

have appeared in the assets in the balance sheet as follows:—

Cash in Revenue Account	\$2051 38
Cash in Depreciation Account	639 52
Cash in Reserve Account	1600 00
	<hr/>
	\$4290 90

(c) The amount of \$2304.96 Profit and Loss included in the balance sheet among the Assets means a loss the way it is shown; this amount appears to have been arrived at by entering as Liabilities the capital paid up \$10,900.00, and cash on hand divided in five items \$4290.00, making a total \$15,190.00, and deducting from this amount the total amount of the fixed assets after deducting 5% and adding to it the material on hand, \$250.00, and \$7.00 accounts receivable, making a total of \$12,885.94, the difference of \$2304.96 must appear in the statement or it would not balance, so it is inserted under the heading Profit and Loss.

(d) The surplus shown as a liability is arrived at by deducting from \$2051.38 the balance shown on December 31st, 1916, to be in the bank at the credit of Revenue, the amount of \$674.40 made up of unclaimed dividends, \$20.40, and \$654.00 as dividend No 13, due Dec. 31st, 1916. There is nothing in the statement to disclose the fact that the dividend had been declared, the revenue account has not been charged and unpaid dividend account credited with this amount which is the usual procedure.

(e) If the books of the company were kept by double entry the ledger balance could not possibly agree with the balance sheet as presented, and the omission of cash balances, etc., would never have occurred.

REVISED BALANCE SHEET

In accordance with what has been stated in connection with the balance sheet and in order to make clearer the balance sheet as it should be according to the information at hand, I have prepared a revised balance sheet as follows:—