

The above entry is posted direct to ledger. The transaction of March 3rd is also posted direct to ledger. All the other transactions are carried through the cash book, and posted from them to the ledger. See cash book.

It is not absolutely necessary that the transaction of March 3rd and that of April 18th should be posted from the journal day book. In fact, the correct way in this system is to enter both these transactions in the cash book, in the same manner as the transaction of Jan. 7th is entered, and then post from cash book to ledger. I give these two illustrations (March 3rd and April 18th) for the benefit of beginners who might prefer this method of handling transactions, in which no cash is involved.

On April 25th the books of John Smith are closed, accounts balanced, balances and inventories brought down, losses and gains carried to Loss & Gain account, and Net Gain carried to the credit side of Proprietor's account, as shown by the ledger.

To abbreviate this description, I have given illustration of cash book with only one special

column on each side, thinking this sufficient to explain the system. As the operator becomes accustomed to the system, it is advisable to use a cash book with wider pages, and add more special columns, thereby keeping a separate account for different classes of live stock, etc.

I have also omitted saying anything about diary records, but let me emphasize the importance of keeping these records each day in the journal day book, along with description in full of all business transactions. Having followed this custom for many years, I appreciate more and more the value of these records. Here may be found a record of what occurred and what was done each day during the past years. The date of seeding each field, and to what it was seeded, can be found here; also, dates of harvesting, threshing, coming and going of visitors, sickness, losses, gains, and many other things, to which increasing years only add interest.

A few minutes each evening cannot be better spent than by keeping a systematic record of our business transactions and of the daily happenings of life.

Second-prize System.

By Thos. McMillan.

Every farmer should keep a careful and accurate account of his business. Why should he do so, and how can this best be done? He should do so to know his exact financial standing; to know whether he is making or losing money in the course of his year's operations; know the sources from which his receipts come, and the real amount of his varied expenses during the year.

Above all, a farmer's system of keeping accounts must not be cumbersome; it must be simple.

First, then, on, say, the 31st day of December of each year, in a separate account book, which he keeps for this special purpose, he must take

note of his possessions, and, in valuing those possessions, be sure not to place them higher than the value, if placed upon the market. In the value of implements, it is well, after purchasing new articles to reduce the price gradually each year, till you arrive at their usual selling price at current auction sales.

We also know that the cost of permanent improvements, such as draining, fencing, roofing, building, etc., does not enhance the selling value of the farm to the degree of their cost; so that it is well to pick out those items from the cash book and keep a record of them each year, for the benefit which a reference to this information at any time will give. The following is a sample of the account of your possessions each year:

1910 ASSETS	
Dec. 31	Capital on hand
	1. Value of farm (100 acres)
	2. Horses itemized value of each
	3. Cows and other cattle itemized value of each
	4. Hogs
	5. Machinery and implements
	6. Harness
	7. Grain and fodder on hand by actual measurement or estimate, or number of loads
	8. Roots and silage
	9. Household effects (value of), mortgages, notes, Cash on hand

1910 LIABILITIES	
Dec. 31	Mortgage on farm, if any
	Money borrowed on note
	Any outstanding bills or accounts
	The difference between assets and liabilities will show our actual financial standing. This should be done each year.

Apart from this account, which shows our actual financial standing at the end of each year,

we must keep a day or cash book, in which all our receipts and expenses are recorded, as follows:

1911 RECEIPTS	
Jan. 1	Cash on hand \$ 50.00
Jan. 5	Sold a cow (\$50.00) to Mr. S. and So. to be delivered Jan. 20th in Seaforth 5.00
Jan. 7	Paid earnest money (\$5.00) 50.00
	50 bush. wheat at \$1 per bush 105.00
Jan. 8	Cash on hand 95.00

1911 EXPENDITURES	
Jan. 6	Any itemized expenditures say 10.00
Jan. 7	Cash on hand 95.00
	105.00

Balance this cash account every week or so, according to the amount of business you are doing, and, of course, the balance in cash shown must correspond with the actual cash in your pocketbook. If any surplus cash on hand is kept or placed in a chartered bank, when depositing, record the item on the expenditure side of cash book (deposited in Dominion Bank, \$50). When any sum would be drawn out of such surplus in bank, record it on receipt side of cash book, as well, and, of course, your bank book would always show what surplus, if any, is to your credit in the bank.

Keep the above account carefully, accurately and continuously during the year. All your cash business of every kind is entered in this cash book.

If you borrow money on note, say so, and

from whom, or when, and on what terms it is obtained.

If any credit business is being done, a separate account of that must, of course, be kept with the individual parties concerned. The above completes your system of accounts, but, of course, you wish to know what each separate department of the farm is doing for you. For this purpose, keep a separate record for each department, just for information and reference, by picking out of your cash book these separate items, and recording them at your leisure. For example, I am largely engaged in the dairy business, or feeding cattle, breeding and selling horses, or poultry and fruit business; also household expense and labor account. The following is a sample of my account, say, of cattle-business section:

1911 PURCHASES	
Jan. 10	Cows bought from Mr. Smith. Price \$ 250.00
	And six on all purchases; also feed purchased.

1911 SALES	
May 20	To S. and So. 10 head of cattle, at price 50. per lb., weight 12,000 lbs. \$ 600.00
	And all future sales.

In this way, at the year's end I know just what each department of my business does for me. As I have said, I rely on my cash book, and am very particular to record all my business receipts and expenditures therein, and balance weekly.

When the 31st day of December comes, and I again take stock of all my possessions, I know exactly how I stand, when compared with the year's progress.

It is to be said, the above is simple, gives a clear insight into every department, shows where every

cent goes, the source of every receipt, and also my comparative financial standing from year to year.

Some wish to keep a record of each field. This can be done by keeping a record of what is given to each field, and the proceeds obtained therefrom. Every farmer should keep a diary, bearing a record of each day's proceedings, occurrences, weather, number of loads of hay, grain and roots harvested, etc. Each farmer should also have a careful chart of all drainage work done on the farm.

Third-prize System.

By H. B. Kidd.

I have tried many systems of bookkeeping since I began farming, but was not satisfied with any of them until I divided merchandise account into several accounts, such as dairy account, poultry account, feed-and-grain account, etc.

The books I use are: First, Pocket Memorandum; second, Cash Book; third, Journal; fourth, Ledger.

I use the pocket memorandum to keep track of all business transactions until such times as I can enter them into the other books.

I use a special-column cash book, and by means of which much time is saved in posting. The cash balance may be found at any time, though not balanced in a formal manner until the end of the week, or month, as desired.

To open a set of books, turn to the journal, debit resources, credit liabilities, and debit or credit self for the difference. If resources be larger, credit self, and that shows our present worth—less amount of cash on hand (as the cash is entered in the cash book only). The entry would be as follows:

JOURNAL			
Date		L.F.	Dr. Cr.
Jan. 3	Dairy, 6 cows		\$ 300.00
	Poultry, 100 hens		75.00
	Horses, driver \$1.50, team \$3.00		500.00
	Implements, buggy, tools		425.00
	Feed and grain		300.00
	100.00		
	Jas. Davis owes me		
	To Robt. Hope (store bill)		\$ 50.00
	To self		1650.00

The Cash Book would be as follows:

Dr.		Cr.	
Jan. 1	Cash on hand		\$ 50.00
Jan. 5	Sold a cow (\$50.00) to Mr. S. and So. to be delivered Jan. 20th in Seaforth		5.00
Jan. 7	Paid earnest money (\$5.00)		50.00
Jan. 8	Cash on hand		95.00
			105.00
Jan. 6	Any itemized expenditures say		10.00
Jan. 7	Cash on hand		95.00
			105.00
Jan. 10	Cows bought from Mr. Smith. Price \$ 250.00		
	And six on all purchases; also feed purchased.		
May 20	To S. and So. 10 head of cattle, at price 50. per lb., weight 12,000 lbs. And all future sales.		600.00

When the items belonging to any account are very numerous in the cash book, a special column should be used for them. Instead of dairy and poultry account, some would have wood account or garden account, and expense account could be divided into business expenses and personal expenses.

The footing of the expense column will be posted to the debit side of expense account in the ledger, and the amounts in the credit sundries column will be placed on the debit side of their respective accounts in the ledger, while the amounts on the debit side of the cash book will