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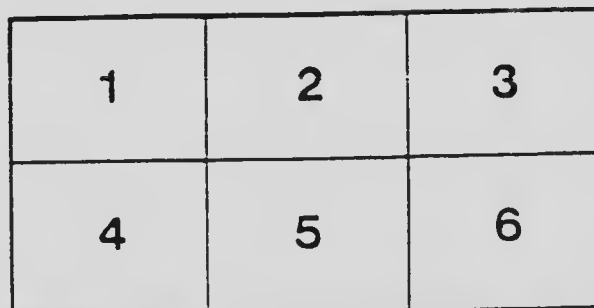
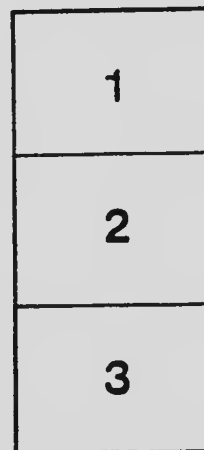
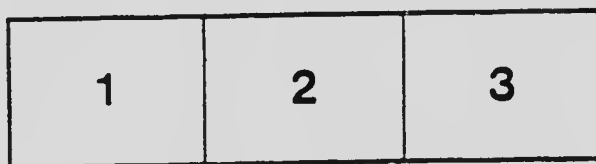
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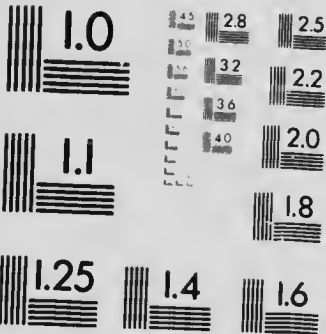
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FARM BOOKKEEPING AND ACCOUNTS

Suitable as a Text-Book for the Student and as
a Guide for the Farmer

BY

GEO. C. ROOKE, C.A. THOS. GRANT, C.A.

A Book Dealing in Detail with all Phases of Farm Accounting; with
Other Matter of Interest to Farmers and Students



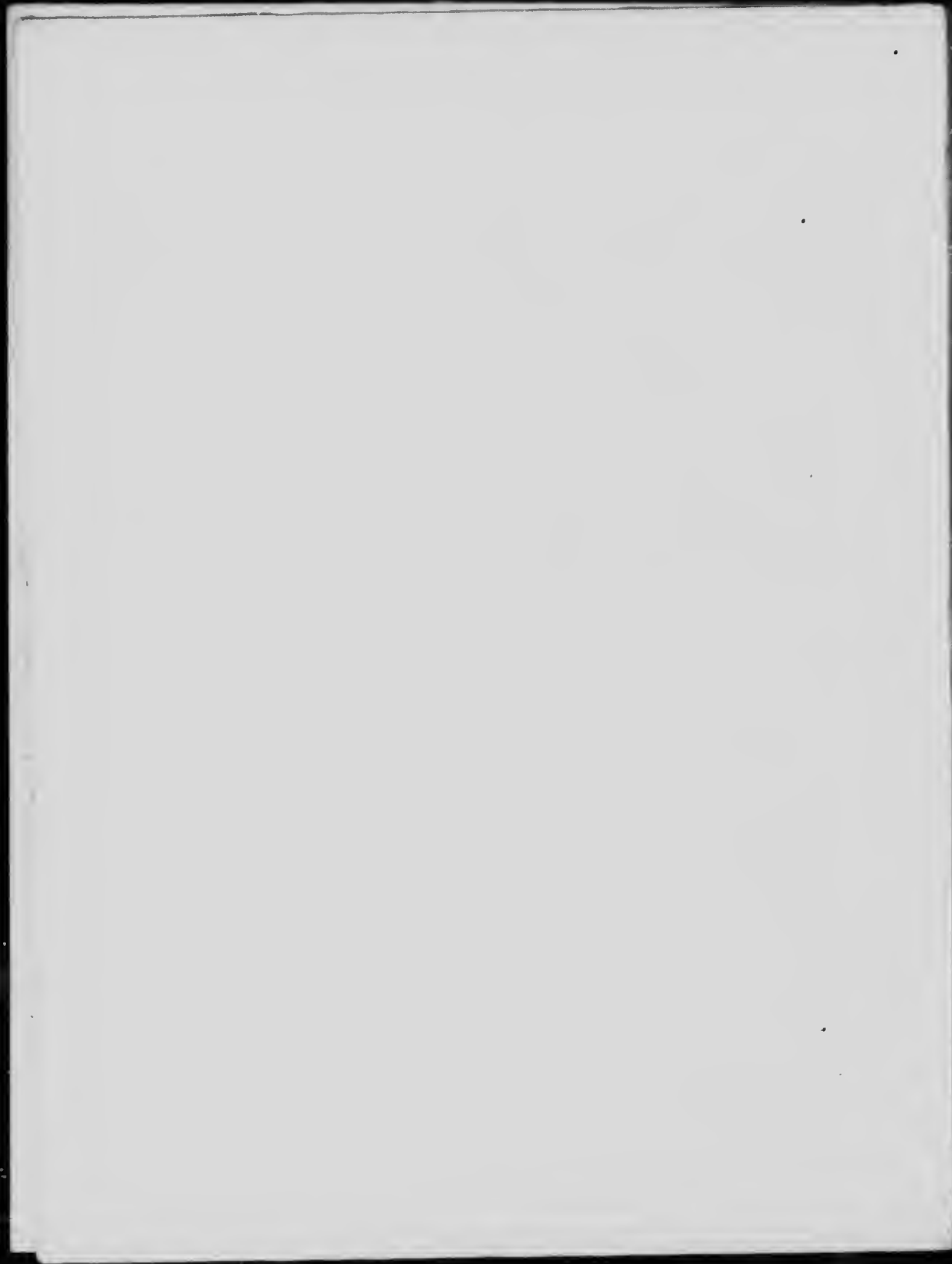
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Entered according to Act of the Parliament of Canada,
in the year 1914, by
GEO. C. ROOKE AND THOS. GRANT,
at the Department of Agriculture.

To

Hon. Walter Scott

*Whose efforts have been invaluable in the
advancement of
Scientific Agriculture,
the development of which has rendered necessary
the preparation of a book of this nature*



PREFACE

THERE is to-day an undoubted demand amongst intelligent and progressive members of the Farming community throughout the Dominion, and more especially in Western Canada, where the acute problems affecting Agriculturists are receiving so much attention at the hands of the various Governments and the seats of learning, for a practical work devoted entirely to Farm Accounting. It is therefore to the modern and progressive Farmer and the exponents of correct accounting to Farmers that the ideas and methods outlined in the Text-book are presented.

The demand for such a work comes not only from the farmers themselves, but from eminent Agricultural Authorities and Students who feel that the time is rapidly approaching when properly kept accounts will become more and more an important factor in successful farming. The Farmer, being the producer of marketable goods, is in practically the same position as the Manufacturer, in that the aim of both is to sell their products at a price in excess of the cost of production and marketing. To enable either to know what the marketable article costs, and the ultimate profit realized, necessitates some approved modern method of arriving at the facts year by year.

In discussing the matter with practical Agriculturists it was ascertained that a book to be most helpful should comply with the following:

- (a) Be financially within reach of every member of the Farming community;
- (b) Could be referred to at all times for help and advice;
- (c) Would show clearly both in an elementary and, to those who cared to delve more deeply into the higher branches of Farm Accounting, in an advanced manner, correct methods of actually making entries to cover operations, how to balance the books, review all the transactions for the year, make necessary adjustments, prepare a statement showing the Profit and Loss for the year, and, finally, a statement of Assets and Liabilities in the form of a Balance Sheet.

The aim of the Authors of the Text-book has therefore been to exhibit in a manner which would be readily grasped a complete set of entries covering one year's operations of a Farm consisting in the first part of the book of one-quarter, and in the second half of the book of one-half of a section of land, and, in order that as many as possible of the different phases of farm operations should be illustrated, it was decided that the accounts treated should be those of an average "mixed" Farm.

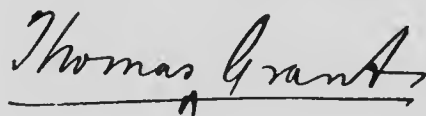
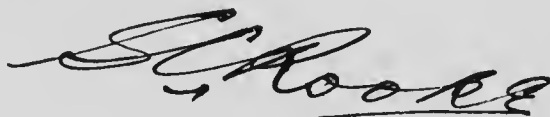
The benefits arising from keeping a set of books by the Farmer, as in any business, are manifold. Not only is a detailed record possible of the costs of his products, but he is also in a position at any time to ascertain to whom he is indebted, who is indebted to him, and, by the taking of an Inventory, to know exactly his net worth. It relieves him of all necessity of relying on his memory for particulars of transactions which have taken place during the year, as under the method outlined in the book provision is made for taking due care of such records.

The entering up of such records in the books recommended, producing, as it ultimately will do, a finished Balance Sheet, will render it comparatively easy for the Farmer to present a proper statement when seeking a line of credit or when entering into financial negotiations with those who ask for, and will more and more demand, as time goes on, an accurate statement of affairs before consideration is given to requests for financial assistance.

It has been suggested to the Authors the desirability of preparing and incorporating into the Text-book a series of questions at the end of each Chapter, so that the book might be of use for teaching purposes in Public Institutions and Schools, and this has been cheerfully done. A study of these will be found most helpful to those who may be engaged in equipping the younger generation to bear their portion of future responsibilities on the Farm, and will be undoubtedly the best method of inculcating in an easy and gradual manner a thorough knowledge of the methods of accounting necessary as an adjunct to successful scientific farming.

The Land is Canada's source of wealth, and its production and distribution of grain to the markets of the world a matter of pride. To every Accountant student, therefore, either Elementary or Advanced, who intends in the future to assist in the problems arising from the production of grain, the raising of live stock and marketing of both, it will be found that the book is particularly adapted, and will amply repay the devotion of time in giving the matter and methods outlined therein careful thought and study.

The authors take this opportunity of thanking those gentlemen who have from time to time sent in documents and matters of interest bearing on the subject.



Regina, Province of Saskatchewan, 1914.

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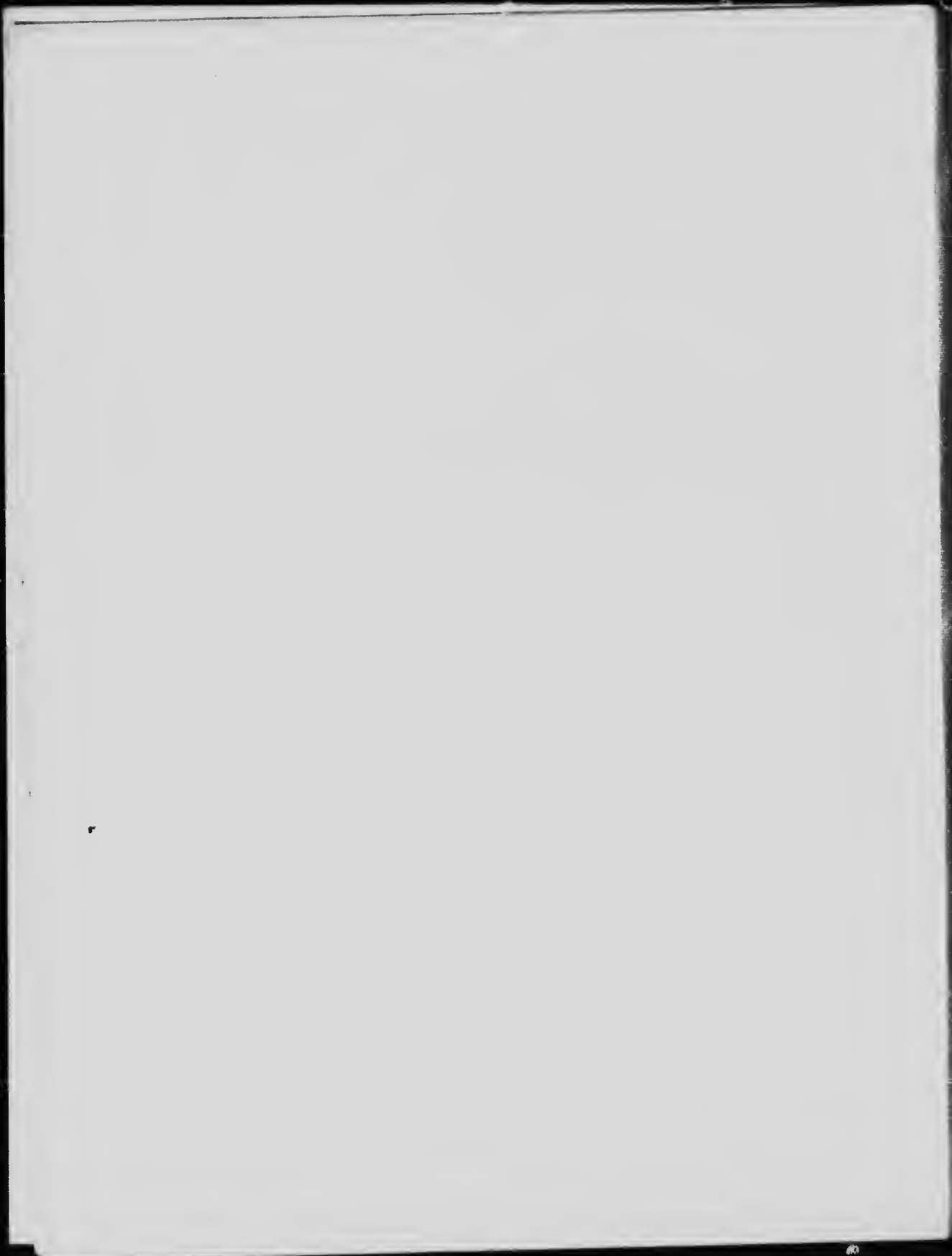
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FARM BOOKKEEPING AND ACCOUNTS

PART ONE

CHAPTER I

BOOKKEEPING: ANCIENT AND MODERN

A FEW INTERESTING FACTS LEADING UP TO ITS DEVELOPMENT INTO A SCIENCE:

The question is repeatedly asked, "To whom are we indebted for Bookkeeping, and when did the system of Double Entry come into use?" Antiquarians in their researches have brought to light some very interesting facts.

From the very earliest period of which we have knowledge, that can be considered historical, there are evidences of systems being in use, of a crude nature maybe, but sufficiently complete for the purpose of securing permanent records of business and personal transactions.

Cicero, the eminent legal luminary and politician of Ancient Rome, in dwelling on the suspicious character of the bookkeeping of Fannius at a trial held in those early days when the Roman Empire held sway over the civilized world, gives an excellent sketch of Roman bookkeeping, and his remarks are not altogether inapplicable at the present day. Fannius admitted at the trial in question that *he had not the sum in question entered in his book of money received and expended*, but asserted that it occurred in his memoranda. Cicero thundered: "Have you such a magnificent opinion of yourself as to ask for money from us on the strength, *not of your account books*, but of your memoranda?" To read one's account books instead of producing witnesses is a piece of arrogance; but is it not insanity to produce mere notes of writings on scraps of paper? Why is it that we write down memoranda carelessly; that we make up account books carefully? For what reason? "Because the one is to last a month, the other for ever. Memoranda embrace the recollections of a short time, but books pledge the honesty and good faith of a man for all time. Therefore, no one ever produced memoranda at a trial; *men do produce accounts and read entries in books.*"

Excavations in connection with the Cities of the ancient race of Babylonians have also revealed interesting matter to students of accounts, and tend to show that even in the era prior to that of Rome, considerable attention was paid to securing records of transactions which took place at that time. Records have been unearthed which show that the law strictly defined the relation of Principal and Agent, and that of Creditor and Debtor. Claims could not be enforced in those days unless they were properly entered. A false entry on the part of an agent was penalized threefold, and if the principal was found guilty of a similar offence he paid a sixfold penalty. Banks were established, and the use of drafts and cheques were common. Tablets unearthed show that there were innumerable legal decisions concerning contracts, deeds of conveyance, bonds, receipts, inventories and accounts of all kinds. The recording of all these must have been a stupendous task in that the Sumerians worked in clay, and had not the benefit of our modern printing presses.

We also learn that in Ancient Greece, notes as evidence of debt were in common use, and Aristotle makes it clear by inference that the practice of discounting was prevalent. He speaks of loans made *on the security of coming crops* to provide the money for the payment of troops. Other Greek writers tell us that the people of Athens insisted upon a "full accounting" of all transactions being made to them, which would tend to show that there is nothing particularly novel in our

present day methods of demanding a Revenue and Expenditure Statement once in each year from the Aldermen and Councillors in control of our Cities and Municipalities.

During the dark and Middle Ages little information is forthcoming with respect to methods of recording transactions and this was probably the result of strife, war and siege interfering with practically all legitimate business. About the year 1345, however, was witnessed the birth of modern bookkeeping. The books of a French firm, Freres Benis, show that they were able to obtain information as to their position, in that the amount owing to them was ascertained to be \$3,390.00, and the amount owing by them \$2,755.00. Elementary, certainly, but it was the beginning of better things.

Developments continued for some fifty years, when a system of Double Entry Bookkeeping was installed in the offices of a Genoa Bank. In 1406 the Ledger of Soranze Brothers was complete. "For every debit there was a credit." The Goods Accounts were closed with the balance to Profit and Loss Account, and the balance from that account was duly transferred to Capital Account.

At this time, Merchants in other European countries were seeking some way of arriving at the results of their Trading operations, and endeavoring to create a distinction in their books of accounts between Capital and Revenue. In an example given in one of the treatises written at that date we find the rents received by the owner of a stable are advised to be credited to "Property" account, which showed a lamentable ignorance of the distinction necessary. At the close of the seventeenth century, however, the Merchants appear to have forged ahead of the Text-books written for their guidance, and introduced separate Revenue accounts for Trading, which by subsequent improvements adapted to suit modern requirements, are in use to more or less extent at the present day.

Difficulties encountered by our forefathers in arriving at their financial standing are of more than passing interest to those engaged in accounting or to those who intend keeping a set of books. Their difficulties in many cases are still ours. Luca Paciola, an Italian, who was, to use his own phraseology, "of Sacred Theology a humble Professor," wrote a dissertation on bookkeeping in 1494. In those days a trial Balance of the Ledger was only taken off when the old Ledger was full and a new one was required to be opened. Paciola suggests in his book that should the grand totals fail to agree, that the bookkeeper should set to work "with such talent as God has given him." It would not be possible to imagine an up-to-date business man of the present day delaying the balancing of his books until the Ledger space was exhausted. He would be courting financial disaster, but many still neglect the simple precaution of proving the accuracy of their postings month by month to the Ledger by the aid of a Trial Balance of the grand totals of each account or by the balance from such.

One ancient writer warns his readers never on any account to commence a new book without the glorious sign of the Cross. In those days we find at the commencement of the Journal a prayer: "May God, our merciful Saviour, vouchsafe us grace to make a profit and preserve us from all bad fortune." When the balance came out on the right side, one would find written across the book in large letters: "Honour and praise to Almighty God who has granted us these things." All of these are typical of a deep, religious age, but inscriptions of this nature would be apt in these days of commercialism to make one gasp with astonishment.

Double Entry Bookkeeping has now firmly established itself. No more do shrewd business men settle all their accounts according to someone else's bookkeeping. For every debit they have a credit, and for every credit they have a debit. In every condition of business life bookkeeping is found to be of service, and is of use to all who receive or pay away money either for themselves or in trust for others. Cicero's remarks over two thousand years ago are still true today: "Books properly kept pledge the honesty and good faith of men for all time." He might safely have added: "and are the surest preventive of Insolvency."

HISTORY OF BOOKKEEPING

QUESTIONS

1. In what ancient country do we learn that Notes were acknowledged to be evidence of debt?
2. Name one security that was given in ancient Greece to cover loans.
3. In what year is it recorded for the first time that full information was secured from the books of a French firm with respect to their financial position?
4. "For every debit there is a credit." Name the year in which this principle was first demonstrated.
5. In what century did Merchants introduce separate Revenue accounts for Trading?
6. How often was a "Trial Balance" taken off the Ledger in the time of Luca Paciola, an Italian professor?
7. How often should a "Trial Balance" be taken off the Ledger containing the records of an up-to-date business of today?
8. To whom is bookkeeping of service?
9. (a) What opinion did Cicero, the celebrated Roman lawyer utter with respect to books properly kept?
(b) What may good bookkeeping prevent?

CHAPTER II

MEANINGS OF BOOKKEEPING AND COMMERCIAL TERMS USED IN THE BOOK

1. **FARM BOOKKEEPING.**—The recording of transactions and other information relating to the operation of the farm in such a manner as to show profits and losses, and the financial position of the farmer.

2. **TRANSACTION.**—The exchange of something of value between two or more persons makes a transaction. A gives B \$60.00 for which B gives a cow. This makes a complete transaction. C sells D a wagon for which D agrees to pay \$60.00 the following month. In this case C is the only one giving value, and he must keep a record of the partially completed transaction until D pays the \$60.00. When D pays the amount to C the transaction is completed.

3. **DEBTOR.**—A person who receives goods or anything of value from another, and does not give value in exchange at the time, is a debtor until such time as he has given value for what he received. D was a debtor when he bought the wagon from C in example No. 2.

4. **CREDITOR.**—A person who gives anything of value to another for which he is to receive value at some future time. C was a Creditor when he sold D the wagon, in Example No. 2.

5. **DEBT.**—Owing money or other value is a debt. In example No. 2, D owes C \$60.00, which is a debt.

6. **DEBIT.**—The entry recording a debt owing to the farmer, or the payment of a debt owing by him in his books is a Debit.

7. **CREDIT.**—The entry recording a debt owing by the farmer, or the payment of a debt owing to him, in his books is a credit.

The terms Debit and Credit are used in designating which side of an account an entry must be placed upon, and apply to accounts other than Debtors or Creditors. Live Stock Account is neither a Debtor nor a Creditor, and when an entry has to be placed in the account the term debit or credit signifies which side of the account the entry must be posted to.

8. **ACCOUNT.**—The record in the Ledger under a heading of Debits or Credits, or both, is an account. It is customary to place a Debit on the left side of an account and a Credit on the right side.

There are three kinds of accounts:

- (1) Personal accounts, in which are recorded transactions with Persons, Firms or Companies;
- (2) Property Accounts, which contain a record of Property owned;
- (3) Nominal Accounts, in which are recorded Revenues and Expenses. Farm Expense Account, Profit and Loss Account and Surplus Account are Nominal Accounts.

9. **REVENUE OR INCOME.**—The value received for commodities given is Revenue. A farmer sells butter for which he receives \$10.00. This amount is Revenue.

10. **EXPENSE.**—The value given for services or commodities used is an Expense. A farmer pays a person \$25.00 for his services during harvest. This amount is an Expense.

11. *PROFIT AND LOSS ACCOUNT*.—The grouping together of all Revenues derived from the farm and all expenses incurred in running the farm, forms the Profit and Loss Account.

If the Revenue side of the account is more than the expense side, it shows that a profit has been made. If the expense side is the larger, then a loss has been incurred.

12. *ASSET*.—Anything of value owned is an Asset. This includes debts owing by another to the farmer.

13. *LIABILITY*.—All debts owing by the farmer are that farmer's liabilities.

14. *SURPLUS*.—The amount by which the Assets exceed the Liabilities is known as the "Surplus."

15. *DEFICIT*.—The amount by which Liabilities exceed the Assets is known as a Deficit.

16. *BALANCE*.—The difference between the Debits and Credits in an account is the balance of that account.

17. *TRIAL BALANCE*.—The listing of all the balances in a Ledger, keeping the Debit balances separate from the Credit balances, for the purpose of finding out whether the Debits and Credits are equal. If total Debits exactly equal the total Credits the Ledger is said to be in balance.

18. *BALANCE SHEET*.—A statement showing a farmer's Assets and Deficit, if any, on one side, and all his Liabilities and Surplus, if any, on the other. The total of one side must equal the total of the other.

QUESTIONS FOR REVIEW

1. What is Farm Bookkeeping?
2. Describe the benefits to be derived from Farm Bookkeeping.
3. What is a transaction?
4. Illustrate a transaction between a Machinery Company and a Farmer.
5. Under what circumstances may time be a factor in a transaction?
6. Describe a Debtor.
7. Define the term "Creditor."
8. Give a transaction in which both a Debtor and Creditor appear.
9. What is a Debt?
10. Define Debit and Credit.
11. May the term Debit and Credit be used in connection with other than Personal Accounts?
If so, give illustration of them being so used.
12. Describe fully, different kinds of Accounts.
13. To what class of account would a record of an amount owing you by Mr. Smith belong?
14. Explain what Revenue is.
15. Describe an Expense.
16. Describe how to find whether Profit has been made or Loss incurred.
17. What is an Asset?
18. Illustrate a transaction which would create a Farmer's Liability.
19. How would a farmer know if he has a "Surplus."
20. What does the fact that a Farmer has a deficit indicate?
21. What is meant when the "Balance" of an Account is spoken of?
22. What should a Farmer do in order to know whether his books are in balance?
23. What is included in a Farmer's Balance Sheet?

CHAPTER III

EXAMPLES OF ENTRIES COVERING DIFFERENT KINDS OF FARM TRANSACTIONS

EXAMPLE NO. 1

On July 30, 1912, a Farmer purchases a Binder from the Dominion Harvester Company for \$160.00, for which he gives three notes:

- \$60.00 due November 1, 1912.
- \$50.00 due November 1, 1913.
- \$50.00 due November 1, 1914.

Make the proper entries in the Farmer's Books.

ANSWER:

	<i>Debits</i>	<i>Credits</i>
Debit Machinery Account.....	\$160.00	
Credit Bills Payable.....		\$160.00

Note to Dominion Harvester Co.:

Nov. 1, 1912.....	\$60.00
Nov. 1, 1913.....	50.00
Nov. 1, 1914.....	50.00
	\$160.00

LEDGER ACCOUNTS MACHINERY ACCOUNT

<i>Dr.</i>		
	July 30, 1912, To.....	\$160.00

Cr. -

BILLS PAYABLE DOMINION HARVESTER CO.

Dr.

	July 30, 1912, By note for Binder due November 1, 1912.....	\$60.00
	By note for Binder due November 1, 1913.....	50.00
	By note for Binder due November 1, 1914.....	50.00

Cr.

EXAMPLE NO. 2

On August 30, 1912, a Farmer buys a thoroughbred yearling bull from S. Johnson, paying cash \$100.00. On the same day he sells three three-year-old steers to the Dominion Live Stock Company for \$132.00, for which he receives cash. Make the proper entries in the Farmer's Books.

ANSWER:

DAY BOOK

	Debits	Credits
Aug. 30, 1912, Live Stock Account.....	\$100.00	
Cash Account.....		\$100.00
Thoroughbred Shorthorn yearling bull. Pedigree No. Bought from S. Johnson.		
Cash Account.....	132.00	
Live Stock Account.....		132.00
3 three-year-old steers sold to Dominion Live Stock Co.		

LEDGER ACCOUNTS

LIVE STOCK ACCOUNT

Dr.		Cr.
Aug. 30, 1912, To thoroughbred yearling bull.....	\$100.00	
		By 3 three-year-old steers..... \$132.00

CASH ACCOUNT

Dr.		Cr.
Aug. 30, 1912, To 3 three-year-old steers...	\$132.00	
		By thoroughbred bull..... \$100.00

EXAMPLE NO. 3

A Farmer has 500 bushels of No. 2 Northern Wheat, which he hauls into the Elevator on the following dates:

January 5, 1912.—2 loads of 62½ bushels, 125 bushels.	Price received.....	63c
January 6, 1912.—2 loads of 62½ bushels, 125 bushels.	Price received.....	62c
January 7, 1912.—2 loads of 62½ bushels, 125 bushels.	Price received.....	63c
January 9, 1912.—2 loads of 62½ bushels, 125 bushels.	Price received.....	64c

He received a cash ticket from the elevator each day and cashed each ticket the day he received it.

The first day he spent out of the money received \$20.00 for house supplies. He paid a note which he owed the Western Implement Company for \$50.00, and interest on same \$3.50.

Make the proper entries in the Farmer's Books.

ANSWER:

DAY BOOK

	<i>Debits</i>	<i>Credits</i>
Jan. 5, 1912, Cash Account	\$78.75	.....
Farm Products- 125 bushels wheat sold elevator at 63c.		\$78.75
Farmer's Personal Account	20.00	
Cash		20 00
\$20.00 paid for house supplies.		
Western Implement Co.	50.00	
Expense	3.50	
Cash		53 50
Note for \$50.00 and interest in favor of Western Implement Co. paid.		
Jan. 6, 1912, Cash Account	77.50	
Farm Products- 125 bushels No. 2 Nor. wheat sold Elevator Co. at 62c.		77.50
Jan. 7, 1912, Cash Account	78.75	
Farm Products		78.75
125 bushels wheat sold Elevator Co. at 63c.		
Jan. 9, 1912, Cash Account	80.00	
Farm Products		80 00
125 bushels wheat sold Elevator Co. at 64c.		

LEDGER ACCOUNTS

CASH ACCOUNT

<i>Dr.</i>		<i>Cr.</i>
Jan. 5, 1912, To 125 bus. wheat	\$78.75	Jan. 5, 1912, By Personal Account
Jan. 6, 1912, 125 bus. wheat	77.50	(house supplies)
Jan. 7, 1912, 125 bus. wheat	78.75	Jan. 5, 1912, Western Imp. Co
Jan. 9, 1912, 125 bus. wheat	80.00	Interest
		\$20.00
		50.00
		3.50

FARM PRODUCTS ACCOUNT

<i>Dr.</i>		<i>Cr.</i>
		Jan. 5, 1912, By 125 bus. wheat
		Jan. 6, 1912, 125 bus. wheat
		Jan. 7, 1912, 125 bus. wheat
		Jan. 9, 1912, 125 bus. wheat
		\$78.75
		77.50
		78.75
		80.00

FARMER'S PERSONAL ACCOUNT OR HOUSE ACCOUNT

<i>Dr.</i>		<i>Cr.</i>
Jan. 5, 1912, To Cash—House Supplies	\$20.00	

WESTERN IMPLEMENT CO.

Jan. 5, 1912, To Cash—For Note	\$50.00
--------------------------------------	---------

EXPENSE ACCOUNT

Jan. 5, 1912, To interest to Western Implement Company	\$3.50
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EXAMPLE NO. 4

On July 15, 1912, a Farmer purchased repairs for his Mower and Rake which amounted to \$12.50, from the Western Implement Company. He asked them to charge it up to him until after harvest, which they agreed to do. The same day he paid for having one of his horse's shoes fixed, \$1.00.

Make proper entries in Farmer's Day Book.

ANSWER:

DAY BOOK

	<i>Debits</i>	<i>Credits</i>
Jan. 15, 1912, Expense.....	\$12.50	
Western Implement Co.		\$12.50
Bought mower and rake repairs. Promised to pay after harvest.		
Expense.....	1.00	
Cash.....		1.00
Paid for fixing horses' shoes.		

NOTE.—All the foregoing examples deal with items as they are dealt with in "The Most Simple Way of Keeping Farmers' Books." In the more advanced bookkeeping, although the principles are the same, the accounts are more completely subdivided.

CHAPTER IV

THE MOST SIMPLE WAY OF KEEPING A SET OF DOUBLE ENTRY FARM BOOKS

WHEN TO COMMENCE.

It is advisable to commence the books on the first and close them on the last day of the calendar year.

PREPARE LIST OF ASSETS.

The first thing to do is to make a complete list of everything owned other than household furniture and supplies in the house. To make the bookkeeping as simple as possible it has been considered advisable to keep matters regarding the running of the house out of the farm books.

This list will be known as the "Inventory of Assets," and each item must be placed in the Inventory at its present value as near as it can be ascertained.

After making up the list it will be found to advantage to group items of a like nature together, so as to show the total value of your work horses, your machinery, etc. A reference to model "Statement of Assets and Liabilities," on page 19, will be found helpful in following the correct procedure.

In the event of any articles being owned which do not belong to any of the groups shown on model "Statement of Assets and Liabilities," *under the head of Assets*, other groups will have to be created and suitable names given to them.

PREPARE LIST OF LIABILITIES.

The next thing to do is to make a complete list of all debts owing. These will generally be found to belong to one or all of the groups shown in model "Statement of Assets and Liabilities," *under the head of Liabilities*.

HOW TO FIND NET WORTH OR SURPLUS.

Having completed the two lists, all that remains to be done to arrive at any Farmer's Net Worth or Surplus is:

1. Prepare a Statement embodying the two lists, the "Assets" on the left-hand side, and the "Liabilities" on the right-hand side of the Statement.
2. Find the total amount of the "Assets" and the total amount of the "Liabilities" by adding up both sides.

The amount by which the total "Assets" exceed the total "Liabilities" is the Net Worth or Surplus.

3. The amount representing the "Net Worth or Surplus" is entered and added in on the *Liability* side of the Statement, in order to make the Balance Sheet complete by having the two sides equal in amount.

4. In the event of the Liabilities exceeding the amount of the Assets, it means that there is a "Deficit," and the amount of such "Deficit" is entered and added in on the *Asset* side of the Statement.

EXAMPLE OF A FARMER'S MODEL BALANCE SHEET.

The following is an example of a Farmer's Model Statement of Assets and Liabilities, commonly called a Balance Sheet, upon which is based the set of simple accounts worked out immediately following:

**EXAMPLE OF A FARMER'S STATEMENT OF
ASSETS AND LIABILITIES**

(Commonly called a Balance Sheet)

Name of Farmer

Address

As at 31st December, 1911.

<i>Assets</i>		<i>Liabilities</i>	
REAL ESTATE:		MORTGAGE ON FARM:	
160 acres at \$20 per acre (80 acres cultivated).....	\$3,200.00	Principal.....	\$2,000.00
HOUSE:		(Interest paid to date.)	
Frame, 1½ storeys, 24 x 26.....	1,500.00	BILLS PAYABLE:	
STABLE:		Dominion Harvester Com-	
Frame, 1 storey, 60 x 22.....	1,850.00	pany note due November 1,	
WELL.....	130.00	1912, for drill.....	\$30.00
FENCING:		Dominion Harvester Com-	
2 miles of 3 strand wire.....	120.00	pany note due November 1,	
GRANARIES:		1912, for mower.....	30.00
2 portable.....	175.00	(All carrying interest at 7	
	\$6,975.00	per cent.)	
LIVE STOCK:		John Jones' note (for horses)	
1 bull, thoroughbred.....	\$150.00	due October 1, 1912.....	250.00
4 cows at \$60.....	240.00		310.00
3 yearling steers.....	90.00	ACCOUNTS PAYABLE:	
1 yearling heifer.....	30.00	Pioneer Lumber Company,	
	510.00	Limited, for lumber.....	\$103.50
WORK HORSES:		Western Implement	
1 team.....	\$500.00	Company, Limited,	
1 team.....	400.00	for sleighs.....	\$15.00
	900.00	Western Implement	
MACHINERY:		Company, Limited,	
1 6 ft. binder (old).....	\$75.00	for granary.....	75.00
1 5 " mower.....	55.00		193.50
1 10½ ft. rake.....	35.00	Total Liabilities.....	\$2,503.50
1 two furrow gang plow.....	65.00	Surplus or "Net worth".....	7,269.00
1 seed drill.....	60.00		
1 set harrows, 4 sections.....	22.00		
1 wagon.....	75.00		
1 set sleighs.....	25.00		
	412.00		
FARM PRODUCTS:			
Wheat, 200 bushels, No. 1			
Northern at 70c.....	\$140.00		
Oats, 1,000 bushels at 25c.....	250.00		
Hay, 60 tons at \$5.....	300.00		
	690.00		
INVESTMENTS:			
2 shares in Rural Telephone Company at			
\$25.....	50.00		
Cash in Bank.....	235.50		
	\$9,772.50		\$9,772.50

Household furniture and supplies are not included, as the accounts only deal with farm matters.

LEDGER

OPENING THE LEDGER.

The items as they appear on the Balance Sheet *are now entered in the Ledger*. Each page in the Ledger is numbered from one upward.

Each account must have at least one page devoted to it in the Ledger.

One page will be found sufficient for the accounts taking care of the items shown on the Balance Sheet. There are certain additional accounts, however, which will probably need more than one page. These will be known as the "working" accounts, such as Expense, Cash and Profit and Loss Accounts.

An account is opened for each group, except in the case of personal accounts, when a separate account must be opened for *each* debt owing by the Farmer or to him.

HOW ACCOUNTS WILL APPEAR IN THE LEDGER AFTER BEING ENTERED UP.

The accounts in the Ledger, after they are entered up from the Model Balance Sheet, will appear in the following form:

ACCOUNT NO. 1:

REAL ESTATE AND BUILDINGS

<i>Debits</i>		<i>Credits</i>
Jan. 1, 1912, 160 acres	\$3,200.00	
House	1,500.00	
Stable	1,850.00	
Well	130.00	
Fencing	120.00	
Granaries	175.00	

ACCOUNT NO. 2:

LIVE STOCK

<i>Debits</i>		<i>Credits</i>
Jan. 1, 1912, Bull	\$150.00	
4 Cows	240.00	
3 Yearling steers	90.00	
1 Yearling heifer	30.00	

ACCOUNT NO. 3:

WORK HORSES

<i>Debits</i>		<i>Credits</i>
Jan. 1, 1912, 1 Team	\$500.00	
1 Team	400.00	

ACCOUNT NO. 4:

FARM PRODUCTS

<i>Debits</i>		<i>Credits</i>
Jan. 1, 1912, Wheat, 200 bus. No. 1	\$140.00	
Oats, 1,000 bus.	250.00	
Hay, 60 tons	300.00	

ACCOUNT NO. 5:

MACHINERY

<i>Debits</i>		<i>Credits</i>
Jan. 1, 1912, Binder.....	\$75.00	
Mower.....	55.00	
Rake.....	35.00	
Gang Plough.....	65.00	
1 Seed Drill.....	60.00	
1 Set Harrows.....	72.00	
1 Wagon.....	75.00	
1 Set Sleighs.....	25.00	

ACCOUNT NO. 6:

INVESTMENTS

<i>Debits</i>		<i>Credits</i>
Jan. 1, 1912, Rural Telephone Stock.....	\$50.00	

ACCOUNT NO. 7:

FARMERS' MORTGAGE CO.

(Mortgage on Farm payable as follows: \$100.00 due December 31, 1912, 1913, 1914, 1915 and \$1,600.00 due on December 31, 1916. Interest at the rate of 8 per cent.)

<i>Debits</i>		<i>Credits</i>
	Jan. 1, 1912, Principal owing.....	\$2,000.00

ACCOUNT NO. 8:

DOMINION HARVESTER CO.

<i>Debits</i>		<i>Credits</i>
	Jan. 1, 1912, Note due Nov. 1, 1912.....	\$30.00
	Note due Nov. 1, 1912.....	30.00

ACCOUNT NO. 9:

JOHN JONES

<i>Debits</i>		<i>Credits</i>
	Jan. 1, 1912, Note due Oct. 1, 1912.....	\$250.00

ACCOUNT NO. 10:

PIONEER LUMBER CO., LTD.

<i>Debits</i>		<i>Credits</i>
	Jan. 1, 1912, Balance due.....	\$103.50

ACCOUNT NO. 11:

WESTERN IMPLEMENT CO.

<i>Debits</i>		<i>Credits</i>
	Jan. 1, 1912, Balance due.....	\$90.00

ACCOUNT NO. 18:

FARMER'S SURPLUS ACCOUNT

<i>Debits</i>		<i>Credits</i>
	Jan. 1, 1912, Balance, surplus.....	\$7,269.00

DAY BOOK TO RECORD TRANSACTIONS DURING THE YEAR

DAY BOOK TO BE USED TO RECORD ORIGINAL TRANSACTIONS.

Accounts now having been opened, the Farmer is in a position to commence making entries recording his transactions. For this purpose a book, to be known as the "Day Book" is to be used.

The "Day Book" will contain a record in detail of every transaction or occurrence of any nature during the year, which in any way affects the Farm Accounts.

ENTRIES IN DAY BOOK OF TRANSACTIONS AND OCCURRENCES DURING THE YEAR

(The items given are typical of what are usual to Farmers, and when transactions of a similar nature occur, they are to be treated in a similar manner to that shown.)

The Ledger pages are given, so that it may be perfectly clear where each item has to be posted from the Day Book.

	Ledger Account Number	<i>Debit</i>	<i>Credit</i>
Jan. 28, 1912, House Account.....	17	\$22.50	
Cash Account.....	14		\$22.50
Paid for house supplies.			
Feb. 15, 1912, House Account.....	17	19.75	
Cash Account.....	14		19.75
Paid for clothing.			
Mar. 20, 1912, Cash Account.....	14	85.00	
Farm Products Account.....	4		85.00
Sold J. Williams 100 bushels of seed wheat at 85c for cash.			
April 2, 1912, Farm Expense.....	15	4.50	
Cash Account.....	14		4.50
Paid for plough repairs.			
May 30, 1912, Farm Expense.....	15	25.00	
Cash Account.....	14		25.00
Paid wages for farm help.			
May 30, 1912, House Account.....	17	50.00	
Cash Account.....	14		50.00
Paid for house supplies and clothing.			
July 15, 1912, House Account.....	17	32.50	
Cash Account.....	14		32.50
Paid for sundry items for house.			
July 27, 1912, Machinery Account.....	5	\$165.00	
Dominion Harvester Co.....	8		\$165.00
Bought 7 foot binder, giving notes in settlement November 1, 1912. \$65.00 November 1, 1913, \$50.00 November 1, 1914, \$50.00. Interest 7 per cent.			
July 31, 1912, Farm Expense.....	15	25.00	
Cash Account.....	14		25.00
Paid wages for farm help.			

SIMPLE WAY OF KEEPING A SET OF DOUBLE ENTRY BOOKS

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	Ledger Account Number	Debit	Credit
Aug. 2, 1912, William Smith.....	12	65.00
Profit and Loss.....	16	10.00
Machinery Account.....	5	.....	75.00
Old 6 foot binder sold, and note taken due October 1, 1913, for \$10.00 less than value shown in Ledger.			
Aug. 27, 1912, Farm Expense.....	15	7.60	.....
Cash Account.....	14	.....	7.60
Paid for binder parts.			
Aug. 31, 1912, Farm Expense.....	15	25.00	.....
Cash Account.....	14	.....	25.00
Paid wages for help.			
Sept. 30, 1912, Farm Expense.....	15	25.00	.....
Cash Account.....	14	.....	25.00
Paid wages for help.			
Oct. 15, 1912, Cash Account.....	14	120.00	.....
Live Stock Account.....	2	.....	120.00
Sold 3 steers to G. W. Cattle Co. for cash.			
Oct. 31, 1912, Farm Expense.....	15	50.00	.....
Cash Account.....	14	.....	50.00
Paid for binder twine.			
Oct. 31, 1912, House Account.....	17	25.00	.....
Cash Account.....	14	.....	25.00
Paid for sundry house supplies.			
Nov. 15, 1912, Farm Expense.....	15	28.80	.....
Cash Account.....	14	.....	28.80
Paid taxes to Secretary of Rural Municipality—Municipal, school and hail.			
Nov. 15, 1912, Cash Account.....	14	950.00	.....
Farm Products.....	4	.....	950.00
Sold 1,360 bushels wheat to Farmers' Elevator Co. during past week for cash.			
Nov. 30, 1912, Dominion Harvester Co.....	8	125.00	.....
Farm Expense Account.....	15	7.50	.....
Cash Account.....	14	.....	132.50
Paid notes due November 1, 1912, for \$30.00; \$30.00 and \$65.00 with interest.			
Nov. 30, 1912, John Jones.....	9	250.00	.....
Farm Expense Account.....	15	20.00	.....
Cash Account.....	14	.....	270.00
Paid note for horses and interest.			
Nov. 30, 1912, B. C. Lumber Co.....	10	103.50	.....
Farm Expense.....	15	8.25	.....
Cash Account.....	14	.....	111.75
Paid account for lumber with interest.			
Nov. 30, 1912, Western Implement Company.....	11	90.00	.....
Farm Expense Account.....	15	7.25	.....
Cash Account.....	14	.....	97.25
Paid account with interest.			
Nov. 30, 1912, House Account.....	17	85.00	.....
Cash Account.....	14	.....	85.00
Paid for house supplies, clothing and personal expenses.			
Dec. 15, 1912, Farmers' Mortgage Co.....	7	100.00	.....
Farm Expense (Interest).....	15	160.00	.....
Cash Account.....	14	.....	260.00
Paid principal on mortgage due December 31st and interest to that date.			

POSTING TRANSACTIONS FROM DAY BOOK TO LEDGER

POST DAY BOOK ITEMS TO PROPER ACCOUNTS IN LEDGER.

The whole of the Farmer's transactions for the year having been entered in the Day Book, it is necessary that these be *posted to their proper accounts in the Farm Ledger*.

In the set of transactions shown in the Day Book the Ledger page number has been given opposite each item in the Day Book, so that it may be known to what page the items have to be taken in the Ledger.

It will be noticed on referring to the Ledger that the items from the Balance Sheet of December 31, 1911, are already entered there. These are not to be interfered with.

After posting the transactions which took place during the year the Ledger will now contain:

1. Entries from Balance Sheet at beginning.
2. Entries from Day Book during year for actual transactions.

CLOSING ENTRIES TO BE MADE.

There are now to be made what are termed the "closing entries." The first of these entries to be made are those providing for depreciation, which in the present case are:

1. Depreciation on Buildings.
2. Depreciation on Work Horses.
3. Depreciation on Machinery.

Depreciation in value of most things can only be estimative, but if the matter is properly studied there is no reason why it should not be estimated very closely.

DEPRECIATION ON FARM BUILDINGS.

In the present instance it has been estimated that the Farm Buildings have depreciated to the amount of \$345.00 during the year. For this, the following Day Book entry must be made:

	Ledger Account Number	Debit	Credit
Profit and Loss Account	16	\$345.00	.....
Real Estate and Buildings Account	1	.....	\$345.00
Depreciation on buildings for year:			
House		\$150.00	
Stable		185.00	
Granary		10.00	

CLOSE REAL ESTATE AND BUILDINGS ACCOUNT.

The balance remaining in this account after crediting the \$345.00 will be the actual value of the Real Estate and Buildings at the end of the year, and the account is closed off by placing the remaining Debit Balance on the Credit side of the account. This same amount is then entered on the Debit side of the account under date of January 1st, as shown in the Finished Ledger Account.

DEPRECIATION ON WORK HORSES.

The next item, which is depreciation on Work Horses, has been estimated to be \$50.00. The entry is as follows:

	Ledger Account Number	Debit	Credit
Profit and Loss Account.....	16	\$50.00	.....
Work Horses Account..... Depreciation on work horses for year.	3	.....	\$50.00

The idea here is practically the same as that carried out regarding the buildings, with the difference that instead of simply taking an *estimated percentage* off, the *horses are revalued*. If they are considered to be of less value than they were at the beginning of the year, as is shown in this case, the difference is carried to Debit of Profit and Loss Account.

CLOSE WORK HORSES ACCOUNT.

After posting the depreciation amount to the Credit of Work Horses Account, the balance in the account is treated in the same manner as explained with regard to "Real Estate and Buildings."

DEPRECIATION ON MACHINERY.

Depreciation on machinery is also in the nature of an Estimate, but if the number of years a machine may reasonably be expected to last is known, then the percentage of depreciation can be ascertained. If a machine lasts ten years, the depreciation has been 10 per cent. per year, and so on. In this case 15 per cent. has been taken as the depreciation on all machinery, with the exception of the new binder, which is considered here as being worth what it cost. The following entry has to be made:

	Ledger Account Number	Debit	Credit
Profit and Loss Account.....	16	\$61.80	.....
Machinery Account..... 15 per cent. depreciation upon all machinery on hand at beginning of year with the exception of old binder which was sold.	5	.....	\$61.80

CLOSE MACHINERY ACCOUNT.

After entry of \$61.80 has been posted to the Credit of Machinery Account, the balance remaining to the Debit of the Account, which in this case is \$440.20, is entered on the Credit side of the Account to make the account balance, and the same amount is brought down on the debit side on the first day of the following year, as shown in the Ledger.

CLOSING ENTRY OF FARM PRODUCTS ACCOUNT.

The closing entry to be dealt with is the closing of the Farm Products Account. The first thing to do is to make an inventory of products on hand. In this case the amount is found to be as follows:

150 bushels No. 1 northern wheat at 70c per bushel.....	\$105.00
1,195 2-3 bushels No. 2 Oats at 23c per bushel.....	275.00
60 ton of hay at \$5.00 per ton.....	300.00
	\$680.00

This amount is entered on the Credit side of the Farm Products Account. There is now found to be a Credit balance of \$1,025.00 in the Account, which represents the Gross Profit on Farm Products for the year. This amount is transferred to Profit and Loss Account by the following entry:

	Ledger Account Number	Debit	Credit
Farm Products Account.....	4	\$1,025.00	
Profit and Loss Account.....	16		\$1,025.00
Surplus in Farm Products Account for year.			

The inventory of \$680.00 is brought down on the Debit side of the Ledger under date of January 1st, after the account has been balanced and ruled off as shown in the Ledger.

INVENTORY OF LIVE STOCK TO BE TAKEN.

In order to close the Live Stock Account for the year it is necessary to make up a new list or inventory of the animals at their present value. In the present case it is found that they consist of the following:

1 Bull.....	\$150.00
4 Cows.....	240.00
1 two-year-old heifer.....	40.00
3 nine months' old calves.....	45.00
	\$475.00

CLOSE LIVE STOCK ACCOUNT.

This amount is entered on the Credit side of the Live Stock Account, which makes the Credit side greater than the Debit side by \$85.00. This amount represents the profit on Live Stock for the year. An entry is made in the Day Book transferring the amount of \$85.00 to Profit and Loss Account as follows:

	Ledger Account Number	Debit	Credit
Live Stock Account.....	2	\$85.00	
Profit and Loss Account.....	16		\$85.00
Profit on live stock for year.			

This entry closes the Live Stock Account. The amount of the Inventory, \$475.00, is then entered on the Debit side of the Ledger Account to commence the New Year.

CLOSE FARM EXPENSE ACCOUNT.

The Farm Expense Account must now be closed into Profit and Loss by the following entry:

	Ledger Account Number	Debit	Credit
Profit and Loss Account.....	16	\$393.90	.....
Farm Expense Account.....	15	.....	\$393.90
Total farm expense for year.			

This entry closes off the Farm Expense Account. It also completes the Profit and Loss Account for the year.

PROFIT AND LOSS ACCOUNT SHOWS RESULTS OF OPERATIONS.

When the two sides of the Profit and Loss account are added up it is found that the Credit side is larger than the Debit side by \$249.30. This means that a profit has been made on farm operations for the year of that amount.

Profit and Loss Account is closed off to Surplus Account by the following entry:

	Ledger Account Number	Debit	Credit
Profit and Loss Account.....	16	\$249.30	.....
Farm Surplus Account.....	18	.....	\$249.30
Profit on farm operations for year.			

CLOSE HOUSE ACCOUNT TO SURPLUS ACCOUNT.

There are now only two accounts to deal with. These are House Account and Surplus Account. The House Account really represents what the farmer has taken out of his business for the year, and is closed into Surplus Account by the following entry:

	Ledger Account Number	Debit	Credit
Farmer's Surplus Account.....	18	\$234.75	.....
House Account.....	17	.....	\$234.75
Amount paid out for house operations during year.			

CHANGE IN SURPLUS DURING YEAR.

These last two entries, viz.: \$249.30 to credit of Surplus Account and \$234.75 to debit of "Surplus" account represent the various changes in the Farmer's financial position during the year, his profits and his drawings. If the profits are greater than his drawings then his surplus must be larger than it was at the beginning of the year. If the drawings are the greater, then his surplus has decreased.

TAKE OFF TRIAL BALANCE.

All entries having now been made, the balances of the accounts, where there are balances, along with the Inventories, should be brought down and a trial balance taken off. This consists of a list of all the Debit balances in the Ledger added together, and a list of all the Credit Balances added together. If the total of the Debit equals the total of the Credit balances exactly, then it may be presumed that all postings have been made correctly. If, however, there is a difference between the two totals, it means that one or more entries have been made incorrectly in the Ledger.

TRIAL BALANCE
AS IT WILL APPEAR

FINISHED TRIAL BALANCE.

	Dr.	Cr.
1. Real Estate and Buildings.....	\$6,630.00	
2. Live Stock.....	475.00	
3. Work Horses.....	850.00	
4. Farm Products.....	680.00	
5. Machinery.....	440.20	
6. Investments.....	50.00	
7. Farmers' Mortgage Company.....		\$1,900.00
8. Dominion Harvester Company.....		100.00
12. William Smith.....	65.00	
14. Cash.....	93.35	
18. Surplus Account.....		7,283.55
	\$9,283.55	\$9,283.55

LEDGER

FINISHED LEDGER ACCOUNT.

The whole of the finished Ledger accounts of the Farmer's business follow, and these will be of great help in realizing at a glance just how each account stands after it has been properly treated.

LEDGER

ACCOUNT NO. 1:

REAL ESTATE AND BUILDINGS

		Cr.
1912	1912	
Jan. 1, To 160 acres.....	\$3,200.00	
House.....	1,500.00	
Stable.....	1,850.00	
Well.....	130.00	
Fencing.....	120.00	
Granary.....	175.00	
	\$6,975.00	
		Dec. 31, By depreciation on buildings charged to expense:
		House..... \$150.00
		Stable..... 185.00
		Granary..... 10.00
		\$ 345.00
		By new Inventory entered below 6,630.00
		\$6,975.00
1913		
Jan. 1, To Inventory.....	\$6,630.00	

SIMPLE WAY OF KEEPING A SET OF DOUBLE ENTRY BOOKS

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ACCOUNT NO. 2:

LIVE STOCK

Dr.			Cr.
1912			
Jan. 1, 1 Bull	\$150.00	1912	
4 Cows	240.00	Oct. 15, By cash for three steers	\$120.00
3 Yearling Steers	90.00	Dec. 31, " new Inventory:	
1 Yearling Heifer	30.00	" Bull	\$150.00
	\$510.00	" Cows	240.00
Balance transferred to Profit and Loss	85.00	" Heifer	40.00
	\$595.00	" 3 Calves, 9 months	45.00
		Entered below	475.00
			\$595.00
1913			
Jan. 1, To Inventory	\$475.00		

ACCOUNT NO. 3:

WORK HORSES

Dr.			Cr.
1912		1912	
Jan. 1, 1 Team	\$500.00	Dec. 31, By Inventory entered below	\$850.00
1 Team	400.00	" Profit and Loss	50.00
	\$900.00		\$900.00
1913			
Jan. 1, To Inventory	\$850.00		

ACCOUNT NO. 4:

FARM PRODUCTS

Dr.			Cr.
1912		1912	
Jan. 1, Wheat, 200 bus. No. 1	\$ 140.00	Mar. 20, By cash seed grain	\$ 85.00
Oats, 1,000 bus.	250.00	Mar. 20, " cash for wheat	950.00
Hay, 60 ton	300.00	" new Inventory entered below	680.00
	\$ 690.00		
Dec. 31, To Profit and Loss Account	1,025.00		
	\$ 1,715.00		\$1,715.00
1913			
Jan. 1, To Inventory	\$680.00		

ACCOUNT No. 5:

MACHINERY

Dr.			Cr.
1912		1912	
Jan 1, To Binder	\$ 75.00	Aug. 2, By 6 ft. Binder sold	\$ 75.00
Mower	55.00	Dec. 31, Profit and Loss (15 per cent. depreciation)	61.80
Rake	35.00	New Inventory entered below	440.20
Gang Plough	65.00		
Seed Drill	60.00		
1 Set Harrows	22.00		
1 Wagon	75.00		
1 Set Sleighs	25.00		
July 27, 1 seven foot Binder	165.00		
	\$577.00		\$577.00
1913			
Jan. 1, To Inventory	\$440.20		

ACCOUNT NO. 6:

INVESTMENTS

*Dr.**Cr.*

1912

Jan. 1, Rural Telephone Stock..... \$50.00

ACCOUNT NO. 7:

FARMERS' MORTGAGE COMPANY

(Mortgage on Farm—\$100.00 due November 1, 1912, 1913, 1914 and 1915 and \$1,600.00 November 1, 1916.
Interest at 8 per cent.)*Dr.**Cr.*

1912

Dec. 15, To Cash..... \$150.00

1912

Jan. 1, By Principal..... \$2,000.00

ACCOUNT NO. 8:

BILLS PAYABLE

DOMINION HARVESTER CO.

*Dr.**Cr.*

1912

Nov. 30, To Cash..... \$125.00

Dec. 31, Balance down..... 100.00

\$225.00

1912

Jan. 1, By note due Nov. 1, 1912..... \$ 30.00

By note due Nov. 1, 1912..... 30.00

July 27, By note due Nov. 1, 1912..... 65.00

By note due Nov. 1, 1913..... 50.00

By note due Nov. 1, 1914..... 50.00

\$225.00

1913

Jan. 1, By note due Nov. 1, 1913..... \$ 50.00

note due Nov. 1, 1913..... 50.00

ACCOUNT NO. 9:

JOHN JONES

*Dr.**Cr.*

1912

Nov. 30, To Cash..... \$250.00

1912

Jan. 1, By note due October 1, 1912..... \$250.00

ACCOUNT NO. 10:

PIONEER LUMBER CO., LTD.

*Dr.**Cr.*

1912

Nov. 30, To Cash..... \$103.50

1912

Jan. 1, By Balance..... \$103.50

ACCOUNT NO. 11:

WESTERN IMPLEMENT COMPANY

*Dr.**Cr.*

1912

Nov. 30, To Cash..... \$90.00

1912

Jan. 1, By Balance..... \$90.00

ACCOUNT NO. 12:

WILLIAM SMITH

Dr.

Cr.

1912

Aug. 2, To note for old 6 foot binder, October 1, 1913..... \$65.00

ACCOUNT NO. 14:

CASH ACCOUNT

Dr.

Cr.

1912

Jan. 1, To Balance on hand..... \$ 235.50
 Mar. 20, Farm Products..... 85.00
 Oct. 15, Live Stock..... 120.00
 Nov. 15, Farm Products..... 950.00

\$1,390.00

1913

Jan. 1, To Balance \$93.35

1912

Jan. 28, By House Account..... \$ 22.50
 Feb. 15, House Account..... 19.75
 April 2, Farm Expense..... 4.50
 May 30, Farm Expense..... 25.00
 May 30, House Account..... 50.00
 July 15, House Account..... 32.50
 July 31, Farm Expense..... 25.00
 Aug. 27, Farm Expense..... 7.60
 Aug. 31, Farm Expense..... 25.00
 Sept. 30, Farm Expense..... 25.00
 Oct. 31, Farm Expense..... 50.00
 Oct. 31, House Account..... 25.00
 Nov. 15, Farm Expense..... 28.80
 Nov. 30, Dominion Harvester Company 132.50
 Nov. 30, John Jones..... 270.00
 Nov. 30, B. C. Lumber Co..... 111.75
 Nov. 30, Western Implement Co..... 97.25
 Nov. 30, House Account..... 85.00
 Dec. 15, Farmers' Mortgage Co..... 260.00
 Dec. 31, Balance down..... 93.35

\$1,390.00

ACCOUNT NO. 15:

FARM EXPENSE ACCOUNT

Dr.

Cr.

1912

April 2, To Cash, Plough Repairs..... \$ 4.50
 May 30, Cash, Wages..... 25.00
 July 31, Cash, Wages..... 25.00
 Aug. 27, Cash, Binder Parts..... 7.60
 Aug. 31, Cash, Wages..... 25.00
 Sept. 30, Cash, Wages..... 25.00
 Oct. 2, Cash, Binder Twine..... 50.00
 Nov. Cash, Taxes..... 28.80
 Nov. 30, Cash, Interest..... 7.50
 Nov. 30, Cash, Interest..... 20.00
 Nov. 30, Cash, Interest..... 8.25
 Nov. 30, Cash, Interest..... 7.25
 Dec. 1, Cash, Interest..... 160.00

\$393.90

1912

Dec. 31, By Profit and Loss Account.... \$393.90

\$393.90

FARM BOOKKEEPING AND ACCOUNTS

ACCOUNT NO. 16:

PROFIT AND LOSS ACCOUNT

Dr.		Cr.	
1912		1912	
Aug. 2, To Loss on old binder	\$ 10 00	Dec. 31, By Live Stock	\$ 85 00
Dec. 31, Depreciation, Buildings	345 00	Dec. 31, Farm Products	1,025 00
Dec. 31, Depreciation of value of Work Horses	50 00		
Dec. 31, Depreciation on Machinery	61 80		
Dec. 31, Farm Expense Account	393 90		
	\$ 860 70		
Dec. 31, Surplus Account	249 30		
	<u>\$1,110 00</u>		<u>\$1,110 00</u>

ACCOUNT NO. 17:

HOUSE ACCOUNT

Dr.		Cr.	
1912		1912	
Jan. 28, To Cash for Supplies	\$ 22 50	Dec. 31, By Surplus Account	\$234 75
Feb. 15, Cash for Clothing	19 75		
May 30, Cash for Supplies, Etc.	50 00		
July 15, Cash for Sundries	32 50		
Oct. 31, Cash for Sundries	25 00		
Nov. 30, Cash for Sundries	85 00		
	<u>\$234 75</u>		<u>\$234 75</u>

ACCOUNT NO. 18:

FARMER'S SURPLUS ACCOUNT

Dr.		Cr.	
1912		1912	
Dec. 31, To House Account	\$ 234 75	Jan. 1, By Balance	\$7,269 00
Balance down	7,283 55	Dec. 31, Farm Profit	249 30
	<u>\$7,518 30</u>		<u>\$7,518 30</u>
		1913	
		Jan. 1, By Balance	\$7,283 55

PREPARATION OF BALANCE SHEET, DECEMBER 31, 1912.

All that now remains to be done to complete the Bookkeeping for the year is to prepare a "Statement of Assets and Liabilities," similar in form to the one shown at the beginning of the year. In this case, however, the farmer has the advantage of being in possession of all the information necessary to complete the statement from the finished ledger accounts in the books, aided by the Tra Balance.

TRIAL BALANCE WILL GIVE INFORMATION FOR BALANCE SHEET.

The Debits in the Trial Balance represent the Assets, and the Credits the Liabilities, and will produce the following:

Account No.	Assets	Account No.	Liabilities
1.	Real Estate and Buildings.....	7.	Mortgage on Farm.....
	\$6,630.00		\$1,000 00
2.	Live Stock.....	8.	Bills Payable.....
	475 00		100 00
3.	Work Horses.....	18.	Surplus or net worth.....
	850 00		7,283 55
4.	Farm Products.....		
	680 00		
5.	Machinery.....		
	440 20		
6.	Investments.....		
	50 00		
12.	W. Smith, Bills Receivable.....		
	65 00		
14.	Cash.....		
	93 35		
	\$9,283.55		\$9,283.55

FULL INFORMATION REQUIRED FOR FINISHED BALANCE SHEET.

It is necessary, however, that more information should be given on a Balance Sheet than is shown above. All that requires to be done is to turn up the account number in the Ledger and insert the necessary details under each group.

When this is done the Finished Balance Sheet will be as follows:

Name of Farmer

Address.....

BALANCE SHEET

(As at 31st December, 1912)

<i>Assets</i>		<i>Liabilities</i>	
REAL ESTATE:		MORTGAGE ON FARM:	
160 acres at \$20 per acre.....	\$3,200.00	Principal.....	\$1,900.00
HOUSE:		(Interest paid to date.)	
Frame, 1½ storeys, 24 x 26.....	1,350.00	BILLS PAYABLE:	
STABLE:		Dominion Harvester Com-	
Frame, 1 storey, 60 x 22.....	1,665.00	pany note due November 1,	
WELL.....	130.00	1913.....	\$50.00
FENCING:		Dominion Harvester Com-	
2 miles of 3 strand wire.....	120.00	pany note due November 1,	
GRANARIES:		1914.....	50.00
2 portable.....	165.00		100.00
	\$6,630.00	Total Liabilities.....	\$2,000.00
LIVE STOCK:		Surplus or "Net Worth".....	7,283.55
1 bull, thoroughbred.....	\$150.00		
4 cows at \$60.....	240.00		
1 heifer.....	40.00		
3 calves, 9 months.....	45.00		
	475.00		
WORK HORSES:			
1 team.....	\$450.00		
1 team.....	400.00		
	850.00		
MACHINERY:			
17 ft. binder.....	\$165.00		
15 ft. mower.....	\$55.00		
1 10½ ft. rake.....	35.00		
1 2-furrow gang			
plough.....	65.00		
1 seed drill.....	60.00		
1 set harrows, 4			
section.....	22.00		
1 wagon.....	75.00		
1 set sleighs.....	25.00		
	\$337.00		
Less depreciation			
at 15 per cent.....	61.80		
	275.20		
	440.20		
FARM PRODUCTS:			
Wheat, 150 bus. No. 1 Nor. at			
70c per bus.....	\$105.00		
Oats, 1195 2-3 bus. No. 2 Oats			
at 23c per bus.....	275.00		
Hay, 60 tons at \$5.00 per ton	300.00		
	680.00		
INVESTMENTS:			
2 shares in Rural Telephone Co. at \$25	50.00		
BILLS RECEIVABLE:			
William Smith.....	65.00		
Cash in Bank.....	93.35		
	\$9,283.55		
			\$9,283.55

PART TWO

CHAPTER V

INTRODUCTORY TO PART TWO

In the set of Accounts illustrated in part one of this work, the very simplest method of book-keeping capable of showing the final results of a year's operations was used.

SUBDIVISION OF REVENUE AND EXPENDITURE.

In the Complete Set of Entries covering the various operations of a 320 acre mixed farm set forth in the following pages, the subdivision of Revenue and Expenditure has been much more fully treated, resulting in the finding of the profits made upon each of the following products or departments for the year: (a) Wheat, (b) Oats, (c) Flax, (d) Live Stock, (e) Dairy, (f) Work Horses.

Further, from the information contained in this set of accounts, it is possible to tell the cost of production per bushel of each grain mentioned, and the net profit per bushel made after disposing of it. The "Work Horses" Account shows the cost of keeping the horses and the amount earned at a set rate per day for every day worked during the year.

FARMER'S AND HIRED MAN'S TIME.

The farmer's own time has been charged against the various operation accounts, as well as the time of all hired help.

DETAILS PRODUCE REQUIRED RESULTS.

Naturally all these details tend towards making the results more valuable and of wider scope than the methods used in the first set, but care has been taken to make every entry, and the proper way to treat it, very explicit.

In actual practice the farmer will naturally find certain transactions or occurrences taking place, necessitating treatment in his books, which he will not find an example of even in the following set. No Text-book, however complete it may be, can show an example of every possible transaction which will take place in any business. However, it is thought that no transaction is likely to take place for which a parallel case cannot be found in the set of accounts given as a guide to the farmer, when he finds the necessity of making an entry which is not actually illustrated there.

PROCEDURE AS TO OPENING OF LEDGER ACCOUNTS.

The opening of the Ledger Accounts from the balance sheet, and the special entries required in closing the books at the end of the year, have been fully explained in part one, and it will be sufficient to say here that the same procedure with respect to both opening and closing the books is carried out in this set.

As a wider scope, however, has been given to the various features of mixed farming here, there are, of course, more matters to deal with in closing the books at the end of the year.

LABOR, FEED, ETC., CHARGED UP AT END OF EACH MONTH.

There has necessarily been a repetition of entries from month to month, but it was thought that the examples would be a great deal easier to follow if all charges for Labor, Feed, etc., were made monthly, rather than illustrating the method to be used by making one entry covering these charges for a whole year.

WHERE INFORMATION HAS BEEN SECURED.

Valuations and Estimates used have been based upon information received from practical farmers from time to time, together with data contained in the Report of the Department of Agriculture for the year 1912.

It, of course, cannot be expected that the results obtained will coincide exactly with the operations of any particular farm, but after all, *actual figures are of value in a work of this nature only in so far as they help to better illustrate the principles used and the manner of treating individual transactions and occurrences.*

The time will no doubt come when a more complete work on farm accounts will be written, as a result of data which will be got together from actual results obtained consequent on following the methods illustrated here. This work, however, is a pioneer one in its particular line, and little data could be obtained for illustrative purposes based upon *actually recorded facts.*

BOOKS TO BE USED.

The books used in recording the various transactions illustrated in Part Two consist of the following:

1. Day Book.
2. Synoptic.
3. Ledger.

SYNOPTIC INTRODUCED TO REDUCE POSTINGS AND SECURE CONCISENESS.

It will be seen that in addition to the books required for the accounts explained in Part One, another book, called the "Synoptic," is introduced. This latter is a modern book, designed for the purpose of eliminating a great number of the individual postings to the ledger required by the method illustrated in Part One.

It contains special columns for all accounts which will be active during the year. *Only the totals of these columns are posted to their respective ledger accounts at the end of the year.*

ALL TRANSACTIONS FROM DAY BOOK TO APPEAR IN SYNOPTIC.

The farmer must enter all transactions in the Day Book as they occur, and then, whenever convenient, re-enter them in a concise manner in the "Synoptic." Full details being given in the Day Book, it is not necessary to record more than the bare outline of each transaction or occurrence in the "Synoptic." When an entry is to be made affecting an account for which there is no special column, the amount to be posted to that account must be placed in the column headed "Ledger." Each amount which is placed in the Ledger Column must be posted to its proper account in the Ledger separately. It will be found, however, that very few items will need to be posted through the Ledger Column, as by using a Synoptic which is provided with sufficient columns, a column can be headed up for any new active account as occasion for same occurs.

SYNOPTIC DOES NOT CHANGE THE PRINCIPLES OF BOOKKEEPING.

It must be pointed out here that the "Synoptic" does not in any way change the principles of bookkeeping illustrated in Part One. The same results would be obtained from the figures given in Part Two by using the methods illustrated in the "Most Simple Way of Keeping Farm Accounts." *The actual labor involved, however, is very much lessened by the use of the Synoptic, and this book is found in use invariably where there are a large volume of transactions.*

CHAPTER ON ELEMENTARY PRINCIPLES OF DOUBLE ENTRY TO BE CAREFULLY STUDIED.

In the chapter of this part immediately preceding the one illustrating the complete set of farm accounts, the general principles of Double Entry Bookkeeping have been explained and illustrated by showing how certain transactions should be treated. A careful study of these principles, together with a knowledge of the various bookkeeping terms defined in Part One, will enable anyone to understand the treatment of the various transactions and to know how the results obtained in the Complete Set of Accounts contained in Part Two are arrived at.

CHAPTER VI

ELEMENTARY PRINCIPLES OF DOUBLE ENTRY BOOKKEEPING

METHOD OF BOOKKEEPING IS "DOUBLE ENTRY."

The method of bookkeeping followed out in this book is known as "Double Entry," and derives its name from the fact that every entry made must have both a Debit amount and a Credit amount.

DEBIT AND CREDIT MUST BE EQUAL.

Either the Debit amount or the Credit amount, or both, may be divided into several items, but in order to make the Double Entry complete the *total* amount which is being debited by the entry must be exactly the same as the *total* amount which is being credited. This principle is illustrated as follows:

TRANSACTION EXHIBITING DOUBLE ENTRY PRINCIPLE.

A. B., a farmer, buys a binder for \$160.00 from the C. Machinery Company. He gives them a cheque on his bank account for \$60.00, and two notes of \$50.00 each for the balance. The proper recording of this transaction in the farmer's books makes it necessary to make a Debit to one account and a Credit to *two* accounts.

The correct entry is:

Machinery.....	Dr.....	\$160.00	
Bank.....	Cr.....		\$ 60.00
Bills Payable.....	Cr.....		100.00

7 ft. binder purchased from C. Machinery Company. Cash payment \$60.00. Note due November 1, 1914 \$50.00, and note due November 1, 1915, \$50.00. Notes bearing interest at 7 per cent. before maturity and 10 per cent. after maturity.

WHAT A DEBIT REPRESENTS.

A *Debit* must always represent an Asset or an Expense. In the preceding entry the Debit to machinery represents an Asset, an Asset being something of value owned by the person in whose books it appears. It will consist of either property, or a debt owing to the farmer by another party.

WHAT A CREDIT REPRESENTS.

A *Credit* must represent an amount owing by the person in whose books it appears, or the reduction of an amount owing by another to him, or Revenue.

In the preceding entry the Credit to the Bank means the reduction of the Farmer's bank balance, and therefore reduces the amount owing by the Bank to him. The Credit to Bills Payable represents an amount owing to the C. Machinery Company.

TRANSACTION EXHIBITING EXPENSE AS A DEBIT AND REVENUE AS A CREDIT.

In order to show clearly why an Expense is represented by a Debit, and a Revenue by a Credit, the entries for transactions affecting both are given below:

A Farmer hires a man whom he agrees to pay \$40.00 per month, and in addition gives him his board and lodging. The Farmer considers that the man's board and lodging is worth \$30.00 per

month. At the end of the first month he pays the man a month's wages by cheque, and makes the following entry:

Wages	Dr	\$70.00	
Bank	Cr		\$40.00
House Account	Cr		20.00

The man is really receiving the value of \$70.00 per month for his services, and therefore wages, which is an Expense, must be debited not only with the amount actually paid out to the man but the value of his board and lodging also.

TRANSACTION EXHIBITING DEPOSIT AT BANK OF CREAMERY CHEQUES.

A Farmer sells cream to the Government Creamery during a certain month, and receives a cheque from the Government in payment for the sum of \$63.00, which he at once deposits in his bank account.

He must make an entry as follows:

Bank	Dr	\$63.00	
Dairy Revenue	Cr		\$63.00

In this case a Debit to the Bank by the Farmer is recorded, and a Revenue account is credited.

SEPARATE EXPENSE ACCOUNTS TO BE KEPT OPEN FOR WHOLE YEAR AND TOTALS TRANSFERRED TO PROFIT AND LOSS ACCOUNT AT END OF YEAR.

Various kinds of Expenses are kept in separate accounts until the end of the year, when they are transferred to Profit and Loss Account. The reason why expenses are not debited to Profit and Loss Account direct as the entries are made is, because *by keeping a separate account for each class of expense the total of each class for the year is found without any trouble.* For example: If all wages are debited to Wages Account during the year, then that account will show the total wages for the year at the end of the year.

SEPARATE REVENUE ACCOUNTS TO BE KEPT OPEN FOR WHOLE YEAR AND TOTALS TRANSFERRED TO PROFIT AND LOSS ACCOUNT AT END OF YEAR.

Revenue accounts are treated in the same manner as Expense Accounts. Revenue from Dairy, Wheat, Oats, Live Stock, etc., are all kept in their respective accounts until the end of the year, and the total of each is then transferred to Profit and Loss Account.

USE OF PROFIT AND LOSS ACCOUNT.

The Profit and Loss Account is utilized to bring all Profits or Losses together, in one account, so that it may be determined whether a Profit has been made, or a Loss sustained, in operating the farm for the year.

BOOKS REQUIRED IN BUSINESS.

At one time a set of Double Entry Books always consisted of at least three books—a Day Book, a Journal and a Ledger. Modern bookkeeping, however, requires differently designed books for different businesses. One Ledger is always required, and often more.

BOOKS REQUIRED SPECIALLY FOR FARM BUSINESS.

For the average sized farm the books required are:

1. A Memoranda or Day Book.
2. A Synoptic.
3. A Ledger.

MEMORANDA OR DAY BOOK.

The reason why the first book is called "a Memoranda or Day Book" is because in it the Farmer must make a memorandum of every transaction which takes place, or of work performed, as soon as it takes place, giving full details regarding the item. As Farmers transact a great deal of their business while away from home, this book should be of such a size that it can easily be carried in a pocket. The sooner the memorandum is made after the event which has to be recorded takes place, the more likely is the entry to contain the proper details necessary to make an intelligent entry in the second book of record, the Synoptic.

SYNOPTIC.

The Synoptic is a modern book designed to take the place of a Journal and Cash Book, and, at the same time, save a great deal of work by having separate columns for each account which are needed in recording the various transactions.

At the top of each column is written the name of the account represented. Below the name of the account appear the letters "Dr." which stand for Debtor, or "Cr." which stand for Creditor. When an entry is made in this book equal amounts must be placed in the Debit and Credit columns of the accounts affected in order to make a complete double entry.

LEDGER.

The Ledger is a book containing accounts to which the totals of the columns in the Synoptic bearing the same name are posted at the end of the year. The Ledger will contain more accounts than there are special accounts provided for in the Synoptic, the reason being that in order to avoid making the Synoptic too large a book it is necessary to have one column headed "Sundry Ledger Accounts," Dr. and Cr. Whenever an entry is made which effects a Ledger Account, for which there is no special column in the Synoptic, the amount is placed in the "Sundry Ledger Accounts" column and posted separately to its proper account in the Ledger.

MEANING OF TERM "POSTING."

The term "Posting" means copying an entry from one book to another.

EXAMPLES OF ENTRIES IN THE BOOKS DESCRIBED
MEMORANDUM BOOK

Oct. 5, 1912: Sold 5 three-year-old steers to A. B. Cattle Company for \$230.00 cash.
Deposited \$230.00 in bank.

SYNOPTIC

		Cash		Bank		Live Stock	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Oct. 5, 1912:	Live stock—5 three-year-old steers sold . . .	\$230.00					\$230.00
	Bank—Deposited		\$230.00	\$230.00			

If the cash had not been deposited the Cash Column would have shown the amount in the Debit column only, which would have meant that \$230.00 was on hand, but as the Cash Column shows an equal amount in both Dr. and Cr. columns it means that there is no cash on hand. On hand means actually in possession of, and when Cash on hand is mentioned it does not mean Cash which is in the Bank. The latter is spoken of as being "the balance in Bank." In the above example there is \$230.00 in the Dr. column of the Bank, and nothing in the Credit column. This means that there is a balance in the Bank of \$230.00. The Bank is a debtor to the Farmer for that amount.

The credit to Live Stock in this Example indicates that Revenue has been received from the sale of Live Stock. The result is that the Asset represented by Live Stock has been lessened by \$230.00, but another Asset, represented by cash, has been increased by a similar amount.

EXAMPLE NO. 2

MEMO. BOOK

Sept. 30, 1912: Paid H. Jones by cheque for assisting with harvest during month, \$45.00, and board for twenty-five days at \$1.00 per day.
 Paid Western Implement Company by cheque for Binder Twine \$50.00. Twine all used in harvesting wheat.
 Four work horses were used in harvesting wheat—10 days in all during month. Charge at \$1.50 per day per horse.

SYNOPTIC

	Dr.	Cr.	Cr.
Sept. 30, 1912. Cheque to H. Jones for wages.....	Wheat, \$70.00	Bank, \$45.00	House, \$25.00
Cheque to Western Imp. Co.	Wheat, 50.00	Bank, 50.00	
Work horses harvesting.....	Wheat, 60.00	Work horses, \$60.00	

It will be seen from above how wheat is charged with the various expenses of harvesting. Not only are actual expenses debited which are paid out at the time, but also the hired man's board, which can only be looked upon as part of his wages. When the House supplies anything for the Farm, the House Account must be Credited, just the same as if such supplies or services had been purchased from anywhere else.

"Work Horses Account" must be kept separate, and whenever work is done by them, this account must be credited with a fair rate per day per horse, and the work the horses are engaged upon must be debited with the amount. In the example preceding it is "Wheat Account" which is debited. It could be "Hay Account," "Fencing Account," or any of the many phases of farm work which a work horse is engaged upon at some time or other during a year.

To fully illustrate a section of the Profit and Loss Account we will suppose a Farmer has a 50 acre field of stubble, upon which he grows wheat. The following entries are found during the year in his memo. book relating to this field of wheat:

March 31, 1912: Spent 15 days with 4 horses and gang plough preparing field for sowing wheat.	
1 man 15 days at \$3.00 per day.....	\$45.00
4 horses 15 days at \$1.50 per day per horse.....	90.00
April 30, 1912: 5 days with two horses seeding wheat.....	15.00
April 30, 1912: Used 150 bushels seed wheat from grain account at 80c per bushel.....	120.00
Sept. 30, 1912: Extra man for harvesting wheat \$25.00 and board \$20.00.....	45.00
Sept. 30, 1912: Myself six days for harvesting wheat, \$3.00 per day.....	18.00
Sept. 30, 1912: 4 horses six days for harvesting wheat, \$6.00 per day.....	36.00
Oct. 31, 1912: Paid bill for threshing wheat.....	125.00
Oct. 31, 1912: Wear and tear on machinery used on wheat field during year, estimated.....	20.00
Oct. 31, 1912: Threshed 1,250 bushels No. 1 Northern; sold at market price 78c.....	975.00

SYNOPTIC

	Wheat		Horses		Machinery		House Account		Bank		Wages		Ledger Account	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
March 31, 1912—	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Farmer's and Horses' time stubble ploughing.....	135.00			90.00								45.00		
April 30, 1912—														
Farmer's time sowing with 2 horses.....	30.00			15.00										120.00
150 bushels seed wheat.....	120.00													
September 30, 1912—														
Wages and board for harvest.....	45.00							20.00				25.00		
Farmer's time harvesting.....	18.00											18.00		
Horses, time harvesting.....	36.00			36.00										
October 31, 1912—														
Paid threshing account.....	125.00					20.00				125.00				
Depreciation on machinery.....	20.00													
Cash tickets received for 1,250 bushels No. 1 Northern.....		975.00								975.00				
	529.00	975.00												

This example shows that there has been a profit of \$446.00 made. Storage and cost of hauling to Elevator have yet to be charged, which of course will reduce the profit. \$446.00, however, is the profit on the production of the wheat. It cost \$529.00 to produce, and its value when produced is \$975.00. \$975.00, less \$529.00 = \$446.00.

CHAPTER VII

A COMPLETE SET
OF
FARM ACCOUNTS

BALANCE SHEET

At January 1, 1912

Assets (present value)				Liabilities	
Units	Description	Value per Unit	Amount	Description	Amount
REAL ESTATE AND BUILDINGS:					
320	Acres at.....	\$26 00	\$8,320 00		
	150 acres stubble				
	75 acres breaking				
	50 acres breakable				
1	House, 2 storey, frame		1,800 00		
1	Barn, frame		1,500 00		
1	Barn, log and frame		500 00		
4	Granaries, steel	\$100 00	400 00		
			\$12,520 00		
LIVE STOCK:					
1	Shorthorn bull		\$125 00		
10	Cows	60 00	600 00		
1	Calf, 6 months		15 00		
4	Yearling heifers	30 00	120 00		
5	Yearling steers	30 00	150 00		
3	2-year-old heifers	45 00	135 00		
6	2-year-old steers	45 00	270 00		
1	Boar		50 00		
4	Sows		50 00		
1	Pony		90 00		
			1,555 00		
WORK HORSES:					
1	Team, heavy		\$500 00		
1	Team, heavy		450 00		
1	Team, medium		300 00		
			1,250 00		
MACHINERY AND TOOLS:					
2	7-ft. binders, 1 old \$50, 1 new \$150		\$200 00		
1	5 ft. mower		50 00		
1	10½ ft. rake		30 00		
1	2½ in. wagon		65 00		
1	Set 2 in. sleighs		23 00		
1	Set disc harrows		45 00		
1	12 in. 2-furrow gang plough		60 00		
1	14 in. stubble plow		14 00		
1	12 in. breaker		15 00		
1	5-section drag harrow		18 00		
1	Seed drill		75 00		
2	Sets heavy harness		40 00		
1	Cream separator		120 00		
1	Top buggy		60 00		
1	Cutter		25 00		
1	Set light harness		15 00		
	Miscellaneous tools		67 00		
			922 00		
GRAINS:					
25	Bushels wheat, per bus.	\$0.70	\$17 50		
700	Bushels oats, per bus.	.25	175 00		
50	Bushels flax, per bus.	.90	45 00		
			237 50		
90	Tons hay, per ton	3 50	315 00		
	Cash in bank		155 00		
			\$16,954.50		
Total farm assets					\$16,954.50
Mortgage:					
	The Farm Mortgage Association. Balance \$4,300. Interest paid to December 1, 1911. Principal due \$300.00 on December 1, 1912-13-14 and \$3,400 on December 1, 1915		\$4,300 00		
	Interest accrued on same, 8 per cent., 1 month		28.65		
			\$4,328.65		
NOTES IN FAVOR OF DOMINION HARVESTER COMPANY:					
	Due November 4, 1912, binder		\$50 00		
	Due November 4, 1913, binder		50 00		
	Due November 4, 1912, binder		30 00		
	Due November 4, 1912, drill		35 00		
NOTES IN FAVOR OF IMPLEMENT MANUFACTURERS, LTD.:					
	Oct. 4, 1912, renewal		70 00		
	November 4, 1912, wagon		50 00		
NOTE IN FAVOR OF THE FARM NORTH LUMBER COMPANY:					
	Due October 1, 1912		485 00		
			770 00		
ACCOUNTS PAYABLE:					
	Smith Harness Company		\$37 50		
	Western Hardware Co., Ltd		62.25		
			99.75		
	Total Liabilities		\$5,198.40		
CAPITAL ACCOUNT:					
	Surplus of Assets over Liabilities, representing net worth of farmer		11,756 10		

NOTE.—Household furniture, etc., is not included, as this set of accounts only deals with the farm business, the same as a merchant would deal with his business.

DAY BOOK

TRANSACTIONS DURING 1912

(The whole of these are entered in the Synoptic)

FOR EVERY DEBIT THERE IS A CORRESPONDING AMOUNT CREDITED.

FOR EVERY CREDIT THERE IS A CORRESPONDING AMOUNT DEBITED.

Transactions will be found in SYNOPTIC under the headings of accounts mentioned below:

	Amount	Debit	Credit
Jan. 5, 1912: Gave cheque in payment of house supplies purchased	\$27 50	O House... \$27 50	C Bank... \$27 50
Purchased axe and saw from Western Hardware Company and had same charged up.	3 50	A Machinery . 3 50	A W. H. Co... 3.50
Drew cash from Bank for personal expenses.	10.00	O House... 10 00	C Bank... 10.00
Jan. 31, 1912: Gave cheque to hired man for month's wages.	30 00	P Wages... 30 00	C Bank... 30.00
His board and lodgings are to be credited to house at \$25.00 per month.	25 00	P Wages... 25 00	O House... 25.00
Charge time to livestock.	27 50	D Live Stock.. 27 50	P Wages... 55.00
Charge time to dairy department.	10 00	F Dairy... 10 00	
Charge time to general expense.	17 50	N General Exp.. 17 50	
Charge for own time during month—General Expense.	40 00	N General Exp. 40 00	P Wages... 75 00
Live Stock	35.00	D Live Stock... 35.00	
Fed butter milk to pigs during month worth	2 00	D Live Stock... 2.00	F Dairy... 2.00
Used milk, cream and butter in house worth.	5 00	O House... 5.00	F Dairy... 5.00
Fed 3 tons hay to live stock during month at \$3.50.	10.50	D Live Stock.. 10.50	J Hay... 21 00
Fed 2 ton hay to cows during month at \$3.50.	7.00	F Dairy... 7.00	
Fed 1 ton hay to horses during month at \$3.50.	3 50	E Work Horses 3.50	
Fed 10 bushels oats to horses during month at 25c.	2.50	E Work Horses 2.50	H Oats... 2.50
Feb. 5, 1912: Sold butter for cash.	8.50	B Cash... 8.50	F Dairy... 8.50
Paid cash for bran for cows	2.00	F Dairy... 2.00	B Cash... 2.00
Kept balance of \$6.50 for personal family expenses.	6.50	O House... 6.50	B Cash... 6.50
Feb. 14, 1912: Sold J. E. Williams a yearling heifer for \$20.00 and deposited the money in bank.	20.00	C Bank... 20.00	D Live Stock.. 20.00
Paid Western Hardware Company's account by cheque.	65.75	A Western H. Co.65.75	C Bank... 65.75
Paid account of general store for house supplies.	12.35	O House... 12.35	C Bank... 12.35
Feb. 28, 1912: Used milk, cream and butter in house during month to amount of \$6.25.	6 25	O House... 6.25	F Dairy... 6.25
Fed pigs butter milk.	2.40	D Live Stock.. 2.40	F Dairy... 2.40

	Amount	Debit	Credit
Feb. 28, 1912: Fed 3 tons of hay to live stock during month at \$3.50.....	\$10.50	D Live Stock.. \$10.50	J Hay.. \$21.00
Fed 2 tons of hay to cows during month at \$3.50.....	7.00	F Dairy..... 7.00	
Fed 1 ton of hay to horses during month at \$3.50.....	3.50	E Work Horses 3.50	
Fed 12 bushels oats to horses during month at 25c.....	3.00	E Work Horses 3.00	H Oats 3.00
Sold 8 tons hay in town for \$48.00, which was deposited in bank.....	48.00	C Bank 48.00	J Hay.. 48.00
Charge hay account with:			
Horses hauling hay to town.....	16.00	J Hay.. 16.00	E Work Horse 16.00
Own time, hauling hay to town.....	10.00	J Hay..... 10.00	P Wages.. 75.00
Own time, general.....	40.00	N General Exp. 40.00	
Own time, live stock.....	25.00	D Live Stock.. 25.00	
Paid hired man by cheque for month's wages.....	30.00	P Wages..... 30.00	C Bank... 30.00
Board for month.....	25.00	P Wages..... 25.00	O House... 25.00
Charge man's time to live stock.....	27.50	D Live Stock.. 27.50	P Wages... 55.00
Charge man's time to hauling fence posts.....	18.00	A Real Estate. 18.00	
Charge man's time to Dairy Department.....	9.50	F Dairy.... 9.50	
Charge horses' time to hauling fence posts.....	25.00	Real Estate... 25.00	E Work Horses 25.00
March, 10, 1912: Drew cash from bank.....	25.00	B Cash..... 25.00	C Bank... 25.00
Bought repairs for Plough and Disc Harrows for cash.....	7.50	L Mach. Repairs 7.50	B Cash... 7.50
Exchanged butter worth \$8.75 for house supplies.....	8.75	O House... 8.75	F Dairy... 8.75
Spent for personal expenses.....	4.50	O House... 4.50	B Cash... 4.50
Spent for clothing.....	9.85	O House... 9.85	B Cash... 9.85
Purchased 150 bushels seed wheat from rural municipality, giving note for \$120.00, bearing interest at 8 per cent.....	120.00	G Wheat... 120.00	A Bills Payable Rur. Mun. Note 120.00
Paid for chop and bran for cows: cash.....	3.00	F Dairy... 3.00	B Cash... 3.00
Borrowed \$100.00 from Bank on own note at 3 months. Discount charges \$2.00.....	100.00	C Bank..... 98.00	A Bills Payable 100.00
Gave cheque for rental of rural telephone.....	20.00	K Interest..... 2.00	C Bank... 20.00
March, 31, 1912: Paid hired man's wages.....	30.00	N General Exp. 20.00	C Bank... 30.00
Board for month.....	25.00	P Wages... 30.00	C Bank... 30.00
Charge man's time for month as follows:		P Wages... 25.00	O House... 25.00
15 days stubble ploughing for wheat at \$2.00.....	30.00	G Wheat..... 30.00	P Wages... 55.00
Time to live stock.....	14.00	D Live Stock.. 14.00	
Time to dairy.....	6.00	F Dairy..... 6.00	
Time to general expense.....	5.00	N General Exp. 5.00	
Used milk, cream and butter in house.....	6.25	O House..... 6.25	F Dairy... 6.25
Fed butter milk to pigs.....	3.25	D Live Stock.. 3.25	F Dairy... 3.25
Fed hay to live stock, 7 tons at \$3.50...	24.50	D Live Stock.. 24.50	J Hay... 24.50
Fed hay to horses, 1½ tons at \$3.50...	5.25	E Work Horses. 5.25	J Hay... 5.25
Fed 20 bushels of oats to horses at 25c.....	5.00	E Work Horses 5.00	H Oats... 5.00
Own time charge:			
Seed wheat.....	3.00	G Wheat..... 3.00	P Wages... 75.00
2 days ploughing stubble for wheat...	9.00	G Wheat..... 9.00	
10 days discing and harrow breaking for oats.....	30.00	H Oats..... 30.00	
General expense.....	33.00	N General Exp. 33.00	
Charge horses' time for month:			
4 horses 18 days at \$1.50 per horse, ploughing stubble for wheat.....	108.00	G Wheat... 108.00	E Work Horses. 141.00
2 horses 10 days harrowing at \$1.50 per horse for oats.....	30.00	H Oats..... 30.00	

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	Amount	Debit	Credit
March 31, 1912: 2 horses 1 day handling seed wheat at \$1.50 per horse...	\$3.00	G Wheat... \$3.00	
April 5, 1912: Drew \$20.00 from Bank...	20.00	B Cash..... 20.00	C Bank... \$20.00
Paid for seed drill repairs.....	6.35	L Mach. Repairs 6.35	B Cash... 6.35
Sold 50 pounds butter at 20 cents per pound for each.....	10.00	B Cash... 10.00	F Dairy... 10.00
Paid general merchant for house and personal supplies.....	19.75	O House . 19.75	B Cash... 19.75
April 20 1912: Paid veterinary surgeon by cheque for attending horse.....	10.00	E Work Horses 10.00	C Bank..... 10.00
Borrowed \$200.00 on note from Bank. Note due July 23rd. Discount charged by Bank \$3.00. Net amount credited in pass book \$197.00.	200.00	C Bank... 197.00	A Bills Payable Bank... 200.00
Paid by cheque Smith Harness Company's account.....	37.50	K Interest.... 3.00 A Smith Har- ness Co... 37.50	C Bank... 37.50
Bought lumber and other building supplies from Far North Lumber Company for purpose of building an addition to house \$265.00. Gave note due November 1, 1912, at 7 per cent.....	265.00	A Real Estate and Buildings 265.00	A Bills Payable Far North Lumber Co. 265.00
April 30, 1912: Horses time for month:			
Charge real estate and buildings--hauling lumber \$6.00.....	6.00	A Real Estate and Buildings... 6.00	E Work Horses 105.50
Wheat, 7 days stubble ploughing, 4 horses, \$1.50 per horse.....	42.00	G Wheat... 42.00	
5 days seeding wheat (100 acres) 4 horses at \$1.50 per horse.....	30.00	G Wheat... 30.00	
Oats, 3 days discing breaking, 3 horses at \$1.50 per horse.....	14.00	H Oats... 14.00	
Flax, 2 days discing breaking, 3 horses at \$1.50 per horse.....	9.00	I Flax... 9.00	
House: Ploughing garden and potato patch.....	4.50	O House... 4.50	
Hired man, paid wages by cheque..... and his board is worth.....	30.00 25.00	P Wages... 30.00 P Wages... 25.00	C Bank... 30.00 O House... 25.00
Charge hired man's time:			
Wheat, 7 days at \$2.00.....	14.00	G Wheat... 14.00	P Wages... 55.00
Oats, 3 days, at \$2.00.....	6.00	H Oats... 6.00	
Flax, 2 days, at \$2.00.....	4.00	I Flax... 4.00	
Live Stock.....	10.00	D Live Stock... 10.00	
Dairy, milking and earing for cow.....	12.00	F Dairy... 12.00	
General Expense.....	9.00	H General Exp. 9.00	
Change own time:			
Wheat, 5 days seeding.....	15.00	G Wheat... 15.00	P Wages... 75.00
Buildings, hauling lumber.....	6.00	A Real Estate and Buildings 6.00	
House: preparing and putting in potatoes and vegetables in garden.....	20.00	O House... 20.00	
Live stock, looking after young calves, etc.....	15.00	D Live Stock... 15.00	
General expense.....	19.00	H General Exp. 19.00	
Fed horses, oats, 70 bushels at 25c.....	17.50	E Work Horses. 17.50	H Oats... 17.50
Fed horses, hay, 1½ tons at \$3.50.....	5.25	E Work Horses. 5.25	J Hay... 5.25
Fed cows, hay, 2 tons at \$3.50.....	7.00	F Dairy... 7.00	J Hay... 7.00
Fed live stock, hay, 1 ton at \$3.50.....	3.50	D Live Stock... 3.50	J Hay... 3.50
Fed pigs dairy products.....	5.00	D Live Stock 5.00	F Dairy... 5.00
May 3, 1912: Traded 60 pounds butter to general merchant at 22c per pound for house supplies.....	13.20	O House... 13.20	F Dairy... 13.20
And purchased further house supplies and clothing amounting to \$15.60 giving cheque for same.....	15.60	O House... 15.60	C Bank... 15.60

	Amount	Debit	Credit
May 3, 1912: Purchased hardware fittings, nails and glass for addition to house from Western Hardware Company, and had same charged up (Charge buildings).....	\$27.75	Real Estate and Buildings.....\$27.75	A Western Hardware Co.\$27.75
May 16, 1912: Sold S. Williams a two-year-old heifer for \$50.00. Cash received \$10.00. Note due October 15, 1912, for balance.....	50.00	A. S. Williams... 40.00 B Cash..... 10.00	D Live Stock... 50 00
May 31, 1912: Horses time for month, charge:			
Oats, seeding 50 acres, 2 days, 4 horses.....	12.00	H Oats..... 12.00	E Work Horses 75 00
Flax, seeding 25 acres, 1½ days, 4 horses.....	9.00	I Flax..... 9.00	
Real Estate:			
Breaking 15 acres, 8 days, 4 horses.....	\$48.00		
Hauling stones off land.....	6.00	A Real Estate... 54.00	
Paid hired man's wages by cheque.....	30.00	P Wages..... 30.00	C Bank..... 30.00
Hired man's board for month.....	25.00	P Wages..... 25.00	O House..... 25.00
Charge hired man's time as follows:			
Oats, 2 days.....	4.00	H Oats..... 4.00	P Wages..... 55.00
Flax, 1½ days.....	3.00	I Flax..... 3.00	
Real Estate:			
Breaking 8 days.....	16.00		
Hauling stones.....	4.00	A Real Estate . 32.00	
Clearing scrub, 6 days.....	12.00		
Dairy Department.....	12.00	F Dairy..... 12.00	
Buildings:			
Helping with new addition to house.....	4.00	A Real Estate... 4.00	
Own Time:			
Real Estate:			
Hauling stones off land.....	9.00	A Real Estate... 9.00	P Wages..... 75.00
Buildings:			
Working on new addition to house.....	50.00	A Ledger Real Estate..... 50.00	
Live stock.....	10.00	D Live Stock... 10.00	
General.....	6.00	H General Exp. 6.00	
Fed live stock and horses during month:			
Horses, 65 bushels oats at 25c.....	\$16.25	E Work Horses. 16.25	H Oats..... 16.25
Horses, ½ ton hay at \$3.50.....	1.75	E Work Horses. 1.75	J Hay..... 1.75
Live stock, 1 ton hay at \$3.50.....	3.50	D Live Stock... 3.50	J Hay..... 3.50
Cows, 1 ton hay at \$3.50.....	3.50	F Dairy..... 3.50	J Hay..... 3.50
Pigs, milk and dairy products.....	3.00	D Live Stock... 3.00	F Dairy..... 3.00
Paid veterinary surgeon by cheque for attending mare with foal.....	15.00	D Live Stock... 15.00	C Bank..... 15.00
June 13, 1912: Received cheque from Department of Agriculture for cream sent to creamery in May. Deposited same in Bank.....	43.80	C Bank..... 43.80	F Dairy..... 43.80
Paid cash for cream separator } Repairs \$3.50; charge dairy... }	3.50	F Dairy..... 3.50	B Cash..... 3.50
Bought house supplies from general merchant giving cheque in settlement.....	31.25	O House..... 31.25	C Bank..... 31.25
June 30, 1912: Charge as follows for horses' time during month:			
Real estate, breaking 12 acres, 5 horses at \$1.50, 5 days.....	37.50	A Real Estate... 37.50	E Work Horses 49.50
Hauling stones, 2 horses 1 day.....	3.00	A Real Estate 3.00	
General expense, repairing fences, 2 horses 3 days.....	9.00	H General Exp. 9.00	
1913 wheat, summer fallow, 20 acres, 5 horses, 4 days.....	30.00	A Ledger, 1913 Wheat..... 30.00	E Work Horses 30.00

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	Amount	Debit	Credit
Paid hired man's wages \$30.00, by cheque.....	\$30 00	P Wages.....\$30 00	C Bank.....\$30 00
Hired man's board for month.....	25 00	P Wages..... 25 00	O House..... 25 00
Charge for hired man's time as follows:			
Real estate — Breaking, 4 days at \$2.00.....	8 00	A Real Estate.. 8 00	P Wages..... 55 00
Hauling stone 1 day at \$2.00.....	2 00	A Real Estate.. 2 00	
1913 wheat, summerfallowing, 4 days at \$2.00.....	8 00	A 1913 Wheat.. 8 00	
Dairy Department, milking and separating, etc.....	20 00	F Dairy..... 20 00	
Building—Helping on new addition to house.....	12 00	A Real Estate.. 12 00	
General expense.....	5 00	H General Exp. 5 00	
Charge for own time during month, real estate, breaking, 1 day.....	3 00	A Real Estate.. 3 00	Wages..... 75 00
General expense, repairing fences 4 days.....	12 00	H General Exp. 12 00	
Buildings, working on new addition to house.....	50 00	A Real Estate.. 50 00	
General expense.....	10 00	H General Exp. 10 00	
June 30, 1912: Fed stock and horses during month as follows:			
Horses, 68 bushels oats at 25c.....	17 00	E Work Horses. 17 00	H Oats..... 17 00
Horses, 1 ton hay at \$3.50.....	3 50	E Work Horses. 3 50	J Hay..... 3 50
Pigs, dairy products, \$4.60.....	4 60	D Live Stock .. 4 60	F Dairy..... 4 60
July 13, 1912: Received cheque from Department of Agriculture for cream sent to creamery in June, \$48.50, and used money for trip to Provincial Exhibition and other personal expenses.....	48 50	O House..... 48 50	F Dairy..... 48 50
Bought mower and rake repairs for which cheque was given.....	16 35	L Mach. Repairs 16 35	C Bank..... 16 35
July 31, 1912: Charge horses' time for month as follows:			
Rural Municipality of B No. 00, roadwork, 4 horses 8 days.....	48 00	A Rur. Mun.... 48 00	E Work Horses. 129 00
Hay, 4 horses 6 days.....	36 00	J Hay..... 36 00	
1913 wheat, summerfallow, 30 acres, 5 horses, 6 days.....	45 00	A 1913 Wheat . 45 00	
Paid hired man month's wages by cheque	30 00	P Wages..... 30 00	C Bank..... 30 00
Board of hired man for month.....	25 00	P Wages..... 25 00	O House..... 25 00
Charge hired man's time for month as follows:			
Rural Municipality of B No. 00, Roadwork, 8 days at \$2.00.....	16 00	A R.M. of B. . . 16 00	P Wages..... 55 00
Hay, 6 days at \$2.00.....	12 00	J Hay..... 12 00	
1913 wheat, 6 days at \$2.00.....	12 00	A 1913 Wheat . 12 00	
House, hauling potatoes.....	5 00	O House..... 5 00	
Dairy Department.....	5 00	F Dairy..... 5 00	
General expense.....	5 00	N General Exp. 5 00	
Charge for own time for month:			
Hay, 6 days at \$3.00.....	18 00	J Hay..... 18 00	P Wages..... 75 00
Dairy Department.....	7 00	F Dairy..... 7 00	
Building, finishing addition.....	25 00	A Real Estate . 25 00	
General expense.....	25 00	N General Exp. 25 00	
Bought 8 ft. binder from Dominion Harvester Company for \$175.00, giving three notes in settlement....	175 00	A Machinery .. 175 00	A Bills Payable, Dominion Harvester Co..... 175 00
\$75.00 due November 1, 1912.			
50.00 due November 1, 1913.			
50.00 due November 1, 1914.			
Interest at 7 per cent. on last two notes before maturity and 10 per cent. after.			

FARM BOOKKEEPING AND ACCOUNTS

	Amount	Debit	Credit
July 31, 1912: Bought binder repairs from Dominion Harvester Company and paid for same by cheque.....	\$22.50	L Mach. Repairs \$22.50	C Bank \$22.50
Bought 300 lbs. binder twine from Western Implement Company at 10½¢, \$31.50. Promised to pay for same after threshing.....	31.50	A Bdr. Twine Ac. 31.50	A Western Implement Co. 31.50
(Charge binder twine account until used.)			
Fed live stock and horses during month as follows:			
Horses, 70 bushels oats at 25c.....	17.50	E Work Horses. 17.50	H Oats..... 17.50
Horses, 1 ton hay at \$3.50.....	3.50	E Work Horses. 3.50	J Hay..... 3.50
Pigs, milk and butter milk.....	2.60	D Live Stock... 2.60	F Dairy..... 2.60
Charge house: butter, milk and cream used from dairy during past four months.....	33.50	O House..... 33.50	F Dairy..... 33.50
Aug 12, 1912: Received cheque from Department of Agriculture for cream sent to creamery in July \$56.35. Deposited same in bank.....	56.35	C Bank..... 56.35	F Dairy..... 56.35
Gave cheque to general merchant for house supplies and clothing.....	38.50	O House..... 38.50	C Bank..... 38.50
Drew cash from bank for sundry personal expenses of household.....	25.00	O House..... 25.00	C Bank..... 25.00
Paid blacksmith's account by cheque Account was for repairs to machinery.....	14.50	L Mach. Repairs 14.50	C Bank..... 14.50
Aug. 31, 1912: Charge horses' time for month as follows:			
Wheat, harvesting, 4 horses, 7 days.....	42.00	G Wheat..... 42.00	E Work Horses. 84.00
Hay, harvesting, 2 horses, 10 days...	30.00	J Hay..... 30.00	
Wheat, transferring granaries to field, 5 horses, 1 day.....	7.50	G Wheat..... 7.50	
Hay, ploughing fire guard, 3 horses, 1 day.....	4.50	J Hay..... 4.50	
Paid hired man's wages.....	30.00	P Wages..... 30.00	C Bank..... 30.00
Paid extra harvest help.....	20.00	P Wages..... 20.00	C Bank..... 20.00
Board and lodging for hired man and extra help for month.....	35.00	P Wages..... 35.00	O House..... 35.00
Charge men's time as follows:			
Wheat, harvesting, extra help.....	30.00	G Wheat..... 30.00	P Wages..... 85.00
Wheat, harvesting, regular man, 7 days.....	14.00	G Wheat..... 14.00	
Hay, 10 days.....	20.00	J Hay..... 20.00	
Wheat, placing granaries in field...	2.00	G Wheat..... 2.00	
Dairy Department.....	15.00	F Dairy..... 15.00	
General expense.....	4.00	N General Exp. 4.00	
Charge own time:			
Wheat, harvesting, 7 days.....	21.00	G Wheat..... 21.00	P Wages..... 75.00
Hay, 10 days.....	30.00	J Hay..... 30.00	
Wheat, placing granaries.....	3.00	G Wheat..... 3.00	
Hay, ploughing fire guard.....	3.00	J Hay..... 3.00	
General expense.....	18.00	N General Exp. 18.00	
Charge wheat 180 lbs. binder twine at 10½¢.....	18.90	G Wheat..... 18.90	A Binder Twine 18.90
Fed horses 65 bushels oats at 25c.....	16.25	E Work Horses. 16.25	H Oats..... 16.25
Fed horses 1 ton hay at \$3.50.....	3.50	E Work Horses. 3.50	J Hay..... 3.50
Pigs, Milk, etc.....	3.75	D Live Stock... 3.75	F Dairy..... 3.75
Used in house milk, cream and butter.....	4.50	O House..... 4.50	F Dairy..... 4.50
Sept 20, 1912: Received cheque from Department of Agriculture for August cream.....	48.75	C Bank..... 48.75	F Dairy..... 48.75
Deposited it in bank.			
Gave general merchant cheque for house and personal supplies.....	34.50	O House..... 34.50	C Bank..... 34.50

	Amount	Debit	Credit
Sept. 20, 1912: Gave hardware merchant cheque for house: hardware account	\$29.35	O House..... \$29.35	C Bank..... \$29.35
Drew cash from bank	10.00	B Cash..... 10.00	C Bank..... 10.00
Sept. 30, 1912: Received cash tickets from elevator during past ten days for 600 bushels wheat at 67c per bushel *	402.00	C Bank..... 402.00	G Wheat..... 402.00
Deposited amount in bank.			
Charge horses time for month as follows:			
Oats, harvesting, 4 horses, 4 days...	24.00	H Oats..... 24.00	E Work Horses. 66.00
Flax, harvesting, 4 horses, 2 days...	12.00	I Flax..... 12.00	
Wheat, hauling 600 bushels wheat, 2 horses, 10 days, to elevator.....	30.00	G Wheat..... 30.00	
Gave cheque for threshing of wheat, oats and flax, \$341.00:			
Wheat, 1,950 bushel at 8c per bus ..	156.00	G Wheat..... 156.00	C Bank..... 341.00
Oats, 2,300 bushel at 5½c per bus...	126.50	H Oats..... 126.50	
Flax, 325 bushel at 18c per bus.....	58.50	I Flax..... 58.50	
Gave hired man cheque for wages.....	30.00	P Wages..... 48.00	C Bank..... 48.00
Paid extra harvest help.....	18.00	P Wages..... 40.00	O House..... 40.00
Board and lodging for all help.....	40.00		
Charge hired men's time for month as follows:			
Cats, harvesting, 4 days.....	8.00	H Oats..... 8.00	P Wages..... 88.00
Flax, harvesting, 2 days.....	4.00	I Flax..... 4.00	
Wheat, storing in granaries, 2 days ..	4.00	G Wheat..... 4.00	
Oats, storing in granaries, 1 day.....	2.00	H Oats..... 2.00	
General expense.....	27.00	N General Exp. 27.00	
Dairy Department.....	10.00	F Dairy..... 10.00	
Oats, extra harvest help.....	33.00	H Oats..... 33.00	
Charge oats with 100 lbs. twine at 10½c.....	10.50	H Oats..... 10.50	A Binder Twine 10.50
Charge own time for month as follows:			
Oats, harvesting, 4 days at \$3.00.....	12.00	H Oats..... 12.00	P Wages..... 75.00
Flax, harvesting, 2 days at \$3.00.....	6.00	I Flax..... 6.00	
Wheat, storing in granaries, 2 days at \$3.00.....	6.00	G Wheat..... 6.00	
Oats, storing in granaries, 1 day at \$3.00.....	3.00	H Oats..... 3.00	
Wheat, hauling to elevator, 10 days ..	30.00	G Wheat..... 30.00	
General expense.....	18.00	N General Exp. 18.00	
Fed to live stock for month:			
Horses, 50 bushels oats at 25c.....	12.50	E Work Horses. 12.50	H Oats..... 12.50
Cows, oat sheaves.....	5.00	F Dairy..... 5.00	H Oats..... 5.00
Pigs, milk, etc.....	2.00	D Live Stock.. 2.00	F Dairy..... 2.00
Used milk and butter in house during month.....	4.30	O House..... 4.30	F Dairy..... 4.30
Oct. 13, 1912: Received cash tickets from elevator during past two weeks for 1,200 bushels wheat sold at 66c*.....	792.00	C Bank..... 792.00	G Wheat..... 792.00
Deposited cash in bank.			
Oct. 15, 1912: Sold 6 three-year-old steers to the Western Live Stock Company for	312.00	C Bank..... 312.00	D Live Stock. 312.00
Deposited amount in bank.			
Drew cash from bank.....	30.00	B Cash..... 30.00	C Bank..... 30.00
Paid livery stable account for feeding horses, charge horse account.....	8.50	E Work Horses. 8.50	B Cash..... 8.50
Traded butter to general merchant for house and personal supplies.....	36.50	O House..... 36.50	F Dairy..... 36.50
Also gave cheque to general merchant for further supplies.....	6.85	O House..... 6.85	C Bank..... 6.85
Oct. 22, 1912: Received cash tickets from Elevator Company for 300 bushels flax sold during past week at 93c.*.....	279.00	C Bank..... 279.00	I Flax..... 279.00
Deposited cash in bank.			

* In actual practice it would be wise to make a separate entry for each load of grain sold, but lack of space precludes the carrying out of this idea here.

FARM BOOKKEEPING AND ACCOUNTS

	Amount	Debit	Credit
Oct. 22, 1912: Bank charged up notes for temporary loans \$100.00 and \$200.00. with additional interest of \$6.00...	\$300.00 6.00	A Bills Pay. Bank \$300.00 K Interest..... 6.00	C Bank.....\$306.00
Oct. 22, 1913: Paid note of Implement Manufacturers for \$70.00 and interest \$7.20, by cheque.....	70.00 7.20	A Bills Pay. 70.00 K Interest..... 7.20	C Bank..... 77.20
Paid Far North Lumber Company \$285.00 and interest \$37.25, on account note due October 1st, leaving \$200.00 remaining unpaid.....	285.00 37.25	A Bills Pay., Far Nth. Lum. Co. 285.00 K Interest..... 37.25	Bank..... 322.25
Oct. 31, 1912: Paid hired man's wages by cheque... Board for month.....	30.00 25.00	P Wages..... 30.00 P Wages..... 25.00	C Bank..... 30.00 O House..... 25.00
Charge to: 1913 wheat, stubble ploughing, 6 days at \$2.....	12.00	A 1913 Wheat.. 12.00	P Wages..... 55.00
Wheat, hauling 8 loads to elevator, 8 days at \$2.....	16.00	G Wheat..... 16.00	
Live stock, driving in steers and feeding.....	6.00	D Live Stock.. 6.00	
Dairy Department.....	10.00	F Dairy..... 10.00	
House, taking up potatoes and vegetables.....	11.00	O House..... 11.00	
Charge own time for month: Wheat, hauling 12 loads to elevator...	36.00	G Wheat..... 36.00	P Wages..... 75.00
Flax, hauling 6 loads to elevator.....	18.00	I Flax..... 18.00	
Live stock, selling steers in town.....	6.00	D Live Stock.. 6.00	
House, taking up potatoes and vegetables.....	12.00	O House..... 12.00	
General expense.....	3.00	N General Exp. 3.00	
Charge horses' time for month: 1913 wheat, 30 acres plowing stubble, 6 days at \$6.00.....	36.00	A 1913 Wheat . 36.00	E Work Horses. 121.00
Live stock, driving in steers to market.....	6.00	D Live Stock.. 6.00	
House, ploughing up potatoes.....	4.00	O House..... 4.00	
Wheat, hauling 20 loads to elevator...	60.00	G Wheat..... 60.00	
Flax, hauling 5 loads to elevator.....	15.00	I Flax..... 15.00	
Fed horses during month: 65 bushels oats at \$0.25.....	16.25	E Work Horses. 16.25	H Oats..... 16.25
1 ton hay at \$3.50.....	3.50	E Work Horses 3.50	J Hay..... 3.50
Fed cows: Oat sheaves.....	6.00	F Dairy..... 7.75	H Oats..... 6.00
Hay, half ton at \$3.50.....	1.75		J Hay..... 1.75
Fed pigs: Dairy products.....	6.00	D Live Stock.. 6.00	F Dairy..... 6.00
Used milk and butter in house.....	5.25	O ouse..... 5.25	F Dairy..... 5.25
Paid Dominion Harvester Company's notes by cheque as follows: \$50.00 and interest \$3.50.....	53.50	A Bills Payable, Dom. Har. Co. 115.00	C Bank..... 123.25
30.00 and interest 2.25.....	32.25	K Interest..... 8.25	
35.00 and interest 2.50.....	37.50		
	<u>\$115.00</u>		
	<u>\$8.25</u>		
Nov. 3, 1912: Sold butter to general merchant.....	18.60	O House..... 18.60	F Dairy..... 18.60
Took supplies for house in exchange. Bought further house supplies, including clothing, giving cheque for \$43.65 in payment.....	43.65	O House..... 43.65	C Bank..... 43.65
Paid cash for personal expenses.....	4.50	O House..... 4.50	B Cash..... 4.50
Nov. 15, 1912: Sold pigs to butcher for cash.....	145.00	C Bank..... 100.00	D Live Stock.. 145.00
Deposited \$100.00 in bank.....		B Cash..... 45.00	
Paid doctor's account \$15.00 cash, charge house.....	15.00	O House..... 15.00	B Cash..... 15.00
Paid taxes to rural municipality by cheque; municipal, hail, school and supplementary revenue rates.....	54.40	N General Exp. 54.40	C Bank..... 54.40

DAY BOOK

53

	Amount	Debit	Credit
Nov. 15, 1912: Received cheque from rural municipality for work done in July.....	\$64.00	C Bank.....\$64.00	A Rur. Mun. ...\$64.00
Deposited same in bank.			
Paid balance of note in favor of Far North Lumber Company by cheque \$200.00 and interest \$1.50.....	201.50	A Bills Payable, Far N. Lu. Co. 200.00 K Interest.... 1.50	C Bank..... 201.50
Nov. 21, 1912: Paid Western Hardware Company's account by cheque as shown by ledger.....	27.75	A West. H. Co. 27.75	C Bank..... 27.75
Paid Western Implement Company's account for twine by cheque.....	31.50	A West. Im. Co. 31.50	C Bank..... 31.50
Received from S. Williams \$40.00 in payment of his note.....	40.00	B Cash..... 40.00	S. Williams.... 40.00
Bought house supplies including coal, paying cash for same.....	42.50	O House..... 42.50	B Cash..... 42.50
Nov. 30, 1912: Paid hired man's wages by cheque..	30.00	P Wages..... 30.00	C Bank..... 30.00
Board for month.....	25.00	P Wages..... 25.00	O House..... 25.00
Charge:			
Real Estate, breaking 6 acres, 4 days..	8.00	A Real Estate.. 8.00	P Wages..... 55.00
Real Estate, hauling off stones and brush, 3 days.....	6.00	A Real Estate.. 6.00	
Hay, hauling in hay to farm yard, 10 days.....	20.00	J Hay..... 20.00	
Live stock, attending stock.....	16.00	D Live Stock... 16.00	
Dairy Department.....	5.00	F Dairy..... 5.00	
Charge own time:			
House, getting supplies and coal from town.....	6.00	O House..... 6.00	P Wages..... 75.00
Building maintenance, fixing barns...	20.00	M Bld'g Main.. 20.00	
House, fixing up for winter.....	10.00	O House..... 10.00	
Live stock, feeding, etc.....	10.00	D Live Stock.. 10.00	
General expense.....	29.00	N Gen. Expense 29.00	
Charge horses' time:			
Real estate, breaking 4 horses, 4 days.....	24.00	A Real Estate.. 24.00	E Work Horses. 69.00
Real estate, hauling stones, 3 days....	9.00	A Real Estate.. 9.00	
Hay, hauling in, 2 horses, 10 days.....	30.00	J Hay..... 30.00	
House, hauling supplies, 2 days.....	6.00	O House..... 6.00	
Feed for horses for month:			
55 bushels oats at 24c.....	13.20	E Work Horses. 13.20	H Oats..... 13.20
1 ton hay at \$3.50.....	3.50	E Work Horses. 3.50	J Hay..... 3.50
Feed for cows for month:			
Green oat sheaves.....	12.00	F Dairy..... 12.00	H Oats..... 12.00
1½ ton hay at \$3.50.....	5.25	F Dairy..... 5.25	J Hay..... 5.25
Live stock:			
2 ton hay at \$3.50.....	7.00	D Live Stock... 7.00	J Hay..... 7.00
Pigs:			
Vegetables (Credit House).....	3.00	D Live Stock.. 3.00	O House..... 3.00
Buttermilk, etc.....	2.50	D Live Stock.. 2.50	F Dairy..... 2.50
Dec. 10, 1912: Received cash tickets during past 10 days from elevator for 8 loads oats, 840 bushels sold at 24c.....	201.60	C Bank..... 201.60	H Oats..... 201.60
Deposited cash in bank.			
Sold pony for cash and deposited in bank.....	80.00	C Bank..... 80.00	D Live Stock.. 80.00
Paid balance of account owing to Far North Lumber Company by cheque \$150.00 and interest \$7.50.			
Gave cheque for clothing and dry goods purchased from local merchant.....	63.25	O House..... 63.25	C Bank..... 63.25
Paid note of Implement Manufacturers by cheque \$50.00 and interest \$4.65.....	54.65	A Bills Payable, Imp. Mfrs.... 50.00 K Interest... 4.65	C Bank..... 54.65

FARM BOOKKEEPING AND ACCOUNTS

	Amount	Debit	Credit
Paid livery stable account by cash \$6.50. Charge oats.....	\$6.50	H Oats..... \$6.50	B Cash..... \$6.50
Bought bank draft in favor of Farm Mortgage Association for \$344.00 to be applied on interest to December 1, 1912.....	344.00	A Farm Mortgage Assoc..... 28.65 K Interest..... 315.35	C Bank..... 344.00
Dec. 29, 1912: Received cash tickets from Elevator for 9 loads of oats, 940 bushels sold at 24c.....	225.60	C Bank..... 225.60	H Oats..... 225.60
Deposited cash in bank.....			
Sold 36 pounds of butter to general merchant for \$9.00. Took house supplies in exchange.....	9.00	O House..... 9.00	F Dairy..... 9.00
Purchased further supplies giving cheque in settlement.....	21.60	O House..... 21.60	C Bank..... 21.60
Subscribed for 4 shares of stock in Provincial Co-operative Elevator Company. Gave cheque for call of 15 per cent., \$30.00.....	30.00	A Investments, Pr. Co-op. Elev. Co..... 30.00	C Bank..... 30.00
Paid long distance telephone account by cheque.....	4.50	N General Exp. 4.50	C Bank..... 4.50
Dec. 31, 1912: Paid hired man's wages by cheque.....	30.00	P Wages..... 30.00	C Bank..... 30.00
Board for month.....	25.00	P Wages..... 25.00	O House..... 25.00
Charge:			
Live stock.....	25.00	D Live Stock..... 25.00	P Wages..... 55.00
Dairy Department.....	10.00	F Dairy..... 10.00	
House, firewood, etc.....	13.00	O House..... 13.00	
General expense, chores.....	7.00	N General Exp. 7.00	
Charge own time for month:			
Oats, hauling to elevator.....	51.00	H Oats..... 51.00	P Wages..... 75.00
Live stock.....	15.00	D Live Stock..... 15.00	
General expense, bookkeeping and sundry work.....	9.00	N General Exp. 9.00	
Charge horses' time for month:			
Oats, hauling to elevator.....	51.00	H Oats..... 51.00	E Work Horse. 63.00
House, hauling firewood.....	12.00	O House..... 12.00	
Feed for horses during month:			
20 bushels oats at 24c.....	4.80	E Work Horses 4.80	H Oats..... 4.80
1 ton hay at \$3.50.....	3.50	E Work Horses 3.50	J Hay..... 3.50
Feed for cows:			
Hay, 1½ tons at \$3.50.....	5.25	F Dairy..... 5.25	J Hay..... 5.25
Green sheaves (oats).....	6.00	F Dairy..... 6.00	H Oats..... 6.00
Live stock, 2 tons hay at \$3.50.....	7.00	D Live Stock..... 7.00	J Hay..... 7.00
Pigs, dairy products.....	3.25	D Live Stock..... 3.25	F Dairy..... 3.25
Vegetables (Credit House).....	2.00	D Live Stock..... 2.00	O House..... 2.00
Deposited cash in bank.....	50.00	C Bank..... 50.00	B Cash..... 50.00
Wages:			
Amount for own time charged to operation of farm during year.....	900.00	P Wages..... 900.00	O House..... 900.00
Paid Rural Municipality:			
Note for seed wheat by cheque.....	120.00	A Rural Mun., Ledger..... 120.00	C Bank..... 120.00

This completes the current entries for the year, but there are still the *closing* entries to be made in the books.

Having *totalled* the various columns in the synoptic for the year, and proved the additions by adding all the totals of Debit columns together and all the totals of the Credit columns together, which, if the postings and additions have been done correctly will agree, it is then necessary to *post* the totals of the various columns in the Synoptic to their various accounts in the Ledger; after this is done, it is found to be much more satisfactory to simply make the closing entries in the Day Book and post them to the Ledger direct.

By taking stock and crediting up each active account with its particular portion, making provision for depreciation, interest and other matters incidental to the closing of a year's accounts,

SYNOPTIC

C		D		E		F		G		H	
BANK		LIVE STOCK ACCOUNT		WORK HORSES ACCOUNT		DAIRY ACCOUNT		WHEAT ACCOUNT		OATS ACCOUNT	
Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
155											
	47 60										
	10										
	80										
		27 50				10					
		35							2		
		2							5		
		10 50									
				3 50							
				2 50							2 5
									8 50		
								2			
20			20								
	65 75										
	12 35										
		2 40							6 25		
		10 50							2 40		
								7			
				3 50							
				3							3
48											
						16					
		25									
	30										
		27 50						9 50			
	25					25					
									8 75		
223	200 60	140 40	20	12 50	41	36 50	32 90				5

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DATE	PARTICULARS	Ledger Folio	A		B		Cheque No.
			LEDGER		CASH		
			Dr.	Cr.	Dr.	Cr.	
	Brought Forward		112 25	158 50	33 50	30 35	
March 10	Wheat Seed, Bought from Local Municipality, giving note			120			
	Live Stock, Bought from Crows, Paying Cash					3	
	Bank, Borrowed on Note—Bills Payable			100			
	General Expense, Cheque to Rural Telephone Co.						8
31	Wages, Cheque to Hired Man						9
	Wages, Hired Man's Board for Month						
	Distribution of Hired Man's Time for Month						
	House Account, Produce Used						
	Live Stock, Feed for Month						
	Horses' Feed for Month						
	Own Time for Month						
	Horses' Time for Month						
April 5	Cash Drawn from Bank				20		10
	Machinery Repairs, Purchased for Cash					6 35	
	Cash, 50 lbs. of Butter Sold for Cash				10		
	House Account, Paid Cash for Supplies					19 75	
20	Horses, Cheque to Veterinary Surgeon						11
	Bank, Borrowed on Note due July 1st, Bills Payable			200			
	Saddlery Harness Co., Paid Account by Cheque		37 50				12
	Real Estate and Buildings, Land for House	1	265				
	Bus Payable, Note due Nov. 1st, to Far North Lumber Co.			265			
30	Horses' Time for Month—Real Estate and Buildings, etc.		6				13
	Wages, Cheque to Hired Man						
	do—Hired Man's Board for Month						
	Hired Man's Time for Month						
	Own Time for Month						
	Real Estate and Buildings—Own Time Hauling Lumber		6				
	Horses' Feed for Month						
May 3	Live Stock and Dairy, Feed for Month						
	House Account, Paid Cash for Supplies						
	do—Gave Cheque for Supplies						14
	Real Estate and Buildings, Hired Man for addition to House		27 75				
	Western Hardware Co.,					27 75	
16	S. Williams, S. 2 yr. old steer, Bal. No. Due Oct. 15, 1912		40			10	
24	Horses' Time for Month						
	Real Estate and Buildings, Hired Man		54				15
	Wages, Cheque to Hired Man						
	do—Hired Man's Board						
	Distribution of Hired Man's Time for Month						
	Real Estate and Buildings, Hired Man		36				
	Distribution of Own Time for Month—Real Estate and Buildings		59				
	Horses' Time for Month						
	Live Stock and Dairy Feed for Month						
	Live Stock, Cheque to Veterinary						16
June 13	Bank Deposited Cheque received for Cream						
	Dairy, Paid Cash for Repairs to Separator					3 50	
	House Account, Cheque for Supplies						17
	Carried Forward		643 50	871 25	73 50	62 95	

	C		D		E		F		G		H		
	BANK		LIVE STOCK ACCOUNT		WORK HORSES ACCOUNT		DAIRY ACCOUNT		WHEAT ACCOUNT		OATS ACCOUNT		
Cheque No.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
35	223	200 60	140 40	20	12 50	41	35 50	32 90					5 50
	98						3		130				
8		20											
9		30											
			14				6		30				
			27 75					6 23					
					10 25			3 25					5
						161			12		30		
10		20							111		30		
35								10					
75													
11		10			10								
	197												
12		37 80											
						105 50			72		14		9
13		30											
			10				12		14		6		4
			15						15				
					22 75							17 50	
14		15 60	8 50				7	5 13 20					
				50									
15		30				75							9
			10				12				4		3
			6 50		18		3 50	3				16 25	
16		15	15 00										
	43 80							43 80					
50							3 50						
17		31 25											
95	561 80	439 96	247 15	70	73 50	362 50	82 50	117 40	374		96	44 26	25

A		B		C		D		E		F		G		H
LEDGER		CASH		BANK		LIVE STOCK ACCOUNT		WORK HORSES ACCOUNT		DAIRY ACCOUNT		WHEAT ACCOUNT		AC
Dr.	Cr.	Dr.	Cr.	Chq. No.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
112 25	108 00	33 50	30 35		223	200 60	140 40	20	12 50	41	35 50	32 90		
	120												180	
	100		3		98						3			
				8		20								
				9		30								
							14				6		30	
												6 28		
							27 75					3 25		
									10 25				12	20
										141			111	20
		20		0		20								20
			6 35											
		10										10		
			10 75											
									10					
	200				197									
37 50						37 50								
205														
	265													
6										105 50			72	14
						30								
							10				12		14	6
							15						16	
6									22 75		7	8		
								8 50				12 20		
								15 60						
									50					
										75				12
														4
							10				12			
							6 50		18		3 50	3		
							15	15 00						
					43 50								43 50	
				3							3 50			
							31 25							
44 50	261 25	72 50	62 35		561 80	439 95	247 15	70	73 50	362 50	82 50	117 40	274	50

H		I		J		K	L	M	N	O		P	
OATS ACCOUNT		FLAX ACCOUNT		HAY ACCOUNT		Interest	Machinery Repairs	Building Main.	General Expense	House and Personal Acc't		WAGES ACCOUNT	
Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Dr.	Dr.	Dr.	Dr.	Cr.	Dr.	Cr.
	5 50			26	90		7 50		97 50	90 70	50	110	260
						2			20			30	
									5		25	25	55
				24 50						6 25			
	5			5 25									
20									33				75
30							6 35						
						3							
14		9								4 50		30	
											25	25	
6		4							9				55
									19	20			75
	17 00			5 25									
				10 50									
										12 20			
										15 50			
12		9										30	
											25	25	
4		3											55
	16 25								6				75
										31 25			
05	44 25	25		26	144 25	8	12 55		189 50	201 25	125	275	660

C

D

E

F

G

H

BANK

LIVE STOCK ACCOUNT

WORK HORSES ACCOUNT

DAIRY ACCOUNT

WHEAT ACCOUNT

OATS ACCOUNT

Dr. Cr.

Dr. Cr.

Dr. Cr.

Dr. Cr.

Dr. Cr.

Dr. Cr.

1068 90 1129 65

258 10 70

134 75 721

139 50 319 95

702 40 402

300 95

792
312

2

12 50

5

2
4 30

35

792

15

17 50

30

312

5 50

35 50

5 85

279

305

77 20

322 25

30

5

10

15

5

121

35

5

19 75

7 75

6

5 25

60

22 25

6

123 25

15 50

43 65

100

145

54 40

64

20 50

27 75

31 50

30

15

10

2515 90 2414 00

310 10 527

175 50 842

187 25 392 60

550 40 1194

315

184 75

DATE	PARTICULARS	Ledger Folio	A		B		Cheque No.	C
			LEDGER		CASH			
			Dr.	Cr.	Dr.	Cr.	Dr.	
	Brought Forward		1149 50	1107 15	33 50	62 95		1068 5
1912								
Sept. 30	Own Time for Month							
	Feed to Live Stock for Month							792
	House Account, Milk and Butter Used							312
October 13	Bank Account, Deposited Wheat Tickets							
15	do Cheque Received for Three Year Old Steers				30		32	
	Cash, Drow from Bank					8 50		
	Horses, Paid Livery for Feed							
	House, Traded Butter for Supplies						33	
	House Account, Cheque for Supplies							278
22	Bank, Deposited Flax Tickets		300					
	Bills Payable, Note Charged up by Bank		70					34
	Bills Payable, Implement Manufacturers. Note Paid		285					35
	Bills Payable, Far North Lumber Co. Paid Own Note							36
31	Hired Man, Cheque for Wages							
	do Board for Month							
	Wages, Hired Man's Time for Month		12					
	do 1913 Wheat, Stable Plowing							
	Own Time for Month		36					
	Horses' Time for Month, 1913 Wheat							
	Feed for Horses and Live Stock for Month							
	House Account, Butter and Milk Used		50					
	Bills Payable, Dominion Harvester Co., Paid by Cheque		30					
	" " " " " " " "		35					37
	" " " " " " " "							
Nov. 3	House, Traded Butter for Supplies							38
	do Cheque for Supplies					4 50		
	do Paid Cash for Personal Expenses				45			
	Sold Pigs and Deposited part of Proceeds in Bank					15		
	House Account, Doctor's Account Paid							39
	General Expenses. Paid Taxes			64				
	Received Cheque from Rural Municipality for Account		200					40
15	Bills Payable, Far North Lumber Co., Note		27 75					41
	Western Hardware Co., gave Cheque for Account		31 50					42
	Western Implement Co. do				40			
	Received Cash from S. Williams for Note					40		
	Heust, Purchased Coal, etc., for Cash						42 50	
30	Wages, Cheque to Hired Man for Month							43
	do Hired Man's Board for Month							
	Hired Man's Time for Month		14					
	Real Estate, Breaking 6 Acres and Hauling Stones							
	Own Time for Month							
			2240 75	1211 15	195 50	133 45		

Carried Forward

Equi. No.	C		D		E		F		G		H	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
			LIVE STOCK ACCOUNT		WORK HORSES ACCOUNT		DAIRY ACCOUNT		WHEAT ACCOUNT		OATS ACCOUNT	
	1068 90	1129 55	258 10	70	134 75	721	139 50	319 95	702 40	402	300	96
									35		15	
			2		12 50		5	2				17 50
								4 30				
	792									792		
	312			312								
32		30			8 50							
								35 50				
33		6 85										
	279											
		305										
34		77 20										
35		322 25										
36		30										
			5					10		15		
										35		
			6							50		
						121						22 25
			5					7 75	5			
			6		19 75				5 25			
37		123 25								18 50		
38		43 65										
	100			145								
39		54 40										
	64											
40		201 50										
41		27 75										
42		31 50										
50												
	43	30										
			15									
			10									
45	2615 90	2414 00	310 10	627	175 50	842	157 25	392 60	850 40	1194	315	134 75

A		B		C		D		E		F		G		H		I		J	
LEDGER		CASH		BANK		HIVE STOCK ACCOUNT		WORK HORSES ACCOUNT		DAIRY ACCOUNT		WHEAT ACCOUNT		OATS ACCOUNT		FLAX ACCOUNT		AG	
Dr.	Cr.	Dr.	Cr.	Ch. N.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
50	1107 16	83 50	02 95		1068 90	1129 65	258 10	70	134 75	721	139 50	319 95	702 40	402	300	95	99 50	179	
							2		12 50		5	2	36		15		6		
					792							4 30					17 50		
		30			312			312						792					
			8 50			30			8 50										
				33		6 85													
					279													279	
						306													
				34		77 20													
				35		322 25													
				36		30													
							6				10			16					
							6							36				18	
							6		121					60				15	
							6		19 75		7 75	6					22 25		
												5 25							
				37		123 25													
				38		43 65								18 60					
			4 50																
		45			100			145											
			15																
						54 40													
	64				64														
						201 50													
						27 75													
						31 50													
		40																	
			42 59																
				43		30													
							16												
							10												
70	1214 16	198 50	133 45		2615 50	2414 00	310 10	527	175 50	342	167 25	392 60	650 40	1194	315	134 75	138 50	379	199

J		K		L	M	N	O		P	
HAY ACCOUNT		Interest	Machinery Repairs	Building Main.	General Expense	House and Personal Acc't		WAGES ACCOUNT		
Dr.	Cr.	Dr.	Dr.	Dr.	Dr.	Dr.	Cr.	Dr.	Cr.	
179 80	184 75	5	67 20		804 80	420 10	280	888	1188	
					18				78	
						4 30				
						55 80				
						5 88				
		6								
		7 80								
		37 25								
								80		
							88	25		
						11			58	
					8	18			78	
						4				
	8 25					5 25				
		8 18				18 60				
						48 65				
						4 80				
						15				
					84 40					
		1 50								
						42 50				
								30		
							88	88		
80									88	
				20	29	18			78	
199 80	160	68 80	87 80	80	408 90	640 88	800	668	1498	

I		J		K	L	M	N	O		P	
FLAX ACCOUNT		HAY ACCOUNT		Interest	Machinery Repairs	Building Main.	General Expense	House and Personal Acc't		WAGES ACCOUNT	
Dr.	Cr.	Dr.	Cr.	Dr.	Dr.	Dr.	Dr.	Dr.	Cr.	Dr.	Cr.
50 60		179 80	184 75	5	67 20		304 60	420 10	280	538	1158
6							18				75
								4 30			
	279										
				6							
				7 20							
				37 25							
										30	
										25	
								11			65
13											
15							3	12			75
								4			
		5 25									
								6 25			
				8 26							
								18 60			
								43 65			
								4 60			
								15			
							84 40				
				1 50							
								42 50			
										30	
										25	
		20									65
						20					
							29				
								16			75
138 50	279	199 50	160	65 20	67 20	20	405 90	640 25	300	668	1493

DATE	PARTICULARS	Ledger Folio	A		B		C
			LEDGER		CASH		BANK
			Dr.	Cr.	Dr.	Cr.	Cheque No.	Dr.
1912	Brought Forward		2240 75	1211 15	195 50	133 45	2615 90
Nov. 30	Horses' Time for Month, Real Estate, Breeding, Etc.		33				
	Feed for Horses and Live Stock for Month						201 60
Dec. 10	Cash Tickets for Oats, Deposited						80
	Live Stock. Sale of Pony, Deposited						44
	Gave Cheque for Clothing, etc.						45
	Paid Note of Implement Manufacturers, by Cheque		50			6 60	
	Oats Account. Livery Stable Account Paid						46
	Farm Mortgage Association. December 1st Payment		28 65				325 60
20	Cash Tickets for Oats, Deposited						
	Traded Butter for House Supplies						47
	House Supplies Purchased, Paid for by Cheque						45
	Investments. Provincial Co-operative Elevator Co., 15 per cent. on 4 Shares.		30				49
	Telephone Account, Paid by Cheque						60
31	Wages, Cheque to Hired Man for Month						
	do Hired Man's Board for Month						
	Hired Man's Time for Month						
	Own Time for Month						
	Horses' Time for Month						
	Feed for Live Stock and Horses for Month					50	50
	Deposited Cash in Bank						
	Wages, Own Time for Year, Transferred from Wages to Personal Account						
	Rural Municipality, Paid Note for Seed Wheat.		120				51
			2502 40	1211 15	195 50	189 96	3175

C		D		E		F		G		H		I	
BANK		LIVE STOCK ACCOUNT		WORK HORSES ACCOUNT		DAIRY ACCOUNT		WHEAT ACCOUNT		OATS ACCOUNT		FLAX ACCOUNT	
Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
3615 90	2414	310 10	527	175 50	842	167 25	393 60	580 40	1194	315	134 75	138 50	279
					69								
		12 50		16 70		17 25	2 50				25 70		
201 50											201 60		
80			80										
	63 35												
	54 55									6 90			
	344										225 60		
325 50							9						
	21 60												
	30					10							
	4 50												
	30												
		25											
		15											
					68								
		12 35		8 30		11 25	3 25					10 80	
50													
	190												
3173 10	3082	374 56	607	300 50	974	206 75	407 35	580 40	1194	425 50	597 95	138 50	279

B			C		D		E		F		G		H	
CASH			BANK		LIVE STOCK ACCOUNT		WORK HORSES ACCOUNT		DAIRY ACCOUNT		WHEAT ACCOUNT		OATS ACCOUNT	
r.	Cr.	Cheque No.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
30	133 45		2616 90	2414	310 10	327	176 60	642	187 26	392 60	850 40	1194	316	134
					12 50		16 70	69	17 25	2 80				25
			207 60											201
			60											
			44	63 25										
			48	54 65									5 50	
	6 50													
			46	344										236
			225 60											
										9				
			47	21 60										
			48	30										
			49	4 60										
			80	30										
					25					10				81
					16									81
								63						
					12 25		8 30		11 26	3 25				10
	50		50											
			51	190										
50	189 96		3173 10	3082	374 66	697	200 60	974	208 76	407 35	860 40	1194	423 50	59

a Trading Account for each department and Profit and Loss for the whole, and a Balance Sheet or statement of affairs can be produced at any time.

CLOSING ENTRIES

The items following are posted *direct* to the ledger:

	Dr.	Cr.
Interest.....	K Interest..... \$8.60	
Dominion Harvester Company.....		A Dom. Har. Co. \$8.60
Accrued interest at 7 per cent. on notes as under:		
Due November 4, 1913, \$50.00 for 1 year.....	\$3.50	
Due November 1, 1912, \$75.00 from 31st July to 31st December.....	2.20	
Due November 1, 1913, \$50.00, from 31st July to 31st December.....	1.45	
Due November 1, 1914, \$50.00 from 31st July to 31st December.....	1.45	
Interest.....	K Interest..... 12.90	
Far North Lumber Company, Limited.....		A F. N. L. Co. 12.90
Accrued interest at 7 per cent. on note for \$265.00 from April 20 to December 31, 1912.		
Interest.....	K Interest..... 28.65	
The Farm Mortgage Association.....		A F. M. Ass. 28.65
Accrued interest at 8 per cent. on \$4,300.00 for month of December.		
Live stock (new inventory).....		D Live Stock 1,530.00
Work horses (new inventory).....		E Work Horses 1,120.00
Wheat (new inventory).....		G Wheat..... 119.00
Oats (new inventory).....		H Oats..... 108.00
Flax (new inventory).....		I Flax..... 45.50
Hay (new inventory).....		J Hay..... 320.00
These amounts represent the stocks on hand at 31st December and are credited to the accounts named for the purpose of ascertaining the profit on each account. The exact amounts are brought down in the Ledger on the Debit side on the 1st January, 1913.		
Profit and Loss.....	A P. & L. Acc. \$50.00	
Machinery and tools		A M. & Tools 50.00
Old 7 ft. binder discarded.		
House.....	O House..... 90.00	
Wheat.....	G Wheat..... 10.00	
Oats.....	H Oats..... 7.50	
Flax.....	I Flax..... 2.50	
Dairy.....	F Dairy..... 25.00	
Work Horses.....	E Work Horses..... 50.00	
Live Stock.....	D Live Stock..... 75.00	
Real estate and buildings.....		A Real Estate..... 260.00
Depreciation on buildings for year:		
\$1,800.00 House, 5 per cent....	\$90.00	
2,000.00 barns, 7½ per cent....	150.00	
400.00 granaries, 5 per cent....	20.00	
Dairy.....	F Dairy..... \$12.00	
Wheat.....	G Wheat..... 45.00	
Oats.....	H Oats..... 24.05	
Flax.....	I Flax..... 11.50	
Hay.....	J Hay..... 12.00	
General expense.....	II General Exp. 54.05	

	Dr.	Cr.
Machinery and tools.....		A M. & Tools.. \$158.60
15 per cent. depreciation on all machinery on hand:		
15 per cent. on \$860.00.....	\$129.00	
10 per cent. on 120.00.....	12.00	
25 per cent. depreciation on tools on hand:		
25 per cent. on \$70.50.....	17.60	
General expense.....	H General Exp. \$45.00	
Hay.....		J Hay... 45.00
Hay spoilt during year:		
General expense.....	H General Exp. 2.10	
Binder twine.....		A Binder Twine. 2.10
Twine used around farm buildings:		
Profit and loss account.....	A P. & L. Acct.. 435.35	
Interest.....		K Interest..... 435.35
Interest paid and accrued during year:		
Profit and loss account.....	A P. & L. Acct.. 67.20	
Machinery repairs.....		A Mac. Repairs. 67.20
Total repairs for year:		
Profit and loss account.....	A P. & L. Acct.. 20.00	
Building maintenance.....		A Bldg. Main... 20.00
Total maintenance for year:		
Profit and loss account.....	A P. & L. Acct.. 530.55	
General expense.....		H General Exp. 530.55
Hired man's time not chargeable to departments.....	\$79.50	
Farmer's time not chargeable to departments.....	211.00	
Horses' time not chargeable to departments.....	9.00	
Telephone.....	24.50	
Taxes.....	54.40	
Bookkeeping, etc.....	51.00	
Spoilt hay.....	45.00	
Depreciation on machinery.....	54.05	
Twine used around buildings.....	2.10	
Live stock.....	D Live Stock.. 296.75	
Work horses.....	E Work Horses. 593.50	
Wheat.....	G Wheat..... 390.10	
Oats.....	H Oats..... 75.90	
Flax.....	I Flax..... 127.00	
Profit and loss.....		A P. & L. Acct. 1,483.25
Profit from various accounts transferred to Profit and Loss Account.		
Dairy department.....	F Dairy..... \$164.60	
Live stock.....		D Live Stock .. 164.60
Profit for year on dairy taken to live stock account.		
House account.....	O House..... 374.90	
Surplus account.....		A Sur. Acct. ... 374.90
Balance of house account transferred to surplus account.		
Profit and loss.....	A P. & L. Acct... 380.15	
Capital account.....		A Capital..... 380.15
Profit on operations for year.		

After all the preceding entries have been posted to the Accounts mentioned, the Ledger accounts are closed by bringing the Debit or Credit balance down from each Account to January 1, 1913, to start the new year.

LEDGER ACCOUNTS

LEDGER ACCOUNTS

1—REAL ESTATE AND BUILDINGS—SOUTH ½ OF 24 W. 2ND

	<i>Folio</i>	<i>Debits</i>	<i>Credits</i>	<i>Dr. or Cr.</i>	<i>Balance</i>
Jan. 1, 1912: To 320 acres at \$26.00 per acre.....		\$8,320.00			
House.....		1,800.00			
Barn.....		1,500.00			
Barn.....		500.00			
Granaries.....		400.00		Dr.	\$12,520.00
Feb. 28, 1912: Fencing.....		18.00			
Fencing.....		25.00		Dr.	12,563.00
April 20, 1912: Lumber for addition to house....		265.00			
April 30, 1912: Hauling lumber for house.....		6.00			
April 30, 1912: Hauling lumber for house.....		6.00		Dr.	12,840.00
May 3, 1912: Hardware for addition to house...		27.75			
May 31, 1912: Horses' time, breaking and hauling stone.....		54.00			
Breaking, etc., \$32. Helping with addition to house \$4.....		36.00			
Hauling stones \$9, working on house \$50.00.....		59.00		Dr.	13,006.75
June 30, 1912: Breaking and hauling stones.....		40.50			
Breaking and hauling stones.....		10.00			
House addition.....		12.00			
Breaking.....		3.00			
Addition to house.....		50.00		Dr.	13,132.25
July 31, 1912: Addition to house.....		25.00		Dr.	13,157.25
Nov. 30, 1912: Breaking—labor.....		8.00			
Hauling stone.....		6.00			
Breaking.....		33.00		Dr.	13,204.25
Dec. 31, 1912: By depreciation on buildings and granaries.....			260.00		
Balance carried down.....			12,944.25		
		\$13,204.25	\$13,204.25		
Jan. 1, 1913: To balance brought down.....		\$12,944.25		Dr.	\$12,944.25

2—MACHINERY AND TOOLS

	Folio	Debits	Credits	Dr. or Cr.	Balance
Jan. 1, 1912: To 1 7 ft. binder, old.		\$50.00			
1 7 ft. binder, new		150.00			
1 5 ft. mower.		50.00			
1 10½ ft. rake		30.00			
1 2½ in. wagon.		65.00			
1 set 2 in. sleighs.		23.00			
1 set disc harrows.		45.00			
1 12½ in. furrow gang plough.		60.00			
1 14 in. stubble plough		14.00			
1 12 in. breaker.		15.00			
1 5-section drag harrow.		18.00			
1 seed drill		75.00			
2 sets heavy harness.		40.00			
1 cream separator.		120.00			
1 top buggy.		60.00			
1 cutter.		25.00			
1 set light harness.		15.00			
Miscellaneous tools.		67.00		Dr.	\$922.00
Jan. 5, 1912: Axe and saw.		3.50		Dr.	925.50
July 31, 1912: 8 ft. binder.		175.00		Dr.	1,100.50
Dec. 31, 1912: By depreciation			\$158.60		
7 ft. binder written off			50.00		
Balance carried down			891.90		
		<u>\$1,100.50</u>	<u>\$1,100.50</u>		
Jan. 1, 1913: To balance brought down.		\$891.90		Dr.	\$891.90

3—WORK HORSES

Jan. 1, 1912: To 1 heavy team	\$500.00				
1 heavy team	450.00				
1 medium team	300.00			Dr.	1,250.00
Dec. 31, 1912 Sundries per synoptic	200.50				
Depreciation on barns.	50.00				
By sundries per synoptic			974.00		
Inventory carried down			1,120.00		
To Profit and loss.	593.50				
	<u>\$2,094.00</u>	<u>\$2,094.00</u>			
Jan. 1, 1913: To balance per inventory.	\$1,120.00			Dr.	\$1,120.00

LEDGER ACCOUNTS

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4—LIVE STOCK

	<i>Folio</i>	<i>Debits</i>	<i>Credits</i>	<i>Dr. or Cr.</i>	<i>Balance</i>
Jan. 1, 1912: To 1 Shorthorn bull.....		\$125.00			
10 milch cows, \$60.00 each.....		600.00			
1 calf, 6 months.....		15.00			
4 yearling beifers, \$30.00.....		120.00			
5 yearling steers, \$30.00.....		150.00			
3 two year old heifers, \$45.00.....		135.00			
6 two year old steers, \$45.00.....		270.00			
4 sows, 1 boar.....		50.00			
1 pony.....		90.00			
Dec. 31, 1912: Sundries per synoptic.....		374.85			Dr. \$1,555.00
By sundries per synoptic.....			\$607.00		
To depreciation on barn.....		75.00			
By inventory down.....			1,530.00		
Profit on dairy department.....			164.60		
To profit and loss account.....		296.75			
		\$2,301.60	\$2,301.60		
Jan. 1, 1913: To inventory down.....		\$1,530.00			Dr. \$1,530.00

5—DAIRY DEPARTMENT

Dec. 31, 1912: To sundries per synoptic.....	\$205.75			
By sundries per synoptic.....		\$407.35		
To depreciation on cream separator.....	12.00			
Depreciation on barn.....	25.00			
Profit transferred to live stock account.....	164.60			
	\$407.35	\$407.35		

6—WHEAT ACCOUNT

Jan. 1, 1912: To 25 busbels wheat at 70c.....	\$17.50			Dr. \$17.50
Dec. 31, 1912: Sundries per synoptic.....	850.40			
By sundries per synoptic.....		\$1,194.00		
To depreciation, granaries.....	10.00			
Depreciation, maachinery.....	45.00			
By inventory, 175 bushels at 68c.....		119.00		
To profit and loss account.....	390.10			
	\$1,313.00	\$1,313.00		
Jan. 1, 1913: To inventory down, 175 bushels.....	\$119.00			Dr. \$119.00

7—OATS ACCOUNT

	Folio	Debits	Credits	Dr. or Cr.	Balance
Jan. 1, 1912: To 700 bushels on hand		\$177 00		Dr.	\$175.00
Dec. 31, 1912: Sundries per synoptic		423 50			
By sundries per synoptic			\$597 95		
To depreciation on granaries		7 50			
Depreciation on machinery		21 05			
By inventory, 450 bushels at 24c			108 00		
To profit and loss account		75 90			
		<u>\$705 95</u>	<u>\$705 95</u>		
Jan. 1, 1913: To inventory down, 450 bushels		\$108 00		Dr.	\$108.00

8—FLAX ACCOUNT

Jan. 1, 1912: To inventory, 50 bushels		\$45 00		Dr.	\$45.00
Dec. 31, 1912: To sundries per synoptic		138 50			
By sundries per synoptic			\$279 00		
To depreciation on machinery		11 50			
Depreciation on granaries		2 50			
By inventory, 50 bushels at 91c			45 50		
To Profit and loss account		127 00			
		<u>\$324 50</u>	<u>\$324 50</u>		
Jan. 1, 1913: To inventory down, 50 bushels		\$45 00		Dr.	\$45.00

9—HAY ACCOUNT

Jan. 1, 1912: To 90 tons at \$3.50		\$315 00		Dr.	\$315.00
Dec. 31, 1912: To sundries per synoptic		229 50			
By sundries per synoptic			\$191 50		
To depreciation on machinery		12 00			
By inventory, 80 tons at \$4.00			320 00		
General expense, hay spoiled			45 00		
		<u>\$556 50</u>	<u>\$556 50</u>		
Jan. 1, 1913: To inventory down, 80 tons		\$320 00		Dr.	\$320.00

NOTE.—The balance left in hay account at the end of the year should represent the cost of hay on hand. In this case the hay on hand figures out at \$4.00 per ton, and therefore it must be charged out at that price during the new year.

LEDGER ACCOUNTS

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10—BILLS PAYABLE

BANK

	<i>Folio</i>	<i>Debits</i>	<i>Credits</i>	<i>Dr. or Cr.</i>	<i>Balance</i>
March 10, 1912: By bank.....			\$100.00	Cr.	\$100.00
March 20, 1912: By bank.....			200.00	Cr.	300.00
Oct. 22, 1912: To notes charged up.....		\$300.00			
		\$300.00	\$300.00		

11—BILLS PAYABLE
RURAL MUNICIPALITY

March 10, 1912: By seed wheat.....			\$120.00	Cr.	\$120.00
Dec. 31, 1912: To bank.....		\$120.00			
		\$120.00	\$120.00		

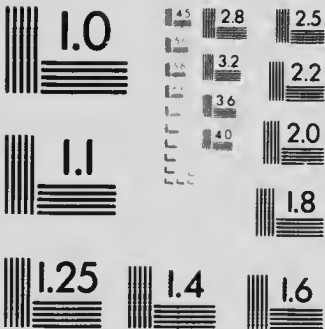
12—BILLS PAYABLE
DOMINION HARVESTER COMPANY

Jan. 1, 1912: By note due November 4, 1912, for binder.....			\$50.00		
Note due November 4, 1913, for binder.....			50.00		
Note due November 4, 1912, for mower.....			30.00		
Note due November 4, 1912, for drill.....			35.00	Cr.	\$165.00
July 31, 1912: Note due November 1, 1912, for binder.....			75.00		
Note due November 1, 1913, for binder.....			50.00		
Note due November 1, 1914, for binder.....			50.00	Cr.	340.00
Oct. 31, 1912: To bank.....		\$50.00			
Bank.....		30.00			
Bank.....		35.00		Cr.	225.00
Dec. 31, 1912: By accrued interest on notes.....			8.60		
To balance carried down.....		233.60			
		\$348.60	\$348.60		
Jan. 1, 1913: By balance brought down.....			\$233.60	Cr.	\$233.60



MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



APPLIED IMAGE Inc

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Rochester, New York 14604-1102
716-482-1300 Phone
716-482-5369 Fax

FARM BOOKKEEPING AND ACCOUNTS

 13—BILLS PAYABLE
 IMPLEMENT MANUFACTURERS, LIMITED

	<i>Folio</i>	<i>Debits</i>	<i>Credits</i>	<i>Dr. or Cr.</i>	<i>Balance</i>
Jan. 1, 1912: By renewal note due October 4, 1912 Note due November 4, 1912, for wagon			\$70.00		
Oct. 22, 1912: To bank		\$70.00	50.00	Cr.	\$120.00
Dec. 10, 1912: Bank		50.00		Cr.	50.00
		<u>\$120.00</u>	<u>\$120.00</u>		

 14—BILLS PAYABLE
 FAR NORTH LUMBER COMPANY, LIMITED

Jan. 1, 1912: By note due October 1, 1912			\$485.00	Cr.	\$485.00
April 20, 1912: Note for lumber, due Nov. 1, 1912			265.00		
Oct. 22, 1912: To bank, on account		\$285.00			
Nov. 15, 1912: Bank		200.00		Cr.	265.00
Dec. 31, 1912: By accrued interest on note			12.90		
To balance carried down		277.90			
		<u>\$762.90</u>	<u>\$762.90</u>		
Jan. 1, 1913: By balance brought down			\$277.90	Cr.	\$277.90

15—S. WILLIAMS

May 16, 1912: To balance on steer		\$40.00		Dr.	\$40.00
Nov. 21, 1912: By cash			\$40.00		
		<u>\$40.00</u>	<u>\$40.00</u>		

16—PROVINCIAL CO-OPERATIVE ELEVATOR COMPANY, LTD.

4 shares of stock at \$50.00, 15 per cent. called.					
Dec. 29, 1912: To bank		\$30.00		Dr.	\$30.00

17—SMITH HARNESS COMPANY

Jan. 1, 1912: By balance			\$37.50	Cr.	\$37.50
April 20, 1912: To cheque		\$37.50			
		<u>\$37.50</u>	<u>\$37.50</u>		

18—FARMERS' MORTGAGE ASSOCIATION

	Folio	Debits	Credits	Dr. or Cr.	Balance
Covering south half of 24, W. 2nd, \$4,600.00. \$300.00 payable De- cember 1, 1911, 1912, 1913, 1914; \$3,400 on December 1, 1915 Interest at 8 per cent.					
Jan. 1, 1912: By balance, principal			\$4,300.00		
1 month's interest accrued			28.65	Cr.	\$4,328.65
Dec. 10, 1912: To bank		\$28.65			
Dec. 31, 1912: By accrued interest for one month			28.65		
To balance carried down		4,328.65			
		<u>\$4,357.30</u>	<u>\$4,357.30</u>		
Jan. 1, 1913: By balance brought down			\$4,328.65	Cr.	\$4,328.65

19—WESTERN HARDWARE COMPANY, LIMITED

Jan. 1, 1912: By balance			\$62.25	Cr.	\$62.25
Jan. 5, 1912: By axe and saw			3.50	Cr.	65.75
Feb. 14, 1912: To cheque		\$65.75			
May 3, 1912: By hardware			27.75	Cr.	27.75
Nov. 21, 1912: To bank		27.75			
		<u>\$93.50</u>	<u>\$93.50</u>		

20—WESTERN IMPLEMENT COMPANY

July 31, 1912: By 300 pounds twine			\$31.50	Cr.	\$31.50
Nov. 21, 1912: To bank		\$31.50			
		<u>\$31.50</u>	<u>\$31.50</u>		

21—RURAL MUNICIPALITY

July 31, 1912: To road work; horses		\$48.00			
Road work; labor		16.00		Dr.	64.00
Nov. 15, 1912: By cash			\$64.00		
		<u>\$64.00</u>	<u>\$64.00</u>		

22—CASH

Dec. 31, 1912: To receipts during year		\$198.50			
By disbursements during year			\$189.95	Dr.	\$8.55
Balance carried down			8.55		
		<u>\$198.50</u>	<u>\$198.50</u>		
Jan. 1, 1913: To balance brought down		\$8.55		Dr.	\$8.55

FARM BOOKKEEPING AND ACCOUNTS

23—BANK OF CANADA

	Folio	Debits	Credits	Dr or Cr.	Balance
Jan 1, 1912: To balance.....		\$155.00		Dr.	\$155.00
Dec. 31, 1912: Deposits, etc., during year.....		3,018.10			
By payments during year.....			\$3,082.00		
Balance carried down.....			91.10		
		<u>\$3,173.10</u>	<u>\$3,173.10</u>		
Jan. 1, 1913: To balance brought down.....		\$91.10		Dr.	\$91.10

24—WAGES ACCOUNT

Dec. 31, 1912: To cash and board.....	\$1,623.00				
By wages charged out.....			\$1,623.00		
	<u>\$1,623.00</u>		<u>\$1,623.00</u>		

25—INTEREST

Dec. 31, 1912: To interest paid.....	\$385.20				
Interest accrued.....	8.60				
Interest accrued.....	12.90				
Interest accrued.....	28.65				
By transfer to profit and loss.....			\$435.35		
	<u>\$435.35</u>		<u>\$435.35</u>		

26—MACHINERY REPAIRS

Dec. 31, 1912: To sundries.....	\$67.20				
By transfer to profit and loss.....			\$67.20		
	<u>\$67.20</u>		<u>\$67.20</u>		

27—BUILDING MAINTENANCE

Dec 31, 1912: To sundries.....	\$20.00				
By transfer to profit and loss.....			\$20.00		

28—GENERAL EXPENSE

	Folio	Debits	Credits	Dr. or Cr.	Balance
Dec. 31, 1912: To sundries.....			\$429.40		
Hired man's time.....	\$79.50				
Farmer's time.....	211.00				
Telephone.....	24.50				
Horses' time.....	9.00				
Taxes.....	54.40				
Bookkeeping, etc.....	51.00				
Spoilt hay.....		45.00			
Depreciation on buildings.....		150.00			
Depreciation on machinery.....		54.05			
Twine used around farm buildings		2.10			
By balance carried to profit and loss			\$680.55		
		\$680.55	\$680.55		

29—BINDER TWINE

July 31, 1912: To 300 lbs.....	\$31.50			Dr.	\$31.50
Aug. 31, 1912: By wheat account, 180 lbs.....			\$18.90	Dr.	12.60
Sept. 30, 1912: Oats account, 100 lbs.....			10.50	Dr.	2.10
Dec. 31, 1912: General expense.....			2.10		
	\$31.50	\$31.50			

30—1913 WHEAT ACCOUNT

June 30, 1912: To summer fallow, horses.....	\$30.00				
Summer fallow, labor.....	8.00			Dr.	\$38.00
July 31, 1912: Summer fallow, horses.....	45.00				
Summer fallow, labor.....	12.00			Dr.	95.00
Oct. 31, 1912: Stubble ploughing, labor.....	12.00				
Stubble ploughing, horses.....	36.00			Dr.	143.00
By balance carried down.....			\$143.00		
	\$143.00	\$143.00			
Jan. 1, 1913: To balance brought down.....	\$143.00			Dr.	\$143.00

FARM BOOKKEEPING AND ACCOUNTS

<i>Dr.</i>	31—PROFIT AND LOSS ACCOUNT		<i>Cr.</i>
To 7 ft. binder discarded.....	\$50.00	By live stock.....	\$296.75
Interest.....	435.35	Work horses.....	593.50
Machinery repairs.....	67.20	Wheat.....	\$390.10
Building maintenance.....	20.00	Oats.....	75.90
General expense.....	476.50	Flax.....	127.00
Hired man's time.....	\$79.50		
Farmer's time.....	211.00		593.00
Horses' time.....	9.00		
Telephone.....	24.50		
Taxes.....	54.40		
Bookkeeping.....	51.00		
Spoilt hay.....	45.00		
Twine.....	2.10		
Depreciation on machinery.....	54.05		
Profit to surplus account.....	380.15		
	<u>\$1,483.25</u>		<u>\$1,483.25</u>

32—HOUSE AND PERSONAL

	<i>Folio</i>	<i>Debits</i>	<i>Credits</i>	<i>Dr. or Cr.</i>	<i>Balance</i>
Dec. 31, 1912: To sundries.....		\$765.10			
By sundries.....			\$1,230.00		
To depreciation on house.....		90.00			
Balance carried to surplus account.....		37.90			
		<u>\$1,230.00</u>	<u>\$1,230.00</u>		

33—FARMER'S CAPITAL ACCOUNT

Jan. 1, 1912: By surplus or net worth.....		\$11,756.10	Cr.	\$11,756.10
Dec. 31, 1912: Surplus from house account.....		374.90		
Profit for year from profit and loss account.....		380.15		
To surplus carried down.....		\$12,511.15		
		<u>\$12,511.15</u>	<u>\$12,511.15</u>	
Jan. 1, 1913: By surplus brought down.....		\$12,511.15	Cr.	\$12,511.15

FINAL TRIAL BALANCE

The balances of each account in the Ledger are shown below. The Balance Sheet is made up from this Final Trial Balance, as shown in Part 1, the Debits being on the left hand side of the Balance Sheet, and the Credits on the right hand side.

	<i>Dr.</i>	<i>Cr.</i>
Real estate and buildings.....		\$12,944.25
Machinery and tools.....		891.90
Bank of Canada.....		91.10
Cash.....		8.55
Surplus.....		\$12,511.15
Dominion Harvester Company.....		233.60
Far North Lumber Company.....		277.90
Farm Mortgage Association.....		4,328.65
Inventories.....		3,242.50
Live stock.....	\$1,530.00	
Work horses.....	1,120.00	
Wheat.....	119.00	
Oats.....	108.00	
Flax.....	45.50	
Hay.....	320.00	
1913 wheat account.....		143.00
Provincial Co-operative Elevator Company, Ltd.....		30.00
		<u>\$17,351.30</u> <u>\$17,351.30</u>

FARM BOOKKEEPING AND ACCOUNTS

BALANCE SHEET

(At December 31, 1912.)

Assets (present value)				Liabilities		
Units	Description	Value per Unit	Total of Each Class of Assets	Description	Amount	Total of Each Class of Liabilities
REAL ESTATE AND BUILDINGS:				MORTGAGE:		
320	Acres	\$26.00	\$8,320.00	The Farm Mortgage Association. Balance \$4,300.00. Interest paid to December 1, 1912. Principal due \$300.00 on December 1, 1912 (unpaid); December 1, 1913 and December 1, 1914, \$3,400.00 due December 1, 1915.	\$4,300.00	
	100 acres prepared for crop.			Interest accrued on same for 1 month at 8 per cent.	28.65	\$4,328.65
	125 acres ble.					
	33 acres ling.			NOTES:		
	17 acres hie.			In favor of Dominion Harvester Company.		
	275			Due:		
	1912 improvements.		\$238.50	Nov. 4, 1913, binder . . . \$50.00		
			\$8,558.50	Nov. 1, 1912, binder . . . 75.00		
1	House, 2 storey, frame.		2,155.75	Nov. 1, 1913, binder . . . 50.00		
1	Barn, frame.		1,387.50	Nov. 1, 1914, binder . . . 50.00		
1	Barn, log and frame.		462.50	Accrued interest 8.60	233.60	
4	Granaries, steel.		380.00	In favor of Far North Lumber Company.		
			\$12,944.25	Due November 1:		
				1912 \$265.00		
				Accrued interest 12.90	277.90	511.50
LIVE STOCK:				CAPITAL ACCOUNT:		
1	Shorthorn bull.		\$120.00	Surplus of assets over liabilities, representing net worth of farmer.		12,511.15
10	Cows.	\$60.00	600.00			
9	Spring calves.	15.00	135.00			
1	2 year old heifers.	45.00	45.00			
4	2 year old steers.	45.00	180.00			
3	3 year old heifers.	55.00	165.00			
1	Boar.		60.00			
5	Sows.		90.00			
1	Colt.		90.00			
			1,530.00			
WORK HORSES:						
1	Team, heavy.		\$120.00			
1	Team, heavy.		400.00			
1	Team, medium.		300.00			
			1,200.00			
MACHINERY AND TOOLS:						
1	7 ft. binder.		\$127.50			
1	5 ft. mower.		42.50			
1	10 1/2 ft. rake.		25.50			
1	2 1/2 in. wagon.		55.25			
1	Set 2 in. sleighs.		19.55			
1	Set disc harrows.		38.25			
1	12 in. 2 furrow gang plow.		51.00			
1	14 in. stubble plow.		11.90			
1	12 in. breaker.		12.75			
1	5 section draw harrow.		15.30			
1	Seed drill.		63.75			
2	Sets heavy harness.		31.00			
1	Cream separator.		108.00			
1	Top buggy.		51.00			
1	Cutter.		21.25			
1	Set light harness.		12.75			
1	8 ft. binder.		148.75			
	Miscellaneous tools.		52.90			
			891.90			
GRAINS:						
175	Bushels wheat, per bushel.	\$0.68	\$119.00			
450	Bushels oats, per bushel.	.24	108.00			
50	Bushels flax, per bushel.	.91	45.50			
			272.50			
80	Tons hay, per ton.	4.00	320.00			
INVESTMENTS:						
4	Shares, Provincial Co-operative Elevator Company, Ltd.		30.00			
1913 WHEAT ACCOUNT:						
	Land prepared for 1913 crop.		143.00			
CASH:						
	On hand.		\$8.55			
	In bank.		91.10			
			99.65			
			\$17,351.30			\$17,351.30

NOTE—Household furniture, etc., is not included, as this set of accounts only deals with the farm business the same as a merchant would deal with his business.

PART THREE

CHAPTER VIII

COSTS OF PRODUCTION

COSTS AND OTHER USEFUL INFORMATION OBTAINED BY ANALYZING RESULTS SHOWN IN "COMPLETE SET OF FARM ACCOUNTS."

Although the Set of Farm Accounts covering a year's operations, contained in Chapter 7, show the profits separately on Wheat, Oats, Flax, Live Stock, Work Horses and Dairy, and, finally, the Net Profit upon the operation of the Farm as a whole for the year, these results do not comprise all the information which can be derived from the completed accounts. By analyzing the various expenditures in each department under proper headings, and utilizing other details recorded in the books, it is possible to make up statements which will show the cost of producing a bushel of Wheat, Oats or Flax, the average Revenue produced by a Milch Cow or a Work Horse, and the average cost of each animal kept.

The obtaining of this kind of information from records is known as Cost Accounting, and has been scientifically developed in a high degree during the past decade because of the pressing need for it in great modern factories. The ideas and methods illustrated here are, of course, of the most elementary nature, but the results obtained will be found to meet all ordinary requirements.

In order to demonstrate Cost Finding in a practical way, each department shown in the "Complete Set" has been properly analyzed, and the various results obtained by such analysis are shown in this chapter:

It will be noticed that throughout this work the first cost of breaking the land has not been charged to cost of production, but has been capitalized and shown as an increase in the value of the land. This method of treating it may be more or less criticised, but the opinion of the authors is that while it would be manifestly unfair to charge any given year with the heavy cost of breaking, a portion of the amount, equal to what the cost of stubble ploughing the same acreage would have been, constitutes a fair charge against operations, whilst the balance could be added to the book value of the land. This would keep the cost of preparing land for seed more or less equalized, whether the seeding took place upon breaking or stubble ploughing.

There is no doubt but that the land is of greater value after it is broken than it was before, providing it is kept cultivated, and it is only proper that such increase in value should be shown upon the books provided it consists of an actual expenditure of either money or time.

The reason this matter is mentioned is because the way it is treated in the work must be thoroughly understood before the operation statements and cost analysis are studied.

In making a study of these figures it must be kept in mind that all figures in this work are based upon fictitious transactions, and, therefore, if the final results are not exactly in accordance with what actual transactions and operations would have shown, it will not in any way affect the objects aimed at by the authors, which is to show clearly how to work out the results after a farmer has completed the writing up of his books along lines illustrated in previous chapters.

WHEAT PRODUCTION ACCOUNT

100 ACRES, 1912

*To cost of Production.**Preparing land for seed:*

Labor.....	\$53.00	
Horses.....	150.00	
		\$203.00

Seeding:

Labor.....	\$15.00	
Horses.....	30.00	
Seed.....	126.00	
		171.00

Harvesting:

Labor.....	\$65.00	
Horses.....	42.00	
Twine.....	18.90	
		125.90

Threshing:

1,950 bushels at 8c.....	156.00	
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<i>Depreciation on machinery.....</i>	45.00	
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Storing in granaries:

Labor.....	\$15.00	
Horses.....	7.50	
Depreciation on granaries.....	10.00	
		32.50

Total cost of production.....	\$733.40	
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To cost of marketing:

Hauling to elevator 1,800 bushels:		
Labor.....	\$106.00	
Horses.....	66.00	
		172.00

Total.....	\$905.40	
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Profit on wheat.....	390.10	
----------------------	--------	--

	\$1,295.50	
--	------------	--

	\$1,295.50
--	------------

1,950 bushels cost \$733.40 to produce.
 1 bushel costs $\$733.40 \div 1,950 = 37\ 3\text{-}5\text{c}$ to produce.

1,800 bushels cost \$172.00 to market.
 1 bushel costs $\$172.00 \div 1,800 = 9\ 11\text{-}20\text{c}$ to market

Therefore, 1 bushel costs 47 3-20c delivered to elevator.

100 acres produced 1,950 bushels.
 1 acre produced $1,950\ \text{bushels} \div 100 = 19\frac{1}{2}$ bushels per acre.

Profit on 100 acres was \$390.10.

Profit on 1 acre was $\$390.10 \div 100 = \3.90 per acre

OATS PRODUCTION ACCOUNT
50 ACRES

To cost of Production.

Preparing land for seed:

Labor.....	\$36.00	
Horses.....	44.00	\$80.00

Seeding:

Labor.....	\$4.00	
Horses.....	12.00	
Seed.....	37.50	53.50

Harvesting:

Labor.....	\$53.00	
Horses.....	24.00	
Twine.....	10.50	87.50

Threshing:

2,300 bushels at 5½¢.....	126.50
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Depreciation on machinery.....	24.05
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Storing in granaries:

Labor.....	\$5.00	
Depreciation on granaries.....	7.50	
Shrinkage.....	5.00	17.50

Total cost of production..	\$389.05
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To cost of marketing:

Hauling to elevators 1,780 bushels:		
Labor.....	\$51.00	
Horses.....	57.50	108.50

Total.....	\$108.50
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Profit on oats.....	75.90
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\$573.45

By Revenue:

1,780 bushels sold.....	\$427.20
600 bushels fed, including sheaves.....	170.75
150 bushels seed.....	37.50
20 bushels shrinkage.....	5.00
Inventory, Dec. 31, 1912, 450 bushels at 24¢.....	108.00

\$748.45

Less inventory on hand at January 1, 1912.....	175.00
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Net revenue..... \$573.45

2,300 bushels cost \$389.05 to produce.

1 bushel costs $\$389.05 \div 2,300 = 16.92-100c$ to produce.

1,780 bushels cost \$108.50 to market.

1 bushel costs $\$108.50 \div 1,780 = 6.10-100c$ to market.

Therefore, 1 bushel costs 23.01 cents delivered to elevator.

50 acres produced 2,300 bushels.

1 acre produced $2,300 \text{ bushels} \div 50 = 46$ bushels per acre.

Profit on 50 acres was \$75.90.

Profit on 1 acre was $\$75.90 \div 50 = \1.50 per acre.

FLAX PRODUCTION ACCOUNT

25 ACRES, 1912

*To cost of Production.**Preparing land for seed:*

Labor	\$4 00	
Horses	9 00	
		\$13 00

Seeding.

Labor	\$3 00	
Horses	9 00	
Seed	22 50	
		34 50

Harvesting:

Labor	\$10 00	
Horses	12 00	
		22 00

Threshing:

325 bushels		58 50
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Depreciation on machinery \$11 50*Depreciation on granaries* 2 50

14 00

Total cost of production \$142 00

To cost of marketing:

<i>Hauling to elevator 325 bushels:</i>		
Labor	\$18 00	
Horses	15 00	
		33 00

Total \$175 00

Profit on flax 127 00

\$302 00

\$302 00

325 bushels cost \$142.00 to produce.

1 bushel costs $\$142.00 \div 325 = 43 \text{ 7-10c}$ to produce.

325 bushels cost \$33.00 to market.

1 bushel costs $\$33.00 \div 325 = 10 \text{ 3-20c}$ to market.

Therefore, 1 bushel costs 53 17-20c delivered to elevator.

25 acres produced 325 bushels.

1 acre produced $325 \text{ bushels} \div 25 = 13 \text{ bushels}$ per acre.

Profit on 25 acres was \$127.00.

Profit on 1 acre was $\$127.00 \div 25 = \5.08 per acre.

HAY PRODUCTION 1912

<i>Cost of harvesting</i>		\$146.00	<i>Revenue:</i>		
Horses	\$66.00		Sales, 8 tons	\$48.00	
Labor	80.00		Used as feed:		
<i>Ploughing fire guard</i>		7.50	Live stock, 19		
<i>Hauling to farmyard:</i>			tons	\$66.50	
Labor	\$20.00		Horses, 11½		
Horses	30.00		tons	40.25	
<i>Depreciation on Machinery</i>		50.00	Cows, 10½		
		12.00	tons	38.75	
Cost in farmyard		\$215.50	41 tons	143.50	
<i>Marketing sales of hay:</i>					\$191.50
Horses	\$16.00		Credit for hay spoiled (say 13 tons)	45.00	
Labor	10.00	26.00	Inventory at 31st December, 1912:		
			80 tons at \$4.00	320.00	
					\$556.50
			Less inventory at 1st January, 1912, 90 tons	315.00	
		\$241.50			\$241.50

SUMMARY

In hand at January 1, 1912.			Tons
Less:			90
Sold		8 tons	
Used		41 "	
Spoilt		13 "	
		62 tons	
Inventory:			
December 31, 1912.		80 "	142
Raised in 1912.			52
Raised 52 tons in 1912, which cost \$215.50 = \$4.14 per ton.			

LIVE STOCK OPERATIONS
BREEDING, RAISING AND MARKETING

Inventory at first of year	\$1,555.00	By sales:	
Less inventory at end of year	1,530.00	1 yearling heifer	50.00
Difference in Inventories	\$ 25.00	1 two-year-old steer	312.00
To Feed	111.85	1 pony	80.00
Hired man's time for care	126.00	Pigs	145.00
Own time for care	116.00		
Veterinary	15.00		
Marketing	6.00		
Use of barn	75.00		
	\$474.85		
Profit	132.15		
	\$607.00		\$607.00

It will be noticed, on reference to the Balance Sheet, that the Foal is included in the Inventory of Live Stock and not in that of work horses. This is done in order to show the exact earnings from the work horses apart from breeding, and the profit made by reason of the foal is included in Live Stock Account. In the event of horse breeding being carried on to any extent, it would be advisable to keep a special Horse Account, along the same lines as the present Live Stock Account. The profit shown in the above account represents the actual increase in value of all Live Stock by increase or growth, less the expenses of Breeding, Raising and Marketing.

DAIRY

<i>Expenses of Operation:</i>		<i>Revenue:</i>	
Feed for cows.....	\$70.75	Butter, cream, milk and butter milk sold or used.....	\$407.35
Use of barn.....	25.00		
Hired man's time.....	124.50		
Own time.....	7.00		
Depreciation and repairs for separator..	15.50		
	<u>\$242.75</u>		
Profit.....	164.60		
	<u>\$407.35</u>		<u>\$407.35</u>

Operating the Dairy with 10 cows costs \$242.75, or an average of \$24.27 per cow.

The Revenue produced by the ten cows amounted to \$407.35, or \$40.73 per cow, showing that each cow made an average profit for the season for dairy department of \$16.46. Of course, in addition to the profit, the increase in live stock by reason of calves born during the year, really constituted a profit distinctly attributable to the cows; but, as already explained, the Live Stock Account is the proper place to show all increases through breeding, leaving the Dairy Account to show the profit on the production and sale of actual dairy products only.

In the Complete Set of Accounts, the Dairy Profit was transferred to Live Stock Account, and the combined profit on Breeding and Dairying was transferred to Profit and Loss Account.

WORK HORSES ACCOUNT
—6 HORSES

<i>Keep and Maintenance:</i>		<i>Revenue:</i>	
Feed.....	\$190.50	By earnings.....	\$974.00
Stable.....	50.00		
Veterinary.....	10.00		
Depreciation.....	130.00		
	<u>\$380.50</u>		
Profit.....	593.50		
	<u>\$974.00</u>		<u>\$974.00</u>

Cost of keep and maintenance for 6 horses \$380.50 = \$63.41 for each horse
Earnings for six horses \$974.00 = \$162.33 for each horse.
Profit from each horse \$98.92.

GENERAL REMARKS

It will be seen from the foregoing analyzed statements just what useful information can be derived from a well-kept set of accounts. Every one of the cost statements presented have been compiled from the entries in the Complete Set of Accounts in Part 2. A Farmer, by keeping proper accounts along the lines set forth in this work, will be in a position to compare his results from year to year, and, if there is a decrease in the profits from any Department, he can readily locate the reason for it. When the reason is ascertained he can apply the remedy in following seasons. Such comparisons as those given have been of inestimable value to all other kinds of businesses in the past, and the Farmer will undoubtedly find that, although his industry is the last to adopt the means of procuring and making use of these comparative figures, it will eventually be agreed that they are of just as great a necessity in his business as in other classes of business.

CHAPTER IX

VALUATIONS AND DEPRECIATIONS

An adjustment which constantly needs careful consideration at the time when a Profit and Loss Account is in course of preparation, is the provision necessary for the depreciation of any Assets which have diminished in value owing to one cause or another.

The term "Depreciation" is applied to this wasting away, and may be looked upon, therefore, as indicating the *gradual* diminution both in usefulness and value of those Assets of the Farmer, or the Assets of any other business, which, by reason of their nature or uses, cannot be expected to endure forever.

There are various methods of estimating Depreciation, but all of them are used with a view to ensure that the amounts held up in the Balance Sheet as Assets shall represent as nearly as possible the value of such.

The Farmer's difficulties in arriving at correct percentages and methods of Depreciation are dealt with in this Chapter, each class of depreciable Asset being considered separately.

In discussing this matter of depreciation, however, it will be well for the Farmer and Student to remember that the intrinsic value of an article of any description is based primarily upon its cost to the owner, and also not to overlook the fact that in a general way the article is bound in most cases to depreciate in accordance with its usage.

Take, for example, a binder which is purchased for say, \$160.00 in the summer of 1910. At the time of purchasing it will be naturally considered that the binder was worth its cost to the Farmer who bought it. A year later, after it has been used for the purpose of cutting 150 acres of wheat, it could not reasonably be considered as being worth its original price.

The amount by which its value has depreciated can be arrived at in two ways, viz.:

- (a) Either by a fixed amount based upon the number of acres it has cut; or
- (b) By taking into consideration the fact that one year of its usefulness has gone, and making provision in the books for such.

Provided that the binder is taken care of in the best possible manner, such methods of arriving at the depreciation would be as nearly accurate as possible. The binder is supposed, of course, to have been kept in good repair and under cover when not in use, and that the intention is to take care of it in the same manner during the whole period of its usefulness.

The owner, with respect to (a) will simply have to figure out from experience what proportion 150 acres is to the total number of acres the binder will probably cut during its lifetime. The percentage arrived at will be that which has to be taken off the article. Of the two methods it is probably preferable to estimate the life of the machine, and write the total amount off in equal amounts over the number of years of its life.

BUILDINGS.

Each Farmer will have to figure out for himself the annual depreciation on his buildings. No fixed table can be used for this purpose, owing to the fact that farm buildings are of different construction in various parts of the country, and buildings upon one farm are taken much better care of than upon another. For purposes of illustration the following basis is presented, which has been taken in depreciating the value of the buildings and other diminishing Assets in the "Complete Set of Farm Accounts":

- On House—5 per cent. per annum upon reducing annual balance.
 On Barns—7½ per cent. per annum upon reducing annual balance.
 On Granaries—5 per cent. per annum upon reducing annual balance.
 On Machinery—15 per cent. per annum upon original cost.
 On Cream Separator—10 per cent. per annum upon original cost.
 On Tools—25 per cent. per annum upon original cost.
 Horses—Revaluated each year.

The method of charging off depreciation upon the reducing balance is illustrated as follows:

A House costs \$1,800.00 to build. The first year its value is reduced upon the books by 5 per cent. = \$90.00. This leaves its value \$1,710.00. The next year 5 per cent. on \$1,710.00 is written off = \$85.50, which would show the value of the House at the end of the second year to be \$1,624.50. Under this plan it will be seen that the actual amount of depreciation becomes smaller each year, whilst under the plan by which the machinery is depreciated, the amount charged off each year remains the same. The reason that the former method has been used in this work in treating the building depreciation is because the authors are of the opinion, and this opinion is very general, that as buildings become older there are more repairs needed each year. The repairs are charged off to the proper sections of the Profit and Loss Account, and in this way the carrying charges of the buildings are equalized in a comparatively fair way over the period of their usefulness.

For instance: The first year the depreciation on the house is say, \$90.00, but no repairs are needed. The second year the depreciation is \$85.50, while repairs amounted to, say, \$5.00. As the years go by, the depreciation item will be reduced to a small amount, but it is every way likely that in order to keep the house in a condition so that it may still retain its usefulness, it will require to have a considerable amount spent upon it continually in the way of repairs. The same idea of course applies to Barns, with the exception that the percentage of depreciation in most cases would have to be higher, as Barns are subject to harder usage than a house, and, therefore, the wear and tear is greater.

MACHINERY.

Machinery has been depreciated in the "Complete Set of Farm Accounts" upon the basis of a percentage per annum to equal the estimative period of usefulness of these articles. To illustrate more clearly the exact meaning of the method, it is necessary that the farmer estimate, as nearly as possible, the length of time a machine or certain group of machines will last; then, whatever percentage one year bears to the whole period, will be the rate of the annual depreciation to be taken into consideration.

Machinery costing \$500.00, and estimated to last ten years, would require that 10 per cent. be written off each year. Such amount would equal \$50.00 per year.

It is, of course, necessary that all repairs when purchased should be charged to Expense and not added to the original cost of the machinery.

TOOLS.

Tools should either be revalued each year or depreciated very liberally. Small tools are lost or broken in a comparatively short period, and it is really safer to revalue them whenever the books are to be closed.

In cases where small tools are very numerous, however, a percentage of from 20 per cent. per annum upwards should be charged off. The actual basis, however, greatly depends upon the carefulness of the users of the tools in looking after them and using them in a proper manner.

This last remark also applies to any article, be it a machine, a tool or a horse. The better care taken of them the longer they are likely to last, and, therefore, the smaller the rate of depreciation need be.

HORSES.

Horses being animate things, it is, in the opinion of the Authors, absolutely necessary to arrive at the proper value each year by revaluation, rather than any system of depreciation based upon percentage and average length of life and usefulness. Ailments and accidents have to be taken into consideration, and even death; whilst the actual increase in numbers makes it imperative that certain revaluations must take place periodically.

One idea, however, should always be uppermost in the farmer's mind when closing his Asset Accounts for the year, and that is the necessity of all revaluations of Assets being made upon a conservative basis. The Assets must not be inflated, as this will only have the effect of prejudicing the operations of the following year.

CHAPTER X

THE BALANCE SHEET AND ITS VALUE TO THE FARMER

The method of compiling the Balance Sheet has been fully explained in previous chapters, and it is therefore unnecessary to go into further detailed explanations of it here. It is rather with regard to its value to the farmer in making preparation for future operations, and in being in a position to intelligently discuss his financial position when seeking a loan or asking for other Credit, that it is now discussed in that light.

By having the true facts before him upon which he can absolutely rely, a farmer is able to figure out, with little trouble and without danger of overlooking something material, whether he is in a position to buy a certain piece of land which he desires as an addition to his farm, with no danger of hampering his present operations or of otherwise embarrassing himself financially. He can make up reliable budgets showing his estimated Revenue and Expenditure for the incoming season, based upon past recorded results, and know that he is safe in making an investment, for the reason that his books inform him that he has made provision for everything necessary to the safe conduct of his affairs.

All businesses are subject at some time or other to harm by certain natural causes, some by fire, others by frost, hail, cyclone, floods, lightning, etc., but in most cases proper protection can and should be secured by insurance, so that, in the event of any damage resulting, the effect upon the operations of the business can be minimized. Damage from those natural causes which cannot be insured against must always be taken into consideration when scientifically laying out a financial programme for the future. True, no Farmer can say positively that his crop will be frozen or that it won't, in any year, but he does at least know how frost has affected his particular district in the past, and from this information in his possession he is able to provide for future losses from this cause so far as it will effect him financially.

The Balance Sheet at the end of Part II shows that the Farmer's net worth has increased by the amount of \$755.05, although in addition he has drawn from the farm Assets to maintain his house and to take care of all personal expenses the amount of \$855.10. This means to put it plainly that he could have taken \$755.05 more out of his business than he did, and still be in the same position as he was at the beginning of the year. Having, however, marketed all Products and Live Stock which he considered when sold were at their best market price, he wisely does not attempt to realize upon anything further until such a time as the market is favorable.

In discussing the various items making up the Balance Sheet each heading will be taken in its order.

REAL ESTATE AND BUILDING:

Assets of this nature are known as "Fixed Assets," which indicates that they are held solely for use in the owner's business. Provided adequate depreciation is written off, no change in the market price of such Assets should be taken into consideration in carrying them upon the books.

MACHINERY AND TOOLS.

These also come under the designation of "Fixed Assets," although they are frequently referred to as "Wasting Assets." They should always be carried into the Balance Sheet at original cost, less depreciation for the time they have been in use.

LIVE STOCK AND HORSES.

Although Cows and Horses are kept primarily for productive purposes, and therefore in one way come under the same classification as machinery, yet the fact that they are marketable at any time,

brings them under the classification of "Convertible or Quick Assets," which is also the proper classification of all other Live Stock.

GRAINS.

All grains on hand having a market value, and which are convertible into Cash at any time, must be classified as "Quick Assets."

INVESTMENTS.

When investments in Company Shares, Bonds or other Securities are made, they should be carried into the Balance Sheet at their cost, or if the market price is lower than the cost, then such market price should be used to show their value. Such items come under the classification of "Quick Assets."

WORK DONE THIS YEAR FOR NEXT YEAR.

This may be looked upon as an adjustment item in order to keep each year's operation accounts separate and intact. The work having been done solely for the benefit of next year's crop, the cost should certainly not be charged against this year's profits, and therefore must be carried as an Asset in the interim.

CASH AND BANK BALANCES.

These, of course, are liquid assets, as the term "liquidated" means converted into Cash or its equivalent.

MORTGAGE ON LAND.

This should not be looked upon as a Current Liability, as only the interest and small principal instalment is payable during the coming year. The amount payable during the coming year, however, must be taken into consideration in computing the total amount of current Liabilities.

NOTES AND ACCOUNTS PAYABLE.

These, of course, are all "Current Liabilities," although in finding the exact amount payable during the coming year any notes due in subsequent years must be deducted.

In order to intelligently discuss his financial position when necessary, every Farmer should know the exact convertible value of his Quick and Liquid Assets, and the total of his Current Liabilities. If he has a fair surplus of Quick and Liquid Assets over Current Liabilities, he is solvent and in a safe financial position, as there must be a large margin of Fixed Assets over Mortgage indebtedness, and such fixed Assets will be the security for the repayment of the Mortgage Liability.

CHAPTER XI

INTEREST ON INVESTMENTS AND ITS RELATIONSHIP TO PROFIT

The Authors have considered it necessary to write a short chapter upon this subject by reason of the fact that there are two entirely different ways of considering and treating interest on investments. The views of two persons regarding the correct treatment of it in their books may differ considerably, but it will be demonstrated that the final results will remain the same.

In investing money in a revenue producing business, a business man expects to at least receive a fair rate of interest on the amount invested in the way of profits. Whether such amount finds its way to his Profit and Loss Account through Interest Account, or *via* other Revenue Accounts, is strictly a matter of bookkeeping.

For example, it will be supposed that a farmer invests \$10,000.00 in a farm which is cultivated and well stocked. He keeps a proper set of books, and, after charging all actual expense up to operations, finds, at the end of the year, that his profits, as shown by his Profit and Loss Account, amount to \$1,200.00. By reason of his operations having been charged up with what he considers his own services are worth, this \$1,200.00 represents the actual net profit, being interest upon his investment at the rate of 12 per cent.

Another farmer invests \$10,000.00 in a similarly well stocked and cultivated farm. He also keeps complete accounts, but, *in addition to all actual operation expenses, he charges each department with interest at the rate of 7 per cent. upon the proportion of the Capital invested in it.* He credits the total of this interest, amounting to \$700.00, to "Interest" Account. On making up his final operation accounts at the end of the year he finds that he has made \$500.00, but, in addition, has the credit for interest of \$700.00, making a total of \$1,200.00, which represents 12 per cent. on his investment.

If the farmer in the second example had treated his accounts in the same manner as the first, his results would have been exactly the same as finally shown, namely 12 per cent. profit. The only difference between them lies in the fact that the first farmer's books will show that it cost him less to raise a bushel of wheat, oats, etc., than the second farmer.

By reason of the fact that the former method is much the simpler, the sets of accounts presented in this work have been treated by that method. Not only that, but the authors believe that this method has the advantage of showing the facts more clearly, inasmuch as that the profits show up where they properly belong, rather than merging in "Interest" Account.

In the event of a farm being rented the case is very different, although when the matter is seriously considered it simply means that as no investment is made by the tenant, the profits from the rented farm will be reduced by a fair rate of interest on the *owner's* investment, as in all likelihood that is what the rental will represent. So that even in the case of a rented farm, it is believed that it will be much better to simply charge the rental *direct* to Profit and Loss, rather than attempt to distribute it against the various departments.

One of the great benefits that will be derived from Farm Bookkeeping once it is generally adopted, and that time is assuredly coming, will be the possibility of procuring accurate comparisons and statistics. If a uniform method with respect to interest on investments were adopted by all farmers, these comparative figures would be of considerably more use to the whole farming community.

CHAPTER XII

SPECIAL FORMS AND RECORDS

The complex operations of a large farm will undoubtedly require that various special forms and records will have to be used in order to obtain correct data upon which to base certain of the actual bookkeeping entries. While it will probably be found best to design these forms to accord with special circumstances arising in individual cases, the forms shown in this chapter will no doubt prove useful as a guide with respect to them and are submitted for that purpose.

FORM NO. 1.

Form No. 1 is designed for the purpose of keeping a daily record of the distributable time of the Farmer and his assistants. A few entries have been filled in with a view to exhibiting just how it works out. At the end of the month each person's time should be added up, whilst the last two columns must be analyzed under the various headings of the accounts chargeable with the amounts. This analysis will reveal the total for the month chargeable to Real Estate, Dairy, House, etc. The regular entry from such can then be made in the Synoptic.

FORM NO. 2.

This form may be used for the purpose of charging the time of the work horses each day, in exactly the same manner, as already explained, with regard to Form No. 1.

FORM NO. 3.

If it is especially desired to keep a record of the milk and cream produced by each cow, it will be found possible to do so by utilizing this form. In the event of it being found impracticable to separate each cow's milk, the form will be found of use by simply registering the milk production. The form also provides for the recording of the disposal of the cream, and the butter fat tests or the actual butter manufactured, together with amounts realized from the sale of both cream and butter.

FORM NO. 4.

All machinery purchased for use upon the farm should be recorded in order that an accurate inventory of it can be taken at any time, and the same form could be utilized to give information as to the upkeep of each machine. Carefully kept records of this nature will help to decide in the future the proper percentages of depreciation upon farm implements of different kinds.

Lack of space precludes the authors from exhibiting and describing any further forms, but they are of the opinion that a special record along similar lines would be found helpful in connection with the bookkeeping of large farms for the purpose of registering live stock of every description. It would be necessary for such a form to exhibit a record of each animal from the time of its birth, or its purchase, until it was disposed of. A record of this nature would be found to be valuable in many ways, especially at the time of the taking of the Inventory.

FORM NO. 1

FARMER'S AND HIRED MAN'S TIME

MONTHLY TIME SHEET—MONTH OF JUNE, 1912.

Rates.—Farmer, \$3.00 per 8 hour day; hired man, \$2.00 per 8 hour day.

Date	Details of Work Done	Farmer's Hours	Hired Man's Hours	Rate per Hour	Amount	Charge to
1	Breaking on N.W. corner of farm ..	..	8	25c	\$2.00	Real estate
2	Breaking on N.W. corner of farm ..	..	7	25c	1.75	Real estate
1	Clearing brush N.W. corner of farm.	6	..	37½c	2.25	Real estate
1	Milking and attending cows.....	2	..	37½c	.75	Dairy Department
2	Hauling stones off breaking.....	4	..	37½c	1.50	Real estate
3	Repairing house.....	2	..	37½c	.75	House
	Milking and attending cows.....	2	..	37½c	.75	Dairy Department
	Summerfallowing, 4 acres (field No. 3).....	..	8	25c	2.00	1913 wheat field No. 3.
3	Repairing house.....	6	..	..	2.25	House
..	Milking and attending cows.....	2	..	..	.75	Dairy Department.

FORM NO. 2

WORK HORSES

MONTHLY TIME SHEET—MONTH OF JUNE, 1912

Rates —\$1.50 per 8 hour day per horse = 18¾c per hour.

Date	Details of Work Done	Number of Horses	Total number of Hours	Amount	Charge to
1	Breaking 2½ acres N.W. corner of farm.....	5	40	\$7.50	Real estate
2	Breaking 2 acres N.W. corner of farm.....	5	35	6.39	Real estate
3	Summerfallowing 4 acres, field No. 3	5	40	7.50	1913 wheat—Field No. 3.
4	Summerfallowing 3½ acres, field No. 3	5	35	6.39	1913 wheat—Field No. 3.
5	Summerfallowing 4 acres, field No. 3	5	40	7.50	1913 wheat—Field No. 3.
6	Hauling stones off breaking, N.W. corner.....	2	10	1.88	Real estate
7	Sunday .....	..	..	..	..
8	Breaking 2½ acres, N.W. corner.....	5	40	7.50	Real estate
9	Hauling load of hay to town.....	2	16	3.00	Hay expense

FORM 4
SPECIAL PLANT RECORD

Article	Description and Size	Date Purchased	Cost	Rate of Annual Depreciation	END OF FIRST YEAR		END OF SECOND YEAR		END OF THIRD YEAR		REPAIRED—PURCHASED			REMARKS
					Depreciation	Inventory Value	Depreciation	Inventory Value	Depreciation	Inventory Value	First Year	Second Year	Third Year	
			\$ c.	%	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	
Binder.....	8 ft. A & B	July 15 '09	175 00	15%	26 25	145 75	26 25	122 50	26 25	96 25	6 50	20 85	9 20	Storing, Usage, Etc.
Mower.....	5 ft. A & B	June 10 '09	60 00	12 1/2%	7 35	52 65	7 35	45 30	7 35	37 95	2 60	1 75	2 90	Under cover when not in use. Accident in 1910 cause of large amount of repairs.
Rake.....	10 1/2 ft A & B	June 10 '09	35 00	12 1/2%	4 37	30 63	4 38	26 25	4 37	21 88	1 00	3 60	1 50	Under cover when not in use.
Wagon.....	3 x 2 1/2 in. Imperial	May 16 '09	80 00	10 %	8 00	72 00	8 00	64 00	8 00	56 00	2 00	13 50	2 40	Under cover when not in use. Never under cover. Broke axle in 1910.

CHAPTER XIII

USEFUL INFORMATION TO FARMERS WITH RESPECT TO PROMISSORY NOTES, CHEQUES, ETC.

A promissory note is a written promise to pay a certain amount of money. Time need not be a definite factor in the make up of a note. If a note does not set forth a definite date upon which it is to be paid, it should contain the words "on demand" which means that it is payable at any time the holder demands payment.

PROMISSORY NOTE WITH DEFINITE DUE DATE.

\$100.00	Regina, July 31, 1912
Three months after date I promise to pay	
Wm. Smith	the sum of
One Hundred $\frac{00}{100}$	Dollars
at the Bank of Saskatchewan, Regina.	
Value received.	JOHN W. BROWN.

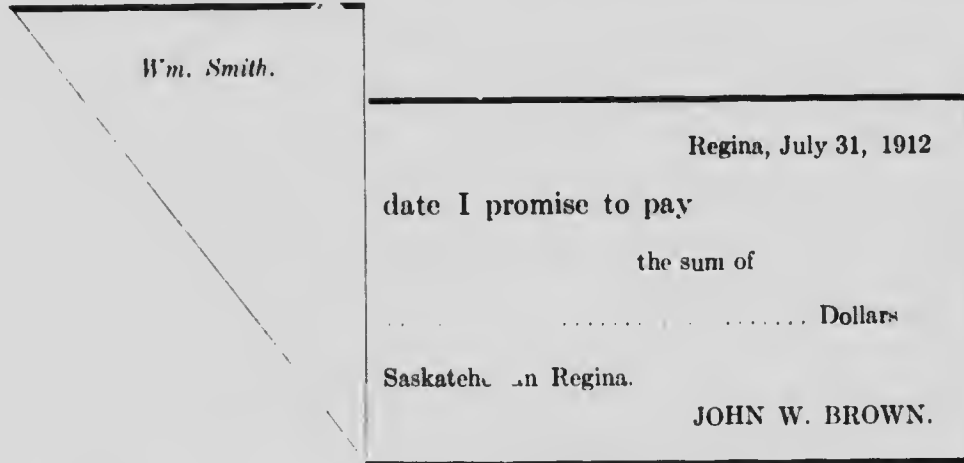
This note would be due upon November 3, 1912. Three calendar months from July 31st would make the date of maturity October 31st, but three days' grace is to be added before the note is legally due. If this note had read "90 days after date" the due date would have been November 1st: 31 days in August, 30 days in September and 29 days in October, which would equal the 90 days. Three days' grace added after October 29th, would make the legally due date November 1st.

By replacing the words "three months after date" in this note with the words "on demand," the person who signed the note would be under obligation to pay it when ever the *bona fide* holder of the note requested him to do so.

ENDORSEMENT ON NOTES.

It will now be assumed, for purposes of illustration, that shortly after Mr. Smith received the above note from Mr. Brown, he needed money very badly. He appeals to the Manager of the Bank where he does his business to advance money on the security of the note. The Bank Manager informs him that he is willing to *discount* the note. Mr. Smith is requested to write his name on the back of the note, and, on his doing so, the Manager takes possession of the note and places \$98.65 to the credit of this customer's deposit account in the bank. This transaction it will be assumed took place on August 31, 1912, two months before the note was due. (The deduction of \$1.35 from the face value of the note, it may be noted by the way, constituted bank discount, which really represents interest paid in advance.)

The simple act of Mr. Smith writing his name on the back of the note not only gives the Bank a clear title to the note, but makes Smith equally liable with Brown to the Bank for payment of same. The signature of Smith on the back of the note would constitute what is known as an endorsement and should appear as follows:



If the endorsement on the note had read "without recourse to Wm. Smith," Brown would have been the only one liable for payment, but it is unlikely that the Bank would have discounted with such an endorsement, as it is the fact of there being more than one party liable for the amount represented in the note which gives the Bank sufficient security to advance the money.

Every person should be very careful to understand that what they are binding themselves to before signing a document. Every word in a contract should be carefully read, and the meaning clearly realized, as once a note or other document is properly executed it is binding upon the signatories.

BANKING

A cheque is a written order to a Bank to pay a third party a certain sum of money upon demand. The drawer of a cheque must have a sufficient amount at his Credit in the Bank to pay the amount represented on the cheque, or have an understanding with the Manager of the Bank to have the cheque paid until such a time as he may be able to deposit funds to cover it. The honouring of a cheque by a Bank when there is insufficient funds in the Drawer's Account to meet it, creates what is known as an "overdraft" in the latter's account. This "overdraft" represents the amount which the drawer of the cheque owes the Bank.

No person should rely entirely upon his bank Pass Book for information as to the funds at his Credit in the Bank, as he may have issued cheques which had not been presented for payment. This fact would result in the Pass Book showing a larger Credit than there would be if all cheques were paid. By keeping a record of all deposits made and cheques issued, any person may tell at any time from his own books the exact amount at which he can depend upon being at the Bank at his disposal. The Pass Book should be used for verifying his own records, and the two should balance with one another, after any outstanding cheques have been taken into consideration.

It will be supposed that a farmer's books show the following transactions in his Bank Account for a month:

BANK ACCOUNT

April 1.	To balance.....	\$200.00	April 3.	By cheque No. 1.....	\$100.00
" 5.	" Deposit.....	150.00	" 20.	" Cheque No. 2.....	150.00
" 30.	" Deposit.....	60.00	" 29.	" Cheque No. 3.....	50.00
			" 30.	" Cheque No. 4.....	25.00
				Balance.....	85.00
		<u>\$410.00</u>			<u>\$410.00</u>

As will be seen, the balance standing to the farmer's credit according to his books was \$85.00. Upon looking at his pass-book, after it has been balanced up for the month by the bank, he finds that it shows his balance at the bank to be \$160.00. Upon checking the pass-book with his ledger, he discovers that the two cheques which he issued at the end of the month for \$50.00 and \$25.00 respectively have not yet been charged up by the Bank, the reason being that the payees (the persons to whom the cheques were payable) had not presented them at the time of the closing of the Bank on the 30th of the month.

When a case like this occurs, the farmer should make a memorandum showing a "reconciliation" of his books with the Bank Pass-book, which would in this instance be as follows:

Balance as shown by own book.....		\$85.00
Cheques outstanding, No. 3.....	\$50.00	
Cheques outstanding, No. 4.....	25.00	
		<u>75.00</u>
Balance as shown by pass book.....		<u>\$160.00</u>

CHAPTER XIV

WEIGHTS AND MEASURES

MEASURES OF LENGTH

12 inches	1 foot
3 feet	1 yard
5½ yards	1 rod
320 rods	1 mile
1760 yards	1 mile
5280 feet	1 mile

SQUARE MEASURE

144 inches	1 square foot
9 square feet	1 square yard
30¼ square yards	1 square rod
160 square rods	1 acre
4,840 square yards	1 acre
43,560 square feet	1 acre
640 acres	1 square mile

AVOIRDUPOIS WEIGHT

16 ounces	1 pound
100 pounds	1 cwt.
20 cwt.	1 ton

CUBIC OR SOLID MEASURE

1728 cubic inches	1 cubic foot
27 cubic feet	1 cubic yard
128 cubic feet	1 cord

DRY MEASURE

2 pints	1 quart
4 quarts	1 gallon
2 gallons	1 peck
4 pecks	1 bushel

WEIGHT IN BUSHELS OF ARTICLES NAMED

Wheat	60 pounds
Flax Seed	56 "
Barley	48 "
Oats	34 "
Timothy Seed	48 "
Rye	56 "
Peas	60 "
Potatoes	60 "
Clover Seed	60 "
Beans	60 "
Corn	56 "
Buckwheat	48 "

MISCELLANEOUS

56 pounds of butter	make 1 firkin.
196 pounds of flour	make 1 barrel.
200 pounds of beef or pork	make 1 barrel.

6 1/2 ... 1 1/2 ... 4

