

In the revised balance sheet there is a surplus of \$1726.22 over and above the Profit and Loss of \$2301.38 and after providing \$654.00 for dividend No. 13, Dec. 31, 1916.

### REVENUE OR PROFIT AND LOSS

In the affairs of any Company it is very desirable that the result of the operations be presented to the shareholders so that the ordinary shareholder can tell what the actual result of the year's operations are, without the necessity of asking an experienced bookkeeper or expert accountant to find out by the analysis of accounts what the profits amount ed to.

The importance of simplifying statements cannot be too strongly impressed upon those whose duty it is to prepare statements to be submitted to shareholders.

Statements of profits cannot be made too simple and should be framed so the results can be seen at a glance.

### CONSTRUCTION.

To construction account should be charged any material or labor that does not replace something that has already been charged to construction account. There are exceptions to this; for instance, if an ordinary line was replaced by heavy copper wire under such circumstances it is considered proper to charge to construction account the difference in price of the wire.

### DEPRECIATION

Depreciation Account is a reserve set aside out of profits annually for the purpose of creating a fund to replace fixed assets when their usefulness becomes exhausted. It should not be charged with repairs and renewals as they are a proper charge against the operating expenses of a company during the period in which they are renewed.

### RESERVE.

Reserves are set aside to meet future contingencies that may arise. In a company such as the one under review it would be wise to invest the reserve in sound securities that would yield them a better rate of interest than is paid on savings bank accounts.

### BALANCE SHEET

A leading Scotch Chartered Accountant, who is an authority on accounting, gives the following definition of a balance sheet:—

"A Balance sheet is a concise statement compiled from the books of a concern which have been kept by double entry, showing on the one side all the Liabilities and on the other side all the Assets of the concern at a particular moment of time."

### CONCLUSION.

I had hoped to have been able to take up some other phases of accounting but find that I have exhausted the time at my disposal.

It is a pleasure to me to come and be with you today and I hope that my efforts express to you in as simple a manner as possible, some of the important points in the properly preparing of a balance sheet.