29		29		29		29		29		29		29		29		29			
30		30		30		30		30		30		30		30		30		30		30		30			
31		31		31		31		31		31		31		31		31		31		31		31			
TOTAL																									
INT																									

Patented July 15, 1922 ✓

No dead names in balance book.

Eliminates danger of teller reading balance line too high or too low, as was frequently done in the old system.

Distributes work evenly throughout the month.

No possibility of paying interest on a large balance for a day or more, too long as was occasionally done with interest slips.

Books of convenient size for use being, 12x12.

Saves about one man's time for each one thousand accounts handled.

In consideration of this form, there seems to be no question whatever as to its desirability for the purposes intended, and as it is well protected by United States patents covering every point, it naturally follows that permission to use the form must be obtained by negotiation with the patentee, as anyone using it without such permission would be liable to prosecution for infringement of patent.

From the description, however, it will be seen that such a system can be handled successfully only on the loose leaf plan as by no other plan could the ready reference self-indexing feature be procured as well as the elimination of dead matter.

It follows naturally that with such a record the leaves would be arranged in exactly the same order in which the accounts would appear in the loose leaf individual ledger, thus effecting a wonderful saving of time in entering the items.

The same general book-keeping conditions exist in the banking business, as in other lines, except that

the merchandising feature is eliminated and that a daily balance must be maintained. It will therefore be unnecessary in this chapter to go into detail in regard to the proper handling of special books as this is described in another portion of the work.

CHAPTER II.

LOOSE LEAF BOOKS IN INSURANCE, STOCK BROKERAGE, TELEPHONE, TEL- EGRAPH AND WATER COMPANIES, GAS AND ELECTRIC PLANTS, ETC.

There are two classes of insurance accounts: One that must be kept by the parent company at the parent office, and the other the agency insurance account. As the entire business of insurance is now done through the agency medium, it naturally necessitates general agencies of different companies at principal point and sub-agencies at points of lesser importance. An insurance agency usually controls a number of sub-agencies from whom it receives reports applications and renewals, and naturally this agency must in turn make its report to the main office or to the general agency of its jurisdiction.

As there are many features connected with the insurance business necessary to be kept in accurate record, for a large number of years, and as there are many books necessary for comparative state-

ments, averages, etc., it is quite true that the usual books used in the insurance office are much larger than those used in an ordinary commercial business. As I have said, wherever the size of the books are unusual, the loose leaf system fits in admirably to simplify and reduce the labor.

Where a sheet is very large, it naturally follows that in procuring a bound book, the largest possible for use is the one usually purchased; and the consequence is that in many insurance offices the clerks must either take a course in athletics, or the proprietor must furnish a derrick to hoist the books from the vaults to the standing desk. As the loose leaf special books are used with only a sufficient number of pages to last one or two months, to be transferred when completed to an inactive book, it will be seen that no matter how large the page must necessarily be, the handling of these books is comparatively easy and the results obtained on this account alone are much superior to the old methods.

Wherever the "Book Typewriter" has been introduced, the advantages of this system for statistical work are absolutely unexcelled. This mechanical arrangement traveling easily over a page of any size, with columnar stops, absolutely furnishes a record impossible to duplicate in any other way. There are several classes of insurance accounting, the principal ones being: Life Insurance, Accident Insurance, Benevolent Association, Fire Insurance, Cyclone Insurance, insurance of goods in transit by rail or water, Boiler Inspection and Insurance, Plate

Glass Insurance, and a number of other classifications.

Life Insurance Accounting. The necessary detail for proper accounting of this class of business consists in keeping accurate records of policies issued, premiums received, premiums due and unpaid, re-newals, cancellations, commissions, comparative statements, expense of operation, apportionment to reserve fund, and such other information as is found necessary for the complete and systematic knowledge of the standing of the company and to meet the requirements of the law. It is usual for insurance companies to have several cash books for receipts from agents, foreign receipts, disbursements and a home office cash book; and this fact in itself shows the great advantage that would be attained by these companies with these books entirely loose leaf, as they could be apportioned as needed and assembled in permanent transfers. A general cash or cash journal might be kept to bring together all totals from the different cash books, provided with the proper number to save posting and to properly assemble the receipts and disbursements.

The difference existing between life and fire insurance accounting is principally in the fact that, fire insurance is taken from year to year, or at the most a limited number of years—say three or five—and re-issues are made at the expiration period. This being the case, in this class of accounting there are frequent changes on account of the fact of the insured changing to some other account or some other agency.

In life insurance—except in term and endowment risks—the policy entry is considered perpetual and carries until cancellation or death. This being the case, a liability form giving the total liabilities for each month in the year, and each day in the month, for each agency and for the general office, is a very desirable one.

Policy records are kept by each agency, giving the data of the application, and are also carefully kept by the home office. (See Plate No. 29). As these records must be explicit the forms are naturally of good size. It is also necessary to keep a record in the home office of all of the insurance in force in each state wherein the company does business.

The desirability of making all sub-agencies' reports on the loose leaf plan is readily seen. They would be filed at the head office in binders alphabetically or otherwise and all the reports from any one agency could always be found in one place. For comparative, statistical, or other purposes this self-indexing, quick reference is invaluable.

Insurance companies have so many offices in different portions of the country which they furnish and control, that it is a very good plan to have a furniture record for each of these offices. It is unnecessary to go through the whole line of books used by life insurance companies, and it is sufficient to say that to secure economy of time, perpetuity of account, and absolute current feature of the book in use; the loose leaf is peculiarly adapted to this character of work.

There is another class of life insurance which has been doing and is doing an immense business throughout the country, namely, "Industrial Insurance." Industrial insurance differs from ordinary life insurance; usually in this, that they accept risks for smaller amount, and, by a chain of subsidiary offices are enabled to take this insurance on the plan of a weekly payment. It will be readily seen that this plan adds very largely to the book-keeping necessary, and consequently a greater proportion of benefit can be derived through an improvement in this line. It is also true that on account of the character of the risks taken, the lapses are very much more frequent, and in all sewed books this fact would bring within the covers of any register used for the purpose a great deal of dead matter which must be carried from week to week and year to year. The loose leaf system allows the inactive accounts to be separated from the active accounts, and if for no other reason whatever is best adapted to this class of business. The forms for recording payments and necessary information concerning these risks are quite intricate, but by the aid of loose leaf system can be carried without transfer for several years. The forms for the business reported by or received from agents are usually made up covering the twelve months of the year, with the commencing number and closing number with the December 31st balance. A large life insurance company conducting an "Industrial" branch has a form which will be of interest

to those interested in this character of work. The heading consists of:

DISTRICT..... ASS'T SUPT.....DATE
OF APPOINTMENT

BOND NO.....TERMS
WEEKLY GUARANTEE.....

CONTRACT NO.....

| CONTINGENT SALARY.....

And the column headings are as follows:

DATE
NO. EMPLOYED
SUPT'S.....ASS'T SUPT'S..... AGENTS.....

LIFE ITEMS
NEW BUSINESS..... REVIVALS.....
TRANSFERRED TO
POLICIES..... PREMIUMS. POLICIES.....PREMIUMS

LAPSE ITEMS
LAPSES..... TRANSFERS FROM
POLICIES.... PREMIUMS. POLICIES.... PREMIUMS

DEBIT INCREASE
POLICIES.....PREMIUMS

IN FORCE
POLICIES.....PREMIUMS

ACCUMULATED YEARLY DEBIT

MEMORANDA.

Benefit associations and fraternal societies can keep a very close and accurate record by using a form large enough to take care of several years' payments. If the installments are due, say, every month, thirty-six lines would take care of three years' payments. The sheet may be divided into sections, each section covering a year. Under each year the names

of the months may be printed in, the columns for the date of payment, the amount, and any other necessary data. A sheet of this kind could accommodate any number of years. These sheets of course would be arranged alphabetically and indexed the same as a ledger. Sometimes, however, in this class of book-keeping, where the number of payments is known absolutely and therefore the amount of space necessary may be apportioned at the start, instead of carrying one account to a leaf, a number of accounts may be entered on the same leaf and numbered consecutively using the same number as the benefit certificate. In such a case an outside alphabetical card index for the names is absolutely necessary for reference.

Fire Insurance Agencies require the ordinary books of any business, cash book, ledger; and journal but in addition to these books, they also require a number of supplemental books—some of them of great importance. A policy register must be kept at each sub-agency for a fire insurance company, in which the full data of each risk is entered and a tissue carbon of any special contract must be attached thereto. As it is frequently the case that these agencies have one application for insurance by a large firm which will be divided up among a number of companies, it requires a large amount of labor to keep these records for all of the companies mentioned, and the loose leaf is found to be very desirable in this regard, as the business of each company can be kept together, facilitating reports and all statistics information either desired by the company or

required by the state. Some of the agencies have a form giving the dwellings under "Fire Protection" and "Outside of Fire Protection" with the columns running:

RISKS WRITTEN
 AMOUNT WRITTEN
 PREMIUM WRITTEN
 LOSS PAID

RISKS.

Amount.... Balance.... Profit.... Loss.

An insurance expiration book for each month is a necessity, as it is through these expirations that the continuance is secured, and the agents keep a very close watch and endeavor to retain as much business as possible by having their sub-agents call upon the insured before the expiration of the term. Such form usually runs: (See Plate No. 30).

Policy No., Company, Agent, Assured, Location, Building, Barn, Total, Amount, Rate, Premium, Term, Date, Remarks.

Such a record made on the loose leaf plan may be arranged by days, weeks, or months, facilitating greatly the following up of these expirations, as the sheets may be arranged to follow each other chronologically, and extra sheets put in wherever needed. Every line of each sheet may be used as new entries of a different date may be made on them if they are not filled up and their position in the binder changed as may be necessary.

The variety of forms used by fire insurance companies and all other companies are so numerous that it would be impossible to give an adequate idea of

them in an article of this character, but as each company has its own ideas of the necessary books to be kept and the necessary rulings of such books; it naturally follows that in making a change to the loose leaf method of book-keeping, it would be only necessary, to make such changes as will entail less labor and produce equally good results without necessarily changing their forms or system. The handling of loose leaf books in the insurance business is very similar to that described in other lines, with the exception that outside of its regular accounting books, the records may be kept in binders marked "Current" and "Transferred," or the current matter may be handled in spring back holders and when the records are completed transferred to the regular binder for permanence and safe-keeping. If the record requires indexing, either alphabetical or numerical, the former method would be the better; or if there was a probability of more than fifty leaves being in current use at one time, a binder would be better adapted to the purpose than the spring back holder. The sectional post binder is so made that it will hold any number of leaves desired, from one to 1,000, while the spring back holder cannot be handled successfully with a large number of leaves.

One of the largest boiler inspection and insurance companies of the United States uses the loose leaf very satisfactorily for the filing of inspection reports, alphabetically, by risk.

Stock Brokers are employed to buy and sell bonds and other securities. A record must there-

fore be kept of the frequent transfer of stock purchased by the client, and also of the transaction of reselling the same when there is a margin of profit sufficient to satisfy, or when it becomes necessary for the purpose of preventing further loss. These records are very important and are necessarily somewhat numerous in order to keep a complete and systematic account of the transactions. These brokers use a cash book ruled suitably for the purpose, individual ledgers for their clients, private ledgers for the general summaries and private transactions, bond and stock ledgers, loan registers—where this is done in any part of the business, and such other special books as may be necessary to complete the chain. The Loose Leaf System is now in use in the offices of many of the largest stock brokers in the United States, and found to be unusually well adapted to their purpose.

Telephone, Telegraph and Electric Companies have investigated all the merits of the loose leaf and the result is that, many of the largest companies of the principal cities of the United States have adopted this system of book-keeping in preference to all others. In the telephone business, especially, it is found remarkably available, from the fact that as a rule telephone renters hold over for a number of years, and the necessity for a transfer of many thousand names each year can be obviated by arranging a sheet in such a manner that it will last for from three to six years for each customer; this particularly refers to the rental register. (See Plate No. 34).

It is not only desirable from this point of view, but also from the fact that in case a telephone is given up and transferred to another customer, the only necessary entry on the rental register is the entry of transfer, and the changing of the loose leaf from its location to the new one required by the new renter and by the indexing plan determined upon. The various extra tolls for suburban or long distance can be kept very readily through these same accounts, and with special toll book and long distance records form a complete chain showing the receipts from various sources. Such books as are necessary in the matter of disbursements, wages, equipment, repairs, etc., etc., to keep these records are easily arranged, and will be found very efficacious. Telephone or telegraph companies and gas and electric light companies are to a certain extent similar, from the fact that they have a large investment and are dealing with the public in the capacity of public servants. All of these various companies require most accurate records of their investment and of any addition thereto or deduction therefrom. The stock ledger and dividend records are an absolute necessity on account of the frequent transfers of stock. Service reports of various characters must be kept, accurate records of labor expended in keeping their plant in condition, separated from that necessary for the general conduct of their business; comparative records of service from various sources, and disbursements to various sources, and the general accounting books necessary to summarize the

work from the books of detail must be kept in addition to the customer's accounts. The telegraph companies in their dealing with the public have not as much need for voluminous customers' ledgers as the telephone, gas or electric light or water companies; these four latter lines now-a-days deal with a very large number of private citizens and invariably extend to them a certain amount of credit, necessitating careful and complete records at all times, kept in such a manner as will be most readily available. Gas, electric and water companies require also a large number of meter registers, arranged in such a manner that the charges can be quickly and properly made to the various users. The customers' ledgers (See Plates Nos. 31 and 33) are made to have each sheet last several years.

On account of various facts before stated in regard to the economy of time secured by the introduction of the loose leaf books, it is absolutely sure that the larger the number of current customers' accounts the greater the proportionate benefit attained by its introduction. Economy of space, and of time, the relief from transferring; the ready reference, and the quickness of posting and statement or bill-making, mean a lessening of the number of clerical employes, and basing the salary of a clerk or assistant as low as \$50 per month, shows a net saving to the firm or corporation of \$600 per annum for each person thus dispensed with; and if there were no other advantages connected with the introduction of the Loose Leaf System in extensive lines

of business, this should be enough without any question to decide the "would-be" user in its favor.

Electric Lighting Record of Sales Plate 32 and Telephone Ledger Plate 42, will be found in Chapter 15.

CHAPTER 12.

LOOSE LEAF BOOKS IN THE INSTALLMENT BUSINESS.

The Installment business in the United States has become one of remarkable prominence; it has developed from a small beginning into one of the most important industries. We now find Installment houses for Furniture, Dry Goods, Ladies' Clothing, Gentlemen's Clothing, Watches, Pianos, Organs, and various other needs.

One peculiar feature of the Installment business is that, on account of its nature, the books used, require from 10 to 20 credit entries against one debit entry. This is exactly opposite from the ordinary line of book-keeping, as under ordinary conditions the debit entries far outnumber the credit entries.

It is usual with Installment houses in selling a bill of goods, to divide the payments in such a manner as will cover the amount purchased within one year from date of purchase; but it is frequently the case that they are required to extend this time limit so that it may cover two years of twenty-four monthly entries, or one hundred and four weekly entries on the credit side of the account against a single debit item.

On account of the easy terms upon which goods are sold by this plan, and the fact that poor people or people of the middle class may purchase more than they otherwise would on account of the advantages obtained by monthly or weekly payments, the number of customers carried by Installment houses is very much greater and the length of time which they are carried is very much longer than in the usual mercantile business; hence it follows that the number of current accounts, or unsettled accounts, for a business of this character, vastly outnumbers the number of current accounts carried by regular merchants.

As has been explained in other portions of this work, the loose leaf system when properly installed, renders the work of the book-keeper very much easier to accomplish. It cuts out a considerable amount of unnecessary labor, and saves at least a third of his time. This condition prevailing in an ordinary business, would naturally attach greater importance to a business carrying a much larger number of accounts, as the Installment business does, and the saving of time would be proportionately greater.

It is usual in the Installment business—as it has been operated with the old-style sewed books—to give each customer a number, or numbered account, and have a ledger cut up into a great number of small accounts. It is frequently found by this arrangement, the space allowed is insufficient for the entries necessary; consequently, in many cases, the entries have to be credited in two to the line

or the amount must be transferred to another portion of the book, losing its identity and its consecutiveness. As each of these numbered accounts only contain one debit entry, in case the parties buy other bills of goods (which is not unlikely, and which frequently occurs) they are given separate accounts and new numbers; so that should a customer buy during the year four bills, this customer would have in the Installment ledgers *four separate accounts*, which it would be necessary for the book-keeper to keep track of, as if it were four different customers.

Should a customer pay his account in full and afterwards repurchase, it is necessary also to open a new account. The consequence is that hundreds and perhaps thousands of accounts are opened unnecessarily by the present system.

Loose leaf accounting books are therefore the "Sine-qua-non" for the Installment business. The fact that the customer's account; be it large or small; be it one debit item or twenty; be it twelve credit items or two hundred, is kept in one place at all times, whether current or closed, makes this system *absolutely invaluable for the installment business*.

Not only that, but the peculiarities of the business, before mentioned, which requires numerous credit entries against one debit entry, can be provided for by having two or three credit columns on the same ledger page against one debit column, giving the necessary space for the additional credit entries

and allowing upon one page the posting work of three pages.

As this system is flexible to the highest degree, there is absolutely no necessity for ever opening a new account with a customer who buys a second or third time, as the entries may be all followed consecutively, whether the account is closed or open; and, if necessary, where double payment is running on a double purchase at the same time, the credit on each purchase may be posted in a separate credit column.

With this system there is absolutely no necessity for a transfer of account, as the number of leaves which may be added from time to time, as required, renders it unnecessary.

The indexing feature under this system may be arranged according to the need of the proprietors of the business. There is no reason why the numerical system could not be profitably employed in this regard—as it is in sewed books—with the exception that with loose leaf books after a number was given to an individual, that number would constantly remain for his identification. In most cases, Installment houses use a little book, similar to a bank book, wherein payments are credited and the number of the account is on the outside of this book, guiding the cashier in making the proper entry, both by number and name, and also the book-keeper in making his posting. Of course, in case the numerical plan is used as a guiding feature in indexing, it would be necessary to keep a separate

card or alphabetical index of some character to indicate the number of the account of any debtor, as there might frequent occasions arise where an amount would be paid by a debtor without reference to the number of his account, being either remitted by mail or paid in person, and it would be necessary in case the numerical plan was used in this manner, to have some ready reference to ascertain the customer's number.

In case the alphabetical arrangement was used under the Lexicon plan, as explained in the chapter on indexing, any subsidiary index would be unnecessary; and still, if it were so desired, the number could be used in connection therewith, and it would be advisable to keep a numerical card index so that if occasion arose where the number of a customer's account was known and not the customer, it would be as readily turned to as by the other system. There are advantages to be claimed for each of the two systems, and it would depend upon the individual preferences of the proprietors as to which they adopted.

Loose leaf Cash Books for the Installment business should be arranged on the debit side, in a columnar form, and cover each ledger, and a full description of the advantages of this cash book will be found in chapter 7.

The ledgers mentioned above are strictly Installment ledgers, and any Installment house should carry in addition to this a General Ledger, and if desired, a Purchase Ledger, or if the Purchase Rec-

ord was used (as described in chapter 9), the Purchase Ledger could be dispensed with entirely; this is also, a matter of preference.

Other loose leaf books which are used to great advantage in Installment houses are:

Bills Receivable Book.

Bills Payable Book.

Inventory Record.

Stock Ledger.

Collection Tickler.

and where the business was sufficiently extended, Time Books, Pay-Rolls and Cost Books.

The perpetual trial balance would also be desirable, and in some cases, Recapitulation books.

As there are frequent cases in the Installment business where the payments are interrupted—sometimes with good cause, and sometimes with intention to delay or defraud—it produces in this business, especially, a large number of accounts which might better be out of the regular current ledger and segregated. This is very readily accomplished by the loose leaf system. A Suspense Binder can be provided; (i. e. a regular binder of the proper size), to which the leaves of the accounts thus disposed of may be transferred. This book may form, if desired, a part of the regular monthly balance; or, another way which is still more satisfactory, is to charge out to suspense account all balances on leaves thus taken from the current ledgers, and whenever any payments were made upon these accounts held in the suspense ledger, suspense ledger

should receive the credit in the cash book, with the name of the account subsidiary for direct posting in the suspense ledger. By this manner of keeping these accounts, the exact amount of the balance of the suspense account is always immediately determinable from the suspense account in the General Ledger, and the addition of the balances at any time in the suspense ledger must balance the account in the General Ledger. The great advantage of this collating of doubtful accounts, is that they are very easy of access by the credit man; he does not require a list, which may or may not be complete; he is not obliged to look through one-half dozen ledgers in order to ascertain the slow payments; but he has every account of this character ready at all times, and his daily examinations of this ledger will keep him in such constant touch with the conditions that, in the long run, it will *make a difference in collections to the firm of a very considerable amount.* Like other ledgers, the suspense ledger should have its complement in a transfer, to which are transferred closed accounts—the same as any other ledger—thus keeping the work current. It is not objectionable, when a suspense account is paid up in full, to transfer the sheet to the regular closed account transfer binder. It will then retain its relative position, and in this way all closed accounts will be found in one place.

It is also possible to keep the accounts upon the numerical plan, having several accounts to the page.

The advantage of this system in the loose leaf would be that such a record could be kept down in size by eliminating the closed accounts, that is where, every account upon the leaf was closed. Individual leaves are much to be preferred.

Taken all in all, from the deductions and explanations given, it seems that there is scarcely any business which is more likely to be benefitted by the use of the loose leaf system than the Installment houses, and the great saving, in time and labor alone, should be sufficient inducement for every Installment house in the country to introduce the loose leaf system: as labor is the most expensive article purchased, and the wage list and salary list of large houses cut no enormous slice from their gross profits.

CHAPTER 13.

LOOSE LEAF BOOKS IN WHOLESALE HOUSES.

Probably the largest number of loose leaf books now in use in America are in Wholesale houses. They have been the first to recognize and adopt the loose-leaf system, and have found it of such an advantage to them in handling their business, such a saving in time and such a convenience in general, that the use has spread very rapidly among the wholesale houses in different cities, not only of one commodity, but of all.

We sometimes meet individuals who say: "Loose leaf books may operate very well in such and such a line, but they would certainly fail to give satisfaction in my line." This, of course, is an assertion which it is not at all difficult to disprove. There are no vast differences in the book-keeping departments of wholesale houses. It makes very little difference to the book-keeper whether the final figures of a bill represent Sugar, Boots and Shoes, Drugs, Hardware, Millinery or any other commodity; in fact, he seldom knows, except that he sees evidences of the character of the business in his transit from the office through the store. There is absolutely no wholesale business of any character wherein the loose leaf books are not available, and it might be said here; there is no business of any character, which requires book-keeping, that loose leaf books are not both valuable and desirable.

The wholesale house pointed the way for Loose Leaf Accounting Books by the use of the original order as a salesbook, bound together on an ordinary Post Binder. It was found to be absolutely unnecessary and a great waste of time to copy bills in a sales book, and the first innovation made in order to lessen this work was to take an impression of the bill in a tissue copy book and post from the tissue. It was soon found to be unnecessary even to do this, as the order blanks are easily constructed so that the prices may be extended into the proper columns, the checking for shipment and for extensions made, and the charge ready for posting with-

out a single item being transferred to another sheet. Using the loose leaf system, these loose charge sheets can be arranged in a manner conforming to the Sales Ledger arrangement, facilitating easy posting; the bill is made direct from these charge sheets, and after arrangement, the charge sheets are numbered consecutively, beginning usually with the beginning of the fiscal year. From the loose leaf order blank, it was but a step to the bill and charge system for city sales; this system is fully described in Chapter 20. There are many houses who yet cling to the old idea of booking their sales, but it is absolutely unnecessary. A very good plan is to use a loose leaf Sales Record, merely giving the date, number of the bill and the total upon loose sheets for country salesmen separately, city salesmen separately, mail orders, office sales and cash sales if desired. A recapitulation of the result of these daily postings of the separate salesmen and other accounts will give the entire sales for the day, and balance the recapitulation of the loose sheet records as entered for each ledger or series of ledgers. If the book-keeper uses a slip system or the duplicate entry plan, the result of his work will balance the credit to sales accounts as represented by the recapitulation of the loose sheets in the order binders.

In the wholesale business, the city department would require the order blank system referred to, the bill and charge system and credit memorandum plan—similar to the bill and charge, which dupli-

cates the credit and is filed in a similar manner for direct posting, duplicate requisition blanks — which are used by their customers—and receiving blank—which is used in connection with the requisition system, a stock record book, an inventory book, city delivery receipts, loose leaf price books, recapitulation books, loose leaf catalogues; and in this connection I wish to say, the loose leaf catalogue is a very desirable thing for the wholesale firm, for the reason that any sheet in the catalogue may be changed without disturbing the balance of the work, and the catalogues in some lines of business are so very expensive that if they become obsolete on account of change of prices, it is a very costly matter to furnish each salesman with new ones. This is not the only consideration. In the old-style printed catalogues where prices were raised or fluctuations occur, they frequently failed to be noted by the salesman, and goods sold from old catalogue, at old prices, involving a considerable loss to the firm. It will be readily seen that by the loose leaf plan, the salesman would be furnished with the leaf from the house, giving the new figures and changes in prices, he would be instructed to insert that leaf at its proper place in his catalogue and “return the old leaf to the house;” this, of course, would prevent any errors in pricing goods.

Besides the books mentioned above, of course, the requisite number of city customers' ledgers,

monthly statement system and perpetual trial balance would be necessary.

In the Buyer's department of wholesale houses they use:

Loose Leaf Stock Books.

Loose Leaf Quotation Records.

Requisition System in duplicate.

Loose Leaf Price Books—as mentioned above—and also the inventory system.

All the books used in the Buyer's department as above noted, can be handled with binders and holders, the holders being used to carry as many sheets as are necessary for the current work of the month and then they are transferred to the binder. In some cases, especially in the loose leaf stock book where articles are given an account similar to individual accounts in sales ledger, and the debit and credit for goods received and delivered is maintained, it is necessary to have the alphabetical indexing arrangements and to use one binder for current purposes, and another similarly indexed for transfer purposes. Stock and Warehouse records kept in this manner are easily available and handled without difficulty and with comparatively little labor. The advantage of Loose Leaf Quotation Records, Price Books and Inventory system will be seen very readily from their application in other ways.

The sales department would find the loose leaf catalogue for salesmen mentioned above absolutely indispensable. The price book for salesmen,

order registers, salesmen's expense record and the general sales record can all be handled in the loose leaf with ease, giving the greatest efficiency in this service. The character of information desired by the sales department, the necessity for constant and careful supervision of the work of salesmen is such that, the interchangeable leaf system appeals directly to them as something which will vastly improve their methods.

It renders the book to be handled much lighter, and allows any size or shape page which may be necessary to convey exactly the information desired. It keeps a perfect record of all matter which has passed beyond the active stage, and at the same time it keeps the current record all together in one place and constantly before the operator. No other system can do this without the necessity of doing a large amount of superfluous work and at the end of a period leave information stored away in bound books not easily available.

Under the head of Loose Sheets, of course, the manifold books for salesmen's use,—duplicate, triplicate, or quadruplicate as required. Order blanks for salesmen,—duplicate or triplicate. Receipt blanks for salesmen, expense reports and all other necessary reports.

The entry departments require the bill and charge blanks in duplicate, triplicate and quadruplicate; also require recapitulation blanks. The pricing department should be provided with the recapitulation blanks and loose leaf price books which are

indexed especially for the purpose and which can be referred to instantly in regard to prices or changes of prices. The profit department should also be provided with loose leaf books, recapitulation blanks and salesmen's ledgers.

In the cashiers department the books necessary to be carried are the records referred to in Chapter 7 on loose leaf cash books.

The mail order department should have loose leaf records of advertising matter, which has been sent to customers with prices quoted which can be arranged as desired. A key record for advertising should be kept in this department, which should be arranged so that the contract for the advertising is given at the head of the page and the credit for answers received under the key below. At the close of the contract or any given period thereafter, the number of answers received can be computed, the net cost per answer obtained, the number of orders received through the advertisement easily kept track of, and the final results of loss or gain upon the advertising contract determined. This information is of the greatest value to the advertising manager of the concern, as a reference to the results obtained through different mediums enables him to save a **LARGE AMOUNT OF THE FIRM'S MONEY** in placing his advertising contracts. In the mail order department should also be kept a loose leaf record of the orders received, and such other data as may be deemed necessary or required by the business. The advertising department can use loose leaf

books to the greatest advantage by carrying their advertising accounts the same as individual accounts, keeping a record of contracts and payments made thereon from information received from the cashier; also as to returns from information received from the cashier; also as to the returns from such advertising as is possible to trace from information received from the mail-order department, and thus keep the business well in hand. Under the advertising department usually the matter of catalogue and price books is handled, of which I have spoken before in this chapter.

We come at last to the Accounting department; the official center of information. In connection with this department, the chapters upon the ledger No. 2, No. 3, and No. 4 fully cover the subject of General ledgers, Private ledgers, Stock ledgers, and Sales ledgers; also the manner of use. A wholesale house usually requires in addition to the regular ledgers in this department a Bills Receivable Book, a Suspense ledger, an Attorney's ledger, Accounts Payable Book, a Bills Payable Book, Recapitulation Books for the ledger system, Perpetual Trial Balance Book, and in some offices a collection Tickler. The Bills Receivable Register can be arranged in the manner best suited to the demands of the business; the ruling and columns can be made to suit any occasion and can be indexed for due dates if desired. The balance of the Bills Receivable represented in this book should at all times



be the same as the balance of the Bills Receivable account in the General ledger.

Some firms carry their Attorney's account in a Suspense ledger; other firms prefer two ledgers—one called Suspense carrying such accounts as are inactive and uncertain, but at the same time they have not been given to Attorneys for collection, for reasons. Such suspense accounts are frequently small accounts of disputed items and occasionally accounts of parties who are perfectly good, but on account of some misunderstanding are holding accounts open and unpaid.

Of course, the Attorney's ledger represents such accounts as have been passed over to the Attorneys for collection. These ledgers should be in duplicate, as it is important that the Suspense and Attorney's ledgers should be kept current. Perhaps more so than any books in the house. The great advantage of being able to transfer the account in its entirety from any Sales ledger direct to the Attorney's ledger, to keep all such accounts together and to be able to make notations furnished by the Collection Agent as to a settlement or prospective settlement upon an original account; to have this information directly before the eye of the credit man without the necessity of going through a large amount of extraneous matter; and the fact that, they are collated and systematically arranged, renders it possible for the credit man to urge the collection very much more readily, and there is no question that the proper use of the Suspense and Attorney's ledger

WILL DECREASE TO A VERY LARGE EXTENT THE
LOSSES OF THE FIRM.

The uses of the Accounts Payable and Bills Receivable Books are apparent to every book-keeper.

The Recapitulation book should be built up from the ledger system; it should have columns for each ledger or series of ledgers in use and should run both debit and credit. It should be arranged with lines sufficient for the daily recapitulation for one month upon one page; the debit postings for the day being inserted under its proper caption from whatever sources obtained will give in its entirety the total debit postings; the credit postings for the day arranged in their proper columns will give in their entirety the total credit postings for the day; these again taken in connection with the previous day's balance will show the total balance for the day. The daily recapitulations added at the end of the month will give the monthly debit postings from every source, which, taken in connection with the previous month's balance, will give the present month's balance. Monthly recapitulations should be kept in the back of the book for each number or series of ledgers, giving the monthly results, and the total of the twelve monthly recapitulations will give the total debit postings from every source for the year, and the total credit postings from every source for the year when taken in connection with the previous year's balance will give the required balance for the present year.

The Stock books of large houses can be kept admirably by this plan, so that at the close of any week or any given period, it will be but a small amount of work to tell the exact amount of stock on hand.

In each department of the vast wholesale establishments of the country, there are frequently special books required, adapted to their peculiar business. I have endeavored in this chapter to give a general idea of such books as are considered necessary in most large establishments, but I do not desire to have anyone consider that I have mentioned all of the books to which the loose leaf can be adapted in connection with wholesale business, as it would be an impossibility to do this without knowing the particular requirements of the business. It is safe to say, however, that there are no special books used in any line of business that cannot be successfully converted into loose leaf books, and by that conversion be more advantageously used and more satisfactory in every respect.

With the vast advantage offered by the loose leaf system in reducing the weight of books handled and in being able to multiply indefinitely divisions of the work so that any number of clerks can be employed at the same time; in the fact that all dead or inactive matter is released immediately from the operators hands, and so held that it does not require to be disturbed except for reference, and consequently is kept in the best condition; the additional fact that no new books have to be opened of ANY

character after the loose leaf system is thoroughly inaugurated, as it is in itself a perpetual record; and the fact that the time saved in handling any portion of the work by this method—runs from 20 to 40 per cent—are ample reasons for its adoption by any wholesale house.

Thousands of the largest wholesale houses in every line are now using loose leaf systems to their satisfaction, and thousands more are changing annually from other styles of book-keeping to the loose leaf; surely there could be no stronger argument used favoring a model system than the successful operation of it by so many of the largest houses.

CHAPTER 14.

LOOSE LEAF BOOKS IN RETAIL HOUSES.
WHERE A CREDIT BUSINESS IS DONE.

While the introduction of loose leaf books in wholesale houses, banks and other large business institutions is an accomplished fact, it has been taken up but gingerly by the retail trade, and principally from the fact that they are not aware of the proven and particular advantages offered them. In describing the system for any retail grocer business, it will readily give the general system for all branches of trade where a credit business is conducted. Such changes in detail that are peculiar to the trade, can be easily effected.

It is no longer necessary to journalize sales from day-book, an order blank or duplicate sales blank can be used and a carbon copy for posting can be made if desired. Each sales clerk can be provided with case or cover in which these sales-blanks are held, containing both original and duplicate. The original is given to the customer who takes the goods with him; or is sent with goods. The duplicate is first used to see that the order is properly filled, and afterwards passed to the book-keeper, who files it in its proper binder. In this manner it is not difficult to keep cash sales and charge sales separate. The charge sales are filed in a binder, paged consecutively in space provided for the same, afterwards posted by book-keeper;

but in order to facilitate posting, these sales blanks may be arranged alphabetically before being placed in the binder. There is a useful method by which posting can be made with less trouble, and that is a system of statement blanks in duplicate with the ledger account sheet of customer on the left hand side of the binder and statement blank with carbon for duplicating at the right hand, one statement to the leaf, both statement and ledger sheet being carried in the same binder. Posting can be made direct from sales blank to the statement blank and at the end of the month the statement blank is computed and only one posting is necessary to the account upon opposite page. The statement blank is then torn from the book at the perforation and is sent to the customer. The book-keeper will readily see that by this method of work at the close of the month, say the 31st, there would be but one day's posting necessary to complete all of his statements and they can thus be immediately transmitted to the customer. The duplicates of statements or postings render an explicit and ever ready account of the one month's posting made to the debit of the customer. The under sheet or duplicate sheet of this statement plan is perfectly plain and is retained in the office, and placed in a permanent binder. Where the business is sufficient to warrant, it is an excellent plan to have a statement binder for each month so that these duplicate statement sheets may be congregated and kept in this binder. In this event the binder is indexed similar to the other

books; and all of the names are arranged in proper line by the Lexicon System; thus in looking for a name in this book, it would be only necessary to look for it the same as you would in a directory. As the ledger account might possibly over-run the length of a single leaf and thus necessitate the turning of a leaf and entry on left-hand side of the binder where the statement of a customer should be kept this ledger sheet can easily be made in what is called "Tumble Form" so that turning a leaf end for end posting may be continued on right-hand side of binder. Of course ledger ruling can be made in any size or style desired, columnary arrangement can correspond with statement ruling, and with one date column there is no necessity of repetition; but account may continue down the page. Where the balance column is used, the balance is always opposite last sales entry, and this is useful in locating balance, and also for the ready reference in regard to status of the customer's account. By the use of this book every line of every page can be used and as but a very small number of lines are in use each month, the ledger leaf will last a very long time. The book-keeper should post from sales-blank to statement blank every day, and it is understood that only one account should appear upon one page, as it would be impossible for different accounts to be entered upon the same page or leaf and preserve the "Lexicon System" of arrangement of sheets; which is the greatest feature of loose leaf work and the one which saves the book-keeper the most time

and annoyance. Upon making the posting from sales blank the number used on the blank is placed upon the statement in column provided and it is very easy at any time to refer to the original charge, and the carbon copy made when the entries are posted furnishes a complete itemized record of every item posted and also every credit made the customer during the month. Of course these postings on the statement for grocer business would give every item separately, and any other small business where the charges are numbered, the statement blank is used in lieu of the sales-book and on this account it is quite necessary to have it explicit in detail, but as this entire operation is accomplished at one time, and as the entire posting of the month is in the ledger under one item, it will not take a very wise man to recognize the great saving of time, the ease in manipulation, certainty of customer's statement being out on time, the opportunity for a double check by adding statement and carbon copy separately and the checking them against each other, and the advantage of the single monthly posting to the customer's account which can be proven at any time by reference to the itemized statement retained in monthly account binder. Credits can be handled in exactly the same manner and it is always a good plan to have the credit blanks on a different colored paper than the sales blank, but of the same size. They can be numbered consecutively each month posted in same manner as debit on statement at the time when the credit is given and filed each day in

same manner as sales blanks. Of course at the close of the month it will be necessary to deduct from the total of the charges the entire amount of credits during the month, which will leave the total amount of customers' monthly purchases. Of course statement will then show, itemized, all goods purchased with dates, and also the proper credits for all goods returned.

The cash paid during the month will be posted direct to customer's ledger account and will not appear upon the statement until the end of the month, at which time it would of course have to be shown together with the previous month's balance and deducted therefrom, the result added to the month's purchases will then show total amount due. If this is done there is no further necessity for labor, except to tear off statements at perforation and mail them direct to customers. The total of each customer's purchases, less credit for goods returned, should be posted to the ledger account as soon as it is totaled.

A vertical file can be used for filing duplicate statements if it is desired under alphabetical order, which will do away to a large extent with the number of binders necessary for the duplicate monthly statements. It will be readily seen that as soon as duplicate statements are removed from current binder, it will be necessary for another set of statements to be inserted, so that same may be ready immediately for the new month's business. It is usual in retail houses to have a recapitulation sheet of each day's sales

made up by the book-keeper or assistant, and verified by reports of the sales of each clerk, added to show the total sales.

This verification is rendered easy on account of the fact that each sales book of the salesman is numbered or lettered, and in the recapitulation sheet will appear in its proper column. It is not necessary to combine this statement form for a retail ledger. I have given it first on account of the fact that I consider it the best possible method of handling retail accounts with ease and absolute precision. Another very easy method of handling this statement ledger account would be, to file the original statement under its proper index head and use this record for the ledger account. The only serious objection to this arrangement in a retail business comes from the fact that many customers do not pay their monthly accounts in full, but are continually making payments on account. For this character of customer, it would be very difficult to keep track of the accounts in this manner. A regular loose leaf ledger could be made up with the debit side of the account much wider, and the debit item space much wider than the credit side, then the items as taken from the different sales books could be entered and itemized in the ledger itself, from which a statement could be easily rendered the customer in the usual manner.

Wherever this is done, the great advantage of the loose leaf system consists in the fact that the pages of a ledger used in such a manner fill up very rapid-

ly. In any character of sewed book this becomes a detriment to the handler on account of there being a great deal of dead matter to go over in each case where it is necessary to make out statements.

I think the most important benefit to be derived from keeping only current accounts together in the retail business is, the facility of collection from customers which this arrangement materially assists. Wherever accounts are scattered through a large ledger and kept in the usual slip-shod, hap-hazard manner used in ordinary retail stores, it is quite frequently the case in making out monthly statements that some of them are overlooked, and especially if they have ceased to buy and become in a measure an uncertain account. Of course it will be readily seen that if the inactive accounts and filled pages are eliminated, there is very much less likelihood of passing any open account as each page must receive its proper consideration.

A loose leaf book which would be of great benefit to all retail business, large or small, would be a purchase record, wherein could be recorded every bill of goods received in the house, also the O. K. of the receiver of goods, checker, extender, etc., with rebates and discounts, if any; time of payment, when paid, and all such matters as appertain to this portion of the business. Its use in a retail business would be quite desirable from the standpoint of the wholesale credit man, for the balance on this book would at all times show the outstanding liabilities

for goods purchased by the house. A fuller description of this book is given in Chapter 9 on "Special Books."

With a large, growing retail business like a department store, while the same arrangements may be satisfactory, they would be conducted on a much larger scale and would require to a certain extent a class of books particularly adapted to their business, and more of the nature of those used by wholesale houses, which have been described in a chapter on that subject.

There is no question whatever that loose leaf books of all descriptions can be adapted to any business requiring a set of books to be kept; but, of course, it is impossible in a single chapter to cover all of the features which may arise owing to the size or character of the business. The handling of retail ledgers is to a certain extent the same as described in chapters 2, 3 and 4, of course modified to suit the nature or magnitude of the business.

The books and blanks suggested for a complete system for retail houses would be for the purchasing department, requisition blanks in duplicate, receiving blanks in duplicate, stock records, inventory blanks, purchase ledger, (if business is conducted in the manner whereby purchase accounts are kept and the bills are entered up through the journal; otherwise the purchase ledger would not be necessary and its place would be taken by the purchase record). It will also be found convenient to put in

a Perpetual Invoice Filing System. (See Chapter 21).

For the selling department it will be necessary to supply them with duplicate manifold accounting slips, the bill and charge and receipt system, the monthly statement system and statement ledger or the regular sales ledger as previously described.

In the general accounting department—which, of course, would take charge of the ledgers for the two departments mentioned—in all ordinary cases there would be the necessity for a general ledger and perpetual trial balance, an attorney's ledger (sometimes called a Suspense ledger), to which accounts that are in doubt or upon which it is found necessary to put additional pressure may be transferred, a check journal or register, pay roll books, recapitulation books, tickler, collection sheets, etc., etc.

All of the books of record mentioned above should be loose leaf, and the system could be so fitted as to work in perfect harmony.

There is absolutely no reason whatever why the introduction of the loose leaf accounting system throughout the general retail trade should not be accomplished and produce the very best results. Of course, what we mean by the "general retail trade" in this regard is, a retail business of sufficient magnitude to keep a set of books for the proper conduct of their business, and it has usually been found that where retail houses are not of this mag-

nitude they soon pass into nothingness; for the first essential in establishing even a small business is to give that business such watchful care and attention as will warrant its continuance and gradually build it up. In all lines of business where credit is given, some method of keeping a record of the amount of credit extended is absolutely necessary, and if this record is slipshod and not carefully looked after, it becomes worse than useless, for through it many dollars are lost monthly to the firm, and eventually by such careless methods many an otherwise solvent firm has been forced into liquidation.

CHAPTER 15.

LOOSE LEAF BOOKS IN MANUFACTURING PLANTS.

The manufacturing interests of the United States are probably the most varied of any country in the world, and there is no doubt that in the number of manufacturing establishments this country leads all others. While in the matter of book-keeping in a manufacturing establishment there is generally less detail than in wholesales lines, banks, insurance offices, etc., etc., it is still as important for manufacturing establishments to keep their records in the best possible manner as it can be for other houses having a greater volume of clerical work.

As a usual thing the accounting department in a manufacturing business is not extensive and does

not require any more books than the regulation supply, namely: Private ledger, General ledger, Stock ledger, Sales ledgers, Cash book, Purchase record or ledger. Voucher system and journal; but the requirements of manufacturing houses for subsidiary books are almost illimitable.

In considering the above, I do not refer to the immense manufacturing interests,—some of them operating a large number of plants under one management—but simply to the individual manufacturing concerns.

The details regarding the books mentioned as necessary in the accounting department for manufacturing concerns will be found fully described in other chapters of this book, and it is unnecessary to repeat, as the method as far as these books are concerned is almost identical, whether they are representative books for a retail or wholesale selling establishment or for a manufacturing concern.

It is true, however, that in the matter of subsidiary books, the manufacturing house has many places where books are needed, and where records must be kept that are not found in other lines.

The matter of ascertaining the cost of manufactured articles is carefully considered these days. The costs systems in large establishments are complete and thorough, and the arrangement for handling them through the medium of the loose leaf is all that could be desired. Taking a single article, for instance, which requires the manipulation of a large number of departments, a proper form can be con-

structed which will find its final resting place properly indexed in the binder provided for that purpose, but in the interim the form is handled as a loose sheet; the article is entered on the headline and it starts upon its journey. The first entry thereon will be for crude material used in manufacture, giving the amount necessary for the production of the article, then will follow the time in the first department; the article and the sheet passes on to another department whereon such additions are made as is necessary—of either material or labor—and so on through each department until the finished product appears, when the cost sheet is turned over to the extender and the cost of the article is readily ascertained.

In many manufacturing plants this is not confined to a single article but to a large number of articles called a "lot" and described as Lot No. 6, etc., and the final result gives the net manufacturing cost for the entire lot, which can be reduced to hundreds, dozens, or the single piece as is desired. In order to assist in this work various devices are employed by large manufacturers, such as Time Recording Clocks,—where the operator records the time automatically upon each piece or lot and passing on from operator to operator the full time occupied in the production of the goods in each department is recorded in this accurate manner.

Of course, when these sheets are collected and placed in the binder, properly indexed, they form very valuable data for the manufacturer's information;

and as the cost of producing goods varies from time to time on account of the variation of the cost of the crude material and labor, the continuation of the cost system has become a necessity.

Every manufacturing institution should have receiving department records and shipping department records, as well as stock books.

The large number of employes in manufacturing plants makes it necessary for the most perfect service of time sheets and pay-rolls to be kept; and as these records are likely to be referred to from time to time for various information, it is quite necessary that they be kept in continuous order. There is no method of doing this quite so good as the loose leaf system, for the reason that the time sheets and pay-roll records while they are current and when they are being produced emanate from different departments and frequently from different factories, and it is necessary to collate them afterward in proper form. With the old plan of bound books it was necessary to have a separate book for each department, and it was an absolute impossibility to bring them together as a continuous uninterrupted record.

It is usually the case that in large manufacturing establishments loose leaf books are provided for an analysis and comparison of expense as well as revenues, averages, etc.; for coincident period and as the variety of such records is endless and can only be determined by the business itself, it will not be possible to complete the list of necessary books.

The facts hold true with manufacturing establishments as with wholesales houses, namely: that a large number of the great manufacturing concerns of this country have already adopted the system after a most thorough and convincing research, and after adopting it have found it admirably adapted to their needs and without hesitancy recommend it to other concerns. Of course, the loose leaf system is too new yet to be in use by the majority of either business firms or manufacturing plants, but it is gaining ground with such remarkable rapidity, that there seems to be no question that the old-time methods will quietly disappear and go into a "Rip Van Winkle sleep." It may be possible in the future for some better system to be evolved out of the loose leaf, but it is absolutely certain that up to date there is nothing that can compete with it for convenience, desirability, ready reference, time and labor saving.

For manufacturing establishments with a number of branches and one general headquarters, it is usually an important matter to have records of the branches brought together at headquarters in such a way as to give quick access to all past as well as present records. For such purposes the loose leaf idea is invaluable. Sheets may be made of uniform size, and written in duplicate with the aid of carbon paper if desirable; one copy being retained at the branch and the other sent to headquarters, where it may be carried in a binder indexed by the names of the branches. In this way the general office has in

the most accessible form, cost, as well as other records, which may be used for comparison as between the different branches, or between different periods of time.

Among the various manufacturing interests which have grown to a magnitude not comprehended by many, the Brewery interests comes first on the list.

They require different books from any other class of business for keeping their customer's accounts. The general books, cash, general ledger, stock books, payrolls, etc., are similar to other wholesale or manufacturing lines, but their customer's ledgers are very different.

In the keg beer department the sales are made daily to the same people, and are entirely local, therefore it can be found most convenient to make up a leaf that will last for six months, and give a record of the amount of beer received by the customer, in $\frac{1}{4}$, $\frac{1}{2}$ and whole barrels daily. This bill must be promptly settled or the account is closed, and no more beer is delivered.

In systemizing the delivery a certain number of contiguous places are on one driver's route, therefore it is best to divide the ledger by routes. If the route changes, or if it is divided, as it often has to be in bad weather, the changes can be made in the leaves so that they are always in their proper place. One man may drop out and another substituted, and the loose leaf is the best method in the world for keeping this ledger up. Filled pages can be placed in the Transfer under their proper alphabetical arrangement and the current book of record kept down to the exact number of customers.

In the bottling department a very difficult task presents itself, as all breweries sell the packages and the beer separately, charging each. The packages are returnable. A balance must be maintained at all times in the same account, both of packages and of beer. The changes in these accounts are frequent, and nothing has ever been found as perfect as the loose leaf ledger in handling this branch of the business.

CHAPTER 16.

LOOSE LEAF BOOKS IN TRANSPORTATION COMPANIES.

All transportation companies have a very large amount of clerical work. There is no department that does not require a large force of clerks and a large number of books; this is not only true regarding steam railroads but also electric lines, street railways and water transportation companies. The minutia necessary for the proper conduct of these large companies are numerous, and any method which can be devised for reducing the labor or producing better results meets with a very ready recognition from the officers in charge. The auditor's department usually is over-loaded with its reports, abstracts, compilation of necessary data for a complete record of the transactions, comparative statements upon almost every imaginable subject—from the movement of trains to the cost of the smallest

expense items—and the consequence is that they have a very large force of clerks, and a very great assortment of books is necessary.

On account of the large dealings of these companies in every-day transactions, it is impossible to keep their records in books of ordinary size; and, therefore, it is found that railway companies and steam navigation companies, particularly, use very large books, and very many of them. This is true also of the electric railway companies and other forms of inter-urban transportation.

These companies, many of them, have already adopted the loose leaf system, either in its entirety or for a portion of their service, and as they become familiar with its many advantages and thoroughly aware of the fact that it is one of the greatest labor savers which has been recently introduced, they will all adopt the system throughout their entire business.

Railroads require a full line of loose leaf books in their auditing department, general ledger, special ledger, stock ledger, bond record, cash book, receipts and disbursements, etc., etc.

The passenger department requires, passenger traffic records of all kinds, including issues of tickets and record of reports from agents. Ticket issue record is ruled as follows:—From Destination, Invoice date

Bal. on hand Jan. 1st.	Tickets invoiced to agents
Com. No. Clo. No.	Date.
Com. No. Clos. No.	Date. Com. No. Clo. No.

year of Cr. Then follows the months of the entire year with commencing number and closing number. After this comes the balance on hand Dec. 31st with commencing number and closing number.

The freight traffic department has many records, including often the coal traffic department.

The maintainance of way can keep the most accurate of records by the use of the loose leaf books.

Track supervision is rendered easy by the use of proper records.

Car accounting is a special line in which the interchangeable leaf is nearly indispensable.

The purchase department keeps a file of orders and requisitions in loose sheets, turning them over to permanent binders as soon as the orders are filled or turned down. Bids can also be kept most systematically by this method. Loose leaf is necessary for a pocket record but the office record of costs is usually kept by the card system.

Mileage records and tonnage records are most satisfactory by loose leaf.

Agents reports can be made upon loose sheets so arranged that they may be filed at the general office without re-writing thus saving a great amount of time.

Car service records are easily kept by loose leaf.

The method of having an interchangeable leaf is almost indispensable in the reports and various records of the dining car service.

Tax records are kept in the treasurer's department by loose leaf.

Mail carrying records are easily handled if the loose leaf system is adopted.

The telegraph department depends upon its records for a careful and thorough analysis of its business. It is of no use to keep closed and dead pages, thus it will be found that the loose leaf is admirably adapted to this work.

In the claim department it is a well known fact that claims are made which "hang" on sometimes for years. Others are promptly settled. It is manifestly most satisfactory to have at all times a current book.

Bridge records and building records are very satisfactorily handled by the aid of the loose sheet. The various books necessary for this department are well known by those handling the work.

Store-house books, on the loose leaf plan have given such great satisfaction that in almost every instance they have been first to inaugurate this great improvement.

Fuel accounts, baggage accounts and reports, hospital and emergency reports, land department records and leased lines records are only a few more uses to which the loose leaf books are admirably adapted.

Street Railroad Companies. From the purchasing department of one of the largest street railway lines of the United States I obtained some data which is of unusual interest. I will use the purchas-

ing agent's own words in describing the necessities of the system:

"I am not entirely posted regarding the department of the treasurer but I know that they are using Minute books, Cash books, Stock register or ledger and Bond registers in the loose leaf, and would not change."

"The paymaster uses loose leaves for the various pay rolls and has them bound every two weeks or month."

"In my department we have receiving sheets, where material comes in and is entered up. These are at the end of the month placed in Transfer binders, or may be bound if thought necessary."

"Official orders are made upon loose sheets in quadruplicate, the original being given to the party from whom goods are purchased and the other three go into three different binders. One of these is bound, one is for the store-room for unfilled orders, and one is for the "Back-order" binder, the same being destroyed as soon as the order is filled."

"I use loose leaf indexes of all kinds. Nothing else will do."

"The Requisition book is an important loose leaf acquisition. It comes between the foreman and the store-keeper and from the store-keeper to the purchasing agent."

"My Price-book is loose leaf, and it is absolutely necessary that it should be, on account of the frequent changes. I have tried all other kinds and they are failures."

"I keep a Form book for stationery in the loose leaf and find it very convenient. The fact is that I do not know how it could be kept in any other manner."

"Besides my price book I keep a card index of prices, but this is no practical value unless I am sitting at my desk."

"The Official Time Schedule for the running time of cars upon the different divisions is subject to sudden changes and at times great changes, hence it is absolute that it must be kept by removable sheets."

"In the Master Mechanic's department the loose leaf is also found very available. It is used in requisitions, shop orders, life of wheels and all manner of cost accounts. The loose leaf is fully established in both our power houses and mechanical department."

"In the Motor, Truck, and Car repair divisions I really do not know what they would do without this great improvement. Each car has its number and leaf and a total record is made, under the different divisions of "Motor," "Truck," "Car Body" of all of the expenses incurred for repairs and it also gives the actual record of the life of the motor, and trucks from the time it is sent out, and also the life of the car body. Under each of these main headings are a number of sub-heads with columns covering every imaginable repair. These car records give the size, when built, where, and the original cost."

From the above it will be seen that the value of

loose leaf accounting books has been recognized by the great transportation companies.

The idea is that a more complete record can be obtained at a less expenditure of labor than by any other means, and that this record is always current. On account of the large number of entries, and the magnitude of the business, the leaves of transportation companies, whether they are loose or permanently bound must be large. Hence, it is of more importance than ever to discard all of the dead matter as soon as possible. This can not be done with old fashioned bound books. You must keep the record whether dead or alive until the book is exhausted. Any book when made of the extreme size is difficult to handle. How necessary it is then to handle just as small a book as you possibly can.

Besides the books mentioned above it is quite necessary that the accounting department be provided with the proper ledgers, and subsidiary books, and it is advisable that they be made like the rest in loose leaf.

To one who has read this book attentively, it will be unnecessary to go into detail in regard to the reasons for the use of the loose leaf system in the railway business, and it is quite sufficient to say that as their necessities are greater on account of the greater number of books which they require, and the greater number of clerks they employ, the advantageous results to them of its introduction would be more apparent than in a smaller business where

the auditing department was not of as much magnitude.

Often times the necessary labor of a change from one system to another deters a firm or corporation from acting, until they become absolutely convinced in their own minds that the change will be profitable to them from every point of view; but when they are convinced upon these points and further defer making such changes as will improve their business, they are acting against the interests of themselves and their stockholders.

It will be quite impossible to go into the subject of the multiplicity of forms used in transportation companies.

CHAPTER 17.

LOOSE LEAF BOOKS IN THE LUMBER BUSINESS.

As a rule in the accounting departments of those engaged in the lumber business are employed the highest class of accountants, although the minutia of this business cannot be compared with that of many others which have been reviewed in this work.

The books required in the wholesale or retail lumber trade are by no means as numerous as those in use in different lines of wholesale business or in banking institutions.

In the accounting department the regulation books are required, viz.: Cash book, journal, ledgers, etc.,

all of which have been explained. While the fact exists that there are not so many books necessary, it is just as much to the interest of those engaged in this industry to secure the best results as it would be in any other line, and the lumber interest has not been slow to recognize the advantages of the loose leaf system of book-keeping and to apply it in their business.

Besides the regular accounting books there are a number of special books used in this trade differing from each other on account of individual requirements, and very different from those in use in any other line of business.

Quite a desirable form for lumber dealers is a Lumber Call book. The heading is as follows:—
 Copied....190 Name..... Delivered to.....
 Sold....190 Job.....
 Called back to Terms,.....

This form is so arranged that there are six columns on the left side of the sheet with 3-16th lateral ruling (See Plate No. 19) giving eighteen divisions to the line, so that each load can be entered in these divisions and called back. When the job is completed the price is entered and carried over into the money column.

If it is undesirable for the customer to see the charges made for each item the sheet that is given to him may be made with a perforated line to the left of the amount column and this column can be detached before handing over the sheet. The total bill could be written at the bottom of this sheet in some convenient place and the customer would then have a complete list of the articles to be furnished but would not know the exact cost of each item.

A receiving book is found very satisfactory in the loose leaf as sizes may be treated separately, and filed alphabetically. I know of one large lumber yard that keep what they call an "In" book and an "Out" book, and the difference in these two records at any time shows the stock on hand.

Any of the comparative statement books, or books of record necessary to be kept to obtain a close analysis of the business will be found more convenient and easier to handle if the loose sheet is used. The records when filed in the permanent binders are available at any time and when needed are not stored away or in a half dozen different books and as many places, but are all combined, and in "just one particular spot."

Many interesting facts regarding the uses of loose leaf have been given in this work and it is unnecessary to repeat in each chapter. The general statements which apply to one will apply to all.

CHAPTER 18.

LOOSE LEAF BOOKS IN MUNICIPAL WORK

It is said that the "City Fathers" are very slow to move, and that it is very difficult to inaugurate or change systems of municipal accounting unless there has been some "crooked work" and investigation ensues. Under this stress, and prod, they sometimes completely overhaul their methods and make changes.

It has not been found so difficult to introduce the loose leaf books into city, county and state departments as would naturally be supposed, and while it is sometimes a long and tedious task to reach and convince the proper parties, when they are convinced they make a clean sweep, and on account of the very large number of departments and the vast quantity of books required, it makes a radical change in many of the working departments.

As is naturally the case, the cities are the first to acknowledge the advantages of loose leaf books in the operation of their various accounting departments, and a number of them are now in line, with many others, considering the proposition of the introduction of loose leaf books in most of the departments.

In the water department of the various cities the operation of interchangeable leaf books is exactly the same as is described in Chapter 11, for electric

light, gas and telephone companies. Plate No. 31, gives a water company ledger ruling. As these companies extend a limited amount of credit to a large number of people and as the moving and changing on account of death, sales and removals from the city necessitates a constant change in the names of the debtors, it is found to be advisable and practical to use the interchangeable leaf, especially on account of two facts: One being, the leaf can be so arranged that six or eight years may be accounted for without transfer, and also that in case the debtor's name changes, the same leaf may be removed and the account thereon continued. For instance, if water service is rendered by meter to Chas. Benson, who continued the service we will say for two years and was finally succeeded by Geo. Cox, the Benson leaf could be marked "transferred to Geo. Cox," and the leaf itself changed from the B index to the C index and properly placed. If this party in six months was succeeded by Mary Robinson, the leaf would still continue under her name and be transferred to the R's. It will thus be seen that the account is practically continuous and the advantage gained by being able to transfer the entire leaf is not only the saving of time (necessary to open a new account), but is also advantageous from the fact that an entire record is maintained of the full term of service.

This work on any system is similar, whether it be by regular annual water rental or meter service. With meter service the necessity of keeping sepa-

rate meter books is apparent and, the same advantages that are gained in the ledger arrangement, are also gained in the meter service.

The task of enumerating the very large number of books used in municipal accounting is one which I cannot attempt in a short chapter, but in order to give an idea of the class of books used and the ruling of the same, I give a number of forms taken indiscriminately:

CHICAGO CITY OFFICES.

Miscellaneous Debtor's Ledger is a double double, headed: City of Chicago—Office of the Comptroller, with line for debtor's name and address. The ruling is: Date, Reference Book Page, Debit, Credit, Balance.

The Appropriation register is headed: City of Chicago, — Department. — Appropriations for the year ending December 31, 190... The ruling is in seven unit columns and consists of ten columns on one page and seventeen columns upon the reverse side. The lines of each page for explanatory printing, ruling down the left-hand side of the sheet as follows: Appropriation followed by three blue-ruled and one red-ruled line running through the entire leaf. Underneath the red-ruled line each line is explained as follows: January Expenses—Balance of Appropriation—February Expenses—Expenses to February 28—Balance of Appropriation—March Expenses—Expenses to March 31—Balance of Appropriation—April Expenses—Expenses to April 30—

Balance of Appropriation—May Expenses—Expenses to May 31—Balance of Appropriation—June Expenses—Expenses to June 30—Balance of Appropriation—July Expenses—Expenses to July 31—Balance of Appropriation—August Expenses—Expenses to August 31—Balance of Appropriation—September Expenses—Expenses to September 30—Balance of Appropriation—October Expenses—Expenses to October 31—Balance of Appropriation—November Expenses—Expenses to November 30—Balance of Appropriation—December Expenses—Expenses to December 31—Balance of Appropriation.

The Warrant for Collection Register is headed: City of Chicago—Office of Comptroller—Month of190... The column ruling is as follows: Date, No. of Warrant, Rendered Against, Description, Amount, Date Paid, Distribution, Miscellaneous, Brought Forward.

Revenue, Expense, Deposits. Acct. Folio. Amount.

The Special Assessment Ledger is headed: City of Chicago—Office of Comptroller. Number.... Installment....Date Certified for Collection. The column ruling is as follows:

Comptroller's Voucher Warrant, Remitter or Payee, Amount Certified for Collection, Date, Number Vouchers Charged Not Paid, When Received or Paid,

	Principal,	
Disbursements	Receipts	Cash Balance
	Interest,	
Disbursements	Receipts	Cash Balance

SPECIAL ASSESSMENT WARRANT

No..... Sheet No....For

Grading, Curbing, Paving, Filling, Sewers, Drains,
Water Pipes, Water Service Pipes, Macadamizing,
Lamp Posts, Plank Sidewalks, Cement Sidewalks.

Form No....Date of Warrant....Date Confirmed
by Court.....

On..... Alley....Reference (if any) made to Spe-
cial Assessment Warrant No..... Between.....
Avenue Avenue
Street and.....Street.....

I will give a list of the column headings with the width of each column in inches: Under Description is Section—Township—Range—P. M., with “Brought Forward” underneath and descriptive column of $1\frac{7}{8}$, Sub Lot $\frac{3}{8}$, Lot $\frac{3}{8}$, Block $\frac{3}{8}$, Amount of Assessment 1. Under Collections a first section under “Date,” Month $\frac{3}{8}$, Day $\frac{3}{8}$, Year $\frac{3}{8}$; the second section under City Collector, Assessment 1, Interest $\frac{1}{8}$; the third section under County Collector, Assessment 1, Interest $\frac{3}{4}$, Discount 1, Fees County 1, Balance—Black Debit, red credit 1; under Miscellaneous Item 1, Amount 1. The sheet is $15\frac{3}{4} \times 15$ —and 11 inches from the top of the left-hand margin is printed

TOTAL CHARGEABLE TO PROPERTY.....CITY
OF CHICAGO PUBLIC BENEFITS AMOUNT OF

Underneath this is a cut-off heading using the same

ruling. The descriptive column is headed, Contract-
or and Other Payments. The first inch column,
The Amount of Contract or Other Items. Under
Vouchers Paid, Comptrollers, Warrant Number 1,
Amount 1, Interest Paid on Vouchers $\frac{3}{4}$. Under
Vouchers Issued and Unpaid there is a second sub-
head of, Board of Local Improvements, with col-
umns, Number 1, Year $\frac{3}{4}$, Amount 1, Interest Paid
Contractor 1. Under Judgments, Principal 1, Ex-
planation 1, Interest and Costs Included in Judg-
ment 1. At the bottom, in the descriptive column,
left-hand are the words, "General Fund. (See Plate
No. 46). On the left-hand sheet the columns are
headed: Abatements, with a sub-head, "Ordered,"
underneath which is Reference 1, Amount 1, and a
sub-head "Paid," underneath which is Date $\frac{1}{2}$,
Comp. War. No. $\frac{1}{2}$, Amount 1. Under Rebates and
Refunds is a sub-head "Ordered or Authorized"
with columns, Reference 1, Amount 1; under sub-
head "Paid" with columns, Date $\frac{1}{2}$, Comp. War.
No. $\frac{1}{2}$, Amount 1, Blank Column 1. Under Dispo-
sition of Other Collected Amounts, Explanation 1,
sub-head "Judgments Refused," Month $\frac{1}{4}$, Day $\frac{1}{4}$,
Year $\frac{1}{4}$; sub-head "Property Purchased" are two-
heads "Date of Tax Certificate," Month $\frac{1}{4}$, Day $\frac{1}{4}$,
Year $\frac{1}{4}$, "Tax Deeds," Number $\frac{1}{2}$, Book $\frac{1}{4}$; sub-
head "Other Reasons," Amount 1. A continuation
of the cut-off heading 4 inches are given to Miscel-
laneous, Blank 1; "Balance of Contract," Due
Contractor 1, Amount Paid Contractor Not Col-

lected on Warrant, Blank 3, Amount Over-Collected on Warrant (Rebates not Distributed) 1.

It is not often that a cut off heading can be carried with the same ruling. Where it is done it is sometimes necessary to use two or more columns where one might have sufficed had it been specially ruled.

The form for Transmission of Vouchers from the different departments to the City Comptroller is a, double double, with rulings, Department Number, Comptroller's No., Amount, and a Receipt with the date, by the City Comptroller or his subordinate.

The Stock Record form is headed: City of Chicago.....Department. Stock Received. Kind of Material.....

The ruling is as follows: Date, Requisition No., Received from or Issued to, Quantity Received, Quantity Issued, On Hand.

The Contract form is as follows, heading:

.....CO TRACTOR CONTRACT
FOR.....
.....CONTRACT NO..... SPECIAL
ASSESSMENT NO.....
.....DATE OF CONTRACT.....
.....WORK COMMENCED.....
.....WORK COMPLETED.....
.....REMARKSCONTRACT PRICE.....
.....EXPIRATION CONTRACT.....

The heading takes up a little over three inches. The ruling is as follows: Date, No. of Estimate, No. of Installment, Voucher No., Blank for Items, Gross Amount, Reserve, Amount of Voucher, Grand Total.

The report of License heading is as follows: City of Chicago—Office of the City Clerk. Report of Licenses and Permits During The.....Day of.... 190.. The ruling is as follows in quadruple: License and Permit No., Advice No., Amount, and the leaf is 15¾x12.

The "Daily Report of Pound Keeper" is headed as given with the blank Division for The.....Day of.....190... Underneath, Receipts, with ruling, Number Received, Description, Owner, By Whom Impounded. Releases, Date Received, No. Redeemed or Sold, Description, Owner, Disposition, sub-head Receipt, No., Amount. The ruling extends ¾ down the page, the report as follows:

NO. OF HEAD.	
IN POUND LAST REPORT.....	
RECEIVED THIS DAY.....	
TOTAL	
REDEEMED OR SOLD.....	
IN POUND	

	POUND KEEPER.

The forms in use in municipal departments of city, county or state, are entirely too numerous to endeavor to record them in a short chapter, but their familiarity to those who are handling them from day to day will readily suggest where improvement can be made by substituting a loose sheet for that now bound with cord.

State, county and city can use the interchangeable leaf for a great many of their records to much advantage. The work can be done in much shorter

time, and better results obtained. It is wise then for those who have not up to this time thought of these evident improvements to begin to investigate, and by inaugurating a model system call especial attention to their term of office and its results. Such a course frequently means re-election and even if it does not come to this you have the satisfaction of knowing that during your term was inaugurated a service which is a saving to the tax payer and a benefit to the community.

CHAPTER 19.

STATEMENTS.

The necessity for the rendering of monthly statements is well understood by every book-keeper, but the advantage of frequent statements—even if they come oftener than once a month in the matter of keeping an account closely paid up—is not so thoroughly comprehended.

There is perhaps no better way to collect bills than to remind a man of his indebtedness as often as is possible. This can most conveniently be done by sending him a statement of his account, and because a statement has been sent the first of the month, is no reason whatever why another should not be sent on the 10th of the month providing the customer is delinquent.

In Chapter 15 is given a method of statement making with loose leaf books, which differs from any-

thing that is possible in bound books, and as it is fully explained in that chapter, it will be unnecessary to go into detail in regard to this method here. A prominent work of accounting says in regard to statements: "It is advisable to make and send out statements of all our customers' accounts on the first of every month. By so doing, an account cannot escape our notice and thereby be allowed to remain on our books until it is long past due without the person having been notified monthly of that fact. Another reason for so doing is because, if any mistakes have been made in posting by which an item was posted to a wrong account, or to a wrong side of an account, we are then notified by the persons who received the incorrect statements and we may then make the corrections in the ledger."

The reference above regarding the "allowing accounts to remain on the books until they are long past due" is an especial objection to bound books, and is entirely obviated by the use of the Loose Leaf ledger system. The reason it is possible for accounts to be overlooked in the old-style ledger is that, in many cases, there are a number of accounts on the page, several of which are closed and perhaps only one on the page left open. With from one to five thousand accounts, it is not unusual in the making of statements to pass accounts, as the work is done at the close of the month, usually in haste and seldom checked back.

Loose Leaf Accounting books render this almost impossible, from the fact that the current ledg-

ers from which the statements are made contain only the live accounts; the inactive accounts having been eliminated and transferred to another book which is not in use. The fact that none but current accounts are before the writer enables statements to be made very much more rapidly and more accurately.

The indexing arrangements of loose leaf accounting books are such that, in whatever manner the book is handled, the statements will be consecutively placed by turning them face downwards as they are made. In the ledger or ledgers arranged on the alphabetical plan, after the statements are completed, they will be all found to run alphabetically and may be checked back very quickly with no loss of time. Where the state and town arrangement of indexing is used, all of the statements, as they are made, run alphabetically and consecutively for state, town and customer; thus all of the Texas statements will be together, can be mailed together, and are received essentially at the same time. The advantage of this is apparent to anyone.

Another great advantage of loose leaf books in statement making is the fact that, these ledgers seldom contain more than 500 to 600 accounts, whereas old-style ledgers were frequently made to hold upwards of 1,500 to 5,000 accounts. This being the case, at the time statement making becomes necessary, the ledgers may be divided among several clerks, the operation of making statements be carried on simultaneously, and the statements con-

gregated afterward; thus affording a great saving of time and assuring the house that all statements will be promptly posted.

Prompt mailing of statements means the prompt collection of accounts.

In the quotation given from the book-keeping authority, it gives as a reason for making statements the fact that, "if mistakes have been made in posting, the book-keeper can be notified by the persons who receive the statements." This seems to me a very weak and incorrect proposition. If loose leaf books or any books are properly kept, it will not be necessary for the book-keeper to be notified by the debtor in regard to his errors, for he will have discovered those errors long before the debtor receives any statement of account; if he does not do so, he is not a first-class book-keeper.

Many houses do not send regular monthly statements, but send a statement to customers at the time bills mature. Wholesale houses, particularly, sell goods on dating and different time for payment, and until this bill becomes due there is no real necessity for the debtor to be reminded of his indebtedness. In this case, the books are run through at frequent intervals, or a tickler is kept by the bill clerk or book-keeper showing the due date of different bills and from time to time these statements are made out; usually prefacing a draft sent at the same time, or shortly afterward.

In receipting bills statements, etc., the word "Paid" is practically the same as "Received Pay-

ment," and is better to use on account of the fact that it is much more quickly written.

Statements should be figured independent of the ledger and checked back. When a statement is completed—that is the balance thereon ascertained—if this balance agrees with the balance called for on the debtor's account in the ledger, its correctness is proved as far as a transcript of the account is concerned.

CHAPTER 20.

THE BILL AND CHARGE SYSTEM.

One of the first departures from the use of sewed books was in the adoption by a few houses of what is known as, "The Bill and Charge System." It is so called from the fact that it does away with the sales book entirely and with the aid of carbon produces the bill and charge at the same writing. It is used particularly where the bill is sent with the goods or given to customer, and it is seldom employed in connection with country salesmen's orders, which are usually entered upon a form suitable for the purpose, the extensions carried out and billed from this form—either with pen or typewriter—and the original is filed in its proper place and forms a portion of the book of original entry.

Usually with the Bill and Charge System, the original writing is kept as the charge and the carbon is sent out as the bill. After the bill and charge is

made the sheets are torn from the pad, the charge sheets are collated and arranged according to the arrangement of the accounts in the ledgers and then filed on post binders provided for the purpose; they are then consecutively numbered and are ready for the operation of posting the debit to its proper account. It is a good plan to have the same number of post binders for filing charge sheets as there are ledgers. Then there will be no confusion in the posting.

The advantages of the Bill and Charge system are readily seen. It does away entirely with the re-writing of the bill in the sales book or copying in the tissue book. It allows the best arrangement of the charges for posting purpose, and it also allows them to be collated and placed in several different binders (where the business is sufficient to warrant it), so that a number of book-keepers can be employed upon the posting at one time. It is an absolute preventative of the error formerly possible of having the charge and the bill different. In the Bill and Charge system if any error whatever is made in the bill, it must also (being a carbon copy) be made in the charge.

It is usual to have the sheet for the bill a different color from the charge sheet;—this is a matter entirely optional with the purchaser. The Bill and Charge system has another advantage, in that it can be used at several different points or locations in the store at the same time if such a requirement is necessary and the collation of the charges from the

different departments made by the proper person before the close of the business day. The handling of business in this manner naturally suggested other advantageous changes of a similar nature. A sheet shorter than the charge or bill sheet by the width of the money columns can be introduced and the entry made in triplicate instead of duplicate, in which case the shorter form can be used for a delivery ticket. This idea has multiplied to such an extent that it has encouraged inventive genius to produce mechanical aids, and the result has been the invention of "Book Typewriters." The forms used are most frequently printed in pads, wire-stitched or gummed at the left edge, forming practically a temporary book. The "Book Typewriter" machines can operate on the forms while remaining in the pad. the charge sheets to be transferred at convenient intervals after proper arrangement in the binders with no danger of loss or misplacement. If it is desirable or necessary for the requirements of the business, the bills alone may be removed as written, leaving the charge and other forms remaining in the pad. Various devices are used by different machines to keep the sheets or forms in a perfectly rigid position and in a correct printing register, without permitting any slipping or shifting of the forms with relation to each other or to the carbon, the result being a clear legible carbon copy or copies. Corrections can be easily made, additional matter may be inserted or if necessary the forms may be re-inserted in the

machine, and in as perfect register as if printed at one time.

The great advantage of Book Typewriting machines consists in the large number of copies they are able to produce, the number, of course, depending upon the needs of the business. In order to give an idea of what can be produced at one writing, we will mention two cases:

"A large company produces a series of forms, which comprise the bill, the charge sheet, acknowledgment of order, salesman's record, original duplicate and triplicate freight-shipping tickets, five copies of the order, and car label—thirteen records, taking in every transaction from the order and its various copies, to and including the car label. In the event the complete shipping tickets cannot be made out at the time of making of order, the name, address and general information can be put in at the time the order is written, and the shipping tickets, as also some of the other forms may be registered in the machine for completing details."

"A large electric light company makes out the order, acknowledgment to the customer, bill, charge-sheet, copy of order for the superintendent, and additional copies of the order for different factory departments, all in one operation. The factory departments get merely the order number and not the name and address of the customer. The prices and terms likewise do not appear on the four factory department orders. This is accomplished by mak-

ing up the set of different size blanks and different size carbons."

The manifolding power of these machines make it possible to plan for as many copies as the needs of any business will require. Aside from the saving in labor, all records are ready as soon as the original order is completed, all are in type-written form and all will agree in detail when the first copy is checked. There is a very decided advantage in having all orders for factory or shipping departments ready in the shortest possible time, which is assured by consuming no more time in making a dozen department orders than for making the first copy.

The use of the bill and charge system makes the entry clerk also the bill clerk, and where the number of copies are increased, naturally increases the capacity of the one operative indefinitely.

Large retail stores may in this manner keep what is termed a "detail sheet" for each customer to which the amounts purchased are added from day to day, all of them being closely itemized, as is described in the Chapter on "Loose Leaf in the Retail Business." At the end of the month the entire purchase of the month for one account is posted in one item to that account. The detail sheets in this case are usually arranged in the indexing form adopted for the ledgers and are filed in the binders monthly. This does away entirely with the necessity of itemizing accounts on the ledger, and at the same time furnishes a ready and immediate reference for the

book-keeper in case an itemized statement of account is required.

“THE MEMO. AND CREDIT SYSTEM.”

In connection with the bill and charge system, it is quite proper that I should mention what might be termed with accuracy, “The Memo. and Credit System.” The plan is exactly similar, with the exception that the “Memo.” and the “Credit” should be of a different colored paper than either the bill or charge; this marks the proper pad at once and saves any errors. This system would of course be used for such memorandum credits as are given to customers on account of returned goods, rebates, damages or other claims, and they are handled in exactly the same manner; the memo. is sent to the customer and the credit is filed in the post binder of appropriate size, distributed properly according to the book-keeping system, posted separately to the credit of the different accounts and at the close of the month the entire amount of each series debited to the proper accounts.

It is usual to have the memo. and credit sheets somewhat smaller than the ordinary bill and charge, and the size of the binder can easily be adapted to any size sheet selected. The arrangement of different forms can be made to suit the purchaser; sometimes the bill precedes the charge and at other times the charge precedes the bill. It does not make any difference how many different forms are handled together, but it is usual to have each of the different forms a different color and absolutely necessary

that they shall be of the same size or approximately so. Of course, where it is desirable for the many columns to be omitted on a form, it could be made shorter to effect this. These different forms are of course printed separately in exact register and are gathered afterwards and bound as may be required, so that the writing on the top form of this system is transferred upon all of the subsequent forms making up the set.

There is no question as to the economy of time secured through the use of the bill and charge system, and it can be adapted as required to many different departments of any business. The best way to introduce the bill and charge system in your business is, to carefully go over the ground and ascertain how many copies of an original you are likely to require in your business, and when this matter is perfectly clear in your mind, you can then go forward with your order and meet with the most satisfactory results.

The post binders for regular use are canvas with leather corners, 6-inch solid post of various patents to admit of speed in handling, while the transfer binders are lighter weight, plain canvas or cloth, solid 6-inch post with a simple screw to hold the sheets in place. Of course, the transfers are not in regular use and need not be either as heavy or expensive. The transfers are used for filing away permanently the past business.

CHAPTER 21.

ODDS AND ENDS—HOW TO SAVE MONEY
IN BUSINESS—LONG WAY AND SHORT
WAY—VARIOUS SUGGESTIONS.

In this chapter I will deal with such items of interest as may not have been mentioned in previous chapters, not with any idea of their continuity, but feeling that possibly they may be of some assistance to the operator or offer some suggestions to the proprietor which will be found valuable.

Legality of Loose Leaf Ledgers. There is a question in the minds of some skeptical people in regard to the legality of loose-leaf ledgers. Those who are well posted do not take this matter into consideration, for the reason that they know that the ledger is not the book of original entry, but some timid people think that an account in order to be proven must be within a sewed book. In answer to such, I quote the opinion of one of the largest firms of corporations lawyers in the city of Chicago—a part of their statement is as follows:

“The ledger is not in general a book of original entries and is not permissible in evidence as proving the transactions therein recorded, except in cases of co-partnership as between parties, and in cases of corporations as between members. The

book of original entries, which is also (as we understand it) a part of the loose leaf system would, we think, be treated in the same manner as any book of original entries. Such a book is admissible in evidence on the ground that it constitutes one of the circumstances surrounding the sales and transactions referred to, and it has never (so far as we know) been held material what the form of the book was. The fact that the leaves are separable would not, we think affect the efficacy of the book as a writing for evidence."

Although the question of the legality of loose leaf ledgers does not come up very often at present, yet once in a while some timid "would-be" purchaser wants an opinion on this subject.

Weight of Paper. Some customers desire a very heavy weight of paper for use in their loose leaf ledgers, although as a rule the 17-28—36lb is used. Of course, a heavier paper than this can be secured, but it is a very unsatisfactory thing inasmuch as the leaves being so much thicker they lessen the capacity of any binder about one-quarter, and the weight or bulk of paper does not, by any means, contribute to its strength; the body strength and tearing qualities are just as good in the light weight stock as they are in the heavy.

Dry Goods House Where Calling and Billing is Done. The loose leaf arrangement for the purpose of record where the goods are called—as is

done in many cases in Dry Goods and Millinery establishments—is absolutely without an equal. The billers by the use of the bill and charge system also perform the duties of the entry clerk, and the records are kept continuous. The system as handled in most houses with sewed sales book is, to have the biller and charger enter up their work simultaneously and balance afterward, each making their own extensions. By the loose leaf system this could be easily accomplished, except that the entry and charge would be made by the same person, afterward to be separated and the extensions carried out by the extender, or two extenders if necessary, who might balance against each other and who could handle the work of several billers. There is no question that where a number were employed in this manner, there would be an economy of help by the use of the loose leaf system, even though the carbon idea might not be desirable, there would still be no reason why the items could not be entered on loose leaf sheets, going into the binder afterward; in which case, the particular advantage would be that the charges could be collated and arranged alphabetically in such a manner to facilitate their posting and thereby save the book-keepers much time and trouble, whereas under the present existing arrangement with sewed books, it is absolutely impossible for the caller to collate his orders to produce a harmonious and satisfactory arrangement for the uses of the book-keeper.

Handling a Large Number of Books. Some houses that have a large number of ledgers, have a movable truck-rack, upon which all the necessary books are arranged and which can be rolled into the vault nightly;—this saves a considerable amount of carrying.

Best Service. To secure the best service from a system of loose leaf books, you should have your business so arranged as to be in perfect harmony with that system. In case there are rugged places, such as an improper system in the billing and charging department, it cannot be expected that the book-keeping department will run as smoothly as it should. This, however, is true of any character of books. There should be perfect harmony in all departments of business, the work of one department dove-tailing into the work of another department like the various parts of an intricate machine. Take such a machine for example and let one part fail to perform its duty, and it affects the entire machine, often causing its operations to cease; thus it is in business, when system is attempted it should not be confined simply to the counting room.

How to Make Money in Business. Passing without comment the push and enterprise necessary, the various requisites of location, character of business and advertising, I will simply say a few words on the points which come within the province of this book. In manufacturing, close cost account-

ing is necessary; in merchandising, close purchasing. There can be no profit in paying small wages and salaries, if it is done at the expense of the service. Good wages produce good results and competent employes are worth their wage; consequently the lowest wage practicable should be paid for absolutely competent labor and no labor employed at all that is careless, shiftless or incompetent. In order to add to the profits of the business, the introduction of such improved systems in different parts of the work as may further the interests of the house and allow competent employes to vastly increase their productive powers is unquestionably one of the best ways of making money known to business men. No element of expense should be more carefully looked after than the pay-roll and salary list. Competency should be rewarded by advances, and incompetency should be summarily dealt with. Manufacturers all know that improvements in machinery where they can get the result of two or three men's work from one man's time is a very profitable investment and the same principle holds good in the accounting department of any manufacturing or mercantile institution.

Bindings. In selecting bindings for loose leaf books, it is always well for the purchaser to remember that one of the principal features of loose leaf accounting is, the fact that the binders are supposed to outlast many thousand leaves. If false economy is shown in the purchase of binders and the cheaper

grades of binding chosen, it will not carry out the loose leaf theory and will not prove entirely satisfactory. Most dealers in loose leaf books sell several grades of binding especially for transfer binders, but while the higher grade binders cost a little more, they are certainly the ones to purchase. The bindings usually offered are one-half corduroy and one-half leather, full leather, one-half canvas and one-half leather, one-half cloth and one-half leather, full cloth and full canvas,—the higher grades being mentioned first and the one most used at the present writing being one-half corduroy and one-half leather.

Rulings to Avoid Carrying Forward. A very clever arrangement for large books with a great number of columns to avoid carrying forward the totals, is to have the footing line introduced at the top of every other page instead of at the bottom, then by a slight change in the punch holes of the form (the sheets all being of the same size) the top footing line projects one-half inch above the page and the bottom footing line projects one-half inch below the page; the first page is footed up and the totals placed at the top instead of at the bottom; when the next leaf is turned, the totals of the preceding leaf are exposed and this leaf is footed down, the totals placed at the bottom; when the next leaf is turned, these totals are exposed and footed up—and so on. It will be seen that by this plan there are absolutely no chances of error in carrying

forward totals, as they are only entered once in their proper place.

Leaf for the Physician's Ledger. A very clever leaf for the physician's ledger has been evolved, (See Plate No. 35) which saves him a large amount of trouble and worry in keeping his books. It consists of the heading for the name of the patient, address, etc., and is followed by a ruling giving the month and year, then in very narrow columns each day of the month; this is followed by the credit of the year, month, date and cash payment. To use this form a physician need only have his memorandum book, keeping account of his visits, office consultations, operations, medicine furnished, etc., and at night he can check into the proper column the visits by a little cross (X), office consultation by an "O" and describe such other charges as may be necessary through the entire line. At the end of the month it is but little trouble to count up the number of visits and carry into the proper debit column, and the same for office consultations and other charges. With a book of this character made in loose leaf, a physician is kept constantly in touch with such patients as have not paid their bills, statements are easily furnished and the exact data is obtainable with the least trouble. If desired, a suspense ledger can be maintained for such accounts as are slow and uncertain by using this admirable plan

Dentist's Ledger. Similar to Physician's would be useful.

Attorney's Docket. A very useful loose leaf book for Attorney's use is a "Docket Form," size 9 or 9½x12, the simplest being headed:

Court, General No., File No., vs., Judge, Action, Damages, Opposing Counsel, We Represent, Our Correspondent.

A more intricate form is as follows:

INDEXSHEET NO.
 PLAINTIFF
 ADDRESS

vs.

. DEFENDANT
 ADDRESS

INDIVIDUAL PLAINTIFFS & ADDRESSES

1

2

3

ATTORNEYS REPRESENTING PLAINTIFFS

.....

RECEIVER OF ASSIGNEE

.....

Date ORDERS

.....

On left-hand side of division line

On right-hand side of division line as follows:

CIRCUIT COURT INDEX..PAGE..LINE..

LAW.....

CHANCERY GENERAL COURT NO.

.....
 Nature of action. Term No. Changed. Changed

.....
 VAULT NO. Appellate Court No.

.....
 General Calendar

JUDGE

.....
 JUSTICE NUMBER Name of Bondsman

.....
 ADDRESS.

.....
 INDIVIDUAL DEFENDANTS & ADDRESSES
 WHEN SERVED

1

2

3

ATTORNEYS REPRESENTING DEFEND'TS

.....
 ATTORNEYS

.....
 Date ORDERS

.....

 A Cash Journal. I will herewith give the form of a Cash Journal used by a large Coffee & Rubber Company (See Plate No. 36). A little variation of the form would make it suitable for any of the various incorporated companies of whatever nature. The form is as follows:

CASH JOURNAL.

Sundry Account....Cash....Plantation.....Exp...
 Date..... Name..... Memo..... Check.....
 Dr. Cr. Dr. Cr. Dr. Cr.

The size of this sheet is 11x15.

Hotel Guest Ledger. I will give the form used by one of the largest Chicago hotels, in loose leaf guest ledger. The heading is the name of the hotel. The columns are as follows:

- Room No.
- Name
- (Blank column about 1 inch wide)
- Date
- Board
- Cash Advanced
- CAFÉ (with 3 columns of)
- Check No..... Amount
- Extra Meals
- 'Phone
- Service
- Billiards
- Laundry
- Livery
- BAR
- Checks.....Amount
- SUNDRIES.
- Amount
- Total Dr.
- (Division line)
- Date
- Credits
- Balance

Underneath the name column after leaving room for name of guests is arrival, departure and rate. The ruling is made so that three or six guests can have their accounts on the same page. Of course, the self-indexing features are used in this ledger, but they cannot be as closely indexed as if each guest had a separate leaf. They can, however, be indexed close enough for all purposes, as transient accounts do not hold over long. The size of this ledger leaf is $15\frac{3}{4} \times 24$. It would not be difficult to use a small leaf for this purpose, and instead of extending the charges laterally, bring them down horizontally, with the debits coming first and the credits following. By using this arrangement a smaller guest ledger could be used than in any other way.

Perpetual Invoice Filing Book. The Perpetual Invoice Filing book is used by a number of firms with a page 16×13 , the leaves being made of manila and used in the regular sectional post binder. It is usual in using this book to have money columns at the right-hand side of the leaf wherein the amount of the bills as pasted in the invoice book can be extended and carried forward. In order to make up for the added thickness of the bills pasted within the book, a series of card-board strips is introduced now and then, punched to accord with the size of the leaf. There are firms who find it perfectly satisfactory to use this Perpetual Invoice file as a purchase record and post direct from it, either in-

dividual bills into a purchase ledger and the amount of the month's bills debited to the proper account, or in toto debit Merchandise, and credit Accounts Payable account.

This is the same plan as the old skeleton book for pasting away invoices except that on the loose leaf plan a sheet or more may be devoted to each creditor or each letter of the alphabet as may be desired and an absolute alphabetical or other arrangement produced which gives a perfect self-indexing effect.

A Short Leaf. It will be very evident to those who have studied the loose leaf system and become familiar with it through this book, that a much shorter leaf can be used than in the old-style sewed books. It need be but one-half or two-thirds the depth and not have more capacity, from the fact that one account can be extended to both sides of a leaf and also as many leaves added, from time to time, as the account requires. It is best to adopt a leaf which will properly control the larger accounts, giving space for the average number of entries per month on one side. Of course, there might be one or two accounts running over, but this would not be of sufficient importance to demand an extra depth of leaf for all of them. In loose leaf book-keeping the short account is considered in the purchase of ledgers, while in the old-style sewed books the long account had to be considered first in order to save transfers.

Card Index. It is very desirable for firms using two or more ledgers to keep a card index of their customers and to regulate the transfers through this index. In order to do this, a card should be prepared giving whatever information is necessary for the credit man, and below it, with proper rulings, the location of the account. Where this plan is used, each customer's name appears upon a separate card properly indexed, and it should be commenced by having cards made for every customer's account in each ledger, and then as new accounts were opened, new cards should be made for these accounts, although the customers might be old. It will be readily seen by closely following this plan, the credit man can ascertain whether the customer has an account without referring to the ledgers, and will be able to ascertain also from the card whether this account is open and in the current ledger, or closed and in the transfer ledger. In handling transfers from the current ledgers, the date of transfer should be noted on the card, and where the account is re-introduced into the current ledger, it should be noted on the card in its proper column. After this system is inaugurated it does not require very much time and works very satisfactorily. It is, of course, unnecessary in a small business. I give herewith a sample of the card with the matter and ruling used by a large wholesale house. (See Plate No. 39)

Club Ledger. On account of the large number of small charges made to club members, it is difficult to keep a club record without a considerable amount of extra writing. A very clever ledger arrangement giving in the posting a distribution of the charges is that adopted by the Union League, of Philadelphia. We herewith give the headings of the different columns; the page heading being as usual with the sheet number, name and address. Beginning at the left-hand, the columns read: Date, Restaurant, Lodging, Billiards, Wardrobe, Letter-Box, Bowling Playing Cards, Ping Pong, History, Annual Tax, Telephone, Coupe, Sundries, Total Debit, Credit, Balance, Date.

Foreign Shipment Register. I reproduce (Plate No. 39) the rulings of a foreign shipment register as required by large firms doing a great deal of exporting. As all of the information of each shipment is entered hereon the record is very complete and satisfactory.

Bond Register. Whenever a corporation issues and sells its bonds it is necessary to keep a careful and accurate record of the holders of those bonds, interest paid thereon, etc., etc. A form for this purpose (somewhat similar to a stock ledger) is given herewith, Plate No. 38.

The Test of Time. When loose leaf book-keeping has been in general use for ten or twenty years its great advantage will not have to be explained. A

firm puts in a system of loose leaf books now and after using them for ten years requires for some special purpose the account of "Johnson, Robinson & Co.," will find the entire ten years' business all recorded and the record in one book which can be easily found. It may be that this record was all upon one sheet, or it may be that it covered 200 sheets. In either case the result is the same. If more than one sheet has been used the leaves follow each other consecutively both chronologically and by Sheet number, and are found by reference to the proper division; whatever plan of indexing is adopted.

Book-keeping for Newspapers. The loose leaf plan has been found especially desirable for newspapers in their general books and some of their special books. For subscriptions most of the newspapers use the card system, and find it very satisfactory. For an advertising ledger the interchangeable leaf is most satisfactory. A very good form Name and Address with Sheet No. for the heading with the name of the newspaper. The columns are ruled as follows: Date, Description, Kind, Lines, Times, Rate, Folio, Balance, Credit, Folio, Date, Remarks. The Chicago Daily News leaf reproduced (Plate No. 41) is as follows: Name of Paper. Name, Address, Sheet No. in the heading. Ruled, Date, Folio, 14 $\frac{1}{4}$ inch cols., blank heading, Kind, Lines, Times, Rate, Amount. Division line Credit, Date, Item, Folio, Amount.

Department Sales. Large firms find it convenient to keep a perfect record of Department Sales, especially those engaged in the mail order business, or department stores. The form used by Butler Bros., one of the largest in their line is as follows: Department Sales. New York, Dr. & Cr. Chicago, Dr. & Cr. St. Louis, Dr. & Cr. Totals, Dr. & Cr. Down the lower left-hand margin are recorded the different departments indicated by letter. This form is shown in Plate No. 45.

Real Estate Loan Register. A very useful record for trust companies and corporations loaning money on real estate, is shown in Plate No. 40. The heading reads as follows: Name of the Company, Real Estate Loan to..... \$. No. R..... Date of Paper..... Time..... Due..... Rate..... Insurance Amt. \$. Expires..... Time Extended to..... Taxes Paid to..... Payee..... Address..... The ruling gives first "Description of Property," then under "Principal" three columns, as follows: When Paid..... Payable..... Amount, and under "Interest," When Paid—Payable—Amount.

For Real Estate Firms. When a rental or sale sheet is properly made out and arranged for loose leaf binders there is no better way of keeping such records. The agent does not require to keep the description of the premises current after they are rented or sold, and it is much more desirable to

have them so that they can be easily eliminated. These records can be indexed by streets, or by owners alphabetically as preferred.

Opening a Transfer Binder. The best way to open the sectional post transfer binder is to unlock, or loosen, the locking mechanism, raise the cover to the top of the posts, and relock it. This takes the weight of the cover from the leaves, and renders insertion or removal of leaves much easier to accomplish. After you have finished you can release the cover, press it tightly upon the leaves, and relock.

Private Locks. Whenever it is deemed necessary for a binder to have a special lock, such device can be obtained with Yale blocks, securing the book, if *de*sired, so that it cannot be opened for inspection. These locks are sometimes used for General ledgers, Private ledgers, Records of corporation proceedings, and books of private information.

Photographers—Professional and Amateur. The best way in the world to keep a record of photographic plates is by taking an extra print and pasting it upon a properly shaped and sized page loose leaf and carrying it in a binder indexed according to subjects, persons or chronologically. Narrow strips can be introduced at the binding edge to keep the book uniform. Whenever a record of this kind is kept of prints it is easy to find the negative without looking over a large stock of plates, as they are all placed in numerical order and the number of the

negative is given upon the page whereon the print is mounted. In cases where a negative has been lost or destroyed it would be possible to secure another from the print. For amateurs it forms a very interesting book of reference, and contains careful reproductions of their work.

Wholesale Order Form. When orders are incorrectly divided in wholesale houses it is very important that they do not become sidetracked, and that they are completed and turned back to the billing department at the earliest possible moment. It is frequently the case that the entire order cannot be filled and it is of the utmost importance that the mailing department be notified at once, so that a letter, explaining cause of delay or incomplete order may be at once transmitted. Plate No. 48 shows an admirable arrangement for this purpose, used by one of the large St. Louis wholesale houses. It is written in triplicate and each of the sheets is of a different color. All are attached to the order and go with it through the house until it reaches the billing department, unless for any reason the order cannot be filled, in which case, the second form goes to the mailing division with reasons. After the billing is done the second form goes with the bill to the mailing division, the third form goes to the Sales department so that proper credit may be given salesman or source of order and the original goes with the charge to the accounting department. It is never difficult to trace an order with this system.

The Tumble Form. It is a well known fact that it is much easier to post on the right hand side of the ledger than upon the left hand. Why, I know not, but book-keepers like the work less on the left hand side. By the use of what is known as "the tumble form," which means that the heading is placed on the opposite end of the sheet, so that it can be turned over and reinserted "right hand up," an account can always be kept on the right hand side of the ledger. This necessitates taking the leaf out of the binder, turning it end for end, and reinserting. It is rather awkward in the transfer, as, in a continuous account one page would read down and the next one up, but where there is very little reference to closed accounts it is preferred. It can only be accomplished by the aid of interchangeable leaves.

Safe Guard in Loose Leaf. By getting up the regular safe-guard leaf for loose leaf binder and beginning each series by the months consecutively it makes a Perpetual Safe Guard Ledger and while it does not save transferring it distributes the work through the year. The new accounts opened in January would begin on leaf with January first column while those opened in February would begin on leaf with February first column and so on.

Uses of Loose Leaf Books. In conclusion I would add that Loose Leaf books may be profitably substituted in every case where sewed books are now in use.



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