We cannot do business without making an expense. Every change that we make in our assets, for example, like paying cash for materials, changes the balances in our balance sheet. Our balance sheet, therefore, varies day by day, in an amount corresponding to the amount of our transactions, and our assets and liabilities vary according to the profit that is being made or the loss sustained. Having the accounts, therefore, of the balance sheet spread out as above suggested, and arranged in a form that permits other amounts to be placed directly under them, thus adding to the debit or credit side of each, as the case may be, we shall be in a position to record day by day our transactions in a way to add to the figures representing our business at the outset, and to leave the amounts always in a shape to show up by the balances in the accounts the real condition of our business at any date that examination may be made.

In referring to the old style of balance sheets above, it has been asserted that what takes place between the dates of two balance sheets, made out for purposes of comparison, is lost sight of in detail, and that only the result is shown. The business has produced either a loss or a gain, but the record of that loss or gain is covered up, save only as the net result affects our capital by increasing it or diminishing it. The loss or gain, as the case may be, is the last thing shown, and we dispose of it by carrying it to capital. Now, in the going balance sheet, we must eliminate this profit or loss item, as the case may be, day by day, week by week, or month by month, according to the interval that is chosen for the purpose, but instead of carrying the result to capital, it is better to carry it to a special account, as will be explained a little later.

A balance sheet, with the amounts arranged as above described and posted to from time time, as also explained above, will be a truthful representation of our business condition, at any date it is examined, except only so far as the element of profit or loss may affect it. Therefore, in addition to what has been described, we must manage the accounts in such a way as to take out the profit or recognize the loss, as the case may be, as often as we want to know just what our business condition is, with respect to resources available to pay our debts.

In a previous article certain diagrams of accounts were presented. For example, there was first given the formula of a contract account. Such an account is to be debited with materials, labor, all specific outlays, and its pro rata of general expenses. It is to be credited with materials left over. The net cost of the contract thus recorded, we specified, is then to be transferred to Selling Account. Selling Account, in turn, is credited with the contract price and extras of the same contract. The difference between the two sides of Selling Account then is the profit or loss, as the case may be, that we are making upon our work. This principle of determining profit and loss result must be carried into our balance sheet to the extent of closing up our accounts as fast as our contracts are completed, and taking out of those accounts which represent our transactions—namely, those which take the place of the old Mercandise Account—whatever there is of profit and loss, and carrying it over into the accounts which are specially arranged for the purpose.

I appreciate the difficulties under which I am laboring in endeavoring to make the builder's bookkeeper understand this matter without numerous illustrations and a very much longer description. However, at least one diagram is necessary to make the point sufficiently clear for the bookkeeper's use, and that is presented herewith. It may be described as a chart of accounts necessary to the building and contracting business, for conducting a going balance sheet and for keeping the business so analyzed as to show the profit or loss on each individual job, the profit or loss on the entire business, and the builder's position with respect to resources and liabilities at all dates.

The accounts necessary to open, it will be seen by reference to the chart, divide first into two leading classes, namely, the accounts of the transactions and the accounts of the proprietorship. It is necessary to discriminate between these two. The lack of keeping these classes separate and distinct has before now, in many cases, resulted in great confusion and the worst of jumbles in account keeping. The transactions are one thing and the ownership of the business another. Each requires its own separate accounts.

The proprietor or owner is responsible for the expenses of doing business, by which is meant those expenses incident to a general oversight of the transactions and which are outside of expenses of production, or those that by rights are chargeable to the several jobs in hand. In turn, having borne the expense of the business, and taken all the risks, he is entitled to the gains; or, being responsible for the management, he is obliged to suffer the loss if it is running behind.

A comparison of expenses of doing business with the losses and gains incident to that business shows the net profit of the business or the loss of the business, as the case may be. If the business is making a profit, then there is a credit to be carried to the account called dividends and divisions, through which the profit is divided among partners, paid out in dividends, or withdrawn by the single proprietor, as the circumstances may be. In turn, if the business is running at a loss, then capital is being impaired, and therefore there is a charge against impairment account. If a profit is being made and is not being withdrawn in full, then capital is being increased and there is a credit to surplus account. Since impairment is a debit and surplus is a credit, these two accounts are combined in one called "Impairment and Surplus."

This scheme of analysis answers whether the business that is being conducted is that of a single individual, a firm, or a joint stock company. Capital, it is argued, should be considered a fixed amount, and to be left in the account without variation, except as additional capital is supplied, or as a portion of the capital is withdrawn. Whatever the business produces over and above the profits that are taken out should be carried to the surplus account, thus always maintaining a statistical showing of what the business is doing.—The Bulletin.

USES OF CEMENT.

THE field for the employment of cement is constantly and rapidly expanding. In recent years large quantities of Portland cement have been used in Canada in the construction of sidewalks and concrete foundations for asphalt pavements for streets. It has also entered largely into the construction of basement floors, and of late is finding employment to a much larger extent than formerly in the foundations of buildings, and in fireproofing systems. In Europe, and particularly in Germany, it finds a still wider range of employment. It is said that in the latter country concrete tile floors are made in artistically colored designs, and capable of resisting acids. Cement roofing tiles are also manufactured on a large scale. The higher priced tile are inlaid with various designs, the colors being ground in special machinery. The manufacturers are said to have succeeded in securing any desired shade or blend of colors. These cement tiles are said to have superseded to a large extent the burned clay tile.