

PART II.
DOUBLE ENTRY.

INTRODUCTION.*

If the method of keeping accounts by Single Entry may be called a *system*, that by Double Entry may with equal propriety be called a *science*; for, while the former possesses the means of showing the *condition* of business, the latter not only affords a proof of its own correctness, but in addition to showing the condition of business, gives, with mathematical exactness, the *particular channels through which gains and losses come*. The real difference between them hinges on this latter qualification, and to the fact that in Double Entry all the results, including resources, liabilities, gains and losses, are shown in the Ledger, while in Single Entry, the partial results are gathered from various auxiliary books, including the Ledger, Cash-Book, Bill-Book, etc.

The *precise* difference may be appreciated by comparing Set 3, in Part II. with the corresponding Set in Part I., the transactions being the same in both cases.

The term *Double Entry*, as contradistinctive to *Single Entry*, has reference to the fact, that for every transaction, *two* or more entries are made in the Ledger. The condition of these entries is such that each transaction, when properly recorded, will produce on the Ledger equal debits and credits; that is, the same value which is carried to the *debtor* side of one or more accounts is also carried to the *creditor* side of one or more accounts, producing thus a perpetual equilibrium of debits and credits, and affording a distinct test of the correctness of the work.