

"A.B." to the credit, £1,000. The balance of that account may be divisible among other parties interested, which you, under your system, would analyse and take to the subsidiary ledger. Well, supposing that you confined yourself to your individual ledger, and you opened an account for that portion which you would otherwise transfer to your subsidiary ledger, and you put the amount to the credit there, you say the balance would appear twice over?—I expect I misunderstood your question. I thought you were proposing to have one account in the individual ledger for the whole estate, and then an account for each individual share already contained in that one account.

871. I wish to have accounts kept in your individual ledger which under your present system you want to transfer to your subsidiary ledger, and I understood you to say, if what I proposed were carried out the balance would appear twice over in the individual ledger. Now, I want to show you that you are mistaken. Where do you take the transfers from of accounts that go into your subsidiary ledger?—From the individual ledger.

872. You take them from different accounts in your individual ledgers as occasion requires?—Yes.

873. When that procedure becomes necessary, why can you not still continue the minor accounts which you take from any account in your individual ledger, and still continue them in the individual ledger? And why the necessity of this subsidiary ledger?—In entering in the subsidiary ledgers we do not remove any money from any account in the individual ledger. The account remains precisely the same.

874. Then, what is the use of this subsidiary ledger? Is it used for any balance purposes?—No; it simply shows the share of each party interested in any individual estate. The subsidiary ledger analyses the one account in the individual ledger. Another thing we do in the subsidiary ledgers is to separate the account in the individual ledger into capital and income.

875. And where do you take them? Into the subsidiary ledger?—Yes.

876. Give me an example of each of those cases. It may be owing to my ignorance of your system of book-keeping that I cannot follow you. Will you step here and write me an example?—[Witness here wrote down two examples to illustrate his meaning.]

877. You give me an example here of the estate of T. Jones: sale of effects, £1,000—a balance standing in your individual ledger. And this is a supposititious case. To use your own words, you say, "This money is, say, divisible into two parts, one of two-fifths, the other three-fifths. Accounts will thus be opened in the sub. ledger for the two-fifths and the three-fifths, say for G. Jones and A. Jones. Then your entry is in the sub. ledger under the heading 'G. Jones,' share of estate, £400; 'A. Jones'—on another folio—share of estate, £600. These two accounts analyse the account in the individual ledger, but do not close the account in the individual ledger." Then, for a second example, you give another supposititious case from the individual ledger of an estate in the name of "G. Brown:" proceeds sale of effects, £1,000; rent of realty since death, £50; making a balance in the individual ledger of £1,050. Again, using your own words, "The first item, being from sale of part of the estate, is estate-money or capital; the £50, being from rent after death, is income. Therefore two accounts are opened in the sub. ledger, one for this capital, and another for this income, in the following form: 'Estate of G. Brown: Capital Account, proceeds sale of effects, £1,000.' In another folio there is 'Estate of G. Brown: Income Account, rent of land, £50.'" Well, in opening those accounts in the subsidiary ledger, you leave the original accounts as they were, in credit, in the individual ledger, while they are also in credit in your subsidiary ledger?—We do.

878. Then, I ask you again, would it not be better—and what is to prevent your opening those accounts which you have just described in the individual ledger?—Nothing but a desire to conform to the practice. It has never been done in the office. A change was suggested some years ago to the Public Trustee; but, as it would revolutionise the system, he hesitated to adopt it. It is one of the things I recommended, that separate accounts for capital and income should be opened in the individual ledgers.

879. Are those balances in the subsidiary ledger not genuine?—They are genuine, because if you add them all together they will balance with the balances in the estates in the individual ledger.

880. But if I refer back to the accounts in the individual ledger, and find that, notwithstanding, other balances have been taken from certain accounts in the individual ledger in order to open other accounts in your subsidiary ledger, but at the same time no entry has been passed to the debit of those accounts in the individual ledgers, then either the balances in the individual ledgers or the balances in the subsidiary ledgers must be in a manner fictitious?—If money is paid out of the individual ledger from the estate account, a corresponding entry would be made in the corresponding account in the sub. ledger, out of whose share the money was paid.

881. Now, directly you open accounts in your subsidiary ledger to the credit, say, of G. Brown, £1,000, and John Jones, £50, both taken from the same account in the individual ledger, they clearly become a liability of the office to the two latter different estates?—Of course, although the openings of the two last and the first accounts are made in two ledgers, they only really refer to the same money.

882. Then, I want to know what is the use of the subsidiary ledger?—We are bound to keep it, because we do not get the information in the individual ledger.

883. Then, supposing you made these same entries, two examples of which you have just prepared and given to me, and which have been recounted just now, and supposing you made these two identical entries in your individual ledger, under separate headings, in which the original account stood, debiting at the same time the original account in that individual ledger and crediting those separate accounts, would they not be proper entries?—Yes; we could have entries in the individual ledger, the same as in the sub. ledger.

884. And would it not be a more proper form of book-keeping, when you found it necessary to open other accounts for balances taken from certain accounts in your ledger—would it not be a