Water Companies' Accounts

Key Frank
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WATER COMPANIES' ACCOUNTS.

BY

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(To be continued.)
EDITOR'S PREFACE.

THE object of the series of handbooks that is being
published under heading of The Accountants'
Library is to provide, at a reasonable price, detailed
information as to the most approved methods of keeping
accounts in relation to all the leading classes of industry whose
books call for more or less specialised treatment. No such
series has hitherto been attempted; but there exist, of course,
numerous separate works dealing with the accounts of one par-
ticular class of undertaking. These separate works are,
however, for the most part either too expensive, or too superficial
to answer the purpose that is particularly aimed at by The
Accountants' Library, which is intended to supply the student
with that specialised information which he may require, while at
the same time affording to the trader, banker, or manufacturer
who is not in a position to secure the fullest information for his
purpose, knowledge which can hardly fail to be of the very
greatest assistance to him in the correct keeping of his accounts,
upon a system specially adapted to his requirements, and there-
fore involving a minimum expenditure of labour. It is expected
that the series will also be found of material assistance to book-
keepers of all classes.

Without aiming at giving an exhaustive account of the
manner in which each separate business is conducted, the technical
points in connection with each industry will receive as much
attention as is necessary in order fully to elucidate the system
of accounts advocated, while each volume will be the work of
one who has made that particular class of accounts more or less
a speciality. It is obvious, however, that to enable the necessary ground to be covered in the space available, it is incumbent to assume upon the part of the reader a certain knowledge of general bookkeeping. The extent of the knowledge assumed will vary according to the nature of the class of accounts considered. For example, in the volumes on “Bank Accounts” and “Shipping Accounts” a thorough acquaintance with ordinary double-entry bookkeeping is not unnaturally assumed; but in the case, for instance, of “Auctioneers’ Accounts,” “Domestic Tradesmen’s Accounts,” and other similar volumes, such explanations are included as will enable the ordinarily intelligent reader fully to grasp the methods described even although his knowledge of bookkeeping may be of an elementary description. These explanations are, doubtless, superfluous as far as accountants are concerned, but are necessary to make the volumes of value to the majority of those specially engaged in these particular industries.

To subscribers for the whole series it may be added that, when completed, it will form a most valuable and practically complete library, dealing, at the hands of specialists, with practically every class of accounts, and illustrating the application of the theory of double-entry as described in general works on bookkeeping.

In order to carry out this scheme, arrangements have already been completed for books dealing with the following subjects:—

- Agricultural Accounts.
- Auctioneers’ Accounts.
- Australian Mining Accounts.
- Bank Accounts.
- Bookkeeping and Accounts for Grain, Flour, Hay, Seed, and Allied Trades.
- Builders’ Accounts.
- Building Societies’ Accounts.
- Co-operative Societies’ Accounts.
- Cotton Spinners’ Accounts.
- Drapers’ Accounts.
- Domestic Tradesmen’s Accounts.
- Engineers’ and Shipbuilders’ Accounts.
- Gas Accounts.
EDITOR'S PREFACE.

Hotel Accounts.  Shipping Accounts.
Pawnbrokers' Accounts.  Stockbrokers' Accounts.
Polytechnic Accounts.  Tailors' Accounts.
Printers' Accounts.  Theatre Accounts.

Arrangements for dealing with other subjects are now in progress, and the Editor wishes to add that he will be glad to receive suggestions and offers from accountants of experience for the undertaking of volumes not yet announced.

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INTRODUCTION.

WATER COMPANIES, like certain other Parliamentary companies constituted for the purpose of undertaking public works, are required to state their accounts somewhat differently from other undertakings. The system they are required to adopt is known as the Double Account System, the distinguishing feature of such system being that all moneys expended in the construction of the works for which the company was called into existence should be shown in an account separate from the General Balance Sheet; it being required by the Legislature that all capital raised by the company should be expended only on such works. The receipt and expenditure of capital are carried to a Capital Account, and the balance only of such account is transferred to the General Balance Sheet.

Before dealing with the system of accounts, it will be necessary to consider briefly the basis of charges and the sources of a company's revenue. Broadly speaking, the revenue of a company may be said to fall under four heads, viz.:—

(1) Supplies for Domestic purposes.
(2) Supplies for Trading and other purposes by Meter.
(3) Supplies to Shipping.
(4) Temporary supplies for Building purposes.
INTRODUCTION.

The basis of its charges may be as follows:—

Supplies for Domestic Purposes.—

The charge for domestic supplies will depend upon the Parliamentary powers of the company, and also whether the district supplied be by gravitation or pumping; but, speaking generally, a rate is charged on the rent or rateable value of the house supplied.

Supplies for Trading and other Purposes by Meter.—

Such supplies are afforded upon terms arrived at by agreement, and in many cases subject to a fixed minimum quarterly payment, for which a given quantity of water is allowed.

A charge is also made for hire of meter.

Temporary Supplies for Building Purposes.—

These are temporary supplies by means of a special connection fixed for the convenience of a builder; and the charge for such is made the subject of an agreement between the builder and the company.

Supplies to Shipping.—

These are supplies to steamers from a hydrant at the docks. A portable standpipe through which the water passes contains a meter, the register of which is taken by the attendant turncock, and returned by him to the company's offices.

In addition to the above sources of revenue there will be many which are common to all classes of undertakings—such as Dividends on Investments and Rents from property owned by the company—but, as these are not peculiar to water companies, they need not be dealt with here.