

menes), neither collection nor cash sales have been equal to last year.

Present indications, however, point to a good winter business. No less than four large firms are engaged in the railway tie trade on the Island, and prices are better for ties, etc., than ever before. A great many farmers have made contracts at remunerative figures and as a consequence, there will be an easy flow of ready money during the winter. On the Indian Reserve near this village, from which we draw a large trade, one firm alone have contracted for one hundred and twenty-five thousand pieces of cedar.

Our exports of live stock are becoming an important item in the local trade. During the past season between five and six hundred horned cattle and about five hundred sheep were shipped from here to Lake Superior, Buffalo, Toronto and other places.

Exports of dairy products also show a considerable increase, some fifteen tons of butter having been shipped from this port last summer. Island butter, when well made, is of a superior quality, owing to the sweetness of the grasses. The great trouble is that the making is not uniformly good. If we had a creamery here there is hardly any limit to the butter producing capacity of this neighbourhood.

J. C. IRVING & Co.

#### BOOK-KEEPING, AS ADAPTED TO THE USE OF COUNTRY STORE-KEEPERS.

A paper by E. R. C. Clarkson, F. C. A., and Henry Lye, read at the opening meeting of the Institute of Chartered Accountants of Ontario, Nov. 25th, 1886.

Simplicity is the cardinal virtue of accountancy. And yet, when we speak of the science of accounts people imagine we are dealing in matters beyond ordinary comprehension. It is this fear of entanglement, as it were, which prevents many from devoting to the study of the subject, the few hours required for its mastery. The plain unabbreviated record of your business dealings as they occur, is the one and only solid basis upon which correct accounting rests. This is the material out of which your edifice—your scientific edifice—is to be erected. This is the weft and the warp, into which it is woven, is the framework of the structure. The science consists in weaving the weft properly in with the warp so that the article produced is not tangled or knotted, but symmetrical and firm—of good handiwork. So we take the items of sales, of purchases, of notes given and the other numerous kinds of transactions which take place in a storekeeper's business, and by a course of methodical arrangement of these under distinctive heads, we arrive at facts which enable a trader to read from his books, as from a picture, all that he can possibly want to know about his business.

At one time, I imagined that Double Entry Book-keeping was first cousin to the Greek or Hebrew languages, nevertheless, although the distance was long for the time, all three had been mastered by energy and perseverance before, and so I set myself to the task, and won. I bought a treatise on accounts in which I found written some such words as these:—

Everything comes from somewhere;  
Everything goes—otherwise;  
Coming and going is only one act;  
The movement alone displays the fact.  
Give credit to whom credit is due,  
Giving even the devil his due;  
Debit the fellow that receives from you,  
Notes, cash or goods—remember 'tis true  
The receiver may be as bad as the thief,  
Unless the transaction appears on the leaf.

A further quotation thus states, in quaint rhyme, the principle of Double Entry:

The over or the owing thing  
Or whatsoever comes to thee,  
Upon the left hand see thou bring,  
For there the same must placed be;  
But they, unto whom thou dost owe  
Upon the right, let them be set  
Or whatsoever doth from thee go  
To place them, there, do not forget.

Of all the many descriptions of books I have ever seen or studied, the most complete, yet most incomplete; the most labored yet most unsatisfactory; the most troublesome yet

most delusive are the books of the ordinary country storekeeper, wholly because he does not comprehend the simplicity of the science of accounts, and so he goes plunging into all sorts of mysterious methods, in which he becomes bewildered, and then he goes chopping and changing, gets confused, disgusted and finally concludes to let everything go to "Lucifer the son of Mystery," whilst he goes to his representative on earth, "The Official Assignee."

In every case the storekeeper needs a complete record of the whole of his business transactions because it is necessary for him to know on which of these he makes or loses money, or time, or profit, in order that he may weed out of his business the sources of loss, and prosecute more intelligently and persistently those which produce profitable results, as well as to know those which are deceptive and uncertain, in order that he may not be led into difficulty.

As a specimen of the latter series of transactions I draw your attention to the ordinary routine of a country store. The general storekeeper marks his goods to be sold at advances upon cost running from ten to thirty-three and a third per cent., averaging on all his goods an advance on cost of about twenty per cent. Thinking mostly of those on which he has marked the larger percentage of advance, he believes he is making say twenty-five per cent. profit, all round, and generally falls into the error of estimating one-fourth of his sales as profit, whereas we know that where 25% is added to the cost of goods, 20% of the sale only is profit, where 33 1/3% is added, 25% is profit and so on. This is one very common source of misapprehension on the part of storekeepers.

Again, a cash customer or personal friend or a large consumer comes in and obtains goods at reduced prices because the merchant is willing to oblige a friend, or is desirous of securing the patronage of a large consumer and makes it a principle never to neglect a cash transaction on which any profit can be made—yet, eventually he squares his expenses by his supposed profits and finds himself in the hands of the sheriff unless, by choice of will, he has placed his affairs in the hands of your humble servant.

By another series of transactions he is similarly victimized, namely, his barter transactions. The merchant buys butter and eggs and other produce in exchange for goods on which he makes a nominal profit of, say 25%, except, as mostly happens, he gives too large a proportion of sugar, nails, cotton or other staples in exchange, when he may or may not get as much as ten per cent. nominal profit. I say "nominal" profit because the realization of any profit depends upon the prices obtained for the produce taken in exchange for the goods given in exchange. He sends the produce to a commission merchant who disposes of it for cash but generally at prices considerably less than those paid for it. When the commission merchant makes returns to his consignee he of course charges for freight, commission and possibly for storage and exchange on draft so that the net returns demonstrate the fact that there has been a slight loss instead of any profit in the all-round transaction.

Perhaps, however, the merchant packs away his butter, eggs and other produce until winter, regardless of the fact that he can get 5% discount for cash off the face of his invoices, and has to pay from 8 to 12% interest on overdue bills. When winter comes, some of the produce has kept well and some hasn't, it has got "tired" as they say. Then it generally happens that the produce market is over-stocked, consequently prices have gone down, so that the net results are generally a direct loss, besides the loss of the discount and of the amounts paid for interest, commission, freight, etc. Wool is as deceptive as butter. It may be a source of loss, just as sawlogs or shingles or raw furs may, whilst the merchant looking only at the advances he has marked on the cost of the fancy dry goods in his store sums up the gross transactions, counts one-fourth of the whole as profit, and endows his wife with an estate, buys a trotting horse, takes a hand at seven-up, and in due time goes to Toronto to interview his creditors, unless he sends for an insurance adjuster to console him after a mysterious fire. (I wonder how much consolation he will get from the adjuster.)

Every transaction should be entered in the Day Book in detail. No such entry as "Balance on Goods" or "Balance over Butter" should ever appear on a merchant's books, neither should the entry To Goods \$5.00, By Butter \$4.00 or vice versa. The goods should be entered in detail so that the merchant may be able, at any time to go over his books and see what varieties of goods have gone in exchange for produce and the average nominal profit on them.

Cash transactions should also be entered in detail on the Day Book showing the quantities and descriptions of the goods sold for cash and the amount of cash received for them because:—

First—The merchant and his employees are naturally and properly very favorable to the cash-paying customers. Sometimes, however, they go further than they can afford, even for the encouragement of this very desirable class of patrons, giving over-weights, over-measures and discounts from prices, which taken together, exceed the margin between the cost of the goods and their nominal sale price.

The wise merchant will look over his books from time to time, studying the transactions there recorded; and although, of course, he will not detect the over-weights and over-measures he will see whether or not he is making even nominal profit on the cash business done.

Secondly—He will perceive what classes of goods are most readily sold for cash and study the capacity of his market in order to its development, always bearing in mind promise of the discount for cash which is noted on the invoices he receives. Thus with his brains in his cash drawer he will fill it the more regularly, the more safely and with the more satisfaction to his wholesale friends, all of whom welcome the man whose invoices are discounted much more warmly than those whose bills are protested. Many persons think it is not necessary to keep any account of transactions which are virtually concluded because they have not fully considered the value of the information to be derived from such complete records. Many other persons neglect to keep complete accounts because they would be continuous records of folly, extravagance and dishonesty.

I have never seen an intelligent, honest, careful man carrying on any business without detailed records of his cash transactions, but I have seen any number pretending to be business men who either could not or would not keep a proper account of cash received and paid out.

Having, however, a merchant so sensible as to enter in detail, in his Day Book, every transaction whereby his stock or his cash is increased or diminished, with the names of the parties thereto; the next thing for consideration is the best method of distributing and assorting these transactions in Journals or Ledgers in order that they may be shown the most clearly, with the least amount of labor.

We shall, in our following extract from the lecture, give a specimen of the sort of journal referred to.

#### FIRE RECORD.

ONTARIO.—Ingersoll, Nov. 18.—Noxon Bros. factory slightly damaged.—Oil Springs, 18.—D. C. Johnson's residence totally destroyed, also house adjoining; loss \$1,000.—Belleville, 20.—Moody & Co.'s vinegar works destroyed, loss \$7,000, insurance \$3,700.—Nottawasaga.—James Ferguson's barn burned.—Aldborough.—E. Sutton's barn consumed, loss \$1,000 partly insured.—St. Catharines, 22.—A shed in the Monte Bello gardens burned.—Hamilton, 22.—Mrs. Donaldson's house on Young street slightly damaged.—Dunnville, 23.—The Byng Evaporating Supply Co's building destroyed, loss \$3,500, insurance \$3,000.—Yarmouth Centre.—Hugh McPherson's house burned, loss \$600 insured \$400.

OTHER PROVINCES.—Quebec, 6.—John Davis' dwelling destroyed.—Monreal, 9.—Spindles bakery slightly damaged.—Calgary, N. W. T., 8.—A serious fire, which began in Parish & Sons grocery, causing them a loss of \$5,500, swept much of the business portion of the town away. J. G. Baker & Co. lose probably \$40,000 and have \$15,000 insurance; the Massey Mfg. Co. \$5,000, the Glen estate \$16,000, J. Straube \$2,000, neither insured. Four hotels are gone, loss probably \$18,000, insur-