Description of a Baltimore merchant's journal

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Abstract: The paper briefly describes the entries recorded in the journal of a Baltimore merchant during the latter 18th and early 19th centuries—twenty-seven years. Topics covered include entries in dual currency, composition of journal entries, method of posting, handling of contra accounts, and unusual transactions. An analysis of these journal entries provides insight into the rules of book-keeping and the economic and domestic lives of the citizens during this period in time.

This paper describes the entries recorded in the journal of a Baltimore merchant. The first entry, dated October 12, 1795, debited the Cash Account for $363.35 (£ 136.5.2) and credited the Account Estate of J. Stansberry. The final entry is dated July 1, 1822, nearly twenty-seven years later. The period included the years of the War of 1812 (in which the citizens of Baltimore, Maryland distinguished themselves), the event which gave birth to the present national anthem by Francis Scott Key. However, there are no allusions in the entries of the journal reflecting this event.

Construction of the Journal

Physically, the journal was leather bound, 13 x 8 inches plus binding, and 1¼ inches thick. As shown by a label in the back cover, the journal was

MADE AND SOLD,
by
JOSEPH TOWNSEND,
opposite the Centre Market-House,
BALTIMORE:
Who carries on the Book-Binding Business, in its Several Branches, in a neat and expeditious Manner.³

Note: While the words book-keeper and book-keeping might also be spelled as one word, the author has used the hyphenated spellings of these words to maintain harmony with the historical nature of this paper. The same view applies to capitalized nouns and other spellings.
There was a total of 209 pages of journal entries; 190 pages numbered by the book-keeper(s), and 19 pages unnumbered. The journal also contained 78 pages of religious writings, many of which are quotations from Clarke's Commentaries. A large number of pages had been cut out; whether this implies the removal of financial information or the use of the pages for other purposes is unknown; however, the latter is more probable.

**Description of the Page Form**

Each journal page was headed "Baltimore" (in various styles of script) with a date for the first entry on that page. On pages 150 through 157 (November 8, 1798 to December 1, 1798) of the journal, there was fancy lettering at the top. The journal was ruled as shown below:

<table>
<thead>
<tr>
<th>margin</th>
<th>for folio</th>
<th>space for entries</th>
<th>used for U.S. dollars</th>
<th>used for £.s.d.</th>
<th>margin</th>
</tr>
</thead>
</table>

**Dual Currency**

Aside from the era in which the journal was kept, the striking feature was that this merchant kept his accounts in dual currencies, English pounds sterling and United States dollars. This is particularly interesting because of the professional attention devoted to conversion and accounting for exchange fluctuations in today's financial statements. This practice of recording dual currencies continued until January 30, 1799, thereafter the journal entries were written almost entirely in pounds sterling, with an occasional recording of dual amounts.

The use of dual currency was somewhat surprising, but not exceptionally so, for one must realize that the Constitutional Convention of 1787 had given Congress the power "to coin Money, regulate the Value thereof." On April 2, 1792, Congress passed a bill establishing the monetary units and in 1793 the first United States Mint was established in Philadelphia, Pennsylvania. During the preceding colonial era, coins of various European countries circulated rather freely, both here and abroad, as can be ascertained by reference to old book-keeping texts which frequently contained tables of conversion. This merchant's practice was in keeping with the times.

Just a little knowledge of the history of the United States will lead one to recall the early settlements by several countries, whose peo-
ple brought with them the customs of the old lands. As the population expanded and the settlers of the various countries intermingled, they were inculcated with the commercial practices of bygone days, influenced by the more recent establishment of a central government. The older residents had been educated to the English system of pounds, shillings, and pence; especially the imposition of taxes in these terms. Thus, it is easy to understand why this merchant utilized the monetary system with which he was most familiar.

The rate of exchange which this merchant used was $2.667 per English pound sterling (£). This author is not aware of an official rate of exchange during this period; however, in the 1799 directory for the City of Baltimore, the “rate of coins for estimating duties” quoted the pound sterling as $4.44. The 1802 directory gave tables showing the value of dollars in the currencies of the different states. There were four groups, one of which was composed of “N. Jer. Penn. Del. & Maryl.” As printed, $5.00 was equal to £ 1.17.6; $10.00 equal to £ 3.15.0; or $1.00 equal to £ 0.7.5. A table reducing pence and shillings to cents, a practical method for expediting uniform conversions, was also made available in the 1802 directory.

**Composition of Entries**

As noted earlier, on January 30, 1799, the book-keeper discontinued the recording of accounts in dual currencies, except for a few entries which were related to prior transactions. This probably was done to maintain monetary harmony between buyer and seller. It is believed that more than one person kept the journal. The headings of the pages sometimes indicate different handwriting and word construction; in addition, character formation was different on many pages. Most of the account titles are in clear, large, flowing characters, whereas the explanations are cramped, irregular, and restricted. It is interesting to note that during this period, schools and tutors advertised their skills in developing excellent penmanship. There are, moreover, some indications of changes in book-keepers, such as the cessation of using dots or “pricks” beside the page numbers to indicate postings to accounts, and the adoption of a check mark which is frequently seen in use today, viz. (✓). Another practice which might indicate a change of book-keepers was the omission of account page numbers for posting references beside the accounts “Cash” and “Merchandize” which began on page 122, and mentioned later herein. About the end of December 1798, the book-keeper began to abbreviate the word “Merchandize.” Other deviations occurred, such as the 1801 and 1802 entries being re-
corded in English currency only whereas the 1803 entries were recorded in dual currency. In 1804, one entry was in dual currency and one in U.S. dollars. In 1805, three entries were recorded in dual currency while all other entries were in U. S. dollars, and in 1806, and subsequent years, all entries were recorded in U. S. dollars.

Journal entries were separated from each other by double-ruled lines (e.g., ======= =) extending across the page, broken only in the middle for inclusion of a date when necessary. This practice was supplanted by a single line in April 1803, but the double line was renewed in February 1805; hereafter a single line was used to the end of the journal, except for the money columns, in which case the double line was used.

Book-Keeper

The entries may be the work of one person even though as discussed earlier there is reason to expect there were changes in book-keepers. The identity of the book-keeper(s) has not been definitely established; however, some¹⁴ think it was Lavallin Barry, whose name appears frequently in the journal entries. It is difficult to recognize as the proprietor (Barry) the same individual (Barry) as a customer, which he was, especially in view of the use of "house expenses" account. Furthermore, a "memorandum" on the fly-leaf signed by L. Barry is in handwriting distinctly different from the journal entries.

Posting Procedure

When posting simple entries to the ledger, the book-keeper used the following procedure, or form, in the folio column for the debit and credit account numbers: 8/2, 2/1. When posting compound entries, the ledger page number for the debit(s) was entered first, and the ledger page number for the credit(s) was recorded in the folio column in front of the customer or creditor account. In December 1797, the position was changed to 55 debit 64 credit. In April 1798, the use of numbers was abandoned for "Merchandize," "Cash," and certain other accounts. Possibly, this was due to familiarity with these accounts, but not necessarily so, because other accounts were used frequently and numbered. It is suspected that the two accounts were continued to other pages without interruption when the prior page in the ledger was full.
As evidence that the journal entries had been posted to the ledger, the book-keepers used dots or "pricks" beside the page numbers of the accounts, beginning with the first entry. However, these ceased on June 15, 1801. On February 16, 1798, a book-keeper used a check mark, currently in use today, viz. (ψ), intermingled with dots to indicate journal entries had been posted; this continued through March 19, 1800. An ordinary check mark (✓) for postings began on June 15, 1801, and apparently signified postings to all accounts comprising the entry; and this system continued to the final entry on July 1, 1822.

On April 5, 1798, posting checks were omitted for "Merchandise," "Cash" and some other accounts not involving persons. As an example, the following is shown:

17th April, 1798

(NO page numbers) House Expenses Dr. to Sundries

Cash 57.26 21.9.5
Merchandize 1.13 0.8.6

58.39 21.17.11

Number of Entries

As a demonstration of the scope of activity, a tabulation was made of the number of journal entries recorded for each year (indicated below in parentheses); total journal entries numbered 1,423.

1795 (91) 1796 (364) 1797 (353) 1798 (377) 1799 (81) 1800 (24)
1801 (3) 1802 (0) 1803 (5) 1804 (2) 1805 (15) 1806 (8)
1807 (9) 1808 (9) 1809 (6) 1810 (19) 1811 (4) 1812 (12)
1813 (8) 1814 (5) 1815 (5) 1816 (2) 1817 (3) 1818 (2)
1819 (2) 1820 (5) 1821 (3) 1822 (6)

As discussed below, the first five years indicate heavy usage, thus reflecting much activity.

Treatment of Cash Sales

For many months, regular entries were made in the following manner:
Cash Dr. to Merchandize

Received from Sundries

These entries were discontinued after June 9, 1798. It is suggested that the proprietor possibly maintained a cash sales book or journal from which postings, although not journalized in this book, were made to the ledger. Perhaps the volume of business had something to do with the change in practice. This suggestion is not without merit, if the book-keepers followed the instructions of earlier writers on accounts who recommended the use of day books, memo books, and letter books. Throughout the years, there are occasional references to “sundries as per day book” which surely indicates adherence to the old recommended practice of recording transactions as they happened, to be journalized later to proper accounts. In 1801, a couple of references were made to “Sundry Account in memo Book.” In November 1795, an entry is explained as “1 chest tea as per day book.” Another entry in October states “for sundries as per Invoice Book.”

**Ledger Reconstructed**

It seems that trading activities ceased in 1800 except for the first two entries in 1801. In the absence of the ledger of the proprietor, a general ledger was reconstructed by the author; to ascertain if possible the financial position. The foregoing entries resulted in the establishment of 99 Accounts Receivable, 31 Accounts Payable, and 7 other accounts for Profit and Loss and Balance Sheet, to which were posted 3,397 debits and credits.

A trial balance of such accounts as were named in the journal was prepared and disclosed that the merchant had some overdue accounts—perhaps bad debts—because of the unpaid balances at December 31, 1800. Some of the purchases dated back to December 1795, and others through 1796, 1797, 1798, and April 1799. Thirty-one accounts appeared to be overdue, but this could not be determined with certainty without knowing the specific terms of sale.

**Entries in Later Years**

Except for the first two entries recorded in 1801, the remaining entries revolve around transactions between Charles Jessop and
Lavallin Barry, who appeared to be paying bills for Jessop, as indicated by explanations in the journal entries. About August 17, 1805, the writing is smaller, neater, and clearer in the entries. On August 17, 1805, Barry was debited with $1,200.00 for rent "from 1st Jan'y 1799 till 31st Dec. 1804 being 6 years @ $200.00 per annum"; Jessop was credited. Barry was debited (and Jessop credited) with annual rent of $200.00 for years ending 1805 through 1821. The next to the last entry in the journal is a debit to Barry's Estate and a credit to Jessop for "6 mo. Rent of House ending 30 June inst.—$100.00."

From the tone of the entries, Barry manifestly was making numerous disbursements for the benefit of Jessop and was charging these against the credits for rent. For the period 1801-1803, the amounts were English pounds. In 1804 the writer used U. S. dollars, with occasional set-ins of equivalent pounds.

**Charges Account**

"Charges" opened in November 1795, was the account which compares with later use of general or miscellaneous expenses. Debits of $6.05 were made in 1795, $11.40 in 1796, $22.51½ in 1797, and $10.48 in 1798. There were no similar entries in 1799 or 1800. Included was $2.43 paid Joseph Townsend for a book, presumably the journal under examination; and $.50 for blank books on other occasions. While not specifically identified as to the nature of licenses procured in three instances, it is believed they were granted to purvey alcoholic beverages or spirits. This conclusion is supported by the annual repetition and the presence in the 1800 directory for the City of Baltimore where such a license cost $5.00. The largest debit was for newspapers, $11.87½ in 1797. Other items were "rapping" paper, a measure, ink powder, a "writing disk," and drayage.

**House Expenses**

In the house expense account, there were 169 entries of which 159 were debits and ten were credits. For a long-time, it was the custom for business to be conducted from a residence or adjacent building, a practice that may sometimes be observed today. The nature of the items charged to "House" expenses is interesting. Foodstuffs embraced 17 items plus salt petre (the preservative), beverages (4 items), dry goods (14 items), furniture (6 items), with which we will include a stove and pipe, and 6 window panes, (fire)
wood—hauling and sawing (3 items), and numerous entries each for sundries, marketing, and other expenses. There was one payment to the butcher and one for a hog. The cow food for the house seems unrealistic. While it was not indicated what cow food was, it was assumed to be grain and fodder for feeding cattle, horses, etc. There were entries for the hireling, P. Baker for hire, “for hire of Luce,” and for stage (form of transportation) hire.

The credits are especially interesting. They result from sums totaling $537.50 received from boarding Messrs. Hutchens and Johnson. Our merchant recognized the need for offsetting expenses and income, a 20th century concept, but would not have been able by this method to determine a profit/loss from boarding principally because he would not know how much they ate of each food or what proportion of fuel was consumed for their comfort.

**Profit and Loss Account**

Nine entries were made affecting a Profit and Loss account, eight of which were debits totaling $191.79. Seven of these were for interest charges on notes payable, and one was an allowance of 75 cents, apparently for freight on a merchandize purchase. The ninth item was a credit for $30.00 for “this sum found,” no other facts given. It may be supposed that the proprietor had recorded the find in the event that a customer would seek to recover the loss in the future.

Interest was calculated at six percent although not so stated in all cases. Calculations were made by the author on the basis of principal and time periods which produced excellent confirmations of the amounts recorded. The first entry was for the interest on a note discounted at the Office of Discount and Deposit located at Gay and Second Sts. (“Cash received for my note of this date $200.00; 10/31/1796.”) Paid 1/2/1797. In all other cases, the interest was calculated and added to the vendor’s account and included in the face amount of the note payable, which covered the balance then due.

Absence of the companion ledger does not permit follow-up on the Profit & Loss account for the enterprise.

**Notes Payable**

It is clear that this merchant understood the advantages of credit deferred through the use of notes payable. The rate of six per cent per annum was confirmed by calculations and was presumably less...
than his profit ratio. At the same time, he recognized that his creditors were entitled to some return for the use of their funds, or perhaps he was persuaded by them.

He resorted to notes to creditors on twenty-two occasions. The first note to a creditor was given October 12, 1795, less than a month after the journal entries began. The shortest term was seven days in October 1796 and the longest was six months in August 1797.

He also discounted a note for $200.00 with the Office of Discount and Deposit on October 31, 1796, which was endorsed by Rutter and Etting, two of his creditors.

The largest note was for $1,694.43 which was issued 12th March, 1798, to cover unpaid purchases extending from 16th October, 1795, to 31st December, 1796. Interest of $135.82 on the unpaid account was included in the face of the note. No term was mentioned in the entry but "with interest at 6% until paid for." At the end of the journal period, the unpaid notes totaled $1,829.49.

Taxes

One of the interesting aspects of the entries after 1800 centers around taxes. Commencing in 1801, taxes were paid to several persons who were elected or appointed as collectors for the city and county. These taxes were identified as U. S. tax, city tax, pump tax, paving bills, road tax, county tax, and court tax. In 1819, W. Hamilton was listed as a City collector but why he was paid a county tax is not clear to this author.

The frequency of these tax items may confirm the earlier premise by the author that Barry was paying these and other bills for Charles Jessop (who may have been an absentee landlord).

Unusual Transactions

The following extracts from the many entries reviewed are considered to be unusual for a merchant, other than those referred to elsewhere.

There were at least eleven entries involving personal loans; four entries related to Toney who it seems was a slave and was hired out; two entries recording receipts of legacies from estates; two entries relating to a cask of brandy and a barrel of whiskey; two entries naming Jack who may have been a slave; one pertaining to a negro girl for $73.33, which may have been the going price to
acquire a slave; and the final entry assigning two “negroes Peggy and Kezia” in discharge of a debt of $400.00.

**Merchandise Sold**

From among the hundreds of journal entries, the following items of merchandise have been selected to partially reflect some of the transactions which affected the domestic life of the City. Many of the items are listed in the original spelling as deciphered, but all are indicative of the goods offered by what came to be known as the general store. However, most of these words, which may appear odd to us, were typical construction in that era. We must allow also for the lack of education of many people during the period.

- **barcalona - barcelona** - a handkerchief (1795)
- **brand and shorts** - mixture of brand and coarse part of meal (1765)
- **brown Holland** - unbleached linen fabric
- **button mools - moulds** - a disk of wood to be covered
- **cassamer - cassimere** - (another form of cashmere)
- **cravatt - cravat**
- **check - a fabric - checkered**
- **fustain - fustian** - coarse cloth of cotton and flax (1537)
- **green bage, green base, - green baize** - coarse woollen stuff having a long nap (1578)
- **kirsey - kersey** - coarse narrow cloth
- **nankeen, nanking** - cotton cloth (1755)
- **Osnabugs - Osnaburg** - a kind of coarse linen made in Osnabruck
- **sattenete - satinet - imitation of satin** (1703)
- **sprigs** - could be small hardware
- **ticklingburg - ticklenburgs** - coarse mixed linen fabric (1696)
- **tweld - tweel - twill** - woven fabric (1779)
- **wheal farm - wale form** - used in basket making.

**Conclusion**

This journal is an interesting book because it follows closely the rules of book-keeping, records the socio-economic relations of the era, and displays adeptness at keeping accounts in dual currencies; a matter which has caused considerable discussion in the accountancy profession in recent years. The book-keeper must have received his guidance from a textbook published abroad because Bentley’s *Works on Accounting by American Authors* does not list
any book-keeping publication prior to 1796, a date subsequent to the use of this journal.

FOOTNOTES

1 The journal referred to in this paper is unidentified and hereafter referred to as “journal.” The journal is located in the library of The Baltimore County Historical Society, Inc.

2 This is the arithmetical designation for 136 pounds, 5 shillings, and 2 pence. The £ stands for Livre derived from the French la Livre. Throughout this paper the three columns will agree with the entries.

3 Reproduced exactly as it appeared on the label, including capital letters for nouns which was the custom. For another example of the capitalization of nouns, see footnote 6.

4 Journal, unnumbered pages, Clark’s Commentaries (purchased 3-28-1812, 11-30-1813, 1-28-1814) and other sources.

5 See footnote 2.


7 See footnote 2.


9 Baltimore Directory, 1802, pp. 68, 69.

10 Baltimore Directory, 1802, as printed therein, pp. 68, 69.

11 See footnote 2.


13 Personnel at the Baltimore County Historical Society, Inc.

14 Journal, p. 122.

15 As used by book-keeper, on left and right, space in middle for date.

16 Journal, ledger account pages, 5, 58.

17 New Baltimore Directory and Annual Register, 1800/1, p. 17.

18 Journal, ledger account pages, 9, 34, 61.

19 Journal, ledger account page 38.

20 Journal, ledger account page 20.

21 All glosses, Oxford Universal Dictionary.

BIBLIOGRAPHY

