

The next point to notice is that the value of every asset, save cash and bills receivable, is an estimated value. It becomes necessary, therefore, to consider by what principles we are to be guided in making these estimates. Usually it will be our safest guide to take the price at which a thing can certainly be sold. In the case of real estate, land and buildings are generally, for sale purposes, considered as a unit. To arrive at the value of the land alone, the best way will be to deduct the value of the buildings from the worth of both together. The buildings themselves may be appraised by writing off from their original cost a certain percentage every year for depreciation. This percentage must be based on their durability. If, e.g., a barn be calculated to last, with ordinary repairs, for 50 years, the depreciation would be 2 per cent, so that, at the end of the period, its value would be zero. If any extensive repairs or improvements are made, their cost should be added to the estimate, while, of course, any extraordinary damage, e. g. due to fire, should be deducted. No hard-and-fast rule can be laid down with regard to depreciation, as it depends on so many variable factors, such as the degree of staunchness of the structures concerned, the care taken of them, etc. On most farms, probably about 3 per cent will be sufficient to allow for depreciation on average buildings.

Up to maturity the value of animals increases and then begins to diminish according to the same rule as dead stock. For example, if a horse comes to maturity in 5 years and may then be expected to live for 13 years longer, he will, theoretically at least, be worth $\frac{1}{3}$ less every year from the time he is 5 years old. But nearly all farmers have a fairly accurate idea of how much they can sell an animal for, and are not likely to go far astray in appraising their live stock. The estimates should, however, be conservative, too low rather than too high.

In making an inventory of implements and tools the golden rule is

to go into detail as much as possible. Owing to considerations of space, we cannot, in the example given, list all the small tools, but it is very important that this should be done in practice. The amount of money invested in minor articles of farm equipment is by no means negligible and they are, moreover, the very articles that are most liable to be lost. A complete inventory, once made, is not difficult to revise year by year, and much better care is likely to be taken of the tools when it is known that they will have to be accounted for at the annual stocktaking. Depreciation on implements and tools may usually be reckoned at 10 per cent per annum.

The evaluation of feed and supplies is not likely to present much difficulty to any farmer who knows his business. Care must be taken not to include household supplies, such as fire-wood, but only those connected with the farm business.

Probably the most difficult item on which to place a value is a growing crop. This is one of the strongest reasons for taking the farm inventory during the winter. The value of the 4 acres of fall wheat, mentioned in the example given, has been arrived at by computing what has been expended on the crop up to March 1st, i. e., the ploughing, harrowing, sowing, seed, etc., as worth about \$7.50 per acre. This estimate is taken from the *Census and Statistics Monthly* for March, 1912. Such a method of valuation seems better than one based on the probable worth of the crop at maturity, which must in any case be a speculative figure.

In estimating the cash, the total of any money received during the year from private sources, must be deducted.

No further remarks on the inventory appear to be required, unless a reminder be necessary that among the items under 'Accounts and bills receivable' and 'Liabilities' only business, not private debts, should be included.

CASH ACCOUNT

Date	Receipts	Amount	Business	Private	Date	Expenditures	Ch. No.	Amount	Business	Private
1913					1913					
April 1	<i>Cash on hand*</i>	\$ 63 20			April 1	Man's wages for March	55	\$ 25 00	\$ 25 00	
" 1	<i>Cash in bank</i>	591 00			" 5	Household expenses		20 50		\$ 20 50
" 2	Cream cheque	102 00	\$102 00		" 5	Monkey wrench		50	50	
" 5	2 calves sold	20 00	20 00		" 7	Leghorn rooster		2 00	2 00	
" 5	5 doz. eggs	2 00	2 00		" 15	8 bushels seed corn	56	12 00	12 00	
" 12	Dividend on creamery stock	50 00		\$50 00	" 15	Life insurance premium	57	40 00		40 00
" 12	6 doz. eggs	2 10	2 10		" 19	Household expenses		15 30		15 30
" 19	6 doz. eggs	2 10	2 10		" 19	2 tons bran	58	46 00	46 00	
" 26	7 doz. eggs	2 45	2 45		" 19	Pane for stable window		50	50	
" 30	10 bushels potatoes	7 50	7 50		" 23	Personal expenses		17 80		17 80
					" 26	Household expenses		22 20		22 20
					" 26	Pliers		75	75	
					" 26	Padlock		50	50	
					" 30	<i>Cash on hand</i>		39 30		
					" 30	<i>Cash in bank</i>		600 00		
		\$842 35	\$138 15	\$50 00				\$842 35	\$ 87 25	\$115 80

*The items in italics should preferably be written in red ink.

The form of the cash account is not so important as the principle on which it is kept. As its name implies, its purpose is to keep a record of cash transactions, and of them only. Only such receipts and expenditures as involve the actual paying out or receiving of money, must be entered in it. Indirect gains and losses will be shown by an increase or decrease in the inventory.

The cash account may be balanced as frequently as desired. In the form shown, it is supposed to be balanced monthly. The account is begun by writing at the head of the "Receipts" column the amount of cash on hand and in the bank. At the end of the month another inventory should be taken of the cash, and this should correspond with the difference between the totals of the two sides of the account. If it does not, and if one is absolutely sure that no mistake has been made in the arithmetical work, either some improper entry has been made or

some necessary item has been omitted. The more frequently the cash account is balanced, the less liable are such errors to occur.

It will be necessary, when the dividend statement is made out, to know the amount of the farmer's private (i. e. personal and household) expenses during the year, and also his private receipts, if any. It is desirable therefore that all items should be classified as "business" or "private" at the time of entry, and for this purpose two extra columns have been ruled in the form shown. The principle may be still further extended by subdividing the business column into the various departments of the farm. A suggested classification would be: under "Expenditures" — "Stock," "Crops," "Labour," "Implements," "Improvements and repairs," "Sundries," and under "Receipts" — "Grain," "Hay," "Orchard, garden," "Stock," "Dairy," "Poultry," "Sundries"