CREDIT.

"Monies paid by Thomson and interest allowed on same, up to 1st November "1854, as per receipts.

	£	s.	d.	£	s.	d.
"1842, March 10th, paid	£12	14	1			
"Interest to 1st November 1854,	10	8	5			
"1843, May, 1st, paid	10	0	0			
"Interest to 1st November 1854,	6	18	0			
"1844, February 26th, paid	17	10	0			
"Interest to 1st November 1854,	11	3	5			
"1845, February 14th, paid	4	2	9			
"Interest to 1st November 1854,	2	6	1			
"1846, February 24th, paid	60	7	10½			
"Interest to 1st November 1854,	28	4	4			
"1847, March 12th, paid	48	8	0			
"Interest to 1st November 1854,	22	1	10			
"1848, March 8th, paid	37	10	0			
"Interest to 1st November 1854,	14	18	4			
"1848, June 16th, paid	18	15	0			
"Interest to 1st November 1854	7	2	3			
"1849, March 23rd, paid	60	0	0			
"Interest to 1st November 1854,	19	11	4			
"1849, May 8th, paid	12	5	0			
"Interest to 1st November 1854,	3	19	11			
"1850, March 6th, paid	25	0	0			
"Interest to 1st November 1854,	6	19	7			
"1850, June 15th, paid	24	0	0			
"Interest to 1st November 1854,	6	5	9			
"1851, March 3rd, paid	31	5	0			
"Interest to 1st November 1854,	6	16	10			
"1851, April 15th, paid	31	5	0			
"Interest to 1st November 1854,	6	12	6			
"1851, October 9th, paid,	12	10	0			
"Interest to 1st November 1854,	2	5	7			
"1851, December 20th, paid	49	18	3½			
"Interest to 1st November 1854,	8	11	0			
				606	7	0
"1854, 1st November, balance in favor of Casson,				52	11	6
"To interest on this balance from the 1st November 1854 to 1st March 1855,				1	1	0
				53	12	6

In making up this account, it is evident that the Respondent has disregarded the rule of imputation which provides for the payment of interest before principal. Taking the first entry to his credit as an example, it appears, that interest is claimed from the 10th March 1842 on a payment on account, of £12 14s. 1d., which is equivalent to an imputation of the whole towards the capital then due. But at that very time there was due of interest £6 19s., which should have been extinguished before any diminution was made in the principal. The difference only between £12 14s. 1d. and £6 19s., viz, £5 15s. 1d. should therefore have been imputed towards the principal. The entry to be correct should stand thus:

	£	s.	d.
1842, March 10th, paid	£12	14	1
Interest on £5 15s. 1d. (amount imputed towards the principal) to the 1st Nov. 1854,	4	7	7
	17	1	8

Thus placing to the Respondent's credit £17 1s. 8d., instead of the two sums of £12 14s. 1d., and £10 8s. 5d., amounting together to £23 2s. 6d.; equal to an excess of 40 per centum over the correct amount. Many subsequent payments were made, when interest exceeding their amount was due:—yet interest is charged upon them; or in other words, they are imputed upon the Capital, by the Respondent; thus creating errors still greater in proportion to the amount paid, than in the entry just examined.

It is evident therefore, the Respondent's process being incorrect, that the first step towards the adjustment of the amount due must be the establishment of the rules under which the imputation of the amounts paid, is to be made upon the purchase money of the two farms.