

revenue. If this be the case, and the utilities mentioned were paying their own carrying charges up to the date of the re-adjustment, they will doubtless be making a profit at least equivalent to the annual sinking fund deposits, so that one of three courses is open to the council. Either it must reduce its charges to the consumers in order to obviate an unjustifiable profit; it can take the unjustifiable profit and again dissipate it in general expenditure; or it can do the right thing and set aside a fair reserve for depreciation and obsolescence.

The reserve thus created should be placed in trust where it cannot be tampered with, and reserved for the purpose for which it is created.

The accounting in this case is merely the issue of a cheque chargeable to utility carrying charges, and payable to the Trust.