

more proper form of book-keeping that those amounts which were to go to the credit of other accounts should be at once charged to the principal account by way of a debit, so as to form the credit balance or balances which you wish to put as a liability in favour of other accounts?—Of course there is a great advantage in having the accounts in the one at first, because until the estate is fully wound up and all debts are paid you do not know whether you can pay those liabilities out of the estate proper.

885. I presume you never make a charge against an account until you are satisfied that the money belongs to another account?—We satisfy ourselves of that first.

886. When you have satisfied yourself, and find it necessary to transfer a portion of an account to a separate heading, would it not be more regular to charge it at once to that account, and form a credit balance to the new account in the same class of ledger?—I am quite in favour of having accounts opened in the individual ledger for each one's share. I think it would be much better.

887. Now I must have some further discussion with you on this system of opening accounts which seem to represent really nothing, if you tell me the subsidiary ledger is not—if I may use the term—responsible for the balances contained in it?—It would be much better, I believe, to work the estate account as a whole until distribution can be made, and then to close the estate account by transferring to the individual ledger each one's share.

888. Then, I ask what is the object of a ledger?—To show the state of accounts between parties.

889. And what is the object of opening accounts in a ledger?—To show how much money is due to one or the other.

890. Then, is that the object of your subsidiary ledgers?—Yes; we show how much of the balance at the credit of the estate account is due to a person.

891. Then, if I take your individual ledger in the estate of T. Jones, I find a credit balance of £1,000. I go to one of your subsidiary ledgers, and I find that, notwithstanding no entry has been charged against the estate of T. Jones in your individual ledger, there yet appears, as coming from that estate, in your subsidiary ledger a credit balance to G. Jones of £400 and to A. Jones of £600. So that, while there is an amount equal to £1,000 standing to the credit at the same time of the account of T. Jones the individual ledger also represents a credit balance of £1,000. If you find it necessary to transfer amounts to the subsidiary ledger, why do you not at same time charge the account which any amounts are taken from with a debit entry of such, representing the credit entry or entries in the balances transferred to the subsidiary ledger?—That would be right, of course, if individual accounts were opened in the individual ledger; but it is not necessary, as they are opened in the sub. ledger, which is only an analysis of the balance.

892. Then, again, I ask, what is the use of the sub. ledger?—It is only of use because it has not been the practice to open separate accounts in the individual ledger.

893. Is it not misleading?—Yes; it might be to any one who does not understand the system.

894. If I take up your subsidiary ledger, and take the balances which appear in your subsidiary ledger, I have a right to suppose those balances to be real? Are they real balances?—They are real, but only as they relate to a balance in another ledger. The sub. ledger was a matter of necessity in this way: We have accounts opened in our individual ledgers; there is one estate in which there is a credit of £1,000; we want to know how much of that is due to Tom Jones, and how much to George Jones. It does not show you that in the estate account in the individual ledger, but by analysing that in the sub. ledgers you see how much you have to the credit of each individual.

895. What account do you analyse it from?—From the account in the individual ledger.

896. Then, if the account in the individual ledger is responsible for a certain analysis that produces other smaller accounts and balances, should you not, at the time you come to the decision that an analysis or subdivision is necessary, and that in consequence it is necessary to open other accounts in another ledger—directly you put those accounts as credit balances in another ledger, should you not at the same time charge the original account with equal amounts in the individual ledger?—Yes; if opened in the individual ledger.

897. Would it not, then, save you time and trouble, and prevent confusion, if you confined your system of book-keeping, where you have occasion to divide principal accounts into smaller accounts, to open them in your individual ledgers, and at the time that you made credit balances you charged these balances in your individual ledgers?—There would be this in it: that every transfer made from one account to another would apparently mean so much more business done, whereas it is merely a transfer from one branch to another. Of course, if we transfer money from one account to another in the individual ledger, which is simply putting it out of one pocket into another as far as the estate is concerned, it does not represent business done in the office.

898. Then, do I understand you, your object of opening and keeping these subsidiary ledgers is to have a system of sham ledgers?—They are fictitious.

899. Then, you now admit they are either entitled to the name of ledgers as observed in any well-regulated office for the purposes of book-keeping, and ought to fulfil their part as ledgers in your office, or else, if they take no part in the regular necessary book-keeping system of your office, they can be nothing else but fictitious or sham ledgers?—They are not necessary to the bringing-out of a balance.

900. If they are not necessary for bringing out your balances they are fictitious?—It is just this way: We could get at the balances the same way by analysing the accounts in the individual ledgers on to sheets of paper, and attaching them to the papers.

901. What is to hinder you, when it is necessary to analyse a particular balance in your individual ledger in order to transfer a portion or portions of it to other accounts, from entering the full particulars again on another folio in your individual ledger under the heading of the new account you have found it necessary to open?—There is really nothing except breaking up a practice.