EDITOR'S PREFACE

Law provides the ultimate sanction for all business operations, and it is fitting that the final book in the *Modern Business* text should contain an exposition of those principles of law that are most frequently applied in business transactions. What have become well-established principles of finance or of accounting may be vitally modified, if not wholly disarranged, by the enactment of some law, or by a subsequent judicial interpretation. If, for example, the term "net profits" is defined by a statute which provides that the payment of dividends except out of net profits shall constitute a crime, the accountant will have to calculate net profits in conformity with the statute, whatever his previous methods and the general practice of the profession may have been.

Many business men who have attained marked success, can attribute their success, in some degree, to a more or less thorough study of law, especially of that branch which relates to their respective lines of business. Indeed, in some fields, banking for instance, promotion beyond a certain point must necessarily be conditioned on a knowledge of law. That more men in business do not appreciate the value of an acquaintance with the law is often due to their mistaken idea of its nature. There are not a few men who believe that the lawyer begins his study by memorizing the Confederation Act of Canada. The fact is that he usually begins with everyday business transactions, with contracts, and