

conversant with the books, the nature of the transactions included under the respective titles. As a mathematical problem may be solved briefly and neatly, or by a roundabout and clumsy method, so an account may be stated clearly and intelligibly, or in a complex and inelegant form. In the highest class of accountants, something of the taste of the artist must be joined to the logical accuracy of the mathematician.

*The English Exchequer Account.*

There is, so far as I know, no account which, for the purpose of setting before the country briefly, clearly, and rapidly, the financial operations of its Government, can compare with the quarterly account published by the Exchequer in England; and I cannot help thinking that, if the forms of this account were more generally known, it would be adopted by all the colonies as the basis of the public accounts. It may be useful to give one of these accounts as an illustration of this view. I have therefore given in the Appendix the Exchequer *Appendix A.* account for the quarter ending 31st March, 1878.

It will be observed that this account consists of two balance-sheets. The first shows the actual moneys received into the Exchequer during the year, and the actual issues from it in the same time for expenditure on the public service; and is cleared of all balances, cross entries, and extraneous sources of revenue. It is balanced by an entry, "Excess of expenditure over income," or "Excess of income over expenditure," as the case may be. This is exactly the information which it is most necessary should be kept constantly before the public, and which in these colonies is not given. It is true that the Treasurers, in their annual budget speeches, inform the Houses what has been the relation of income to expenditure in the previous years; but these results are educed out of a more or less complex statement of account, and it not unfrequently becomes a matter of discussion whether the account has been so constructed as to show the true result. Often has an Opposition maintained that, instead of an apparent excess as shown by the Government, there has been a real deficiency. The Exchequer quarterly account admits of no such doubt. It is a plain statement of facts certified to by an independent department. But whereas a quarterly account, containing only the receipts and issues within the quarter, might show an unfair balance, owing to the fact of large payments, such as those of the public debt, coming due only in certain quarters and not in others; owing also to the revenue varying with the season of the year; the account published at the close of each quarter is an account of the transactions during the four preceding quarters. It is therefore a fair statement showing whether the country is one year with another living over or under its income.

I am of course aware that the principal object of this form of account in England is provided by the Exchequer and Audit Act to carry out the provision that the surplus balances of income over expenditure so shown shall be paid to the Commissioners for the Reduction of the National Debt. But the account, were there no such provision, would be equally valuable for the purpose of public information.

The second balance-sheet is for the purpose of showing the cash balances, advances, transfers, and financial operations not affecting the expenditure which must be paid for out of current revenue, that is out of taxation.

These balance-sheets are prepared by the evening of the last day of the quarter, and are frequently published in the newspapers the following morning. There is, I believe, no similar instance of promptitude in the publication of accounts, and no account published of so simple, lucid, and instructive a character. It is of course understood that the figures do not represent the actual receipts and payments for the year, but only the receipts and issues into and out of the Exchequer account at the Bank of England. The revenue is paid into the Exchequer by the various Receivers in gross sums, and a balance of course remains in their hands, or *in transitu*, on the last day of the year. Similarly the issues represent the issues to the various Paymasters, whose unexpended balances are subsequently