

## COMPLETE BOOK-KEEPING IN FOUR LESSONS

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the balance sheet which is, in other words, a statement of the assets and liabilities, sometimes called a financial statement.

All balances representing assets, being debit balances, are for some reason which is not apparent, probably from force of usage, customarily shown in this country on the right side of the balance sheet, and all balances representing debts or liabilities are shown on the left side of the balance sheet. The amount of stock-in-trade on hand, as deducted on debit side of profit and loss account, is properly entered on balance sheet as an asset, and the profit, which is owing by the business to the proprietors, is entered on the balance sheet as a liability.

The balance sheet will be in perfect balance the same as is the trial balance from which it is prepared.

A better understanding, indeed we consider a good grasp on the general principles of Double Entry Book-keeping, will be obtained by re-reading the above with interest and the following practical illustration.

From the following trial balance dated December 31, 1910, prepare profit and loss account and balance sheet:—